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FOR A SMART AND SUSTAINABLE LIFE: VESTEL 5.0

Vestel Beyaz Eşya Integrated Annual Report 2022

WE STAND WITH YOU

TÜRKİYE

We were profoundly saddened by the devastating earthquake that struck Kahramanmaraş and its neighboring provinces, and our anguish intensified as yet another earthquake hit Hatay. Once again, we would like to wish for Allah's mercy for the citizens who lost their lives in the earthquakes. Our heartfelt condolences go out to the families of our fellow citizens who lost their loved ones in the earthquakes, and we wish a speedy recovery to those who were injured. At Vestel, we firmly believe in the healing power of unity and solidarity, and since the first hours of the earthquake, we have remained in constant communication with the relevant institutions and organizations, dedicating ourselves to meeting the needs of the affected communities without any delay.

We hope that our wounds will be healed as soon as possible, and we wish our nation the strength to endure these trying times. Our hearts beat in unison for our country and its people, knowing that together, we can overcome any adversity.

Ahmet Nazif ZORLU

Chairman of the Board



VESTEL

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FOR A SMART AND --- SUSTAINABLE LIFE ---

Aligned with its vision of becoming a technology company that generates both social and environmental benefits, Vestel Beyaz Eşya persists in its pursuit of a sustainable future through its technological advancements, research and development, and innovation superiority, all fortified by a human-oriented transformation strategy. While implementing innovative production processes that reduce environmental impacts, Vestel Beyaz Eşya develops products that efficiently utilize resources, promote high energy and water savings, aim to reduce plastic pollution, and meet consumers' health and hygiene expectations. Integrating sustainability approach with IoT strategy, Vestel Beyaz Eşya offers consumers a promise of an easier, smarter, and greener life with its smart home appliances.

POSSIBLE WITH VESTEL

WHY NOT?

With dedication to bringing our technologies into every home, ensuring accessibility for all, and enhancing the comfort and quality of everyday life, we work tirelessly, continuously seek the best and the latest, and reaffirm our commitment at every opportunity.



TOWARDS A NET ZERO COMPANY

Vestel Beyaz Eşya assumes a significant role in combating the climate crisis by actively taking steps towards transitioning to a net-zero emission economy.

It is working on a decarbonization plan under the Science Based Targets initiative (SBTi) commitment to achieve net zero emissions by 2050.



SAVING RESOURCES AND CONTRIBUTING TO THE CIRCULAR ECONOMY

Leveraging the power of Industry 4.0 and automation, Vestel Beyaz Eşya actively promotes energy consumption reduction through operational enhancements and innovative product development, while simultaneously prioritizing the efficient utilization of scarce natural resources in its production processes and implements circular models to minimize the environmental impact of its products.

VESTEL BEYAZ EŞYA IN A NUTSHELL

Vestel Beyaz Eşya ("Vestel Beyaz Eşya" or the "Company"), produces refrigerators, deep freezers, washing machines, tumble dryers, cooking appliances, dishwashers, air-conditioners and water heaters by using cutting-edge technologies within its seven plants located in Vestel City, Manisa with a total indoor area of 410,000 m².

In the light of its long-term strategy and vision, Vestel Beyaz Eşya has led the market as one of Türkiye's and Europe's largest major household appliances manufacturers by maintaining its steady growth since its establishment in 1997.

While it is among the leading original design manufacturers (ODM) in Europe, Vestel Beyaz Eşya is one of the five largest manufacturers of the major household appliances market in Europe and one of the top three players of the sector in Türkiye with the help of the products it develops by closely following the trends in technology. The Company is responsible for approximately 40% of Türkiye's major household appliances exports.

Vestel Beyaz Eşya, carries out its sales in the European market mainly on an ODM basis and also undertakes branded product sales with the local brands owned by and the global brands held under the brand licensing agreements by the Vestel Group.

Logistics-distribution competence, extensive dealer network and service organization backed by an advanced technological infrastructure of Vestel Ticaret AŞ¹ which carries out the Company's sales and marketing operations reinforce Vestel Beyaz Eşya's strong brand image in the domestic market. After-sales services for Vestel Beyaz Eşya's products are performed by the authorized service providers throughout the country and the central services and call center under the Vestel Customer.

¹Vestel Beyaz Eşya's domestic and international sales and marketing activities are carried out by Vestel Ticaret AŞ ("Vestel Ticaret"), a wholly-owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ.



PRODUCTION POWER



Vestel Beyaz Eşya has a total indoor area of 410,000 m² in Vestel City, with an annual production capacity of 15.6 million units.



SALES AND MARKETING POWER



Vestel Ticaret AŞ, which carries out the sales and marketing activities of the Company, reinforces Vestel Beyaz Eşya's strong brand image in the domestic market.



EXPORT POWER



Vestel Beyaz Eşya carries out approximately 40% of Türkiye's white goods exports.

In the light of its long-term strategy and vision, Vestel Beyaz Eşya leads the market as one of Türkiye's and Europe's largest major household appliances manufacturers.



VESTEL CITY

With Vestel City, Vestel is the world's first electronics and major household appliances company, and Türkiye's first brand and industrial facility featured in "Megafactories" documentary series covering world-renowned brands on the National Geographic Channel, one of the world's largest documentary channels. Vestel continues to work with the aim of completing the Industry 4.0 transformation and making a transition to fully-automated smart plants.

A TOTAL AREA OF

1.3 million sqm

Established over an area of 1.3 million sqm, Vestel City is one of Europe's largest industrial manufacturing complexes operating in a single location.

The washing machine and tumble dryer plant, which was established at Vestel City in 2018 with an indoor area of over 66,000 sqm, was built in line with the Industry 4.0 infrastructure. With the commissioning of the new plant, Vestel Beyaz Eşya completed its product range in six main household appliances categories. In 2022, Vestel Beyaz Eşya's annual production capacity increased from 13.6 million units to 15.6 million units with additional capacity investments in the refrigerator, cooking appliances, dishwasher and washing machine factories.

SUMMARY FINANCIAL STATEMENTS AND OPERATIONAL INDICATORS

| Summary Income Statement (EUR million) | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Net Sales | 1,006 | 1,098 | 1,172 | 1,545 | 1,806 |
| Export ratio | 79% | 82% | 77% | 79% | 74% |
| Gross Profit | 161 | 139 | 225 | 245 | 283 |
| Gross Profit Margin | 16.0% | 12.7% | 19.2% | 15.9% | 15.6% |
| Operating Profit* | 129 | 105 | 190 | 201 | 137 |
| Operating Profit Margin | 12.8% | 9.5% | 16.2% | 13.0% | 7.6% |
| EBITDA* | 158 | 145 | 228 | 238 | 167 |
| EBITDA* Margin | 15.7% | 13.2% | 19.4% | 15.4% | 9.2% |
| Net Profit | 110 | 89 | 166 | 145 | 82 |
| Net Profit Margin | 10.9% | 8.2% | 14.1% | 9.4% | 4.5% |

*Excludes other revenues and expenses from operations.

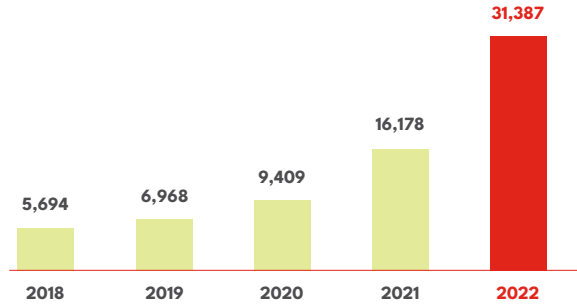
| Summary Balance Sheet (EUR million) | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Cash and Cash Equivalents | 20 | 18 | 24 | 8 | 29 |
| Accounts Receivables | 246 | 263 | 365 | 351 | 433 |
| Inventories | 96 | 97 | 106 | 180 | 222 |
| Current Assets | 508 | 476 | 624 | 689 | 853 |
| Fixed Assets | 238 | 228 | 243 | 223 | 372 |
| Total Assets | 777 | 749 | 914 | 966 | 1,281 |
| Current Liabilities | 456 | 450 | 495 | 583 | 924 |
| Non-Current Liabilities | 21 | 28 | 45 | 50 | 39 |
| Equity | 301 | 272 | 373 | 333 | 317 |
| Net Financial Debt | 113 | 116 | 139 | 83 | 281 |

| Summary Cash Flow Statement (EUR million) | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Operating Cash Flow | 191 | 97 | 72 | 149 | 117 |
| Net Cash Flows From Operating Activities | -135 | -21 | -73 | -144 | -237 |
| Net Cash Flows From Investing Activities | -49 | -79 | 14 | -13 | 147 |

The Euro ("EUR") amounts in the Summary Balance Sheet are calculated over Turkish Lira ("TL") using the official EUR/TL foreign exchange buying rate of the Central Bank of the Republic of Türkiye ("CBRT") as of the last day of the relevant year.

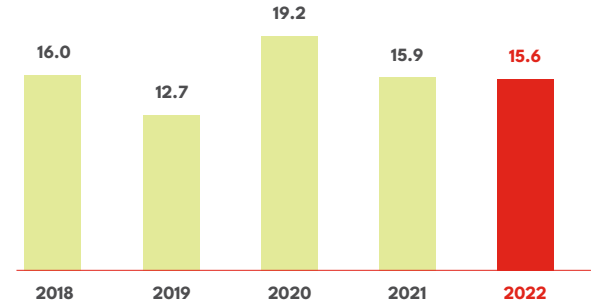
EUR amounts in the Summary Income Statement and Cash Flow Statement are calculated over TL amounts using the average CBRT official EUR/TL foreign exchange buying rate for the relevant year.

Net Sales (TL million)



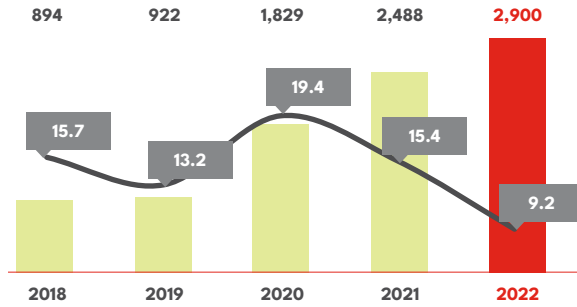
In 2022, domestic revenues increased by 132% and export revenues by 82% driven by strong growth in non-European markets, while total turnover grew by 94% to TL 31.4 billion.

Gross Profit Margin (%)



Gross profit margin declined to 15.6% due to the increases in raw material, labor, logistics and energy costs during the year.

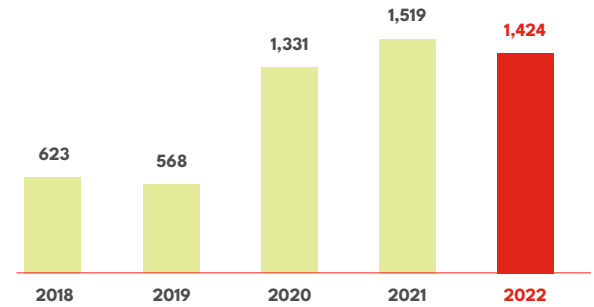
EBITDA / EBITDA Margin* (TL million), (%)



EBITDA increased by 17% to TL 2.9 billion, with an EBITDA margin of 9.2%.

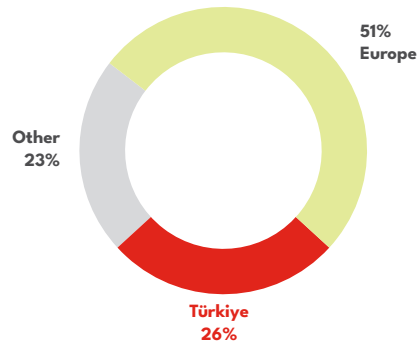
*Excludes other revenues and expenses from operations.

Net Profit (TL million)



Net profit materialized as TL 1,424 million, with a net profit margin of 4.5%.

Geographical Distribution of Sales (%)



SHAREHOLDING STRUCTURE OF VESTEL BEYAZ EŞYA

| Shareholders | Nominal Share Amount (TL) | Share in Capital (%) |
|---|---------------------------|----------------------|
| Vestel Elektronik Sanayi ve Ticaret AŞ* | 1,290,552,236 | 80.66 |
| Other Shareholders (Free Float) | 309,447,764 | 19.34 |
| Total | 1,600,000,000 | 100.0 |

* "Vestel Elektronik" or "Vestel" or "Vestel Group of Companies"

Vestel Elektronik Sanayi ve Ticaret AŞ's share in the Company's capital decreased from 82.53% to 80.66% as a result of a block share sale to institutional investors on September 20, 2022 at Borsa İstanbul.

80.66%

Vestel Elektronik
Sanayi ve Ticaret AŞ

19.34%

Other Shareholders
(Free Float)

VESTEL
BEYAZ EŞYA

COMPETITIVE ADVANTAGES OF VESTEL BEYAZ EŞYA



Innovation

- Creating a new value for customers with its strong R&D structure, production capabilities and highly-competent human resources, responding to customer needs in a short period of time and via technological solutions and rendering innovation fast and accessible to everyone.



Scaled-up Manufacturing Model, Manufacturing Flexibility and Product Customization

- Responding to the needs of different customers with various socio-cultural backgrounds in foreign markets on time, with the right product, the right price and the right sales channels,
- Ability to develop products in many different models for different customers thanks to its flexible production capability.



Customer Commitment and Experience

- Offering a perfect ODM service from A to Z, from original design and production to point distribution,
- Refraining from competing directly with customers' brands in Europe,
- Fast production and delivery as well as the ability to respond to small batch orders,
- Vestel's extensive sales and after-sales service network across Türkiye,
- Vestel's after-sales customer experience that makes a difference.



Cost Advantages

- Benefiting from the economies of scale in procurements and especially in purchasing raw materials/components, which represents the most important cost factor, with its strong position as a large-scale manufacturer,
- Efficiency, effectiveness and cost advantages supported by manufacturing within a single complex at Vestel City, one of the largest production complexes in Europe built over a single site,
- Thanks to the proximity of its manufacturing plants to the European market, advantage in transportation cost and delivery times against Far Eastern competitors,
- The existence of a well-developed supplier base in Manisa and cost advantages in terms of distribution and logistics,

facilitated by Vestel City's proximity to İzmir port and the Company's suppliers,

- Having a significant share in the volume of import and export containers at İzmir ports,
- Reduction in logistics costs by optimizing the application of different and mixed logistics models,
- Lower unit labor cost compared to European manufacturers,
- Newer and more modern production facilities compared to manufacturers in Europe,
- Customs duty advantage in exporting to countries with which Türkiye has a Free Trade Agreement over the manufacturers of countries which do not have such an agreement.



A Pioneer in Digital Transformation

- Adopting technology and innovation as a corporate culture building upon its pioneer spirit since its establishment,
- Broad technological capabilities and vision,
- Industry 4.0 transformation,
- Digitalized business processes,
- Customer experience strengthened by digitalization,
- Leading Türkiye's digital transformation as well as its technological transformation,
- Being at the center of digital transformation via its solutions, innovative practices and products as a company exporting technology from Türkiye to the world.

FROM VESTEL TO THE ENTIRE WORLD...

WITH OMNI-CHANNEL MARKETING...

Reaching a wide consumer base

 Vestel City Manisa

 Export Markets

 Sales-Distribution Network

| | |
|----------------|--------------------------|
| United Kingdom | Kazakhstan |
| France | Romania |
| Germany | Poland |
| Spain | United Arab Emirates |
| Netherlands | United States of America |
| Russia | |

Reaching a wide consumer base through its domestic “omni-channel marketing strategy”, Vestel has one of the most extensive sales and after-sales services networks of Türkiye.



VESTEL IN TURKEY

Under its omni-channel marketing strategy, Vestel reaches a wide range of consumers through dealers as well as household stores, hypermarkets, discount stores, technology super stores and e-commerce websites, boosting its effectiveness and market share.



VESTEL'S DOMESTIC SALES ORGANIZATION

- 1,334 Vestel Stores (including 132 Vestel Ekspres and 68 Vestel Corporate Stores)
- 10 VsOutlet Stores
- 722 Regal Sales Outlets
- vestel.com.tr
- vsoutlet.com.tr
- regal-tr.com



VESTEL AFTER-SALES SERVICES

- Call Center**
- 355 Authorized Service Providers**
- 4 Central Services**
- 1 KEA (Small Domestic Appliances) Base**
- 4 Recovery and Repair Centers**



VESTEL'S GLOBAL OPERATION NETWORK

Vestel's overseas sales and marketing organization comprises the local organizations of foreign trade offices in a total of 11 countries as well as direct sales outlets in neighboring regions.

NUMBER OF EXPORT MARKETS

>160

FOREIGN TRADE OFFICES

11

OVERSEAS STORES AND SALES OUTLETS

~2,500

DOMESTIC VESTEL STORES

1,334

MESSAGE FROM THE CHAIRMAN



With export markets exceeding 160 countries and our market diversification capability, we have successfully implemented our export-oriented business model.

Ahmet Nazif ZORLU

Chairman of the Board

Esteemed Stakeholders,

The year 2022 was a year in which the world, focused on the pandemic recovery process, had to cope with great social and economic challenges in the face of emerging geopolitical developments.

The war caused significant humanitarian devastation and disrupted economic development. As vulnerabilities have increased, some pandemic-induced economic problems have worsened rather than diminished. The energy crisis that emerged in the aftermath of the sanctions led to a deepening inflation cycle. The rapid interest rate hikes by central banks to fight inflation have raised concerns about recession in the global economy.

In 2022, the Turkish economy faced problems due to high inflation, but continued to grow thanks to the positive contribution of exports. In their reports, various international organizations state that the Turkish economy will continue to grow in the coming period, despite concerns of a recession in the world economy.

With its flexible and agile structure, digital transformation and technology-oriented business model, Vestel Beyaz Eşya successfully passed this multi-dimensional resilience test in 2022.

As one of Türkiye's largest major household appliances manufacturers and exporters, we accompanied Türkiye's growth journey in 2022 with our strong contribution to the country's exports. With export markets exceeding 160 countries and our market diversification capability, we have successfully implemented our export-oriented business model. While geopolitical developments and rising inflation had a negative impact on demand for major household appliances in Europe, our main export market, we still managed to increase our export

We are pioneering in Türkiye and around the world with sustainability-focused products, services, and solutions.

volume thanks to our strong product portfolio and competitive advantages as well as the strong growth we achieved in non-European markets. The contraction in the domestic market in the first half of the year was replaced by an upward trend in the second half due to low base effect and pulled-forward demand driven by the inflationary pressures. Our increasing strength in online and physical retail, which captures consumer expectations with our digital competencies, further reinforced our position in the market. While our new practice of authorized online dealers contributed positively to our presence in online marketplaces, Vestel Ekspres stores, which we rapidly increased in number and offer a combined physical and digital consumer experience, became one of the pioneers of the new trend in retailing in Türkiye.

Towards a sustainable future with technology and human-oriented transformation

We continue to work for a sustainable future with our technology, R&D and innovation excellence and our human-oriented transformation strategy that supports it. Vestel Beyaz Eşya's operations and human resources continue to be transformed in parallel with technological developments. In this context, we utilize our R&D and innovation excellence to introduce innovative production processes that will reduce environmental impact. At the same time, we continue to develop products that use resources efficiently, provide high energy and water savings, and meet consumers' health and hygiene expectations. While using the latest technologies such as artificial intelligence, the Internet of Things and autonomous systems in our factories, with our vision of continuous improvement and digitalization, we continue our digital transformation efforts at full speed to make Vestel City the first production facility in Türkiye to complete the Industry 4.0 transformation.

In line with our vision of being a technology company creating social and environmental benefits, we integrate digitalization into both our business processes and working culture, and the products and services we offer. In order to adapt to digital transformation, we are also carrying out a human-oriented transformation in parallel. We adopt working models that develop employees' skills and increase their ability to adapt to innovation and change. To this end, we reinforce a work environment that will ensure that employees' career development is carried out through a fair and inclusive process. We strive to adopt and introduce modern and agile methods in all of Vestel Beyaz Eşya's operations through human-oriented working, systemic perspective and strategic management approaches.

Talent gap or shortage is one of the most challenging problems that companies may face in the 21st century. As an engineering and technology company, we recognize that investing in talent to drive technology and digitalization minimizes the risk of talent gap or shortage. With this understanding, we are working to spread human-oriented transformation not only to our own human resources, but also to the entire society through our contribution to various social and environmental issues, taking into account the needs of society.

Smarter living for everyone

In line with our Smart Life 2030 sustainability strategy, we develop human-oriented ecosystems and innovative business models, and engage in value-creating partnerships to pioneer sustainability-oriented products, services and solutions in Türkiye and around the world.

Combining its sustainability approach with its IoT strategy, Vestel Beyaz Eşya promises consumers an easier and greener life with its environmentally friendly, innovative and smart household appliances that provide higher energy and water efficiency, and aim to reduce plastic pollution. Our vision of "Smarter life for everyone" is realized through Vestel Evin Akıllı application in Turkey and VeeZy application abroad. Thanks to the digital services we offer in these applications and our collaborations, we provide our users with a much more comprehensive smart life experience.

MESSAGE FROM THE CHAIRMAN

Towards a net zero company

Vestel Beyaz Eşya plays an important role in the efficient use of scarce natural resources and the fight against the climate crisis with the steps it has taken to transition to a net zero emission economy.

Leveraging the power of Industry 4.0 and automation, we support the reduction of energy consumption through operational improvements and innovative products, while implementing circular models to increase resource efficiency in production and reduce Vestel Beyaz Eşya's product-related environmental impact.

We aim to achieve net zero emissions by 2050 and are working on our decarbonization plan as part of our commitment to set Science Based Targets (SBTi).

The adoption of circular economy models, repair, recycling and upcycling efforts across the entire value chain play a critical role in preventing the global waste problem. In addition to the use of recycled plastics in products and components, our Company continues to work towards the goal of reducing the use of plastics by improving all product and packaging designs in cooperation with R&D and production units.

As part of this approach, for the first time in Türkiye, we started using FSC (Forest Stewardship Council) certified, 100% recycled cardboard in the packaging of Vestel branded refrigerator and dishwashers in 2021. In 2022, this practice was implemented for all Vestel branded household appliances in the domestic market.

Vestel Beyaz Eşya plays an important role in the transition to a net zero emission economy.

We maintain our hope and confidence in the future

The world is going through a period of rapid change and transformation. As uncertainties increase, predictability decreases. Although we may not be able to control these conditions, we believe that we can ensure the sustainability of our business by managing them properly. With this understanding, through our experience, competence and capacity to adapt to changing conditions, we will continue to improve our achievement to overcome challenges in the coming period by using the opportunities offered by our agile and flexible organization.

The value we create with our sustainability-oriented business model empowers us both for our steady growth and our contribution to social and economic development in our country and around the world. We will continue to be a pioneer in building a better, smarter and sustainable life with the steps we take in cooperation with all our stakeholders.

Sincerely,

Ahmet ZORLU

Chairman of the Board



BOARD OF DIRECTORS



Ahmet Nazif Zorlu
Chairman

Ahmet Zorlu began his career in the family-owned textile business at an early age. Opening his first textile store in Trabzon, Ahmet Zorlu moved the company's headquarters to Istanbul in 1970 and laid the foundations of Zorlu Holding. Ahmet Zorlu set up his first production company, Korteks, in 1976 and gathered all of his companies under the roof of Zorlu Holding in 1990. Acquiring Vestel in 1994, Zorlu opened the door to new lines of business for Zorlu Holding. Ahmet Zorlu's entrepreneurialism, which began with the textile industry, went on to manifest itself in more companies operating in a wide range of industries such as major household appliances, consumer electronics, property development, energy, metallurgy, defense and e-mobility. Ahmet Zorlu is the Chairman of Zorlu Holding and serves as the Chairman or Vice Chairman of the Board in numerous Zorlu Group companies operating in different industries.

With a keen interest in non-governmental organizations, Ahmet Zorlu sits on the Board of Directors of Foreign Economic Relations Board (DEİK) and is a member of Turkish Industry and Business Association (TUSIAD), Education and Culture Foundation of People of Denizli (DENSİR), Babadağ Industry and Business Association (BASİAD) and Turkish Home Textile Industrialists' Association (TETSIAD).



Elmas Melih Araz
Vice Chairman

A graduate of Robert College, Melih Araz received his bachelor's degree from Ankara University, Faculty of Political Sciences, in 1972. He completed his MBA at Kelley School of Business, Indiana University in 1975, where he was a USAID/TEV scholar. He also attended an "Executive Management Program" at Harvard Business School in 1988. Starting his career in finance and banking at Citibank N.A.'s office in Türkiye in 1977, Mr. Araz served in executive positions at the bank's Istanbul, Bahrain, Athens and New York offices and assumed key responsibilities in the establishment and expansion of Citibank's operations in Türkiye. Melih Araz later served as the CEO/General Manager at Interbank AŞ, a Çukurova Holding affiliate, for eight years where he played a leading role in elevating Interbank to a respected and pioneering position in corporate and investment banking in Türkiye. After leaving Interbank, Mr. Araz worked as a consultant in various major projects and served as a Board Member at a number of companies including Zorlu Enerji Elektrik Üretim AŞ (2008-2013 and 2018-2020) and Enka İnşaat ve Sanayi AŞ (2012-2018). Mr. Araz still assumes important duties at Ata Group. In addition to his position as Vice Chairman of the Board of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Melih Araz also serves as a Board Member of Vestel Elektronik Sanayi ve Ticaret AŞ. Mr. Araz also sits on the Boards of Ata Yatırım Menkul Kıymetler AŞ, Ata Gayrimenkul Yatırım Ortaklığı AŞ, TFI Gıda Yatırımları AŞ, Burger King China JV Ltd., and İzmir Enternasyonal Otelcilik AŞ and Entegre Harç Sanayi ve Ticaret AŞ.



Olgun Zorlu
Board Member

Olgun Zorlu began his professional career in 1988 after completing his higher education in textiles and business administration in the UK. He started to serve in managerial positions at various Zorlu Group companies in 1988 and led their foreign market research and business development operations. In 1998, Olgun Zorlu began serving as a Member of the Board of Directors of Zorlu Holding. Mr. Zorlu is the Chairman of Meta Nikel and a Board Member of various Zorlu Holding subsidiaries such as Vestel Beyaz Eşya, Vestel Elektronik and Zorlu Enerji. Olgun Zorlu assumed the position of Vice Chairman of the Board of Zorlu Holding in 2022. Mr. Zorlu is a member of the Turkish Industry and Business Association (TUSIAD) and the Turkish Home Textile Industrialists' Association (TETSIAD).

**Şule Zorlu**

Board Member

After graduating from Işık High School, Şule Zorlu pursued her undergraduate studies in the USA. She studied business administration at the Pepperdine University in Los Angeles in her first year and at New Jersey's Silberman College/FDU in the following two years. She worked at Zorlu Holding's American subsidiary, Zorlu USA Textile, for about six months. In 1999, she returned to Türkiye to take office as a Management Trainee at Denizbank, and went on to serve in various departments of the bank for two years. Şule Zorlu became a Board Member at Anadolu Kredi Kartları AŞ, which was acquired in early 2002. In 2003, she was appointed as the General Manager of Linens Pazarlama. In addition to being a Board Member at Vestel Beyaz Eşya, Ms. Zorlu serves as the Chairwoman of the Board at Z Gurme Restoran Gıda Sanayi ve Ticaret AŞ.

**Selen Zorlu Melik**

Board Member

Selen Zorlu Melik graduated from the Department of Business Administration of the Faculty of Economics and Administrative Sciences at Uludağ University. She began her professional career at Denizbank in 1998. Following her internship at the Bursa branch of Denizbank, she enrolled in Denizbank's Management Trainee Program in 1999. After working in a number of positions at the Denizbank head office, Selen Zorlu Melik attended a marketing certificate program at the University of California, Berkeley in 2001. Selen Zorlu Melik began working at the Korteks Yarn Plant in 2002 and became a Board Member of the same company in 2004. In addition to being a member of the Board of Directors at Vestel Beyaz Eşya, Selen Zorlu Melik also serves as a member of the Board of Directors at Zorlu Holding and various companies affiliated to Zorlu Group.

**Bekir Ağır**

Board Member

After graduating from the Department of Business Administration at Middle East Technical University in 1956, Bekir Ağır served respectively, as Sales Manager and then Assistant General Manager at Bilsan Bilgisayar Malzemeleri AŞ (1980-1984), Sales Coordinator at Meteksam Ltd. Şti. (1984-1986), General Manager at Pirintaş Bilgisayar Malzemeleri ve Basım Sanayi AŞ (1986-1996), Deputy General Manager at Atılım Kâğıt ve Defter Sanayi AŞ (1996-1999) and as General Manager and Board Member at PMB Akıllı Kart ve Bilgi Teknolojileri AŞ (1999-2003). Between 2003-2005, he worked as a Coordinator and then as General Manager at Tarih Vakfı (History Foundation of Türkiye). Ağır, who has been serving as the General Manager and Board Member at KONDA Araştırma ve Danışmanlık Limited Şirketi since 2005, has resigned from his position as General Manager as of June 2022. In addition Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Ağır also serves as a Board Member of Vestel Elektronik Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ, two of Zorlu Group companies. Mr. Ağır is the board member of Türkiye Economic and Social Studies Foundation (TESEV) and Hrnt Dink Foundation, and founding member of Yanındayız Association, Democratic Republic Program and EYMİR Cultural Foundation, and member of METU Alumni Association and commentator of T24 Internet Newspaper and GAIN Internet Media.

**Ayşegül İlideniz**

Board Member

Ayşegül İlideniz holds a bachelor's degree in Business Administration from Boğaziçi University and a master's degree in Digital Communications from the San Francisco State University. She went on to assume senior management positions in the Intel Corporation, the global giant of microprocessors, where she served as the General Manager for Intel Türkiye, as the Regional Director for the Türkiye, Middle East and Africa region covering 67 countries and as a Board Member for Intel's Europe-based operations. She was later appointed to the position of Global Vice President of the New Devices Group at the Intel Headquarters in Silicon Valley. In 2016, Ms. İlideniz became the COO (Chief Operating Officer) of the Silver Spring Networks, a company listed on the New York Stock Exchange, which controls half of the US smart energy market with 26 million users and implemented Smart Cities programs in a number of cities including Chicago, Singapore, Paris, Copenhagen and Dubai. Ayşegül İlideniz is a pioneer in the fields of innovation, technology and future vision, both in the Silicon Valley and in Istanbul. In 2015, she was named as one of the "100 Most Creative People in Business" by the Fast Company, one of the most prestigious publications in the United States, and as the "Third Most Influential Turkish-American Woman" by the Turks of America (TOA), while in Türkiye she was selected as the "IT Woman of the Year" in 2004 and "Woman Executive of the Year" in 2006 by the Dünya Newspaper. Ayşegül İlideniz is currently the President of the TUSIAD Silicon Valley Network and a Board Member of the American Turkish Society and the New York-based Turkish Philanthropy Funds. In addition to Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Ayşegül İlideniz also serves as a Board Member of Vestel Elektronik Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ, Doğan Şirketler Grubu Holding AŞ and Pegasus Hava Taşımacılığı AŞ.

MESSAGE FROM THE CEO



We are one of the strongest players in the market with smart home systems developed with our competencies in artificial intelligence software and IoT.

Enis Turan ERDOĞAN

Chief Executive Officer

Esteemed Stakeholders,

The beginning of the Russia-Ukraine war in 2022 has posed yet another obstacle to overcoming the chaos prevailing in the global economy for the past few years. In 2021, recovering economies were facing supply chain issues driven by lagging demand, raw material shortages and high inflationary pressures fueled by supply shortages. As of early 2022, the war scenarios that have been discussed since the beginning of 2022 led to a major energy crisis, with the US and European countries imposing an embargo on Russia, the world's largest energy and commodity supplier. Record-high energy and commodity prices pushed inflationary pressures to the peak. The actions of central banks, which started to employ a tight monetary policy and interest rate hikes to fight inflation, also increased recession concerns. The recessionary trend in European countries, which were particularly affected by the energy crisis, also took a toll on the sales of major household appliances. In Türkiye, despite rising

inflation, demand was brought forward with the expectation that price increases would continue, and as a result, major household appliances sales remained at similar levels to 2021.

With its strategy of focusing on non-European markets and strong growth in these markets, Vestel Beyaz Eşya increased both its international sales volume and its share in Türkiye's total major household appliances exports in 2022. In particular, transportation costs from the Far East to Europe remained high for most of the year, and the ongoing COVID restrictions in China had a negative impact on supply, which accelerated the search for alternative suppliers in Europe and the US, leading to new customer wins for Vestel Beyaz Eşya.

We provide a smart living experience in Türkiye with our “Vestel Evin Akı” application and globally with our VeeZy application.

In 2022, we increased our turnover thanks to our success in different markets such as Central Asia-Turkic Republics, Sub-Saharan Africa, North and South America and emerging Asia. In this context, we opened our new sales office in the USA and new offices in India and Vietnam.

In the domestic market, the success of our online sales channels was reflected in our total sales. During the year, we rapidly increased the number of Vestel Ekspres stores, one of the best examples of new generation retailing, to 132. With the Authorized Online Dealer project, which we launched to offer superior service and customer experience with our integrated retail approach by carrying our strength in physical stores into our online presence, we reached consumers in all marketplaces that meet our criteria. On the other hand, we continued to develop our experience-oriented approach, which we enrich by offering 24-hour delivery to our customers at vestel.com.tr and our corporate stores in marketplaces.

In 2022, our domestic sales increased by 132% and export revenues by 82% driven by strong growth in non-European markets, while our total turnover grew by 94% to TL 31.4 billion. We achieved an EBITDA of TL 2.9 billion and a net profit of TL 1.4 billion in 2022, despite significant increases in raw material, labor, logistics and energy costs.

On the production side, while shortages in chip supply and shipping containers continued, especially in the first half of the year, we were minimally affected by supply issues with our diversified supply chain structure. On the other hand, we overcame the chip shortage problem with alternative components developed as a result of our innovative R&D efforts and our inventory management and optimization policy.

In addition to our Industry 4.0 investments, we continued our capacity expansion investments and increased our total production capacity to 15.6 million units per year. We aim to complete our investment in the new dishwasher factory in 2023.

A smarter and better life is possible!

We are one of the strongest players in the market with smart home systems which we developed with our competencies in artificial intelligence software and IoT.

With the perspective of a smarter life for everyone, we bring the state of the art technology we develop to users' homes with smart household appliances and the digital services that accompany them.

We offer users a much more comprehensive smart life experience thanks to the digital services and collaborations we offer with our Vestel Evin Akı application in Türkiye and VeeZy application in the world.

While the focus of consumer expectations on smart and internet-connected technologies creates an opportunity for smart cities, smart homes, smart devices and new revenue models based on these technologies, as a rising technology company, we have joined the Home Connectivity Alliance (HCA) and Connectivity Standards Alliance (CSA), whose founders include technology giants, in order to be one of the players that both follow these opportunities and set the standards of the IoT ecosystem. In this way, we aim to carry forward the collaborations we have started with technology companies such as Amazon, Google and Innit.

As we continue to expand the Evin Akı ecosystem domestically, we aim to announce the VeeZy application, which we have integrated into the common communication infrastructure created for end users to use HCA members' smart products through a single mobile application, on a global scale and offer a strong ecosystem for ODM customers.

We continue to expand our sphere of influence in the Internet of Things (IoT) with our products, digital services, collaborations and participation in organizations and we implement scenarios in the IFTTT ecosystem in cooperation with other companies. Under the umbrella of HCA, we take actions to ensure that Vestel products interoperate with other leading brands in the durable household appliances sector, to offer energy saving solutions, and to ensure the proper use of technology in addition to developing it. We help reduce energy and water consumption at homes with our IoT solutions and aim to improve the quality of life of consumers with our smart devices.

MESSAGE FROM THE CEO

We aim to be a technology company that creates social and environmental benefits with accessible and smart products that make life easier.

We are protecting our planet with R&D and innovation

We aim to be a technology company that creates social and environmental benefits with accessible and smart products that make life easier.

In addition to sustainable and ecosystem-friendly production methods, we work to reduce the pressure on natural resources with the technologies we develop. We voluntarily combat the climate crisis by carrying out R&D, entrepreneurship and innovation activities that contribute to areas such as the protection of water resources, carbon reduction, energy efficiency, waste reduction and the development of environmentally friendly products.

With our pioneering position and visionary approach in developing technologies that will create benefits for people and the environment, we have developed dozens of environmentally friendly products that have been recognized as “record-breakers” by internationally respected testing organizations.

As yet another addition to these efforts, we have increased the positive value we create for the environment with our washing machine with microfiber filter, which we developed while the regulation studies were still ongoing in Europe. The washing machine with microfiber filter, which we developed based on the threat posed by half a million tons of microfiber entering the seas every year, protects water resources thanks to its technology. With this product, we were deemed worthy of the Sustainable Innovation Award at the 9th Sustainable Business Awards organized by the Sustainability Academy.

In addition to our products that meet the expectations of the European market in terms of energy, water and material efficiency, Vestel Beyaz Eşya has already started to develop products that meet higher technical standards and comply with the new legislation that will enter into force in the near future. We are accelerating our steps to bring our state of the art green products to the market at affordable prices for the end user.

While regulatory efforts continue in Europe, we have increased the positive value we create for the environment with our microfiber-filtered washing machine that we have developed.

In line with the European Union’s 2030 targets, Vestel Beyaz Eşya has completed product design and production transitions in compliance with the new energy class regulation introduced for the post-2021 period in the laundry and cooling product groups, and has made washing machines in energy class A and dishwashers in energy class B, the highest energy efficiency class, ready for mass production, while continuing to develop products in energy class A in the refrigerator product group.

We raised our voice even higher in the global competitive arena with the new technologies we introduced at nearly 10 international fairs we attended in 2022, including IFA. We have become the center of attention especially with our products that leverage technologies that meet the health and hygiene expectations of consumers.

While leading technological trends and digital transformation, we focus on sustainability in our products and services.

We will continue to take responsibility for building a sustainable future

We have an obligation to leave a better world for future generations. At Vestel Beyaz Eşya, sustainability is at the center of all our activities. To this end, we reduce our resource use by implementing dozens of energy and water efficiency projects every year in our production processes. Our products are tested and approved by reputable international testing organizations and are classified as environmentally friendly products with low energy and water consumption. On the other hand, we are increasing our contribution to the future of the world with our corporate social responsibility projects and new initiatives.

As a signatory to the United Nations Global Compact, we continuously increase our contribution to the Sustainable Development Goals set by the United Nations and work towards building a sustainable future.

While realizing human-oriented transformation in the entire value chain with the power of our technology, we integrate the circular economy into our corporate culture and way of doing business by building new business models for a net zero emission economy. Our main strategy is to create solutions that meet the needs of the future and make life easier by creating environmental and social benefits.

While leading technological trends and digital transformation, we focus on sustainability in our products and services. We contribute to sustainable living with our material use, designs, production processes and after-sales services.

Vestel branded products are used in more than 160 countries around the world, which means a huge environmental impact. We also help consumers reduce their environmental impact with our eco-friendly smart products which are energy and water efficient and have technologies that prevent food waste.

Due to the negative impacts of plastic waste on the environment and human health, we started to use bioplastic and recyclable parts in our products and the packaging we use, which are more easily biodegradable and leave no toxic residue. Our first products in this scope were recycled built-in ovens and hobs. All plastic parts used in these products and manufactured by Vestel Beyaz Eşya are made from 100% recycled plastic raw materials. In 2023, we aim to further increase the use of bioplastics and recyclable parts. We have also intensified our R&D efforts on material technologies that reduce the use of materials and increase the recyclability of products. We design products that will benefit from tax exemptions that will be introduced in the near future, and develop design solutions that minimize the need for service throughout the life cycle of products.

In 2022, we launched the Domestic Recycling Project, which is of great importance in terms of our sustainability activities, where we include consumers in our sustainability activities and the upcycling and recycling ecosystem. Thus, we support not only our Company but also consumers to reduce their carbon footprint.

In the project, where old and unused major household appliances and electronics will be recycled into the economy, the scrap value obtained from the products is turned into donations through collaborations with non-governmental organizations to support efforts to protect natural life. In addition, for consumers who support the project by bringing in their old products, seed balls are dropped by Ecodrone unmanned aerial vehicles to hard-to-reach areas that need to be afforested in cooperation with Ecording.

MESSAGE FROM THE CEO

We will continue to take firm steps for a better future by achieving sustainable growth under the guidance of our Smart Life 2030 strategy.

Strengthening our social impact with a people-first approach is one of the foundations of our sustainable business model.

We are aware that leveraging our academy programs that develop the competencies and skills of our employees and our constantly improving working conditions are key to retaining our talents, the most important factor that will carry our Company into the future. We continue to improve our characteristics of being an employer of choice that adheres to ethical values, respects human rights, and supports equal opportunity, inclusion and diversity.

We continue to take actions that trigger change within our sphere of influence with the steps we take towards gender equality with the message “An Equal Life is Possible for All”. We take concrete steps that go beyond raising awareness by spreading gender equality to the grassroots. We continue to expand our corporate volunteering program, Kivılcımlar (Sparks) Movement, in cooperation with our stakeholders and expand our impact area. We are implementing projects to increase the employment of persons with disabilities and to enrich their inclusion in daily life.

Vestel Beyaz Eşya’s rise to 7th place among 94 companies in its sector globally, with an ESG score of 77 from Refinitiv rating agency in 2022 reaffirms our determination to increase our environmental, social and governance impact and our contribution to a sustainable living environment while improving our operations and financial performance.

We will continue to take firm steps for a better future by achieving sustainable growth under the guidance of our Smart Life 2030 strategy, which increases our resilience against all the volatile conditions we face.

We are confident that we will continue to improve our performance with our strong financial structure and corporate competencies in 2023, which we predict will present a similar economic environment as the current one. As a net exporter, we will continue our strong and sustainable growth in European and non-European markets with the projects we will develop both for our own brands and for ODM customers to make the most of the opportunities offered by export markets.

I would like to thank all our stakeholders for their support and contributions in our efforts to build a sustainable future.

Sincerely,

Enis Turan ERDOĞAN
Chief Executive Officer



SENIOR MANAGEMENT



Enis Turan Erdoğan
Chief Executive Officer

Enis Turan Erdoğan obtained his bachelor's degree in mechanical engineering from Istanbul Technical University in 1979 and his MBA from Brunel University in the UK in 1979. Following his return to Türkiye, he worked in managerial positions in various companies in the private sector before joining Vestel in 1988. Having assumed various managerial positions at Vestel since 1988, Mr. Erdoğan served as the Chairman of Vestel Foreign Trade and as an Executive Committee Member at Vestel Elektronik until 2013. Since 1 January 2013, Turan Erdoğan has been the CEO of Vestel Group of Companies. Mr. Erdoğan served as the President of TURKTRADE (Turkish Foreign Trade Association) for two terms between 2002 and 2006. From 2010 to 2014, he sat at the board of Europe's largest ICT Confederation, DIGITALEUROPE, as the first Turkish national to hold this position.



Bekir Cem Köksal
Executive Committee Member

Cem Köksal graduated from the Mechanical Engineering Department of Boğaziçi University in 1988 and obtained a master's degree at Bilkent University in 1990. After serving in the banking industry between 1990 and 2001, Cem Köksal was named Deputy General Manager of Denizbank in 1997. Mr. Köksal joined Vestel as the Chief Financial Officer in 2002. Cem Köksal currently serves as an Executive Committee Member at Vestel Group of Companies, and is the Chief Financial Officer at Zorlu Holding and a Board Member at Zorlu Enerji. Mr. Köksal is also the Chairman of the Sustainability Committee at Zorlu Holding AŞ, a member of the Board of Directors of UN Global Compact Türkiye and a substitute member of the Board of Directors of the Sustainable Development Association (SKD).



Necmi Kavuşturan
Executive Committee Member

Necmi Kavuşturan graduated from the Faculty of Political Sciences at Ankara University in 1979. Mr. Kavuşturan began his career as an expert at Türkiye İş Bankası in 1979 and became the Deputy General Manager of Interbank in 1985. Pioneering various projects at Interbank such as the "Management Trainee" program, open performance systems and overall quality management, Necmi Kavuşturan was appointed as the Deputy General Manager in charge of Management Services at Denizbank, a title he held between 1997 and 2003. During this period, Mr. Kavuşturan also managed the Advertisement, Public Relations, Construction and Purchasing Departments of Denizbank. Appointed as the Chief of Human Resources of Zorlu Holding in 2003, Necmi Kavuşturan has also been an Executive Committee Member for Human Resources at Vestel Group of Companies since 2005.



Erdal Haspolat
General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ

Erdal Haspolat graduated from the Department of Mechanical Engineering at Middle East Technical University in 1992. Until 1996, he worked as a System Design Engineer at MKEK, Elmadağ Roket Sanayi ve Ticaret AŞ. Mr. Haspolat began to work in the R&D Department of Vestel Beyaz Eşya's Refrigerator Factory in 1998 and served as the R&D Engineer and R&D Laboratory Responsible between 1998 and 2002. During this period, he also took part in the projects for the localization of imported components used in the production of air-conditioners. Between 2002 and 2005, he served as the Quality Assurance Manager and R&D Manager for Vestel Beyaz Eşya's washing machine plant project. In 2005, he assumed the management of the dishwasher project, which was launched for the addition of dishwashers to Vestel Beyaz Eşya's product line. He carried out production, quality, product design and all related processes together with the project team and served as Dishwasher Factory Manager until 2013. In 2013, he became the Manager of the Refrigerator Plants. Mr. Haspolat was appointed as the General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ in April 2015 and has been serving in this position since then.

**Alp Dayı**

Chief Financial Officer of Vestel Group of Companies

Alp Dayı graduated from the Department of Industrial Engineering at Dokuz Eylül University in 2006 and received a degree in Finance from the University of California, UC Berkeley in 2006. He has served as a senior manager responsible for financial affairs at various industrial companies since 1987 and joined Vestel Group of Companies in 1999. Mr. Dayı has been serving as the Chief Financial Officer at Vestel Group of Companies, being responsible for Vestel's both domestic and foreign subsidiaries since 2012.

Hasan Uğur

Deputy General Manager Responsible for the Refrigerator Plants

Hasan Uğur graduated from the Department of Mechanical Engineering at Middle East Technical University in 2004. He started his professional career in 2005 as a Design Engineer in the Dishwasher R&D Department at Vestel Beyaz Eşya. Mr. Uğur then worked as R&D Mechanical Hydraulic System Design Supervisor and Senior Design Architect, respectively. He went on to serve as R&D Mechanical Hydraulic System Design Supervisor and Senior Design Architect, respectively. Mr. Uğur has been working as an R&D Manager at the Refrigerator Plants since 2013 and has been appointed as the Deputy General Manager Responsible for the Refrigerator Plants as of February 2019.

Serkan Balcı

Deputy General Manager Responsible for the Washing Machine Plants

Serkan Balcı graduated from the Department of Mechanical Engineering at Dokuz Eylül University in 2004. He began his professional career at Vestel Beyaz Eşya as Laboratory Engineer in the R&D Department at the Washing Machine Production Plant in 2006 and later served as the R&D Laboratory Supervisor, Senior Design Architect and R&D Manager, respectively. Mr. Balcı, who was appointed as the Deputy General Manager Responsible for the Washing Machine and Tumble Dryer Plants as of 1 January 2020, continues to serve as the Deputy General Manager Responsible for the Washing Machine Plants from September 1, 2020 due to an organizational change.

Hasan Emrah Şafak

Deputy General Manager Responsible for Tumble Dryer Plant

Hasan Emrah Şafak graduated from the Department of Mechanical Engineering at Ege University in 2004. He began his professional career at Vestel Beyaz Eşya in 2005 as a Design Engineer in the Refrigerator R&D Department and worked as R&D Acoustic Laboratory Supervisor, Senior Design Architect and Quality Assurance Manager, respectively. Since 2019, Mr. Şafak has been working as R&D Manager at the Refrigerator Plants. He has been appointed as Deputy General Manager responsible for the Tumble Dryer Plant as of November 1, 2022.

SENIOR MANAGEMENT



Mehmet Yavuz

Deputy General Manager
Responsible for the Cooking
Appliances Plant

Mehmet Yavuz graduated from the Department of Industrial Engineering at Istanbul Technical University in 2002. He worked as Quality Assurance Officer at Aykim Metal Sanayi ve Ticaret AŞ during 2002-2004. Mr. Yavuz joined Vestel Beyaz Eşya in 2004 and assumed various responsibilities in the Company's Washing Machine, Dishwasher and Refrigerator plants. Mr. Yavuz, who has been serving as the Acting Deputy General Manager for the Cooking Appliances Plant from October 2017, has been appointed as the Deputy General Manager as of February 2018.



Özgün Döşemeciler

Deputy General Manager
Responsible for the Dishwasher
Plant

Özgün Döşemeciler graduated from the Department of Mechanical Engineering at Ege University in 2005. He began his professional career at Vestel Beyaz Eşya as Design Engineer in the R&D Department at the Washing Machine Production Plant in 2006 and later served as the R&D Osculating Group Mechanical Design Supervisor and Senior Design Architect and Tumble Dryer Plant R&D Manager, respectively. Mr. Döşemeciler has been working as the Assistant General Manager in charge of the Tumble Dryer Plant since 2020 and was appointed as Deputy General Manager responsible for the Dishwasher Plant as of November 1, 2022.



Özgür Yılmaz

Deputy General Manager
Responsible for the Purchasing
Department

Özgür Yılmaz graduated from the Department of Mechanical Engineering at Middle East Technical University in 1998. Mr. Yılmaz worked on attack helicopters in the Turkish Armed Forces between 1998 and 2001. He started working at Vestel Beyaz Eşya as Washing Machine Design Engineer in 2002 and later served as the Chief Engineer for R&D Mechanical Design and R&D Manager, respectively. Mr. Özgür Yılmaz had been serving as the Deputy General Manager for the Washing Machine Plant since 2012 and was also responsible for the new Washing Machine and Tumble Dryer Plant, which came onstream in 2018. Özgür Yılmaz was appointed as the Deputy General Manager Responsible for the Purchasing Department as of 1 January 2020.



Turgay Büyük

Deputy General Manager
Responsible for R&D

Turgay Büyük graduated from the Department of Electric and Electronic Engineering at Middle East Technical University in 2004. He started working at Vestel Beyaz Eşya as a Laboratory Engineer in the Dishwasher R&D Department in 2005. After that, Mr. Büyük served as R&D Laboratory Group Supervisor and Senior Design Architect, respectively. Mr. Büyük, who has been serving as Technology Development Manager since 2016, was appointed as Deputy General Manager Responsible for Central R&D as of September 1, 2020.



HIGHLIGHTS FROM 2022



AWARD RECORD

Over 40 awards for Vestel Beyaz Eşya

Vestel Beyaz Eşya has achieved huge successes in the fields of R&D, production, design, marketing, corporate communication, human resources and customer relations, and has received over 40 awards in various fields. You can find detailed information about the awards in Appendix 5 (page 180).



INCREASE IN PRODUCTION CAPACITY

Capacity Expansion Program

As part of the ongoing capacity expansion program, Vestel Beyaz Eşya increased its total annual production capacity from 13.6 million units to 15.6 million units in 2022.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE SCORE

Increase in Environmental-Social-Governance (ESG) Rating

Increasing its efforts to integrate environmental, social and governance (ESG) issues across the entire company, Vestel Beyaz Eşya ranked 7th among 94 companies in its sector on a global basis with an Environmental, Social and Governance score of 77 from the Refinitiv rating agency in 2022. The company's CDP climate change rating increased to A-.



PROJECTS WITH OUR FUTURE

Sustainable Innovation Award for Vestel Beyaz Eşya's washing machine with microfiber filter

Vestel Beyaz Eşya has developed a washing machine product with a microfiber filter to prevent tiny synthetic fiber particles that are released from the laundry during washing from entering the environment at the end of the washing process. During the washing process, the water in the machine passes through the filter located at the door of the machine and the fiber particles in the water, which cannot be dissolved in nature, are retained by this filter. Leading the change needed to build a more sustainable world with the products developed with its R&D and innovation competencies, Vestel Beyaz Eşya's new microfiber filter washing machine received the "Sustainable Innovation" Award in the product category at the Sustainable Business Awards. The Sustainable Business Awards are organized by the Sustainability Academy to highlight projects that create significant impacts on social, economic and environmental issues and protect our common future.



PATENT REGISTRATION

Vestel Beyaz Eşya registers 97 patents

Vestel Beyaz Eşya has registered 79 patents with the Turkish Patent Institute, 13 patents with the European Patent Office and 5 patents with the US Patent Office.



VESTEL BEYAZ EŞYA IS INCREASING ITS INVESTMENTS IN RENEWABLE ENERGY.



NEW PRODUCTS AND TECHNOLOGIES

Vestel Beyaz Eşya introduced new products and technologies in 2022

Vestel Beyaz Eşya introduced to customers the Smart Touch Technology, developed with Vestel's R&D and innovation competencies, which detects the level of contamination of the laundry and determines the appropriate program and amount of detergent with a single touch.

After refrigerators, air-conditioners, dishwashers and washing machines, Daylight Pro Technology is now available for tumble dryers as well.

With a net volume of 650 liters, the Mega XXL refrigerator was launched in Türkiye, offering the largest volume in its class.

Türkiye's first air-conditioner with the ability to measure air quality and clean the air, Nefes air-conditioner, which displays air quality with ambient lighting, was introduced to the market.

Vestel Beyaz Eşya generated 175 MWh of electricity in 2022 with the 142 kWp solar panel installed on the roof of the facility that distributes energy to the refrigerator and washing machine factories. In the coming period, the Company plans to install 8,130 kWp solar panels on the roofs of the tumble dryer factory and additional buildings, generating 11,860 MWh of electricity per annum.



The Buzz air-conditioner, which can cool up to +55° C outdoor temperature thanks to its special cooling system, the first of its kind in Türkiye, was also launched.

VESTEL BEYAZ EŞYA INTEGRATED BUSINESS MODEL

INPUTS

Financial Capital

- » Total capital and assets
- » Robust and sustainable liquidity position
- » Use of various financing instruments (Domestic/foreign bank loans, capital market instruments, etc.)
- » Close monitoring of the foreign exchange position
- » Close monitoring of receivables and use of credit insurance

Human Capital

- » Competent senior management and board of directors
- » 10,607 qualified employees
- » 477 contractor employees
- » Share of women in the board of directors: 43%

Intellectual Capital

- » An R&D team of 719 people
- » 26 years of sectoral knowledge and innovation capacity
- » TL 294,3 million of R&D investment

Manufactured Capital

- » One of Europe's largest production facilities established over a single site
- » A total of 7 plants with an indoor area of 410 thousand m² in Vestel City, which has an area of 1.3 million m²
- » 1,334 Vestel stores, 722 Regal stores and 10 VsOutlets
- » TL 381.2 million investment in plants, machinery and equipment

Social and Relationship Capital

- » 25 association memberships and sectoral stakeholders
- » Transparent and accountable investor relations
- » Nearly 700,000 retail customers (B2C) in Türkiye and more than 1,200 corporate clients (B2B) at global level
- » A total of 2,413 suppliers, 1,774 local suppliers and 107 critical suppliers

Natural Capital:

- » 467,051 tons of raw material input
- » 212,716 MWh of energy consumption
- » 952,056 m³ of water usage

Designing innovative and digital products and services that respond to customer needs

Flexible and agile manufacturing in large-scale, smart plants

Offering the best customer experience-oriented sales and after-sales services

BEING A TECHNOLOGY COMPANY THAT RENDERERS LIFE EASIER AND CREATES SOCIAL AND ENVIRONMENTAL BENEFITS WITH ITS ACCESSIBLE AND SMART PRODUCTS



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION
Achieving human-oriented transformation in the entire value chain with the power of technology



A NET ZERO COMPANY
Applying innovative business models and adopting the circular economy for transition to an economy based on net zero emissions

GLOBAL TRENDS AND DEVELOPMENTS

Changing socio-economic conditions and supply chains

Further acceleration of the digitalization trend and changing expectations of customers

Global environmental problems such as climate crisis, dwindling resources and loss of biodiversity



STRATEGIC APPROACH



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

Developing solutions that meet the needs of the future and make life easier by creating environmental and social benefits

OUTPUTS

Products

Refrigerator
Deep-freezer
Dishwasher
Washing Machine
Tumble Dryer
Cooking Appliances
Air-conditioner
Water Heater
Vaccine Storage Cabinet

Services

Smart and digital solutions
Customer services
Hygiene solutions

Waste and Emissions

74,983 tonnes of
Scope 1 and Scope 2 carbon
emissions
46,079 tonnes of waste

OUTCOMES

Financial Capital

- » A market value of TL 22 billion as of 30 December 2022
- » A net profit of TL 1.4 billion
- » A turnover of TL 31.4 billion with a rise of 94%
- » An EBITDA of TL 2.9 billion with a rise of 17%
- » Savings of TL 225.6 million through innovation efforts regarding processes
- » Exports of TL 23.2 billion
- » A gross dividend payment of TL 698 million
- » A net financial debt-to-EBITDA ratio of 1.9x

Human Capital

- » A female employee ratio of 32%
- » A high-performing employee turnover rate of 4.4%
- » 84,861 hours of OHS training offered to employees
- » A 7% increase in the employment of the disabled
- » 14 hours of training per employee per year

Intellectual Capital

- » 3 awards in digitalization and technology
- » A total of 150 patent applications in 2022, including 130 patent applications to the Turkish Patent and Trademark Office (TÜRKPATENT) and 20 patent applications to the World Intellectual Property Organization (WIPO)
- » 97 registered patents
- » 126 active R&D projects

Social and Relationship Capital

- » A customer satisfaction score of 89 in Türkiye
- » An after-sales service satisfaction score of 90 in Türkiye (Vstar; Service satisfaction survey NPS score)
- » A community investment of TL 10.8 million
- » Strong brand identity and perception
- » Collaboration with 19 universities regarding open innovation
- » 1,805 hours of volunteer work
- » 840 hours of training offered to suppliers

Natural Capital

- » A 15% reduction in greenhouse gas intensity compared to 2021
- » Energy savings of 4,400 MWh and a reduction of 2,010 tonnes of carbon emissions
- » A 6% reduction in the amount of energy consumed per unit product compared to 2021
- » 175 MWh of renewable energy use
- » Waste recycling by 95%
- » 22,969 major household appliances renewed as part of circular economy
- » A reduction of 4,583 tonnes in plastics

STRATEGIC APPROACH

Vision:

Being a technology company creating social and environmental benefits through accessible and smart products that make life easier

| Area of Strategy | Technology and Human-Oriented Transformation | A Net Zero Company | Accessible and Smart Solutions That Make Life Easier |
|---|---|---|---|
| | <ul style="list-style-type: none"> Achieving human-oriented transformation in the entire value chain with the power of technology Spreading the transformation culture driven by technology and digitalization to the entire company and increasing the Company's share in the global market Applying to the value chain the technological innovations adding value to human life Focusing on diversity, inclusion and social benefit | <ul style="list-style-type: none"> Applying innovative business models and adopting the circular economy for transition to an economy based on net zero emissions Achieving net zero emissions, first in the Company's operations and then in the entire value chain Implementing circular models that improve the Company's impact on natural resources | <ul style="list-style-type: none"> Developing solutions that meet the needs of the future and make life easier by creating environmental and social benefits Developing new ideas and business models Developing digital service platforms by understanding customer needs Offering products and services that create environmental and social benefits |
| Relevant Material Issue | <ul style="list-style-type: none"> R&D and Innovation Digitalization Talent Management Responsible Supply Chain | <ul style="list-style-type: none"> Climate Crisis and Transition to a Zero Carbon Economy Circular Economy and Waste | <ul style="list-style-type: none"> R&D and Innovation Digitalization and Consumer Experience Products Creating Environmental and Social Benefits Customer Satisfaction and Communication |
| Target | <ul style="list-style-type: none"> Increasing the share of women in total workforce to 40% by 2030 Ensuring 100% compliance of all critical suppliers with the Supplier Code of Conduct by 2030 | <ul style="list-style-type: none"> Being a net zero company in the entire value chain by 2050* | <ul style="list-style-type: none"> Increasing the online turnover rate in Türkiye to 25% by 2030 |
| Relevant Sustainable Development Goals (SDGs) | <div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>10 REDUCED INEQUALITIES</div> | <div>6 CLEAN WATER AND SANITATION</div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div> | <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>17 PARTNERSHIPS FOR THE GOALS</div> |

*A commitment was announced to set a Science Based Target under SBTi in 2021. These targets will be announced by the end of 2023.

| | Major Capital Areas |
|---|--|
| <p>Technology and Human-Oriented Transformation</p> <p>Vestel Beyaz Eşya aims to transform its corporate culture in a human-oriented way by leveraging the power of technology and digitalization. The Company extends this culture to the entire company and develops the competencies of its employees in line with the new needs of the century, and implements digital and technological innovations in its operations. Adopting diversity, inclusiveness and social benefit as its core principles, in its value chain, Vestel Beyaz Eşya implements technological innovations that add value to people's lives, and expands its global impact by increasing its share in the global market with the power of its transformation culture.</p> | <ul style="list-style-type: none"> • Financial Capital • Intellectual Capital • Social and Relationship Capital • Human Capital |
| <p>A Net Zero Company</p> <p>Vestel Beyaz Eşya believes that playing a role in the fight against resource scarcity and the climate crisis should be on everyone's agenda, from the public to the private sector. Considering this responsibility, Vestel invests in innovative business models for the transition to a net zero emission economy and strives to implement circular models in both its products and operations.</p> | <ul style="list-style-type: none"> • Financial Capital • Natural Capital |
| <p>Accessible and Smart Solutions That Make Life Easier</p> <p>Vestel Beyaz Eşya believes that the products and services it offers will play a key role in the construction of a sustainable society. Developing solutions that respond to the needs of the future, make life easier, and are accessible to everyone and create environmental and social benefits are among the main goals of Vestel Beyaz Eşya. The Company focuses on identifying emerging needs and responding to them via new ideas and business models.</p> | <ul style="list-style-type: none"> • Financial Capital • Intellectual Capital • Manufactured Capital • Social and Relationship Capital |

STRATEGIC APPROACH

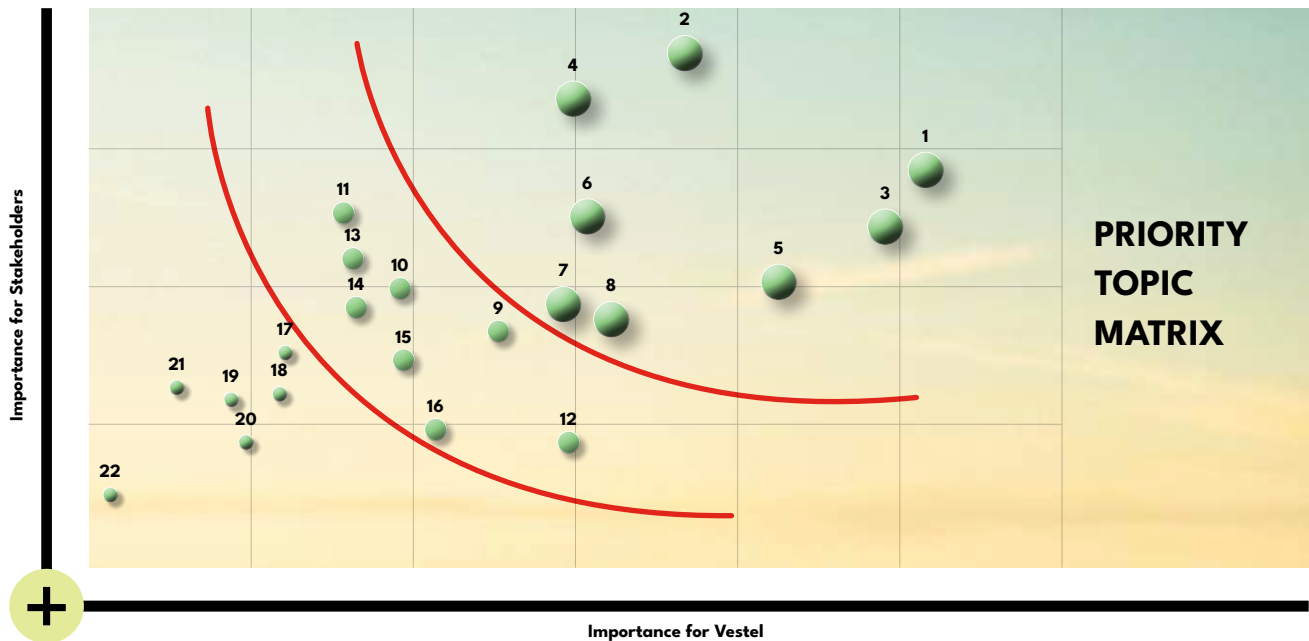
MATERIALITY ANALYSIS

Throughout the materiality analysis process, Vestel first created a long list of topics, including relevant topics for the sector in which the Company operates, based on an extensive literature review. In 2021, various stakeholder groups prioritized the list of topics through online surveys along with a comprehensive stakeholder analysis through which the Company received the opinions of a total of 2,372 stakeholders. In addition, Vestel benefited from the reports of international and sectoral initiatives and associations,

global trends, sustainability index criteria and the priorities of other sector players under the external trend analysis.

External trend analysis and stakeholder opinions helped with the identification of the priorities of stakeholders while Vestel's business strategy, opinions of executives, four-stage impact analysis and **Zorlu Holding's Smart Life 2030 strategy** contributed to setting Vestel Beyaz Eşya's priorities. Common issues that stand out in both areas formed the material issues.

While 12 general managers and 1 board member in Vestel Group of Companies were interviewed to identify the opinions of the executives, the opinions of 31 deputy general managers were collected through online surveys. During the four-stage impact analysis, each topic was evaluated in terms of financial impacts and risks, regulatory impacts, innovation opportunities, sectoral examples, and competitive advantage.



Very High Priority Issues

- 1 R&D and Innovation
- 2 Climate Crisis and Transition to a Zero Carbon Economy
- 3 Digitalization and Consumer Experience
- 4 Circular Economy and Waste
- 5 Customer Satisfaction and Communication
- 6 Products Creating Environmental and Social Benefits
- 7 Responsible Supply Chain
- 8 Talent Management

High Priority Issues

- 9 Data Security and Cyber Risks
- 10 Occupational Health and Safety
- 11 Water and Waste Water
- 12 Stakeholder Engagement and Collaborations
- 13 Ethics, Compliance and Transparency
- 14 Product Quality and Safety
- 15 Equal Opportunities, Diversity and Inclusion
- 16 Employee Engagement and Satisfaction

Medium Priority Issues

- 17 Responsible Raw Material Management and Conflict Affected and High-Risk Area Minerals
- 18 Corporate Governance
- 19 Integrated Risk Management
- 20 Community Investment Programs
- 21 Human Rights
- 22 Biodiversity

MATERIAL ISSUES












| Material Issue | Significance | Relevant Stakeholders | Relevant Section |
|---|---|---------------------------|--|
| R&D and Innovation | As a technology company, R&D and innovation are critical for Vestel Beyaz Eşya in terms of both developing new products and transforming operations. | Employees, customers | Technology and Human-Oriented Transformation |
| Climate Crisis and Transition to a Zero Carbon Economy | It is of great importance to achieve net zero in greenhouse gas emissions as quickly as possible in order to keep global warming below 1.5 °C by 2050 and to minimize the effects of the climate crisis. The steps taken by the Company in its product portfolio and operations play a key role in the transition to a zero carbon economy. | All stakeholders/ society | A Net Zero Company |
| Digitalization and Consumer Experience | In parallel with digitalization, customers demand digital products and services with emerging technologies. Developing digital products responding to customer needs by closely following evolving consumer behaviors is among the basic requirements for being a pioneer in the rapidly transforming sector. | Customers, employees | Accessible and Smart Solutions That Make Life Easier |
| Circular Economy and Waste | The prevailing linear economy model stands out as a model in which waste is considered as worthless and the increasing pressure on natural resources is ignored, leading to negative consequences such as economic loss and environmental pollution. In order to prevent these phenomena and protect the continuity of production, the adoption of cyclical models through which products are designed to be reintroduced to the economy and which accordingly changes the perspective on resources and waste, becomes prominent. | All stakeholders/ society | A Net Zero Company |
| Customer Satisfaction and Communication | Keeping customer satisfaction high by always offering innovative products and the best services to customers plays a key role in the continuity of business success. | Customers | Customer Experience |
| Products Creating Environmental and Social Benefits | Different products and services developed for disadvantaged groups with features such as low-carbon content, reduction of water consumption and pollution will play an important role in building a sustainable society. | Customers, society | Accessible and Smart Solutions That Make Life Easier |
| Responsible Supply Chain | Management of the supply chain has a very important place in terms of the continuity of operations and the reputation of the company. Monitoring environmental and social performance within the supply chain is among the basic requirements of successful supply chain management. | Suppliers | Supply Chain |
| Talent Management | With the rapid increase in digitalization, especially due to COVID-19, many jobs and job descriptions now have to transform. In a constantly-transforming environment, existing capabilities need to be continuously developed and adapted to emerging needs. It is critical to find right talents and invest in talents according to the requirements of the new century in order to remain a pioneering company in technology and digitalization. | Employees | Employees |

STRATEGIC APPROACH

MATERIALITY ANALYSIS

TARGETS AND RESULTS

| Material Issue | Target | Unit | Target Year | Base Year: 2021 Results | 2022 Results | Change Compared to Base Year | Related SDG |
|--|--|---|-------------|-------------------------|--------------|------------------------------|--|
| Climate Crisis and Transition to a Zero Carbon Economy | 42% absolute value reduction in Scope 1 and 2 greenhouse gas emissions | tCO ₂ e | 2030 | 88,632 | 75,003 | ↓ -15.38% |  |
| Climate Crisis and Transition to a Zero Carbon Economy | 15% reduction in energy intensity (per unit product) | Energy (kWh)/unit product (units) | 2030 | 0.0168 | 0.0192 | ↑ 14.29% |   |
| Water and Waste Water | Reducing the amount of water withdrawn per unit of production by 21% | Withdrawn water (m ³)/unit product (units) | 2030 | 0.074 | 0.086 | ↑ 16.22% |  |
| Water and Waste Water | Using 50% recovered and recycled water | Recovered and recycled water (m ³)/Total water withdrawal (m ³) | 2030 | 0.5% | 2.63% | ↑ 2.14% |  |
| Circular Economy and Waste | Zeroing the amount of waste sent to landfill | Amount of Waste (Tonnes) | 2025 | 0.91 | 0.85 | ↓ -6.59% |   |
| Talent Management/ Equal Opportunity, Diversity and Inclusion | Achieving a female employee ratio of 40% in the total workforce | % | 2030 | 31.16% | 32.17% | ↑ 1.01% |   |
| Talent Management/ Equal Opportunity, Diversity and Inclusion | Increasing the share of female employees in managerial (Supervisor and above) positions to 18% | % | 2030 | 14.29% | 17.65% | ↑ 3.36% |   |
| Talent Management/ Equal Opportunity, Diversity and Inclusion | Increasing the share of women working at the first level of management (Supervisor) to 24% | % | 2030 | 17.91% | 21.48% | ↑ 3.57% |   |

| Material Issue | Target | Unit | Target Year | Base Year: 2021 Results | 2022 Results | Change Compared to Base Year | Related SDG |
|--|---|----------|-------------|-------------------------|--------------|------------------------------|--|
| Talent Management/ Equal Opportunity, Diversity and Inclusion | Increasing the share of women working at middle level of management (Manager) to 13% | % | 2030 | 9.72% | 12.82% | ↑ 3.10% |   |
| Talent Management/ Equal Opportunity, Diversity and Inclusion | Increasing the share of women working at senior level of management (DGM, GM, Executive Committee) to 14% | % | 2030 | 0% | 0% | — 0% |   |
| Talent Management/ Equal Opportunity, Diversity and Inclusion | Increasing the share of female employees in income-generating positions* to 33% | % | 2030 | 17.39% | 41.18% | ↑ 23.79% |   |
| Talent Management/ Equal Opportunity, Diversity and Inclusion | Increasing the share of female employees in STEM positions to 29% | % | 2030 | 24.54% | 24.15% | ↓ -0.39% |   |
| Talent Management | Increasing the average annual training hours per employee (including OHS) to over 20 hours | Hours | 2030 | 14 | 14 | — 0 |  |
| Community Investment Programs | Increasing the share of social investments in EBITDA to 1% | Annual % | 2030 | 0.20% | 0.37% | ↑ 0.17% |   |

*Share of female employees in revenue-generating positions refers to the ratio of the number of women in management positions in revenue-generating functions to the total number of employees in management positions in revenue-generating functions during the reporting period.

STRATEGIC APPROACH

SUSTAINABILITY MANAGEMENT

With an Environmental, Social and Governance (ESG) score of 77 from the Refinitiv rating agency, Vestel Beyaz Eşya ranks 7th among 94 companies in its sector on a global basis.

An effective management structure is of great importance for the integration of environmental, social and governance (ESG) topics throughout the company. Sustainability issues are managed by the Sustainability Department reporting to the CEO. The Sustainability Committee, comprised of senior management and led by Vestel CEO, was established in 2022. The Committee meets quarterly. The decisions of the Committee are reported to the Board of Directors.

The duties and responsibilities of the Vestel Sustainability Committee are as follows:

- Determining corporate policies and strategies on environmental, social and governance (ESG) issues,
- Ensuring the integration of sustainability policies and strategies, including climate change and water management, with corporate business objectives,
- Assessing and making strategic decisions on non-financial risks and opportunities, including climate and water related issues, and managing identified risks and opportunities,
- Identifying KPIs and targets for critical sustainability issues,
- Ensuring the implementation of decisions taken for sustainability and the climate crisis, approving the financial investments required for the said decisions and monitoring performance to ensure that targets are met,
- Determining the strategic framework of external assessment and rating tools (CDP, DJSI, Refinitiv, etc.) on sustainability and monitoring the results,

- Revising the company strategy when necessary according to global trends in sustainability-related issues,
- Promoting cooperation with NGOs, public institutions and universities on sustainability-related issues.

Under the coordination of the Vestel Group of Companies Sustainability Department, there are working groups on Environment, Social, Governance, Technology, Supply Chain and Customer Satisfaction. Sustainability Working Groups have been established to control and coordinate sustainability-related issues. The members of these groups consist of experts and/or managers responsible for sustainability-related issues appointed by each department. These groups meet once a month. Sustainability Working Groups report to the Sustainability Committee. Sustainability Working Groups started working in 2021 in line with the new roadmaps prepared, and the work continued at an accelerated pace in 2022.



REFINITIV



United Nations
Global Compact



The duties and responsibilities of the Sustainability Working Groups are as follows:

- Ensuring that all activities of the Sustainability Working Groups are in line with corporate strategy, policies and sustainability principles,
- Implementing the decisions of the Sustainability Committee,
- Implementing sustainability as the main strategy in processes,
- Developing proactive solutions for the Company's risks and opportunities related to sustainability, climate change and water management, reporting the said solutions and sharing best practices,
- Preparing and/or coordinating action plans for sustainability targets, implementing action plans, monitoring progress towards targets and reporting KPI results.

In addition, under Zorlu Holding's Smart Life 2030 strategy, Vestel contributes to the Holding's sustainability efforts along with all Group companies.

Information meetings and training programs are organized for employees on ESG policies and practices.

Vestel Beyaz Eşya's performance in ESG issues is monitored through sustainability indices. The Company been listed in the Borsa Istanbul Sustainability Index since 2016. With an Environmental, Social and Governance (ESG) score of 77 from the Refinitiv rating agency, Vestel Beyaz Eşya ranks 7th among 94 companies in its sector on a global basis.

Vestel Beyaz Eşya started to respond to EcoVadis sustainability assessment as of 2021 and HIGG sustainability assessment as of 2022.

In 2021, Vestel Beyaz Eşya became a signatory to the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative.

Vestel Beyaz Eşya aims to achieve net zero emissions by 2050, first in its own operations and then in its entire value chain. The Company announced its commitment to set Science Based Targets (under SBTi), a major step in achieving net zero emissions.

WORKING GROUPS AND THEIR FIELDS OF ACTIVITY

| | | |
|---|---|---|
| ENVIRONMENT Climate Crisis and Zero Carbon Economy Circular Economy and Waste Products Creating Environmental Benefits Water and Waste Water Biodiversity | SOCIAL Talent Management Occupational Health and Safety Equal Opportunities, Diversity and Inclusion Employee Engagement and Satisfaction Human Rights Community Investment Programs | GOVERNANCE Corporate Governance Integrated Risk Management Ethics, Compliance and Transparency Stakeholder Engagement and Collaborations |
| TECHNOLOGY R&D and Innovation Digitalization and Consumer Experience Products Creating Environmental and Social Benefits Data Security and Cyber Risks Product Quality and Safety | SUPPLY CHAIN Responsible Supply Chain Responsible Raw Material Management and Conflict Affected and High-Risk Area Minerals | CUSTOMER EXPERIENCE Customer Satisfaction and Communication Customer Experience |

STRATEGIC APPROACH

ETHICAL PRINCIPLES

Vestel Beyaz Eşya aims to ensure the compliance of all stakeholders with the Ethical Principles by integrating the ethical conduct into the entire institution.

Vestel Beyaz Eşya adopts an ethical way of doing business based on Zorlu Holding Ethical Principles. Guided by the Ethical Principles to realize its vision, it conducts its activities in line with the principles of accountability and transparency.

Vestel Beyaz Eşya adopts an ethical way of doing business based on Zorlu Holding Ethical Principles. Guided by the Ethical Principles to realize its vision, it conducts its activities in line with the principles of accountability and transparency.

Zorlu Holding Ethical Principles regulate the basic principles, values and ways of doing business of the Holding and all Group companies. Ethical Principles, which constitute an indispensable set of rules created with the cornerstones of “integrity” and “honesty”, is in harmony with corporate policies, values and principles. Concerning the entire workforce, the Ethical Principles are binding for all stakeholders, especially suppliers, business partners, dealers, authorized vendors and authorized services as well. They ensure the effective management of stakeholder relations.

By integrating the culture of ethical behavior into the entire institution, Vestel Beyaz Eşya aims to ensure the compliance of all stakeholders with the Ethical Principles. In the fight against all kinds of corruption, including bribery and extortion, the Company makes use of tools such as Zorlu Holding’s internal audit mechanism, independent company audits, and information management systems, in addition to the Ethical Principles.

Zorlu Holding Ethical Principles are available [here](#).



By integrating the culture of ethical behavior into the entire institution, Vestel Beyaz Eşya aims to ensure the compliance of all stakeholders with the Ethical Principles.



Compliance with the Ethical Principles

All employees and stakeholders can send an e-mail to the Ethical Principles Hotline (etik@vestel.com.tr, etik@zorlu.com) and call 0 212 456 23 23 or 0 850 226 23 23 phone numbers at any time of the day to report and consult about the irregularities they encounter on ethical issues.

Set up with the aim of establishing, developing and maintaining an ethical culture, the Ethics Committee is chaired by Zorlu Holding CEO and consists of Zorlu Holding Chief Human Resources Officer, Zorlu Holding Chief Legal Officer and Zorlu Holding Audit General Manager.

Notifications received by the Ethical Principles Hotline are evaluated by Zorlu Holding's Audit Department. The results are shared with the Ethics Committee, Board members and the relevant Group CEOs on a quarterly basis.

In 2022, Vestel Beyaz Eşya received one notification on Ethical Principles, which was resolved. The notification does not contain any allegation of corruption and no sanctions were imposed on any employees.

There were no lawsuits on environmental and governance (including corruption) issues in 2022. There are a total of 5 finalized cases regarding social issues.

As a Zorlu Group company, Vestel Beyaz Eşya offers Ethical Principles e-training through the Zorlu Academy online training platform. These trainings, which aim to increase awareness about ethical principles, explain how employees' way of doing business, approaches, and perspectives should be arranged in accordance with these principles. Ethical Principles Training is carried out under the umbrella of Smart Life 2030 and has been prepared and implemented within the scope of the Holding's Corporate Governance Working Group activities, in coordination with the Audit Department and the Human Resources Department. In 2022, a total of 568 employees received one-hour Ethical Principles training at Vestel Beyaz Eşya.

Vestel Beyaz Eşya aims to ensure the compliance of all stakeholders with the Ethical Principles by integrating the ethical conduct into the entire institution.



GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Key Risks and Opportunities Affecting Vestel's Value Creation

In 2022, political, economic, social, technological and environmental developments have presented new equations that require solutions in many areas, from global drought to food supply shortages, logistical inefficiencies, fluctuations in raw material and energy prices, and high inflation.

Throughout the year, Vestel focused on proactively managing external developments and emerging risks, and seizing emerging opportunities in order to maintain its strength, resilience and productivity on the financial and ESG axes.

Risk Management at Vestel

Having an integrated risk management approach covering the entire business cycle, Vestel has set its risk management perspective for 2022 as identifying and implementing organization-wide mitigation/elimination actions for risks that may affect its current or future performance and/or reputation.

Throughout the year, risk appetite and risk management for major risks were systematically reviewed and updated where necessary. Each department and function of the Company has monitored and evaluated the risks that it faces/may face, created and implemented action plans and reported the results within the scope of the risk management cycle.

In the context of managing risks centrally, Vestel has adopted the Zorlu Holding Risk Policy and Procedure and the Corporate Risk Management Framework, which are prepared within Zorlu Holding and applicable to all related companies.

CONTINUOUS MONITORING

Reporting and sharing of risks

Residual risk and action plan follow-up

Determination of actions

Risk assessment and natural hazards

Risk identification

Goal setting

Risk Procedure and Risk Management Framework at Vestel

Vestel is a publicly listed company whose shares are traded on Borsa Istanbul. Vestel's risk management framework is in full compliance with the Turkish Commercial Code and Capital Markets Board (CMB) regulations.

Recognizing that the climate crisis is the most important short, medium and long-term risk threatening humanity and its future, Vestel addresses the actual and potential risks posed by the climate crisis on human life and the business world, and the implications of these risks on its business cycle within the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

In this context, climate risks are addressed as transition and physical risks.

<https://www.fsb-tcfd.org/recommendations/>

In this section, Vestel's main financial and ESG risks are discussed and impact and mitigation strategies are presented.

Other detailed information on Vestel's risk management processes and financial risks is presented in the Corporate Governance / Risks and Evaluation of the Board of Directors section on page 142.

| Rank | Name of the risk | Score |
|------|--|-------|
| 1 | Customer experience and digitalization risks | 15.40 |
| 2 | Climate risk | 13.44 |
| 3 | Risks related to circular economy and waste | 12.80 |
| 4 | R&D and innovation risks | 11.80 |
| 5 | Financial risks | 9.67 |
| 6 | Cyber risks | 8.43 |
| 7 | Talent management risks | 6.71 |
| 8 | Supply chain risks | 6.56 |
| 9 | Water risk | 2.66 |

| | | |
|---|---|-------------------------------------|
| RISK CATEGORY | Rising Risk | |
| CUSTOMER EXPERIENCE AND DIGITALIZATION RISKS | | |
| RISK SCORE | 15.40 | |
| Definition of the Risk | <p>Customer experience means the nature and quality of the interaction between the company and the customer. This interaction extends from the first point of contact with the customer to the service/support offered about the product and service. This process, which covers the entire customer lifecycle, is heavily influenced by Industry 4.0, as well as various technologies such as smart automation, big data and artificial intelligence. Described as “disruptive”, these new technologies open up new opportunities as they displace existing products and services, and pave the way for the development of risks and cyber threats.</p> <p>As digitalization increases, customer demands and expectations change rapidly, and objective or biased experiences and comments shared on the internet, especially on social media, significantly shape customers’ purchasing decisions and preferences. This trend not only makes digitalization more important for manufacturers and service providers, but also poses various risks.</p> | Term: Short-medium |
| Potential impact of the risk on Vestel | <ul style="list-style-type: none"> • Vestel’s failure to effectively utilize tools such as data analytics, CRM and big data may have a negative impact on the Company’s overall performance. • Vestel’s failure to provide customers with fast, safe and smart products and services in a timely and sufficient manner could weigh on its performance. • Users sharing negative comments about Vestel’s products and services on digital platforms (social media and internet) may negatively affect the Vestel brand and its reputation. • Vestel’s lagging in digital transformation and competitors’ advances with innovative/connected/digital products may have a negative impact on the Company’s performance. • Falling behind the competition in the market for socially beneficial products is one of the risks that may negatively affect the Vestel brand. | |

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Vestel's actions and efforts to prevent risks/mitigate their impacts

- At Vestel, work is underway to establish the Data Science Department and to design a new process.
- In 2022, efforts have begun to create a holistic Customer Experience Strategy and roadmap targeting CLTV and contactless customer experience.
- Vestel Customer Services performs all its communication and services through the Analysis and Reporting Unit, using SAP CRM, HANA and POWER BI tools. In the coming period, these efforts will be enriched in line with the needs.
- In 2022, Vestel expanded its IoT product range and continued its intensive R&D and product investments.
- Vestel has carried the IoT approach to its communication activities as one of its main strategies under the roof of Evin Akli. In line with IoT data, the process of developing proactive after-sales services was initiated and projects were carried out with IoT teams.
- At Vestel, customer comments are consolidated and analyzed under the Müneccim project and necessary actions are taken. All visible comments specific to Vestel stores, products and authorized services are managed with a centralized approach.
- In addition to various digital transformation projects running simultaneously in different departments, innovative projects such as the website, www.cozumuvvar.vestel.com.tr, and e-appointment, which offer digital service competencies to customers within the scope of the target of digitalization in services, were implemented. Work on services such as digital assistants etc. continues intensively.
- Vestel has initiated various social transformation projects under the headings of household transformation, microfiber, etc.
- As part of its customer services, Vestel recycles packaging waste after the installation of products. On the other hand, the Company is working on a social benefit business model.

Opportunities identified by Vestel in this area

- Gaining new customers by enriching the personalized products, experiences and services offered to customers through technologies such as data analytics, artificial intelligence (AI), Internet of Things (IoT), CRM and big data
- Ensuring growth and increasing market share through innovative digital products offered to customers (IoT, connected and smart products with AI systems, products with the most advanced technology, digital assistant, etc.)
- Developing new sales areas with products that offer social benefits (products and solutions for disadvantaged groups, expanding access to technology with a rental model, offering solutions to support balanced nutrition, etc.)
- Achieving efficiency, speed and cost advantage with the introduction of digital transformation in production

RISK CATEGORY CLIMATE RISKS

Rising Risk

RISK SCORE

13.44

Definition of the Risk

According to the World Economic Forum (WEF) Global Risks Report 2023, climate change and failure to tackle climate change are among the top risks that pose a critical threat over a 10-year period.

Although there are various risks that climate change poses to human life and the business world, these risks are grouped under two main headings by the Task Force on Climate-related Financial Disclosures (TCFD). Risks associated with the transition to a zero carbon economy and physical risks expected to arise due to the physical impacts of climate change.

Term:
Short-medium

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Potential impact of the risk on Vestel

- Vestel makes 51% of its total sales to Europe. Various mechanisms to reduce greenhouse gas emissions, such as carbon pricing and carbon border adjustment mechanism (CBAM) under the European Green Deal, are topics that may create a financial burden on the Company.
- Vestel's failure to realize its targets set in relation to climate change, its inability to adapt or falling behind in these matters may affect its financial position and reputation.
- Vestel's failure to keep pace with market developments in the transition to a zero-carbon economy and its lagging behind the competition in innovation may affect not only its financial position but also its brand value.
- In the coming period, disruptions and interruptions in the supply chain due to extreme weather events may lead to price and supply fluctuations in Vestel's input costs.
- Vestel and its suppliers may face problems in accessing quality and sufficient water for their production activities as a result of water stress that may increase due to climate change.
- Failure and deterioration of Vestel products due to high temperatures may adversely affect the brand's reputation.
- As a result of the increase in extreme weather events such as floods and cyclones, production at Vestel may stop and damage to factories may cause various losses, particularly financial losses.
- Fires that may break out in the forests and electricity transmission lines close to Vestel due to extreme temperatures may cause production to stop and result in financial losses.
- A possible rise in the sea water level in and around Manisa, where Vestel operates, may cause damage to the production facilities and financial losses.

Vestel's actions and efforts to prevent risks/mitigate their impacts

- Vestel has developed projects to reduce greenhouse gas emissions and has started to implement them. As the projects are implemented, the impact of climate risk on Vestel's financial structure will decrease.
- Vestel attaches great importance to innovation efforts. In connection with climate risk, work is ongoing on numerous R&D and innovation projects to reduce carbon emissions.
- Vestel manages and reviews its supplier portfolio in the context of the geography in which it operates and the climate crisis, and manages and reviews its portfolio in an optimal manner in terms of substitutability.
- Vestel carries out projects to reduce water use. The Company also informs its suppliers about water risk through audits of critical suppliers and encourages them to take the necessary measures.
- Vestel systematically tests each product in its product portfolio in terms of the highest and lowest heat levels to which it can be exposed.
- Since Manisa is unlikely to be affected by the rise in sea levels, this risk is in the negligible category for Vestel.

Opportunities identified by Vestel in this area

- Renewable energy, which plays an important role in achieving the net zero target by 2050, becoming a cheaper energy source and the procurement or generation of renewable energy by Vestel
- Vestel's achievement of high environmental, social and governance (ESG) performance and access to more affordable financing from financial institutions compared to conventional loans
- Developing new products and services ensuring mitigation and adaptation to climate change such as air-conditioning solutions, solutions for renewable energy, products with high energy and water efficiency, electric vehicle chargers and batteries, and achieving a significant increase in turnover and growth opportunity through these products and services
- Building resilience against potential business interruptions and price/supply fluctuations along the supply chain by supporting suppliers to make investments to mitigate climate change risks
- Reducing carbon costs by getting ahead of competitors in climate change performance

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

| RISK CATEGORY RISKS RELATED TO CIRCULAR ECONOMY AND WASTE | |
|---|---|
| RISK SCORE | 12.80 |
| Definition of the Risk | <p>Our planet is going through an environmental crisis triggered mainly by plastic pollution.</p> <p>Plastic pollution has become one of the most pressing environmental problems, especially as the rapidly increasing production of single-use plastic products exceeds the planet's ability to cope with this waste. Due to the lack of proper recycling of plastic waste, plastic waste ends up in nature and oceans, threatening human health and biodiversity as well as the environment.</p> <p>According to World Bank sources, with current production and waste management systems and a growing world population, global waste is expected to increase by 70% by 2050. In other words, it is estimated that approximately 12 billion tonnes of plastic will end up in the nature.</p> <p>In order to prevent this crisis and the negative impacts it will create, existing production systems need to evolve from a "take-make-waste" approach to a circular understanding of "make-use-recover".</p> <p>Regulations such as the European Green Deal Circular Economy Action Plan, and the Zero Waste Project of the Ministry of Environment and Urbanization of the Republic of Türkiye are among the steps taken by public authorities in this vein.</p> |

Term:
Medium-long

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| Potential impact of the risk on Vestel | <ul style="list-style-type: none"> Regulations to prevent plastic pollution and increase recycled content in products and packaging (EU Eco Design Directive, new Packaging Waste Control Regulation, etc.) will lead to potential new taxation in the coming period. This development may have a negative impact on Vestel's financial structure through costs. The higher cost of recycled plastic raw materials will result in higher costs for Vestel. Quality and durability issues related to recycled plastics are considered as a risk that Vestel will face in its production and trade cycle. The inadequacy of the plastics recycling infrastructure in Türkiye poses a risk for Vestel, as waste products cannot be properly utilized and recycled into the economy. If Vestel fails to develop products and business models that address the circular economy and plastic pollution, it will fall behind the competition. |
| Vestel's actions and efforts to prevent risks/mitigate their impacts | <ul style="list-style-type: none"> Vestel carries out Industry 4.0 activities in production. These efforts make direct and indirect contributions to the circular economy and the elimination of waste and risks. In other words, Vestel invests in the most efficient production processes and circular economy models. Vestel continues to work on zero waste factories. In addition to the development of products that ensure natural resource efficiency and reduce pollution, investments are made in repair and second-hand sales models. Vestel carries out R&D activities to use recycled and recyclable raw materials. |

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

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| Opportunities identified by Vestel in this area | <ul style="list-style-type: none"> · Within the scope of the EU Green Deal, it is important for Vestel to access various Horizon funds through R&D projects on circular economy. · Circular models aim to reduce waste costs and potential additional financial burdens. · The Company envisages to increase product and customer satisfaction by introducing opportunities such as repair service and reuse of products and opening new business areas for models based on used products and rental. · According to a recent survey, 85% of European retailers state that their sales of sustainable products have increased in the last five years and 92% say they will rise in the next five years. Vestel aims to provide cost advantages through reusable, repairable, durable products with high recycled content and to attract customers who are sensitive to these issues to Vestel. · By reusing raw materials, it is possible to reduce raw material costs in production. · Another area of opportunity is to create growth areas with innovative products that provide solutions to the circular economy and plastic pollution. | |
| RISK CATEGORY R&D AND INNOVATION RISKS | | |
| RISK SCORE | 11.80 | |
| Definition of the Risk | <p>R&D and innovation is one of the key determinants of the short, medium and long-term success of the production and trade cycle in today's world. Failure to respond proactively and agilely to the rapid technological change in the world, customer demand and regulatory changes in the countries of operation is a significant risk for companies. In order to respond quickly to changing and increasing customer and market expectations in parallel with digitalization, the sustainability of a competent human resources as well as R&D and innovation infrastructure is of utmost importance.</p> | Term: Short-medium |

Potential impact of the risk on Vestel

- Failure to ensure the continuity of Vestel's R&D teams may affect the Company's competitiveness in the market and its financial performance.
 - Vestel operates in a sector focused on innovation. Therefore, not being an attractive option for skilled human resources in new business areas can pose a significant risk.
 - Failure to allocate sufficient financial resources for R&D and innovation expenditures may affect Vestel's performance.
 - Organizational structure, goals and motivation that are not in line with needs and trends can affect the satisfaction and loyalty of human resources in particular.
 - Failure to integrate into R&D and innovation ecosystems may lead to a decrease in Vestel's competitiveness.
 - If the technologies and trends focused on do not match the sector and user expectations or are not mature enough, or if the technologies and trends shift to different areas, it may result in failure to develop a product range in line with consumer demands.
 - Vestel's success in R&D will be affected by the decline in the share allocated for TÜBİTAK funding mechanisms and the decrease in Türkiye's share in EU project incentives. Similar results may be observed in the case of a decline in R&D center performance evaluations and a decrease in EU project participation and university-industry cooperation activities.
 - Failure to maintain competitiveness in the face of strong customers, challenges in entering new markets in the face of the high bargaining power of large customers and dominant players, and weak bargaining power of the Company are among the consequences of lagging behind in R&D and innovation.
 - The fact that the Green Deal requirements and the concept of sustainability are not included in R&D projects with sufficient maturity points to another R&D risk for Vestel.
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GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Vestel's actions and efforts to prevent risks/mitigate their impacts

- Vestel is determined to systematically increase the share of its budget allocated to R&D and is working to diversify the support it receives from national and international funds.
- One of Vestel's most characteristic features is its flexibility and agility. Thanks to this feature, it can take quick action against change and adversity.
- Vestel is among Türkiye's leading companies. Exporting to over 160 countries, it is a globally integrated company. Vestel is in constant interaction with its stakeholders and is a leading player in global innovation and R&D ecosystems.
- Vestel is a technology company. It is integrated with its ecosystem both globally and locally. This integration supports it to make good use of the feedback it receives and to be a producer of innovations.
- Vestel is in regular communication with TÜBİTAK and the Ministry of Industry and Technology and also takes initiatives through NGOs such as ECİD and TTGV.
- Vestel continuously improves the working conditions of its employees and its salary policies and increases motivation through participation in EU projects.
- Vestel Human Resources Department carries out activities to ensure that the Company is attractive to employees, including pre- and post-employment processes. The continuous development of employees with experience in R&D and innovation is supported through network activities, collaborations and memberships.
- Vestel carries out proactive efforts to maintain and improve its competitive edge. Existing experience is transferred to new business lines through horizontal integration, and joint efforts are carried out with ventures under Vestel Ventures in new business areas.
- Concepts such as Green Deal and sustainability have become mandatory in all incentive mechanisms to which Vestel is a party. Vestel's investment promotion team also plays a driving role in ensuring that these issues are included in projects.

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| Opportunities identified by Vestel in this area | <ul style="list-style-type: none"> · Vestel's activities are aligned with Priority R&D and Innovation Topics prepared by the Presidency of the Republic of Türkiye and TÜBİTAK. · Vestel sees its R&D and innovation capacity, which it has developed with the participation of new talents, as an important opportunity to increase its competitiveness. · The entry into new business areas and the increase in the number of R&D and innovation projects offer significant opportunities for Vestel, and the Company high integration with the R&D and innovation ecosystem. · Within the scope of the EU Green Deal, Vestel has access to various Horizon funds for its circular economy R&D projects. | |
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| RISK CATEGORY FINANCIAL RISKS | | |
| RISK SCORE | 9.67 | |
| Definition of the Risk | Financial risk is a situation that may arise as a result of internal and/or external changes that may harm the financial sustainability of a company. The losses caused by financial risk can be very diverse: loss of assets, significant reduction in equity, interruption in cash flow, etc. | Term: Short-medium |
| Potential impact of the risk on Vestel | <ul style="list-style-type: none"> · Fluctuations in foreign exchange rates may result in gains or losses on the valuation of foreign currency positions carried on Vestel's balance sheet. · A possible increase in interest rates may lead to an increase in the cost of short/long term floating rate loans. The rise in interest rates may increase Vestel's borrowing costs and suppress its profitability. · Possible imbalances in cash flows may result in Vestel not having sufficient cash to meet its cash outflows. · Failure to properly plan borrowing amounts, costs and maturities and wrong strategic decisions can lead to very high levels of borrowing. High debt risk is associated with liquidity and cash flow risk. · Vestel's cash flow may deteriorate and liquidity risk may arise as a result of the failure to balance cash inflows and cash outflows in the future. · Vestel's failure to collect its receivables may turn into a significant financial risk. | |

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

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| Vestel's actions and efforts to prevent risks/mitigate their impacts | <ul style="list-style-type: none">• Vestel manages its balance sheet with a proactive approach. The Treasury Department keeps the Company's open positions under control through derivative transactions carried out on a 2 to 3 day basis, thus eliminating currency risk.• In line with the decisions of Vestel's senior management, interest payments on floating rate borrowings are fixed by using interest rate swaps and similar derivative instruments in cooperation with banks.• Vestel monitors cash inflow and cash outflow plans and proactively makes necessary interventions through its effective financial management operations.• Thanks to effective financial management, the borrowing rates and maturities of Vestel Group companies are monitored and interventions are made where necessary. Similarly, finance and treasury management operations monitor the entire cash flow balance of the Company. In periods of increased risk, necessary intervention plans are made and implemented.• The trade receivables insurance process, organized and systematically managed by the Corporate Risk Management, Sales and Finance Departments, protects Vestel's receivables arising from all sales covered by the policy. |
| Opportunities identified by Vestel in this area | <ul style="list-style-type: none">• Since the majority of Vestel's sales are export-oriented, the depreciation of the TL will reduce the share of TL denominated costs in total costs. |

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| RISK CATEGORY | | |
| CYBER RISKS | | |
| RISK SCORE | 8.43 | |
| Definition of the Risk | <p>While the digitalization of business processes, products and services offers opportunities such as efficiency and higher performance in the working environment, it also poses cyber risks. Companies today face a multitude of cyber risks, including but not limited to the following:</p> <ul style="list-style-type: none"> • Bad activity risk • Risks associated with software, industrial control systems and means of communication • Inventory security risks • Extensive attack surface and external network footprint risks (perimeter posture) • Dark web risks • Potential data breach incidents and business interruption risks (security incidents) • Risks regarding the company's reputation and promotion (external presence risk) • Cyber security personnel shortage | Term: Short-medium |
| Potential impact of the risk on Vestel | <ul style="list-style-type: none"> • The leakage and sharing of Vestel's data in illegal environments and the disclosure of user accounts, passwords and personal data would damage the Company's reputation. • Vestel may be harmed due to risks associated with intense theft and spam activity, malicious external activities, phishing¹ and social engineering. • The use of risky software and applications, online payment processors, linked database technologies, industrial control systems and communication tools risks may affect Vestel's performance, processes and efficiency. • Shared hosting, CDN services, concurrent services, e-commerce websites, security and performance risks, network, server and configuration issues are some of the risks that may be encountered in Vestel's partnerships with external stakeholders. Other risks include risks related to the popularity of managed websites, corporate reputation and publicity, external network footprint and extensive attack surface risks. • The low level of employee sensitivity and cyber security awareness and the risks that may arise in its management may affect Vestel. • Possible data leakage and breach incidents, business interruptions and discontinuity, breach and leakage of Company data and personal data as a result of cyber-attacks may cause financial damage to Vestel, as well as loss of customers, fines and sanctions. | |

¹Phishing is a type of online attack where scammers send random e-mails to user accounts.

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

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| Vestel's actions and activities to prevent risks/mitigate their impacts | <ul style="list-style-type: none"> • Cyber threat intelligence management is of great importance at Vestel. Dark web platforms are periodically scanned with Threat Intelligence services. In case of data breaches concerning the Company, necessary notifications are made and timely action is taken. • At Vestel, an effective process management is implemented through periodic scanning management, periodic studies and warnings against vulnerabilities and weaknesses. Risks are minimized by using e-mail security and end-user antivirus and intrusion prevention system (IPS) to prevent spam activity and malware. Planned work continues in line with the SIEM-SOAR project target to support existing technologies. • At Vestel, improvement and control processes are implemented, scans, troubleshooting and planned improvements are carried out prior to launching applications in the outside world. • The applications and platforms served to the outside world are monitored for vulnerabilities that have been published in global markets, and security scenarios are implemented through version updates. • At Vestel, applications that contain critical data (Database) are protected with a focused approach. Access to critical data is isolated by implementing multiple authentication services and security architectures. • At Vestel, in addition to the improvement and control processes (scanning, troubleshooting and planned improvements) implemented before applications are launched in the outside world, access to services is provided in a controlled manner through security solutions such as DNS, SPF, SSL, DDOS, etc. • End users and their information are the main targets of attacks that threaten cybersecurity. In addition to planned activities to raise individual awareness, Vestel also makes periodic announcements. Training plans are created and supported with strong technology. Layer-2 Security Solution, Antivirus, IPS, Proxy services are used. DLP and End Point Security project preparations are ongoing in addition to existing services. • Vestel makes systematic infrastructure improvements and receives consultancy services against external threats and actors. At Vestel, where comprehensive intrusion detection systems are used, risks are managed at controllable levels through the use of denial of service attacks (DDOS), load balancers and firewalls. Planned activities within the scope of the SIEM-SOAR project, which will support existing technologies, are ongoing. • Vestel's Cyber Security Action Plan (ZORLU SGEP) was prepared and significant progress was made in terms of rapid action, roadmap and solutions. Efforts to purchase cyber insurance to cover the entire inventory are ongoing. |
| Opportunities identified by Vestel in this area | <ul style="list-style-type: none"> • Vestel considers the sustainability of its strong cyber security structure as an important foundation of its corporate reputation. Opening new business areas by developing products against cyber risks is another opportunity identified by Vestel. |

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| RISK CATEGORY | |
| TALENT MANAGEMENT RISKS | |
| RISK SCORE | 6.71 |
| Definition of the Risk | <p>Digitalization is one of the most important trends of the recent period. During the pandemic period in 2020-2021, digitalization, which increased exponentially in speed, caused a significant change in terms of talent management, transforming many jobs and job descriptions. In a constantly-transforming environment, existing capabilities need to be continuously developed and adapted to emerging needs.</p> <p>This so-called talent gap is a major risk area, especially for companies operating in the fields of engineering and technology.</p> <p>According to a study published by Gartner, the talent gap is one of the biggest risks facing businesses around the world.</p> |
| Potential impact of the risk on Vestel | <ul style="list-style-type: none"> • Failure to provide a suitable working environment for new talents at Vestel may result in a failure to attract them to the company, which can lead to loss of market share and reputation. • The Company's competent human resources may be lost, primarily due to deterioration in wage and benefit packages. Vestel's loss of talent may lead to an increase in employee turnover. • Filling vacancies with unsuitable candidates or not finding qualified employees can pose a significant risk. The development of an HR structure at Vestel that does not respond to the need for competencies may cause positions to remain vacant for a long time. • Lack of effective talent management may lead to a decrease in employee loyalty and satisfaction at Vestel. • Failure to comply with human rights or inadequate compliance with human rights may lead to a decrease in Vestel's reputation and a negative perception in the market. • Insufficient training to achieve skills to respond to changing needs (upskilling) or to acquire new skills to perform a new job (reskilling) may results in a weakened talent pool. • Failure to increase the share of female employees may cause Vestel to suffer reputational damage. |

Term:
Short-medium

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

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| Vestel's actions and efforts to prevent risks/mitigate their impacts | <ul style="list-style-type: none"> Under conditions of high inflation, it is important to make timely wage and benefit adjustments in line with market realities and competition in the sector. The value proposition offered to employees at Vestel is supported by Vestel Employer Brand and Employee Loyalty Projects ("Heartfelt Conversations", Seniority Plaques and Awards, New Year's Sweepstakes, Welcome Package, etc.). Advertisements are published on different platforms and works are carried out to attract talents. In addition to shortening/improving the recruitment process at Vestel, internal resource evaluation is made more effective through the rotation system. The focus is on effective talent management using the outputs of the White-Collar Talent and Career Management project. Zorlu Holding and all of its companies (Zorlu Group) undertake to conduct business and take actions in full compliance with Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, Declaration on Fundamental Principles and Rights at Work adopted by International Labour Organization and, as a signatory party, United Nations Global Impact. This commitment includes standing against all forms of discrimination, providing a safe working environment, not allowing child labor, and ensuring a working environment where employees can freely express themselves. The sustainability of the commitment is guaranteed by the "Zorlu Holding Human Rights Policy" and "Zorlu Holding Ethical Principles". Vestel implements development-based training projects for employees, and responds to demands by strengthening upskilling and reskilling trainings on a department and company basis. Vestel aims to achieve the target of 40% female employee share by 2030. Moreover, the impact of risk seems to be low in the current demographic structure. On the other hand, the Company plans to pay even more attention to gender equality in recruitment and talent attraction projects. |
| Opportunities identified by Vestel in this area | <ul style="list-style-type: none"> New talents joining Vestel and acquiring up-to-date skills will increase the Company's R&D and innovation capacity and thus its competitiveness in the sector. New and young talents will nourish the Company with innovative ideas and enable the development of innovative products. With a skilled workforce that fully realizes its potential, Vestel will strengthen its productivity and financial performance. Reduced employee turnover will have a positive impact on Vestel's cost base and the Company's reputation. |

| RISK CATEGORY SUPPLY CHAIN RISKS | |
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| RISK SCORE | 6.56 |
| Definition of the Risk | <p>When it comes to business lines and sectors with complex supply chains, supply chain management plays a very important role in terms of business continuity and corporate reputation. The pandemic in the 2020-2021 period has clearly revealed the vulnerabilities and risks in the global supply chain, and the global supply shortage of an important input such as semiconductors has signaled that the management of risks in this area has become much more critical. Supply chain risks are addressed in the following main categories.</p> <p>Supply risk: Potential problems in Vestel's supply chain and the risk of not being able to procure products from suppliers in a timely/complete manner</p> <p>Demand risk: The risk that Vestel may under or over supply products to the market as a result of a sudden decrease or increase in customer demand due to sudden major shocks (e.g. epidemics, war, etc.)</p> <p>Environmental risks: Risks such as cost increases, production disruptions, etc. in the Vestel supply chain due to the climate crisis and environmental problems</p> <p>Business and financial risks: Risks arising from reasons such as increasing costs in the supply chain, potential loss of financial stability regarding Vestel's suppliers and organizational errors, etc.</p> <p>Compliance risks: Risks arising in the supply chain from non-compliance with regulations regarding human rights, conflict affected minerals (Tin, Tungsten, Tantalum, Gold (3TG)), ethical and environmental issues</p> |
| Potential impact of the risk on Vestel | <ul style="list-style-type: none"> Disruptions in the supply chain and the failure to obtain timely/complete products from suppliers may affect operations and have a negative impact on Vestel's brand perception. Sudden and large shocks similar to COVID-19 may cause Vestel to under or over supply products to the market as a result of sudden decreases and increases in consumer demand. This can lead to increased inventory and freight costs, missed targets and customer dissatisfaction. Sudden fluctuations in exchange rates may affect costs and profitability. Yet another risk is that non-compliance by suppliers with contractual terms and conditions may affect Vestel. |

Term:
Short-medium

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

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| Vestel's actions and efforts to prevent risks/mitigate their impacts | <ul style="list-style-type: none"> • Vestel conducts alternative material studies for the materials it procures and cooperates with more than one supplier. • In cases where risk increases in the short term, it resorts to shipment types that will provide faster supply. • Vestel follows a safety stocks approach. • Vestel regularly monitors the cancellation periods of the orders it transmits to suppliers and adjusts the quantities according to changes in demand. In case of sudden shocks, the consumption rate is increased by directing excess materials to alternative uses. • Vestel closely monitors international markets and stock exchanges. The Company focuses on hedging its position through exchange rate fixing agreements with suppliers, TL payment agreements with domestic suppliers, and future price fixing (options, spot purchase) agreements for commodities. Vestel signs binding contracts in accordance with international trade law and requests letters of guarantee from suppliers in order to eliminate situations that may lead to operational problems, failure to supply goods and production stoppages. Suppliers who violate working conditions are blacklisted and monitored, and alternative supplier relationships are formed for each commodity group. |
| Opportunities identified by Vestel in this area | <ul style="list-style-type: none"> • Vestel anticipates that its ESG performance and competitiveness in the sector will increase by adopting responsible and sustainable procurement principles in its supply chain. • An effective supply chain management will contribute to Vestel's financial performance. • Good relations and effective management with suppliers will help Vestel enhance its reputation and facilitate the establishment of new business relationships. • A sustainable supply chain will create the potential for innovation and market differentiation. |

| RISK CATEGORY: WATER RISK | | Term: Short-medium |
|---|---|-------------------------------|
| RISK SCORE | 2.66 | |
| Definition of the Risk | The World Economic Forum's 2023 Risk Report ranks water scarcity among the most important risks on a global scale. Water stress and water risk concern and affect not only water-stressed basins but also many production processes, particularly agriculture. On the other hand, with increasing globalization and global trade ties, water is considered a global resource rather than a local one. Sustainability, conservation and development of freshwater resources are important not only from a social and environmental perspective, but also in terms of economic sustainability and human welfare. | |
| Potential impact of the risk on Vestel | Vestel assesses three topics related to water risk. <ul style="list-style-type: none"> • Lack of water supply • Process water quality • Drinking water quality | |
| Vestel's actions and efforts to prevent risks/mitigate their impacts | <ul style="list-style-type: none"> • In addition to increasing the use of rainwater, Vestel also carries out projects to utilize recycled water. Vestel is working to purchase recycled water from the advanced water treatment plant in the Manisa Organized Industrial Zone and conducts periodic water quality analyses at the units its auxiliary facilities as part of its water quality efforts. • Periodic drinking water analyses are carried out at Vestel by the Manisa Provincial Directorate of Health, and filtration and UV disinfection services are also provided at the facilities. • Within the scope of its water risk management, Vestel carries out analyses by monitoring the WRI Aqueduct Water Risk Atlas. | |
| Opportunities identified by Vestel in this area | <ul style="list-style-type: none"> • Innovations can be triggered by developing alternative solutions to reduce water use in production processes. • Product innovation and new technologies can be used to design products that reduce water consumption and create opportunities for differentiation in the market. | |

EVALUATION FOR 2022

In 2022, as the effects of the pandemic subsided, demand began to normalize, while the uncertainties created by the Russia-Ukraine crisis, increasing inflationary pressures on a global basis and the decline in the purchasing power of consumers led to a contraction in the European market, Vestel Beyaz Eşya's main export market. Vestel Beyaz Eşya has outperformed the overall market in Europe thanks to ongoing new customer and project wins, and achieved strong growth in non-European regions, particularly Central Asia-Turkic Republics, Sub-Saharan Africa, North and South America and emerging Asia, where the Company focuses as part of its market diversification strategy. Throughout the year, products with different technical specifications suitable for non-European markets were developed and introduced to new markets. New projects in North America, Latin America, Sub-Saharan Africa, Russia and Asian countries such as China and Vietnam contributed significantly to revenue growth.

The Company attained robust growth in the European market with the Daewoo brand, which was licensed in July 2021. This growth momentum is expected to continue at an increasing rate in 2023.

Vestel Beyaz Eşya has outperformed the overall market in Europe thanks to new customer and project wins and achieved strong growth in non-European regions where it focuses in line with its market diversification strategy.



According to GfK data, following a 4% growth in 2021, the European major household appliances market, which includes 25 EU countries (EU25), contracted by around 8% in 2022, due to the negative effects of high inflation, rising cost of living and negative impact of geopolitical uncertainties on consumer confidence. Despite the contraction in Europe, Türkiye's main export market, total exports of major household appliances remained at similar levels to last year. Thanks to the focus strategy and strong growth in non-European markets, Vestel Beyaz Eşya increased both its international sales volume and its share in Türkiye's total major household appliances exports in 2022.



In 2022, the share of smart and IoT-enabled products in total sales continued to increase.

According to TÜRKBESD data, the Turkish MDA market (based on wholesale shipments), which consists of six main major household appliances contracted by 8% yoy in the first half of 2022 mainly due to the high base effect (1H21: 27%). Nevertheless, with the elimination of the base effect (2H21: -7%) and pulled-forward demand in a high inflation environment, there was a 6% increase in the second half of the year, bringing the full year growth to 2%. According to GfK Türkiye data, retail MDA sales also showed a limited increase of 1% in 2022. Vestel Beyaz Eşya's domestic sales in 2022 were in line with the developments in the market.

In 2022, the share of smart and IoT-enabled products in total sales continued to increase. Moreover, the year also saw the launch of upper segment products that appeal to different consumer segments, such as the Mega XXL refrigerator with a volume of 650 liters, the Nefes Air-Conditioner that purifies the air by measuring air quality and displays air quality with ambient lighting, the Buzz Air-Conditioner that can cool up to +55°C outdoor temperature thanks to its special cooling system, a first in Türkiye, and features such as "Smart Touch Technology in Washing Machine".

With its competitive products and newly-developed technologies, Vestel Beyaz Eşya continues its efforts to increase its sales not only in the entry and mid-end segments, but also in the upper segments and to create new segments for its customers. Constantly revising its energy efficiency targets and devoting a significant portion of its R&D efforts

to the development of environmentally friendly technologies and products that use resources efficiently by providing the highest level of energy and water savings, Vestel Beyaz Eşya became one of the leading companies in the sector in the field of sustainability in 2022 with the launch of the washing machine with Microfiber Filter which prevents microfiber particles from entering the seas.

As the negative impact of plastic waste on the environment and human health is becoming increasingly important, in its products and packaging Vestel Beyaz Eşya has started to use bioplastic and recyclable parts that are more easily biodegradable and leave no toxic residues, and aims to increase the use of bioplastic and recyclable parts in 2023.

As part of the ongoing capacity increase program, Vestel Beyaz Eşya's annual production capacity increased from 13.6 million units to 15.6 million units in 2022 with additional capacity increases in the refrigerator, cooking appliances, dishwasher and washing machine product groups.

Trends such as reducing dependence on the Asian region in supply, procurement from nearby regions and supplier diversification, which started in the European and US markets after the pandemic, are expected to continue in 2023.

Vestel Beyaz Eşya's growth strategies and targets for the European market in 2023 are set out below:

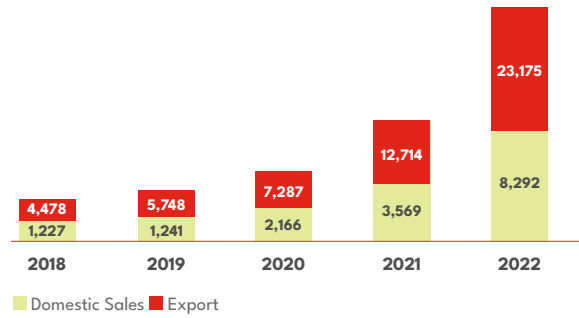
- Increasing sales by acquiring new customers and expanding business volume with existing customers in the ODM segment, which is expected to grow in the European market, where economic stagnation is anticipated due to high inflation,
- Getting more projects from A-brand customers due to increasing challenges for production in Europe,
- Increasing the share of sales made under licensed brands,
- Enhancing cooperation with kitchen manufacturers, especially in Germany and Italy, in order to further strengthen its position in the built-in product channel.

As part of the strategy to increase market diversification and penetration in non-European markets, the strong sales growth recorded in non-European markets in recent years is expected to continue in 2023. In line with the growth target in Asian, African and US markets, new projects specific to these regions will be developed in 2023. Vestel Beyaz Eşya aims to maintain its strong and sustainable growth in non-European regions with the projects it will develop for both its own brands (Vestel, Vestfrost, Finlux and licensed brands) and its customers.

EVALUATION FOR 2022

FINANCIAL PERFORMANCE

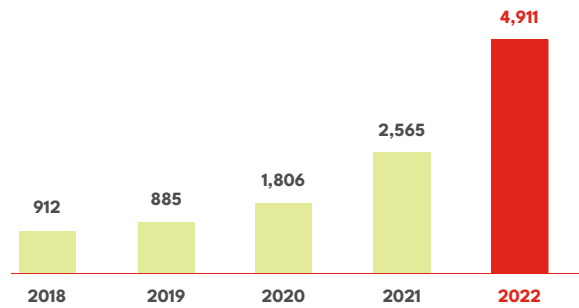
Gross Sales Revenues (TL million)



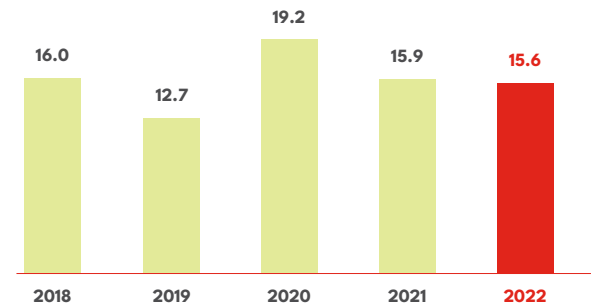
Gross sales reached TL 31.5 billion in 2022 of which TL 23.2 billion (74%) consisted of international sales. Of the total sales, 51% was made to European countries, 23% to other countries while 26% was realized in the domestic market.

Net sales (TL 31.4 billion) grew by 94% year-on-year in TL terms while unit sales rose by 7%.

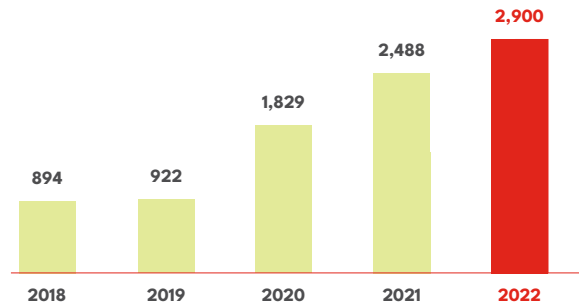
Gross Profit (TL million)



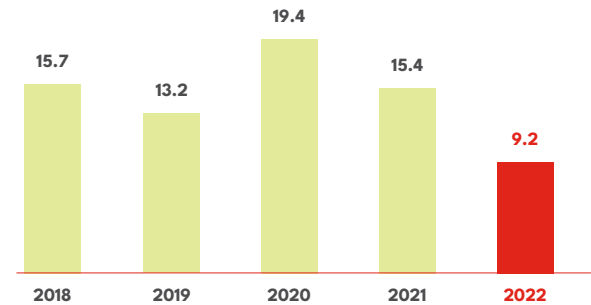
Gross Profit Margin (%)



EBITDA* (TL million)



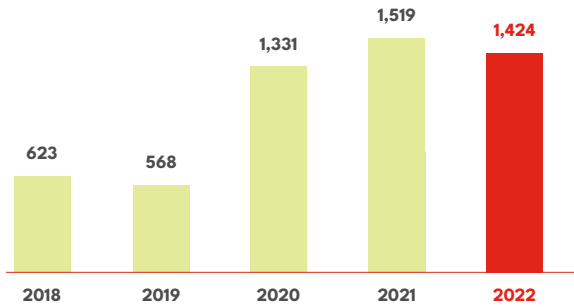
EBITDA* Margin (%)



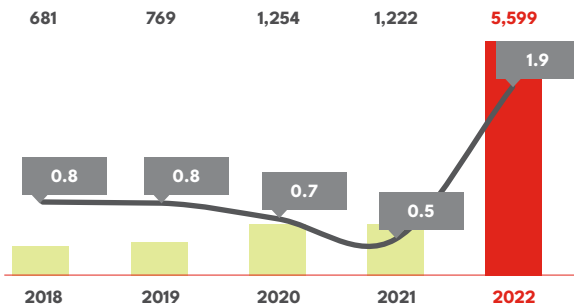
*Excludes other revenues and expenses from operations.

*Excludes other revenues and expenses from operations.

Net Profit (TL million)

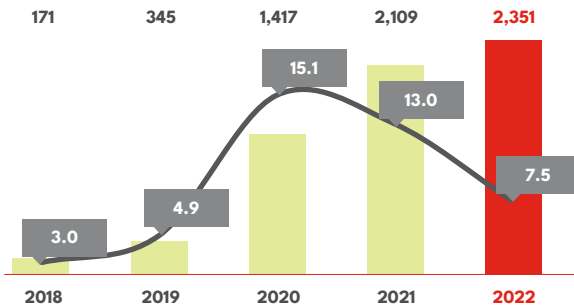


Net Financial Debt and Net Financial Debt / EBITDA* (TL million)



*Excludes other revenues and expenses from operations.

Net Working Capital and Net Working Capital-to-Sales (TL million) / (%)



*Net working capital amounts for previous years have been revised due to the addition of prepaid expenses.

Transition to an Intermediated Export Model

As explained in Note 6 of the financial statements dated March 31, 2022 and June 30, 2022, effective from January 1, 2022, Vestel Beyaz Eşya has switched to the “intermediated export” model for its international sales with Vestel Ticaret AŞ (Vestel Ticaret), the company which carries out the Company’s marketing and sales activities. In the intermediated export model, Vestel Beyaz Eşya acts as the main exporter and Vestel Ticaret as the agent. The objective of the model change was to increase Vestel Beyaz Eşya’s control over export operations and to manage risks such as credit risk, price risk and exchange rate risk related to these operations more efficiently.

The impacts of the intermediated export model on Vestel Beyaz Eşya’s financial statements, which was introduced as of January 1, 2022, are summarized below:

Impact on marketing expenses:

Prior to the intermediated export model, export-related expenses such as freight, port, storage and insurance were borne by Vestel Ticaret, whereas under the intermediated export model, these expenses are charged to Vestel Beyaz Eşya by Vestel Ticaret. In addition, Vestel Beyaz Eşya pays a predetermined sales commission based on export revenues to Vestel Ticaret for the sales and marketing services it receives from the company.

These export expenses and commission expenses are reported under Vestel Beyaz Eşya’s marketing expenses (within transportation, distribution, storage and commission expenses). In 2022, most of the increase in marketing expenses was due to the change in the export model. The yoy increase in marketing expenses is expected to normalize in 2023 as the base effect disappears.

In the intermediated export model, export expenses are reflected to international customers through product prices depending on market conditions.

EVALUATION FOR 2022

FINANCIAL PERFORMANCE

Impact on export revenues and gross profit:

Prior to the intermediated export model, Vestel Ticaret received a certain profit margin on the sales price of Vestel Beyaz Eşya in order to cover the export expenses it undertook, whereas in the intermediated export model, Vestel Ticaret becomes serves as agent and sells the products purchased from Vestel Beyaz Eşya to customers without applying any margin. Vestel Ticaret charges the export expenses that it had previously incurred and covered from its profit margin to Vestel Beyaz Eşya. Vestel Beyaz Eşya reflects these expenses to its customers by taking them into account in determining the sales price of products. Therefore, the intermediated export model has a positive impact on Vestel Beyaz Eşya's international sales revenues and gross profit.

While the transition to an intermediated export model had a positive impact on gross profit, the increases in material, labor, logistics and energy costs, the slowdown in export markets and increased price competition, the sharp decline in EUR/USD parity and relatively flat exchange rates in the last months of the year put pressure on profitability and limited the positive impact.

Impact on the accounting of export revenues:

Prior to the intermediated export model, export revenues were accounted for when the products were sold to Vestel Ticaret, whereas in the intermediated export model, revenues are accounted for when the products are delivered to the customer. Thus, revenues and expenses related to exports, for which delivery of goods is not completed as of the end of the period are accounted for in the financial statements of the following period.

Vestel Beyaz Eşya prioritizes risk management and proactive approach in areas identified in the light of strategic criteria.

Working Capital and Cash Management

Working capital management is of great importance for a company to keep the required financing to a minimum while expanding its business volume. In capital management, Vestel Beyaz Eşya strives to ensure the continuity of operations as well as boost profitability by leveraging the balance between liabilities and equity in the most efficient way.

In 2022, the geopolitical and economic developments in the European region, which is Türkiye's and Vestel Beyaz Eşya's main export market, due to the Russia-Ukraine war, affected working capital management in various ways. Economic stagnation in the European region as a result of interest rate hikes led to a drop in demand. Due to the decrease in demand, inventory management and inventory optimization projects were the most prominent managerial issues in 2022. In line with the targets set, inventory levels improved at year-end compared to the high levels seen throughout the year, while average collection and payment periods decreased. As a result of these developments, the net working capital-to-net sales ratio declined from 13% in 2021 to 7.5% at the end of 2022.

While working capital is financed at affordable costs through diversified financial instruments proactive solutions are generated through continuous monitoring and reporting of the sub-items that constitute the working capital requirement.

Vestel Beyaz Eşya aims to keep its working capital needs at an optimal level with solutions that will benefit all stakeholders in the supply chain in terms of financial management. In this context, by creating alternatives in supplier financing and receivables discounting, the Company contributes to sustainable financing by providing new sources of financing for the Company and access to affordable financing for suppliers.

The new financing agreements planned to be concluded in 2023 aim to reduce the costs of working capital financing.

Financial Risk Management

| | |
|------------------------------|--|
| a) Currency Risk | <ul style="list-style-type: none">• The main principle in managing the exchange rate risk arising from the transactions and operations conducted in foreign currencies is to maintain the level of the foreign exchange position in a way that is least affected by the fluctuations in the exchange rate.• Exchange rate risk is minimized with forward foreign exchange transactions. In addition to derivative transactions, balance sheet positions are constantly evaluated and actions are taken for natural hedging.• Market conditions are constantly monitored, and cost planning is updated by adopting a proactive management approach according to market expectations, and necessary actions are taken for external financing risks. |
| b) Interest Rate Risk | <ul style="list-style-type: none">• Interest rate risk arises due to borrowing at variable and fixed interest rates. This risk is managed by balancing the amounts and maturities of interest rate-sensitive assets and liabilities, using on-balance sheet methods or by using derivative instruments.• In this respect, the main target is to reduce borrowing costs. |
| c) Liquidity Risk | <ul style="list-style-type: none">• Realized and planned cash flows are regularly monitored, and potential liquidity risks are identified in advance to develop solutions.• The cash position is maintained by ensuring the maturity match of financial assets and liabilities. |
| d) Credit Risk | <ul style="list-style-type: none">• The Company has well-established relations with many domestic and foreign banks for many years, which provides an advantage in borrowing costs.• In order to diversify the counterparty risk, the Company obtains financing from international institutions and also taps capital markets to increase access to financing. In line with its strategy to diversify its financing sources, Vestel Beyaz Eşya issued debt instruments amounting to TL 265 million to qualified domestic investors for the first time in 2021 and issued a commercial paper amounting to TL 394 million to qualified domestic investors in 2022. Financing negotiations with local and foreign financial institutions are underway for the ongoing EUR 160 million capacity increase investment.• In addition, efforts are made to extend the Company's short-term loans over the long term. |

EVALUATION FOR 2022

FINANCIAL PERFORMANCE

Key Points

| | |
|--|--|
| 1. Export-Driven Growth | Export revenues account for 74% of turnover. While Western Europe is the Company's largest export market, strong growth continues in non-European regions such as the Middle East, Africa, Asia and the Americas. |
| 2. Hedging | High share of FX denominated revenues and an active hedging strategy encompassing balance sheet, cash flow and strategic hedging protect the Company against fluctuations in foreign exchange rates. |
| 3. Sustainable Investment for Capacity Increase | In order to meet the planned growth in the coming years, the Company aims to increase production capacity through new investments and to develop products that are compliant with regulations applicable in target markets and meet consumer demands in the best possible way. |
| 4. Solar Panel Installation on Plant Rooftops | Vestel Beyaz Eşya generated 175 MWh of electricity in 2022 with the 142 kWp solar panel installed on the roof of the facility that distributes energy to the refrigerator and washing machine factories. In the coming period, the Company plans to install 8,130 kWp solar panels on the roofs of the tumble dryer factory and additional buildings, with the aim of generating 11,860 MWh of electricity per year. |

Credit Rating

JCR Eurasia Rating - Long-Term National Issuer Credit Rating/Outlook

A+ (tr)/Stable

JCR Eurasia Rating - Long-Term Local and Foreign Currency Issuer Credit Rating/Outlook

BB/Stable

In its evaluation of March 29, 2022, JCR-Eurasia Rating assessed Vestel Beyaz Eşya Sanayi ve Ticaret AŞ in high investment-level category and upgraded its Long-Term National Issuer Credit Rating from "AA (tr)" to "AA+ (tr)". The Company's Short-Term National Issuer Rating was evaluated as J1+ (tr), and the outlook for the ratings was assessed as "Stable". The Company's Long-Term International Foreign and Local Currency Issuer Credit Ratings have been determined as "BB/Stable" in line with the international ratings and outlooks of the Republic of Türkiye.

On 2 December 2022, Vestel Beyaz Eşya issued a commercial paper amounting to TL 394,000,000 with a maturity of 174 days to qualified domestic investors.

Dividend Distribution

Vestel Beyaz Eşya has adopted the Dividend Distribution Policy of distributing at least 25% of its distributable profit in cash and/or as bonus shares.

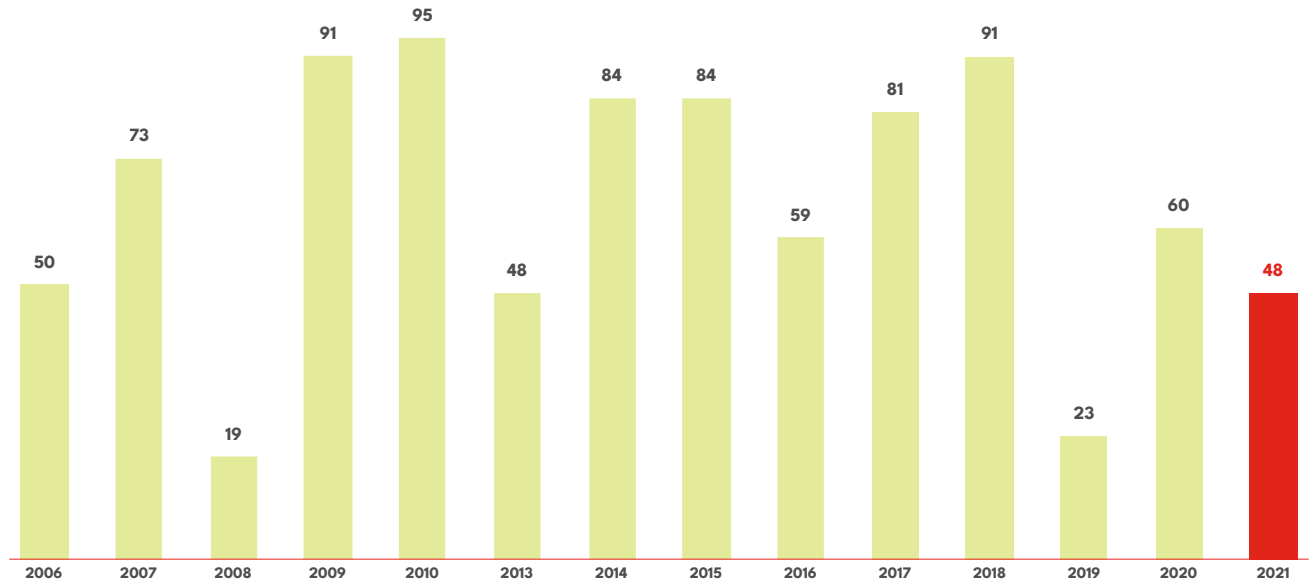
In 2022, the Company distributed 48% of its distributable profit to the shareholders as cash dividends with a gross dividend yield of 4.8%.

| Year* | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|
| Issued Capital (TL) | 190,000,000 | 190,000,000 | 190,000,000 | 190,000,000 | 190,000,000 | 190,000,000 | 190,000,000 | 190,000,000 | 1,600,000,000 |
| Net Distributable Profit (TL) | 51,302,674 | 125,158,202 | 156,367,884 | 307,447,389 | 295,234,000 | 622,561,000 | 568,072,000 | 1,331,308,000 | 1,445,085,804 |
| Gross Cash Dividend Distributed (TL) | 24,809,266 | 104,824,701 | 130,877,465 | 180,000,000 | 240,000,000 | 566,828,182 | 128,766,200 | 800,000,000 | 698,308,859 |
| Dividend Payout Ratio (%) | 48.36 | 83.75 | 83.70 | 58.55 | 81.29 | 91.05 | 22.67 | 60.09 | 48.32 |
| Gross Dividend per Share with a Nominal of TL 1 (TL) | 0.1306 | 0.5517 | 0.6888 | 0.9474 | 1.2632 | 2.9833 | 0.6777 | 4.2105 | 0.4364 |

*The year in which the dividend is paid and the distributable profit is materialized

Ratio of Dividends Distributed to Net Distributable Profit for the Period

(%)



EVALUATION FOR 2022

FINANCIAL PERFORMANCE

Vestel Beyaz Eşya Shares

The shares of Vestel Beyaz Eşya have been traded on Borsa Istanbul ("BIST") under the ticker "VESBE" since 2006. As of the end of 2022, Vestel Beyaz Eşya is listed on the Stars Market as well as BIST Metal Goods, Machinery, BIST Manisa, BIST Industrial, BIST Stars, BIST All, BIST 100, BIST 100-30, BIST Sustainability, BIST Sustainability Participation, BIST Participation All, BIST Participation 100, BIST Participation 50, BIST Participation 30, BIST Participation Dividend, BIST Dividend 25 and BIST Dividend indices.

Since 2016, Vestel Beyaz Eşya has been voluntarily listed in the Borsa Istanbul (BIST) Sustainability Index encompassing the stocks of companies traded on the BIST with superior corporate sustainability performance.

Vestel Beyaz Eşya has a market capitalization of TL 22 billion as of the end of 2022.

Summary Price Information for 2022

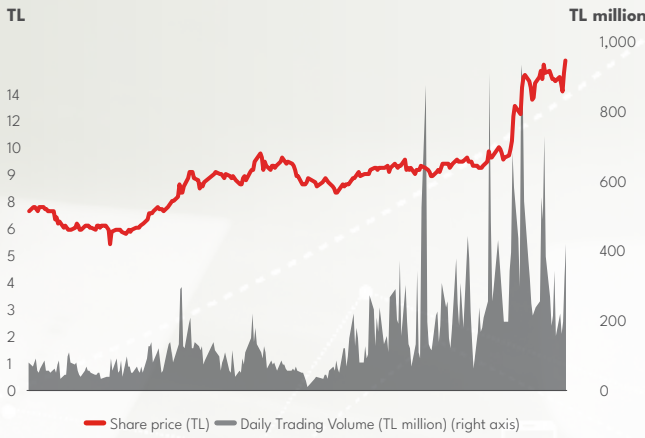
| | |
|--|---------------|
| Number of Shares | 1,600,000,000 |
| Number of Publicly Traded Shares* | 309,447,764 |
| Highest Price Throughout the Year (TL) | 13.78 |
| Lowest Price Throughout the Year (TL) | 6.13 |
| Year End Price* (TL) | 13.78 |
| Market Value* (TL million) | 22,048 |

* As of December 30, 2022



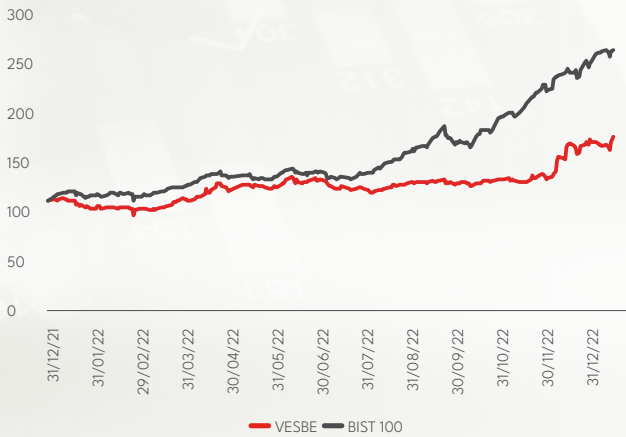
Vestel Beyaz Eşya Share Performance and Relative Performance

Vestel Beyaz Eşya - Share Performance and Trading Volume



In 2022, Vestel Beyaz Eşya's stock price increased by 83%, while the BIST 100 Index surged by 197%. The average daily trading volume in the stock increased by approximately threefold compared to 2021.

Vestel Beyaz Eşya - Relative Performance



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION



Vestel Beyaz Eşya is increasing its market share and enhancing its competitiveness in the global market through the impact of a culture of transformation.

Companies' ability to adapt to change has become one of the most important competitive factors in the business world, which has been transformed in the axis of various global trends such as the climate crisis, talent gap and evolving consumer behaviors. Vestel Beyaz Eşya attaches importance to effectively managing risks and opportunities by acting proactively beyond adapting to this change. One of the areas Vestel Beyaz Eşya focuses on in line with its strategic approach is to transform its corporate culture in a human-oriented way by leveraging the power of technology and digitalization. To this end, it engages in efforts involving all stakeholders within its value chain.

Aiming to spread the culture of transformation brought about by technology and digitalization throughout the entire company, starting with employees, Vestel Beyaz Eşya adopts diversity, inclusiveness and social benefit as its fundamental principles not only in its own organization but throughout its value chain, and integrates technological innovations that add value to human life into its processes. Vestel Beyaz Eşya increases its share in the global market and strengthens its competitiveness with the impact of its transformation culture.

**Savings
2022**

TL 225.6 million

As a result of innovation studies in processes, the Company achieved a savings of TL 225.6 million.



PRODUCTION AND INNOVATION POWER



Vestel Beyaz Eşya is among the largest original design manufacturers (ODM) in Europe.

Vestel Beyaz Eşya is one of the five largest manufacturers of the major household appliances market in Europe and one of the top three players of the sector in Türkiye.

Vestel Beyaz Eşya accounts for more than one third of Türkiye's major household appliances exports.

In 2022, the ratio of the Company's R&D expenditures to sales revenues stood at 0.94%.

In 2022, Vestel Beyaz Eşya applied for 150 patents, 97 of which were registered, while the number of patents from which it generated commercial revenues reached 80.

As a result of innovation studies in processes, the Company achieved a savings of TL 225.6 million in 2022.

Vestel Beyaz Eşya adapts emerging technologies such as AI, IoT and autonomous systems to its seven plants in Vestel City, which is established over an area of 1.3 million m² in Manisa and is one of Europe's largest integrated production complexes under one roof.

Vestel Beyaz Eşya derives its production power from the work carried out at its R&D centers and its R&D team of 719 employees.

Vestel Beyaz Eşya aims to transform its operations and human resources in parallel with technological developments. To this end, the Company increases its production capacity in a smart and responsible manner through the power of R&D and innovation. The Company closely monitors changing consumer behavior and develops innovative production processes that respond to needs while reducing its environmental impact. Vestel Beyaz Eşya adapts today's technologies such as AI, IoT and autonomous systems to its seven factories located in Vestel City, one of Europe's largest integrated production complexes under a single roof, covering an area of 1.3 million m² in Manisa, and manufactures new generation refrigerators, deep freezers, washing machines, tumble dryers, cooking appliances, dishwashers, air-conditioners and water heaters.

The Company derives its production power from the work carried out at its R&D centers and its R&D team of 719 employees. The R&D team is provided with the training it needs to adapt to the requirements of the age and to improve its competence.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

INDUSTRY 4.0

With its vision of continuous improvement and digitalization, Vestel Beyaz Eşya continues its digital transformation efforts at full speed in order to make Vestel City the first production facility in Türkiye to complete the Industry 4.0 transformation. With the investments made, major progress has been achieved since 2015.

In line with all the principles of Industry 4.0, Vestel Beyaz Eşya carries out its own mechanical designs, process analyses, part manufacturing, Programmable Logic Controller (PLC) studies and simulation studies to ensure that all processes of its factories can be monitored. It also performs simulation analysis through robot software.

This enables Vestel to manage projects with agility and at low cost. In addition to product development, Vestel Beyaz Eşya has also invested in production technology and has become a company that can design and manufacture its own production lines and machinery, and can apply for patents for the machinery it designs. Having established special automation systems with its experienced and competent employees, Vestel Beyaz Eşya has reached a level where it can provide all software, electrical and mechanical training.

With its vision of continuous improvement and digitalization, Vestel Beyaz Eşya continues its digital transformation efforts at full speed in order to make Vestel City the first production facility in Türkiye to complete the Industry 4.0 transformation.



**Autonomous systems:**

Thanks to the production and mechanical lines and paintshops established with Industry 4.0 infrastructure, production activities are carried out using the latest technologies. The Company has placed autonomous robots at various points of the production lines. In 2022 as well, Vestel Beyaz Eşya maintained its leading position in the major household appliances sector and across all sectors in terms of installing and commissioning robotic cells, and manufactures with flawless production techniques by boosting the robot-machine-human interaction day by day.

The Company carries out in-plant transportation operations through software with unmanned and remote control capability. The Company has switched from the line, metal or magnetic tracking methods used on the ground to systems that can be managed entirely with mobile and special navigation systems. It can control all automated guided vehicles in seven different factories at the same time through a single traffic software. This development is a first in Türkiye in terms of quantity and functionality for the major household appliances sector and other sectors. With the use of automated guided vehicles, on-site transportation costs and the need for forklifts are reduced while production efficiency is boosted by zeroing damages arising from transporting products and components.

The Company has also started working on matching automated guided transport vehicles with production programs through remotely-controlled software. In this way, it aims to render the production planning process autonomous.

Next generation batteries:

In order to protect human health and safety, non-flammable, lightweight and high-capacity lithium iron phosphate batteries are used in electric vehicles used for in-plant transportation, and in-plant transportation operations are carried out faster, safer and without room for human error. Vestel aims to perform the entire production with unmanned vehicles, unlike modular and standard production lines.

Automated warehouses:

The number of automated warehouses is increasing thanks to unmanned vehicles and industrial robots Vestel has commissioned. Owing to the automated warehouses, the Company reduces stock and transportation costs, controls consumption online and minimizes potential human errors in the production flow.

Virtual and augmented reality:

By working on virtual reality and augmented reality, Vestel aims to train operators quickly and easily and increase production quality. Prior to all investment decisions (robot-machine-equipment-automated warehouse, etc.), the Company ensures that the targets are attainable financially and technically with the help of virtual reality programs and special simulations. In addition, by systematically recording the use information of all machinery used in production, Vestel aims to eliminate personal errors by transferring the right information to new employees with augmented and/or virtual reality, and to increase quality with the right training in one go. Thus, a new employee will be able to become fully equipped in a short period of time via a simple software using glasses, tablet or mobile device.



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

3D printing:

Vestel engages in pilot production for preparing molds for robot arm holders and machine parts with the help of 3D printers. Thus, it finalizes all testing, commissioning and potential production interruptions due to malfunctions/errors in a short period of time, and precisely runs mold-machine investments in one go.

Machine-to-machine communication:

We strive to manage all machinery in the factories with regard to online monitoring of the data in the machinery, tracking them with special screens and mobile devices in the cloud environment, and systems to be guided by artificial intelligence. Vestel Beyaz Eşya aims to complete its horizontal-vertical integration in the next few years by establishing an infrastructure where machines communicate with other machines and robots talk to each other, and then by combining its entire internal ecosystem with the supply industry. Company goals include the digitalization of quality systems, online monitoring of defects, production test results and material consumption, and obtaining all production reports with an accuracy of 99.9%.

Automatic labeling:

Vestel has switched to more flexible and planned production with automatic labeling projects communicating with the data network, especially online. It started robotizing and automating all testing stations in order to prevent human error and to produce flawless products. By automating the packaging of products, the Company has also increased the safety of products throughout the process from production to the end user. All assembly operations are carried out at the right torques and with high precision through the visual control-based special software.

R&D COLLABORATIONS AND OPEN INNOVATION

Vestel Beyaz Eşya continued its intensive activities in R&D collaborations and open innovation in major household appliances in 2022.

Interviews were held with many universities and faculty members to ensure cooperation in R&D center projects, and as a result of the interviews, consultancy was obtained from 10 different universities, eventually leading to collaborations.

Vestel Beyaz Eşya believes that it will carry its experience, know-how and vision forward by collaborating with the stakeholders in its ecosystem, and to this end, it develops joint projects with universities and research institutions. In 2022, a TÜBİTAK-supported TEYDEB project was carried out in cooperation

with universities, while R&D Center projects are carried out in cooperation with universities and undergraduate and graduate students. In order to bring solutions to the projects, universities are consulted, these projects are included in thesis studies with students under the supervision of faculty members, and graduation theses are carried out with many R&D Center projects.

Within the scope of TÜBİTAK's Industrial PhD program, 2244, two projects are being carried out with Özyeğin University and Ege University. Negotiations are ongoing to further increase the number of projects within the scope of university-industry cooperation.

Vestel Beyaz Eşya presents its projects at congresses, conferences and symposiums organized with the participation of faculty members and many industry experts. Thanks to these events, Vestel Beyaz Eşya is able to add a different perspective to its projects, increase its collaborations and interactions, and has the chance to observe both in-sector and out-of-sector studies. Vestel Beyaz Eşya presented 15 studies and papers/article outputs in different platforms with many scientists and industry participants, and continues to interact with feedback to improve the academic aspect of its employees and the Company.

A protocol was signed between Dokuz Eylül University Science and Technology Application and Research Center and Vestel Beyaz Eşya within the scope of Sustainable Production of Consumables for Major Household Appliances and Home Electronics Sector. Possible project collaborations are being discussed.

In addition to its ongoing collaboration with Sabancı University within the scope of the TÜBİTAK BİGG program, Vestel Beyaz Eşya, together with different partners under the leadership of Dokuz Eylül University, supports entrepreneurs in their activities from the idea stage to the market so that they can transform their technology and innovation-oriented business ideas into enterprises with high potential to create added value and qualified employment.

Within the scope of the Cooperative Education Program (Co-oP) developed by Izmir University of Technology, Vestel Beyaz Eşya supports final year Mechanical Engineering students with project-based work within the Company for one day a week.

Vestel Beyaz Eşya formed consortia with many stakeholders on international platforms and applied for six projects.

With the acceptance of the application made with consortium partners from different sectors in the TÜBİTAK 1601 BİGG Support Program for Capacity Building in Innovation and Entrepreneurship Areas for Implementing Organizations, coordinated by Dokuz Eylül University DETTO, Vestel Beyaz Eşya will provide mentorship and support to entrepreneurs in innovative work.

Vestel Beyaz Eşya formed consortia with many stakeholders on international platforms and applied for six projects. The Company applied to “M-ERA.NET Call 2020” aiming to coordinate national research strategies on advanced material technologies, encourage excellence and increase competitiveness in this regard through the “Biotechnological Anti Freezing Coating (BioAFC)” project. The other partners in the project, which was accepted and entitled to receive support from TÜBİTAK 1071 TÜBİTAK 1071 Support Program for Increasing the Utilization Capacity of International Research Funds and Participation in International R&D Collaborations, are Sabancı University Nanotechnology and Research Center,

Kansai Altan Boya Sanayi ve Ticaret AŞ (Türkiye) and Kaunas University of Technology (Lithuania). Under this project, Vestel aims to eliminate the use of heating coil, reduce energy consumption and reduce material use thanks to the biotechnological anti freezing coating on refrigerator evaporators.

Vestel Beyaz Eşya also carries out R&D projects with Vestel Ventures and Zorlu Tekstil companies within Zorlu Holding.

Vestel Beyaz Eşya has made six applications for R&D projects within the scope of TÜBİTAK 1707 BİGG - Collaborative R&D Projects Based on Joint Orders, an SME Support Program. One of its projects is currently ongoing.

| | 2019 | 2020 | 2021 | 2022 |
|--|--------|---------|---------|---------|
| Number of employees in R&D departments | 537 | 569 | 598 | 719 |
| Total R&D expenditure (TL thousand) | 81,149 | 104,366 | 148,248 | 294,279 |
| Ratio of R&D expenditure to turnover | 1.16% | 1.11% | 0.92% | 0.94% |

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

INTRAPRENEURSHIP: Parlak Bi'Fikir (A Bright Idea)

Vestel Beyaz Eşya also participates in Parlak Bi'Fikir (A Bright Idea), Zorlu Holding's intrapreneurship program for Zorlu Group office employees as part of its Smart Life 2030 strategy.

Launched with the aim of developing an innovation culture and an intrapreneurship spirit within companies, generating permanent solutions for problems, combining these solutions with technology and developing their area of impact and access, the program supports the employees of Zorlu Group, who have "a bright idea" to bring their ideas into life by going through certain assessments and receiving funding from Zorlu Holding.

Second cycle of the program was launched in June 2020 and the program was completed in 2021. During the cycle, 720 ideas were submitted and after the evaluation of the jury, including the top management, 15 ideas were selected. Following the applications received upon a team call, bootcamp meetings were held for teaming and teams were identified for the 8 top in-demand ideas. After the four-month camp, all eight teams received seed investment and three of them were selected to sit down for investment talks with Vestel Ventures. As a result of the investment negotiations with Vestel Ventures, one member of the three teams entitled to receive the investment was an employee of Vestel Beyaz Eşya.

The teams that were entitled to receive investment established a start-up where Zorlu Holding was a partner by 25%. During the first phase of the investment planned to be completed in two phases, TL 500,000 was invested in each team. In addition, these start-ups can receive support from Zorlu Holding in areas such as law, accounting, human resources, finance and communication.

2022 was a very productive year for Abilitypool, Be Right Back, Conectohub, Geliver, and Ne Ekersen, the startups that stepped into the entrepreneurial journey by receiving investments from the two cycles of Parlak Bi'Fikir (A Bright Idea), Zorlu Holding's intrapreneurship program, which is one of the main targets of Zorlu Holding's Smart Life 2030 sustainability strategy. Selffix, which qualified to continue its entrepreneurial journey as an internal project within Vestel following the second cycle of the Parlak Bi'Fikir (A Bright Idea) program, has successfully completed the year.



ABILITYPOOL

Abilitypool, a digital platform that enables organizations to discover the different talents of their employees and manage volunteering more effectively, completed its second year in the sector in 2022. Bringing together employees or members of organizations with civil society organizations and volunteering projects created by employees or members of organizations in a single environment, Abilitypool reached hundreds of new volunteers in 2022. Abilitypool was one of the finalists in the Ibrahim Bodur Social Entrepreneurship Awards, while Kivılcımlar (Sparks) Movement, a corporate volunteering program carried out with Zorlu Group, reached 10,000 volunteering hours.

CONECTOHUB

Conectohub, which enables teams to work in collaboration in a goal-oriented manner and to carry out and monitor many different tasks at the same time with a single application, also completed its second year in the sector in 2022. The program has three different functions: Project Management, Social Intranet and Internal Communication Application. Conectohub was selected as one of the best OKR and 360-degree feedback tools of 2022, made successful launches at Product Hunt, was selected to participate in Europe's largest technology and startup fair VivaTech by TİM TEB Venture House and participated in the Vitrin 2.0 program organized by Endeavor Türkiye and Vodafone.

BRB

The tech startup BeRightBack aims to enable gamers who do not have sufficient hardware power to access the gaming PCs they need to play games with high quality configurations over the internet, while offering owners of powerful computers the possibility to generate income by sharing their computers. BRB was entitled to take part in acceleration programs such as Lonca Entrepreneurship Center, Startup Wise Guys PreAccelerator, Izmir Network and Innovation Centre and Arya Women Investment Platform. It also introduced the app on Android TVs at IFA, Europe's largest consumer products fair, and took important steps towards globalization with the Accelerate Izmir program. BRB, which also received support from TÜBİTAK 1512 and KOSGEB Rapid Support Program for Micro and Small Enterprises, was one of the startups that passed the first stage in the EIC Accelerator grant program.

GELİVER

Geliver, which developed a platform where SMEs and e-commerce sellers can dynamically view shipping prices, receive discounted prices from different shipping companies and optimize their processes, has expanded its team with the investment of Vestel Ventures and made its product fully ready in 2022. During this period, it successfully completed Kuveyt Türk Lonca, Izmir Nic and various entrepreneurship programs. By making agreements with 5 different cargo companies and offering them to the service of users, the startup has designed a certain volume of cargo shipments to be handled through its own platform by acquiring its first customers within this year. The company aims to expand its volume by increasing the number of cargo companies with which it has agreements, including different logistics areas in its products and increasing the number of customers.

NE EKERSEN

The startup Ne Ekersen, which aims to make agriculture more efficient by meeting all the needs of stakeholders in the agriculture sector from a single mobile platform, has accelerated its product development and partnership efforts in 2022. Having successfully completed programs such as Kuveyt Türk Lonca, Izmir Nic and Garanti BBVA acceleration program, Ne Ekersen also received TÜBİTAK 1512 support. Having largely completed its product, the startup has started to diversify the products it offers to its users by collaborating with the agricultural banking departments of different banks. In the coming year, the company aims to launch a super-app software product that will serve all stakeholders in the agricultural sector.

SELFfix

Selffix, which was entitled to continue its work as an internal project with the support of Zorlu Holding and Vestel executives, develops technologies that enable companies to offer augmented reality, artificial intelligence, real-time file sharing, and remote expert support to their customers. Continuing to work for a more sustainable future by extending the life of electronic products and improving efficiency with these services, Selffix has been exhibited at IFA and has achieved significant success by attracting global attention.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

DIGITAL TRANSFORMATION

In line with its vision of being a technology company creating social and environmental benefits, Vestel Beyaz Eşya integrates digitalization into both its business processes and working culture, and the products and services it offers. Vestel Beyaz Eşya continues to make investments in digitalization to provide its customers with a better product experience, to manage supply chain processes more effectively and to proactively manage cyber security risks in order to protect data privacy.

Digital Transformation Office

The Company established Vestel Digital Transformation Office to ensure coordination at every stage of its digital transformation journey, and to design and disseminate data-driven and appropriate methods/processes throughout the institution. Vestel Beyaz Eşya strives to adopt and introduce modern and agile methods in all of its operations through human-oriented working, systemic perspective and strategic management approaches.

The Company aims to transform into a global technology company within 10 years by engaging in activities aimed at boosting its value in the current market in addition to new markets and products that will expand its fields of activity. Vestel Beyaz Eşya is working to achieve its targets with 51 projects, 19 different transformation processes and methods, 76 employees who have completed training in this area and 42 transformation ambassadors.

Digital Transformation in Vestel's Customer Experience

Vestel continues to produce end-to-end digital solutions in customer experience and to make life easier for its customers. New functions and solutions have been added to the self-service website “Çözümü Var”, offering customers a digital experience with new solutions such as the ability to conduct transactions, manage smart products with the Evin Akı application and Vestel Digital Assistant. In addition, feedback on the experience of users from all contact points is collected digitally and actions to continuously improve the experience are formulated through instant tracking.

Vestel Digital Assistant was launched as a new communication channel project that complements Vestel's digital ecosystem in all interactions before, during and after sales, providing convenience and speed in service, making customer communication dynamic, and providing instant and accurate guidance to customer requests with the goal of providing solutions at the first contact.





In line with its vision of being a technology company creating social and environmental benefits, Vestel Beyaz Eşya integrates digitalization into both its business processes and working culture, and the products and services it offers.

IoT After-Sales Proactive Service:

While customers who have Vestel products with wireless communication technology can easily manage their products with “Evin Akı” application, Vestel Customer Services informs customers with all signals received from the product so that they can use their products longer and more efficiently, and stands by them whenever necessary. If there is any problem with the product, the customer is notified immediately. For a more flexible and agile structure created by differentiating from traditional service solutions, Vestel creates automatic records for its authorized service providers, without the customer even being aware of the problem, thanks to automatic systems based on data received from IoT products. Afterwards, the authorized service providers communicate with the customers to quickly solve their problems. In addition, Vestel develops special measures for protecting products, usage tips and maintenance notification mechanisms for its users by predicting user habits thanks to the data obtained from the product.

Data Science and Data Management:

In the field of Data Science and Data Management, Vestel continues to work on sales forecasting, ensuring data quality, dealer distribution and location optimization, sales, stock forecasting, dealer and consumer segmentation. A/B testing is among Vestel’s future plans.

Traffic Tracking in Stores:

Store traffic is monitored through devices located at the entrance of Vestel stores. This data is analyzed by keeping the data of busy hours of the day and busy days of the week through customer traffic measurement. In this way, common trends are identified and store traffic is increased, while services are developed in line with customers’ preferences and perceptions by gaining insights into consumer behavior within the scope of the Personal Data Protection Law (PDPL). In this context, in 2023, Vestel will collaborate with a well-established company operating in the security and data collection sector. An innovative system is being developed to exclude sales consultants in traffic data, to group people entering the store in groups and perceive them as a single customer, to analyze the demographic information of store visitors, to measure the density of in-store areas, and to include weather and other external indicators in the system.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

Digital Labels:

The digital labels piloted in Sahrayıcredit store in Istanbul allow the price information to be changed automatically on the product. This practice helps field staff, facilitates the field control of the central management and offers the most accurate prices and campaigns to the customers. Testing and infrastructure work is ongoing to ensure that digital labels, which contribute to omni-channel transformation by enabling physical and online stores to update their prices at the same time, will be available in all corporate stores in 2023.

Veslink:

By using the software installation devices called Veslink, authorized service providers are able to fix a problem without replacing spare parts by installing the necessary software on electronic cards in a short period of time in case of software-related malfunctions. Thanks to Veslink operations launched with the vision of offering technology-oriented solutions, Vestel improves its performance in providing solutions in the first contact, reducing stock costs and increasing customer satisfaction. In addition, movements of authorized service providers in the value chain for the replacement of cards is also prevented.

The Veslink project has provided significant added value to two processes in the major household appliances service process: Providing a software solution to electronic cards without the need for replacement, and ensuring on-site inventory management through card consolidation in major household appliances managed through hundreds of codes. By installing software, the replacement of 6,640 electronic cards are avoided on an annual basis. A carbon

footprint reduction of 0,014 tons (CO₂-e) was achieved due the production and scrapping processes of these cards. In these services, 26.37 tonnes (CO₂-e) of carbon footprint reduction was achieved with 67,300 km of savings from card logistics and servicing. By consolidating more than 100 spare part codes into a few codes through card consolidation, it has become possible to manage major household appliances in the field and to ensure lean production.

Voice Bot and Video Remote Assistance (Video Call Support):

Feasibility studies for Voice Bot and Video Remote Assistance applications are going on and there is a plan to start using them in the upcoming period. Thanks to this application, customer demands will be resolved with voice bot technology without any delay and good digital consumer experience will be offered. Video Remote Assistance, on the other hand, provides a better understanding of customer demands and solving them remotely via video call support. This application, which will help solve customers' problems remotely in call centers and service providers, aims to provide fast and reliable solutions with video call support and to offer customers a better experience.

Remote Heat Measurement (Thermonline):

Under the Thermonline project, remote online temperature measurement is offered for defective products requiring temperature measurement and workshop operations to eliminate the delivery of products to workshops and the problem is directly solved by using necessary spare



parts aimed at eliminating problems. Thanks to the Thermonline project, Vestel prevented 3,900 km of authorized service provider vehicle movement in 2022, thus preventing 1,52 tonnes of carbon emissions. In addition, the Thermonline project team won the 3rd place in the KalDer 2022 Successful Team of the Year Award.

Digitalization in Sales Processes:

Sales management, retailing process management, business partner finance/ collection processes, management of corporate channels and media investment processes were digitalized. Thus, Vestel aims to create a common reporting language and data sets, develop corporate memory and reduce operational workload.

Contracts with both new suppliers and existing suppliers, where mutual rights are protected, are made through the E-Contract digital platform.

DIGITAL TRANSFORMATION IN THE SUPPLY CHAIN

Vestel Beyaz Eşya manages its supply chain effectively and responds to customer expectations in the best way possible with the support of its digitalization efforts, which were further accelerated during and after the pandemic. The Company is developing its procurement functions to maintain dynamic interaction with its suppliers.

The processes of suppliers, from their initial registration in the Vestel Beyaz Eşya system to the final transaction, are carried out on digital platforms in a practical and transparent manner. In the first step of the procurement processes, suppliers who wish to work with Vestel Beyaz Eşya or who are considered for working with Vestel Beyaz Eşya submit their applications via the SLC (Supplier LifeCycle) satinalma.vestel.com.tr:8087/vb/ web page. Suppliers can submit information about their companies and requested documents via the system by logging in with their usernames and passwords.

During 2022, a total of 270 applications were made to Vestel Beyaz Eşya through the SLC system and work was initiated with 135 suppliers with whom an agreement was reached. 110 of the applications were made from Türkiye and 25 from abroad.

Contracts with both new suppliers and existing suppliers, where mutual rights are protected, are made through the E-Contract digital platform. The entire process from the first contract request to the approval of the contracts is tracked digitally.

Thanks to the Transport Management (TM) and Supplier Network Collaboration (SNC) modules, Vestel controls the movements and orders of materials. It integrates into these modules digitally with its logistics partners and suppliers via SAP software. By establishing a warehouse-based material ordering system on SAP, Vestel eliminates the movement of two forklifts and one truck between warehouses per year. It provides a space advantage 200 m² with the location-based revision of the production deficiency report prepared over SAP. The Company aims to be a transparent supply chain for its customers by increasing stock traceability.

DIGITAL TRANSFORMATION IN FINANCE

Vestel Beyaz Eşya is constantly improving the scope of automation and financial technology practices in order to achieve the highest efficiency with the least effort in financial transactions.

Thanks to the projects implemented, it strengthens the control mechanisms of operational processes, minimizes potential human errors and increases labor productivity. By accelerating the process,

it becomes possible to bring forward period closures and draw up financial reports earlier. In addition, digitized processes result in significant paper and time savings.

Thanks to the automated systems put into operation in physical and virtual stores for the organization of collection processes, significant performance improvement was achieved through the rapid detection of errors.

With the e-Payment project, the entire process was digitized by digitally signing and sending the instructions to the bank in the end-to-end payment process and recording the accounting record with the digital file received from the bank. As a result of this process, paper printing is avoided, and time-saving gains are achieved.

Technological developments are followed and added to the toolkit in order to increase automation and improvements in processes. One of the tools used to this end is RPA (Robotic Process Automation). With the software that started to be used in accounting period-end processes, accounting records are created and entered into the system through the software.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

Today, in the face of rapidly changing financial conditions, designing applications that quickly generate accurate reports and facilitate decision-making are becoming more important than ever. With this in mind, the Company developed a management cockpit in which data is instantly received from the SAP system through data visualization applications and processed in the application background. As a result of this project, which started with reporting the use of financial resources as the first stage, data can be presented to decision makers with high frequency and minimum error. In addition to the traditional reporting format, the management cockpit application offers flexibility with dynamic viewing.

The tracking and implementation of digital transformation practices that will create added value in financial processes will continue at an increasing pace in the coming years.

In 2022, the Company provided one hour of security training to 420 employees.

DATA SECURITY AND CYBER RISKS

While the digitalization of business processes, products and services offers opportunities such as efficiency and higher performance in the working environment, it also poses cyber risks. Cybersecurity management activities are overseen under the responsibility of Vestel's Information Technologies Director, who has 25 years of experience in information technologies and who reports to the CIO of Zorlu Holding. There are policies, procedures and systems in place for protecting the security and privacy of the data of both the Company and customers.

Vestel ensures the data privacy and security of its systems under ISO 27001 Information Security Management System. The Company created an Emergency Response Policy in accordance with the standards of the EU Cybersecurity Act and the National Institute of Standard and Technology (NIST). As per the Presidential Digital Transformation Office (CDDO) Information and Communication Security Audit Guide, all documentation will be submitted to the Digital Transformation Office with the opening of the BIGDES system, which is referred to in the Guide, in February 2023. The BIGDES system has already completed its preparation, compliance, and auditing obligations.

In 2022, the Company provided one hour of security training to 420 employees.



Privacy Policy:

As per the Personal Data Protection Law (PDPL) No. 6698, Vestel takes all necessary technical and administrative measures to ensure the appropriate level of security in order to prevent unlawful processing of and illegal access to personal data, and to ensure the protection of personal data. The Company shares with the customers **Vestel Privacy Policy and Disclosure Text** indicating which data is processed for which purposes and their rights, and performs data processing processes with their explicit consent.

Vestel Privacy Policy covers all operations, including suppliers. Zorlu Holding Data Protection Department is responsible for privacy issues. In cases of the breach of confidentiality, the provisions of the Disciplinary Regulation apply to violators (for detailed information, the Ethical Principles is available [here](#)). Audits are performed to ensure compliance with the privacy policy. There were no cases of data breach in 2022. Accordingly, there is no data breach reported to the Personal Data Protection Board.

Measures taken against cyber risks in operations:

Vestel only has external access to corporate systems via SSL VPN (secure remote connection). Access to all systems is monitored and recorded. The Company uses Intrusion Prevention Systems (IPS) and Firewall, and responds quickly to any potential anomalies. Vestel tests and applies security patches released by manufacturers for systems.

The Company is a member of the Turkish Cyber Security Cluster established under the Presidency of Defense Industries affiliated to the Presidency of the Republic of Türkiye.

Measures taken against cyber risks in products:

Vestel continuously performs risk and threat analyses against security risks for each end-to-end component regarding the devices that can connect to the Internet and IoT solutions built on these devices. It designs technical measures and solutions for the risks identified according to these analyses. These solutions ensure compliance with personal data protection laws (PDPL, GDPR) and cyber security regulations (ETSI 303645 Cyber Security Standards for consumer IoT, EU Cyber Security Act). In addition, Vestel created security testing scenarios and testing infrastructure with testing groups in accordance with these analyses and related standards, especially ETSI 303645 Cyber Security Standards for consumer IoT. For each new product, it constantly performs these tests in the software or solution version, evaluates the results and adds measures depending on the designs.

In addition, security mechanisms are implemented to identify and prevent attacks in cloud-based solutions to which IoT devices are connected, ensuring continuous security monitoring. Likewise, measures against known attacks for IoT devices were added to the software of the devices.

Especially recently, security issues across the world are caused by vulnerabilities in third-party software and libraries within the software. In order to prevent this phenomenon, vulnerability analyses on such software used in Vestel solutions are performed together with testing groups. The Company can remotely update the Wi-Fi card software of all Vestel IoT devices in order to keep the security levels of devices in the field at the specified level, to update the third-party software installed thereon and to fix any potential vulnerabilities. In addition, it launched the certification process of products that can connect to the internet under the Common Criteria, the only cyber security certificate to represent the security level of products to customers, business partners and users.

Vestel cares about the security of all IoT devices sold within the country, not just the IoT ecosystem. It is a member of the Turkish Cyber Security Cluster established under the Presidency of Defense Industries affiliated to the Presidency of the Republic of Türkiye and offers consultancy on IoT security under the relevant group. As part of this consultancy, the Company contributed to the creation of the National IoT Security Standards.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES

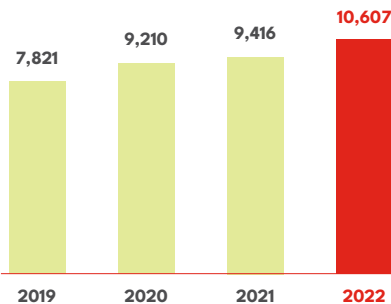
Human capital plays a key role in the Vestel Beyaz Eşya's value creation model. Believing that the investments it makes in human capital improve the technology it produces, the patents it obtains and its R&D strength, Vestel Beyaz Eşya continues to work with the awareness that the sustainable value creation of its state-of-the-art factories and products is only possible with competent, happy and highly motivated employees.

Acting with the focus of creating and developing the most ideal working environment to ensure the health, safety, rights and personal development of its employees, Vestel Beyaz Eşya develops human resources policies that facilitate the adaptation processes of its human resources, encourage their success and development, meet their expectations and needs with fairness and equal opportunity and contribute to the country's employment.

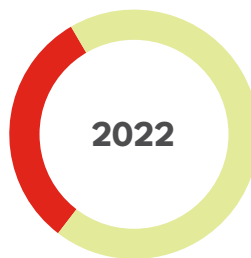
Vestel Beyaz Eşya aims to increase the share of female employees to 40% by 2030.



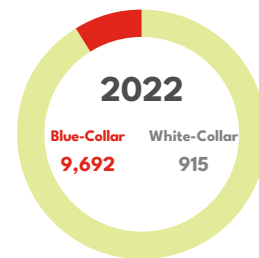
Total Number of Employees



Employees by Gender



Employees by Category



32% Female
68% Male

9% White-Collar
91% Blue-Collar

GENDER EQUALITY, HUMAN RIGHTS AND INCLUSION

Active participation of women in corporate life has positive impacts on the productivity and financial performance of companies. In this respect, Vestel encourages efforts to ensure gender equality throughout the Company, including recruitment practices. Under the guidance of Zorlu Holding's **Eşit Bi'Hayat (An Equal Life) Gender Equality Manifesto** and its status as a signatory to the **United Nations Women's Empowerment Principles**, Vestel Beyaz Eşya assumes responsibility for ensuring gender equality in the society, in the major household appliances industry, and among its employees at all levels.

In 2019, Vestel launched the Female Technician Training Project within the Vestel Service Academy, providing technician training to customer representatives working in authorized service centers and offering them the opportunity to work in after-sales technical support teams. As of the end of 2022, 18 out of a total of 68 female technician candidates who successfully completed their practical technical training are actively working in the field.

Employee Salaries by Level and Gender

| | Ratio (Average Women Salary/ Average Men Salary)* |
|---|--|
| Manager (Base salary only) | 0.92 |
| Manager (Base salary and cash incentives) | 0.91 |
| Non-manager | 0.89 |

*At Vestel Beyaz Eşya, the policy of equal pay for equal work is meticulously implemented without gender discrimination. The difference in ratios arises from additional variables such as seniority/performance.

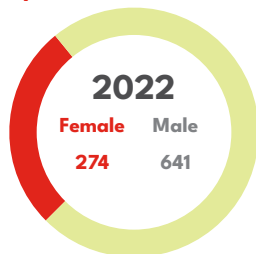
Vestel established the Gender Equality Group in order to develop volunteering projects that raise awareness with the motto "An Equal Life is Possible for All". In this context, with the Mutlu Bi'Anne (A Happy Mother) Project, companies of Zorlu Holding Group, including Vestel Beyaz Eşya, which works to ensure that working mothers have more equal conditions in working life, published the **Domestic Violence Prevention Policy**.

In 2022, 967 people received 484 hours of gender equality training. Vestel carries out the relevant processes to obtain the Equal Opportunities Model certificate from the Women Entrepreneurs Association of Türkiye (KAGİDER). In addition, in cooperation with KAGİDER, a mentoring program is also implemented to help young women who have recently graduated from university or have a maximum of two years of work experience to start their professional lives better equipped and to facilitate their job search processes.

In line with its gender equality approach, Vestel published "Eşit Bi'Hayat (An Equal Life) Dictionary" to serve as a guide to avoid sexist discourse patterns and idioms embedded in the language. It brought together alternative discourses that can be used from an equal and inclusive perspective in the dictionary, which is accessible to all stakeholders and can be accessed via the **Smart Life 2030** website.

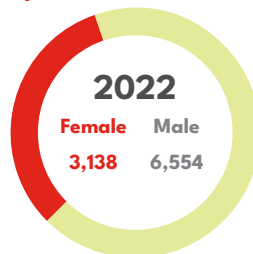
In 2022, 133 female and 328 male employees at Vestel Beyaz Eşya benefited from maternity and parental leave. 55% of female employees who took maternity and parental leave in 2022 went back to work and re-entered working life.

White-Collar Employees by Gender



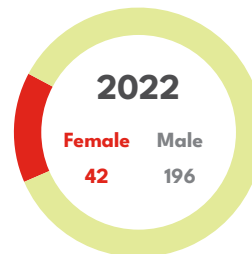
30% Female
70% Male

Blue-Collar Employees by Gender



35% Female
65% Male

Managers by Gender



18% Female
82% Male

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES



Integration of Employees with Disabilities

Through the Equal Chance Project, Vestel aims to remove the barriers that prevent people with disabilities from participating in working life. To this end, the Company trains hearing and speech impaired individuals and supports their active participation in business life. Under the project launched in 2015, Vestel Beyaz Eşya cooperated with 17 deaf special vocational high schools in Türkiye and employed 226 people with disabilities within Vestel. The Company appointed sign language interpreters to respond to the needs of its employees with disabilities under this project.

Vestel employed a total of 20 people with mental disabilities including 10 at Vestel Elektronik and 10 at Vestel Beyaz Eşya since 2019 in order to integrate into working life the people with mental disabilities at the Sheltered Workplace for People With Mental Disabilities (Z.E.K.İ. Life Center) the first of which was established in Manisa Organized Industrial Zone in Türkiye and to offer social support to their families. In this context, the Company created sheltered and ergonomic working areas within the production areas of factories.

In 2022, there was a 7% yoy increase in the employment of people with disabilities.

In 2022, there was a 7% increase in the employment of people with disabilities year-on-year.

Human Rights

Vestel Beyaz Eşya respects, protects and observes the human rights of its employees. Striving to provide a decent, respectful, egalitarian, fair and just working environment that guarantees human dignity, Vestel Beyaz Eşya is committed to full compliance with the Universal Declaration of Human Rights, the laws and standards set by the International Labour Organization (ILO) and the legal framework and legislation governing human rights and working life in Türkiye. Moreover, as a signatory of the United Nations Global Compact (UNGC), the Company continues to work towards compliance with human rights.

At Vestel Beyaz Eşya, where discrimination is not tolerated in any of the human resources processes, starting with recruitment practices;

- People are not discriminated based on gender, age, religion, language, race, sect, social status, physical build, ethnicity, nationality, sexual orientation or any other personal feature.
- Employees are offered equal opportunities in line with their skills and experience.
- The policy of equal pay for equal work is applied in the remuneration system.
- Child labor, forced labor and human trafficking are not tolerated.

Vestel is working on developing an audit system to control compliance with human rights in the supply chain. Compliance with human rights in Vestel's own production facilities is audited under the Social Compliance Audits (BSCI, SEDEX, etc.) performed by its customers.

You can review the **Ethical Principles** for detailed information on preventive and corrective practices for inequality, human rights violations, child labor and forced labor.

Measures Against Discrimination and Harassment

Vestel Beyaz Eşya protects the personal rights of its employees without tolerating any physical, sexual and psychological harassment and the inconveniences and injustices they may cause. Employees can make their notifications to the Ethical Principles Notification Line under the **Ethical Principles**. In case of any violation, Vestel investigates the case that is the subject of the complaint, manages the process in a transparent and fair manner and imposes necessary sanctions. Vestel Beyaz Eşya's policy on this issue is shared in the Ethical Principles and Workplace Regulation. There was no discrimination case detected at Vestel Beyaz Eşya in 2022.





DEVELOPMENT OF EMPLOYEES AND TALENT MANAGEMENT

Talent gap or shortage is at the forefront of the problems that companies may face in the 21st century. As a company that provides services in engineering and technology, Vestel Beyaz Eşya is aware that investment in talent will minimize the risk of talent gap or shortage.

Attracting new and right talents to the Company with the motto “Being where the talent is” forms the basis of Vestel Beyaz Eşya’s strategy. One of the Company’s top priorities is to find the right talent to lead technology and digitalization, to retain talents, and to enable them to connect with Vestel Beyaz Eşya.

Considering the personal and professional development of all employees as its most valuable investment for the future, Vestel Beyaz Eşya adopts working models that improve the skills of employees and boost their adaptation to innovation and change on the basis of technology and human-oriented transformation.

Performance Management

At Vestel Beyaz Eşya, all white-collar employees are integrated into the performance management system. Vestel Beyaz Eşya continues to monitor and support the development of its employees in terms of learning and development, working together, responsibility, innovation and creativity, which are Vestel’s core competencies. Only by evaluating the competencies of its employees within the competency-based performance evaluation system and ranking the employees in the same organization relative to each other, the Company obtains their final performance. Under the target and competence-based performance management system, it sets targets at the beginning of the year and follows the interim targets and performance achieved in the middle of the year. At the end of the year, absolute performance results are obtained for each employee by entering the values reached at the end of the year into the system and evaluating the competencies. The total number of employees participating in regular performance and career development evaluations at Vestel Beyaz Eşya reached 636 in 2022. Vestel Beyaz Eşya cares about maintaining its long-term cooperation by supporting the career planning of its employees with promotions

and horizontal promotions. Regarding career management, the Promotion and Horizontal Promotion Regulations are published on the Company portal and made accessible to employees.

Vestel Beyaz Eşya makes performance-based annual salary increases and the salary scale, which is updated every year after the salary increase period, is used in all career processes.

Rotation Practices

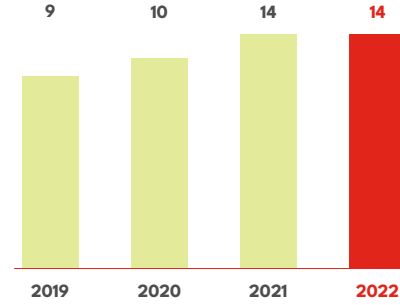
Vestel Beyaz Eşya focuses on developing and accelerating human-oriented transformation with innovative perspectives through effective human resources management and making it a part of its corporate culture. It periodically engages in succession planning and essentially covers its human resources needs through its in-house human capital. Vestel has introduced the rotation practice since 2018 in order to diversify the knowledge, skills and experiences of employees, to finalize their career planning by enabling them to gain different job or company experiences, and to boost efficiency of the Company and the motivation of employees. It sees rotations among Vestel Group of Companies employees as an important lever that strengthens inter-company communication and cooperation, and significantly improves the performance of employees and companies thanks to different career paths. In 2022, a total of 20 employees applied for rotation.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES



Average Training Hours per Employee



Executive Development Trainings

The Executive Development Programs aim to improve the leadership competencies of mid-level managers at Vestel Beyaz Eşya. To this end, 13 managers received a total of 644 hours of training in the Vestel Management Power Program in 2022.

Vestel Technology Academy

Developed in collaboration between Vestel Group of Companies and Özyeğin University, Vestel Technology Academy is a long-term training program aiming to enable Vestel Beyaz Eşya employees to receive lifelong qualified training and to further their technical knowledge and experience. Under this training program, employees who wish to pursue postgraduate studies are encouraged to receive master's and PhD-level training in the fields required by Vestel Beyaz Eşya.

The Vestel Internal Trainer Development Project has won a Silver Award in the Internal Trainer Development Program category at the 2022 Learning and Development Awards organized by TEGEP.

Trainings

Vestel Beyaz Eşya designs its training activities with the aim of discovering and developing employees who are capable of thinking, researching, questioning and are creative, entrepreneurial and productive. In our day, where the need for competent human resources is constantly increasing, the Company plans and implements its training investments for employees in terms of sections, departments and projects. The scope of the investment in development is not limited to Vestel Beyaz Eşya employees, but also includes dealers and service employees. The Company analyzes the trainings received by employees by grouping them by age, gender, seniority and training type.

In 2022, it offered an average of 14 hours of training per employee and allocated a training budget of TL 300 per employee.

Vestel Beyaz Eşya designed the Internal Trainer Development Project in order to share the knowledge, know-how and intellectual infrastructure of its human resources with all employees, to use its internal dynamics more efficiently by conducting training with internal resources and to build the right training architecture with personalized training content. The project received a Silver Award in the Internal Trainer Development Program category at the 2022 Learning and Development Awards organized by the Turkish Training and Development Platform, where 42 leading companies of the sector competed.

48 Vestel Beyaz Eşya employees who received 5,742 hours of training as part of the Vestel Technology Academy in 2022 continued their graduate studies in the fields of Computer, Electrical-Electronics, Industrial, Mechanical Engineering and Data Science. A total of 76 employees have graduated so far. In addition, 16 academic studies were transformed into industrial practices and 6 studies became a part of patent, publication or incentive processes.

Established with the vision of “bringing the university campus to the company”, Vestel Technology Academy also offers Vestel Beyaz Eşya engineers the opportunity to become in-house academics. Employees, who are evaluated by Özyeğin University and fulfill the prerequisites, are appointed as visiting faculty members. In-house academics continued to teach at the Vestel Technology Academy in the 2021-2022 academic year.

EMPLOYEE DEVELOPMENT TRAININGS

Vestel Technology Academy

Developed in collaboration between Vestel Group of Companies and Özyeğin University, it is a long-term training program aiming to enable Vestel engineers to receive lifelong qualified training and to further their technical knowledge and experience. The Technology Academy forms the infrastructure for Vestel engineers to launch value-added projects as well as their intellectual development.

Vestel Retail Academy

Vestel Retail Academy is a program designed to offer trainings on “Sales-Marketing”, “Management Skills”, “Performance Development”, “Personal Development” and “Finance” to head office employees, corporate store employees and dealer business partners. Under this program, training programs are implemented with the priority of developing the capacities of dealers, one of Vestel’s most important stakeholders.

Vestel Service Academy

Vestel Service Academy has been operating within Vestel Customer Services since 2012 for the regular and continuous training and development of all service teams, such as authorized service provider technicians, customer representatives and service managers in order to provide a flawless experience in after-sales services.

Vestel Retail Academy

In 2022, Vestel Retail Academy (VRA) organized 29 training and development programs for head office employees, Vestel store employees, dealer business partners and Zorlu Holding employees. 222 classes were organized on 58 different topics and 1,680 hours of training was provided in the fields of “Sales-Marketing”, “Management Skills”, and “Competency Development”. During the year, 46 different trainers were collaborated with, and 57% of the trainings were delivered by VRA internal trainers. At the end of the trainings, 19% of the participants achieved post-training development. According to the participant satisfaction survey conducted after the trainings, the satisfaction level stands at 93%. The average NPS (Net Promoter Score) of the trainings is 70.

According to the participant satisfaction survey conducted after the trainings in 2022, the satisfaction level stands at 93%.

In addition to the trainings throughout the year, to support the holistic development of employees, 178 videos, totaling 2,186 minutes, were shot and broadcast in areas such as product training, salestalks, corporate standardization and omni-channel trainings. The videos were shared with target audiences through familiar platforms.

A total of 230 reports were shared, including training program development and completion reports, monthly project reports, quarterly activity reports, social learning group reports and qualitative training evaluation reports.

This year, all employees working in Vestel stores received an average of five training programs through the Vestel Team Member Development Program, the Regional Officer Development Program and the Store Officer Development Program. In addition, the Grading System was introduced. For the first time, a Sales English and Effective Speaking/Diction training program was offered for the relevant target group.

While the “Dealer Owners” and “Dealer Sales Consultant” programs continue on the dealer channel, the “Women Dealers” program was launched for female dealer owners. The “All Dealers” program, open to general participation, was also launched, with the goal of reaching every dealer. Training programs were also designed and implemented for the Regal Dealer and Chain Store channels.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES

In the first half of the year, long-term programs were organized in cooperation with universities and institutions for Head Office employees. As of the second half of the year, the method was changed and the “Catalog Project” was launched, in which participants can participate in the training of their choice, working with expert institutions and trainers in their field. After the trainings organized for Head Office employees, Training Check Up interviews were held. The Retail Orientation Program organized by the Head Office received the Gold Award in the “Best Training and Development Program” category from the TEGEP Training and Development Platform Association.

Vestel Service Academy

Vestel Service Academy has been operating within Vestel Customer Services since 2012 for the regular and continuous training and development of all service teams, such as authorized service provider technicians, customer representatives and service managers in order to provide a flawless experience in after-sales services. The Academy provided 4,361 hours of training in 2022 through different training approaches in which digital and live channels are actively used throughout many training modules. Vestel Service Academy is the first training program in Türkiye to hold TS ISO 29990 Certificate.

Zorlu Academy Online Training Platform

Zorlu Academy Online Training Platform offers personal development and technical training content for all Zorlu Group companies, including Zorlu Holding and Vestel Beyaz Eşya. In 2022, 1,292 Vestel Beyaz Eşya employees received a total of 3,932 hours of training via Zorlu Academy Online Training Platform.

A compulsory environmental and zero waste training was added to the platform and shared with the employees in order to raise the awareness and responsibility of the employees regarding environmental issues.

Onboarding Program

At Vestel Beyaz Eşya, the Onboarding Program has been implemented as part of the recruitment process since 2017. The first three months following the job offer and initiation of employment are known as the most critical period during which a new employee’s commitment to the company is created. Main goals of the Onboarding Program are to facilitate the onboarding and adaptation process and to promote Vestel culture. Implemented through an online platform since 2020, the Onboarding Program has been integrated with Pole Star Mentorship Program. In 2021, Vestel rendered the content of the onboarding training interactive by adding new tasks and games.



Vestel Service Academy provided 4,361 hours of training in 2022 through different training approaches in which digital and live channels are actively used.



Pole Star Mentorship Program

Pole Star Mentorship Program is the involvement of a team member who will guide newly-recruited employees in the Onboarding Program. Acting as volunteers for three months in parallel with the onboarding process, Pole Stars are selected under the leadership of their department managers and attend a training offered by the Human Resources Department. In 2022, a total of 161 Pole Star mentors guided their new colleagues.

Attracting Young Talents

Recognizing that young talents play an important role in building its future, Vestel Beyaz Eşya invests in their acquisition, creating equal opportunities and new employment opportunities. The Company aims to improve its “Attractive Employer” perception among new graduates and young talents.

Vestel Campus Activities

Vestel Beyaz Eşya continues its employer brand journey on campuses with the motto “Possible with Vestel, Why Not?” since 2021, aiming to reach qualified and right candidates on university campuses before they graduate and to ensure the recruitment of competent human resources. Another goal is to implement projects such as university career events, engineering competitions, graduation projects, sponsorships, workshops and case studies that require close relations with university career centers and student clubs and support university-industry cooperation. Vestel

Beyaz Eşya also aims to support women’s engineering student societies through university campus events, and attaches importance to coming together with female engineering students, encouraging and supporting them as a Company that produces technology. In 2022, the events organized with four universities were supported with speeches by women engineers working at Vestel. Again this year, within the scope of university-industry cooperation, the Co-op project and/or graduation thesis process was initiated with 4 different universities. In 2022, a total of 60 events were organized at 20 universities, enabling the Vestel employer brand to meet with a large number of university students. In addition to the events organized to attract young talents to the Company and contribute to youth employment in Türkiye, Vestel Management Trainee and Vestel V-Compass University Internship Programs are also held.

Vestel Management Trainee Program

Vestel Management Trainee (MT) Program is a comprehensive young talent training program through which Vestel aims to train new university graduates as future managers of Vestel and which it carries out with the support of distinguished universities. Content of the program, which spans a period of four months, consists of academic courses, theoretical training within Vestel, personal development training and practical internship phases. Through

Recognizing that young talents play an important role in building its future, Vestel Beyaz Eşya invests in their acquisition, creating equal opportunities and new employment opportunities.

Vestel MT Program, the Company aims to train young trainees who get to know the corporate culture, have detailed, up-to-date and accurate knowledge of the industry and its functioning, and develop new projects that will add value to Vestel.

The 13th Vestel MT Program was completed in 2022 with the participation of 18 graduates from Türkiye’s leading universities and in cooperation with Koç University, and all young management candidates who completed the program started working at Vestel. After completing the program, five young management trainees started working at Vestel Beyaz Eşya.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES

Vestel Beyaz Eşya aims to develop projects to increase the use of domestic resources leveraging the academic know-how of universities.

Vestel V-Compass University Internship Program

Within Vestel Group of Companies, Vestel offers short-term internship opportunities to engineering students in production and R&D, and to students of the faculty of economics and administrative sciences in the Financial Affairs, Sales and Human Resources departments. While the internship program, which is held in factories and administrative units during the summer period every year, was carried out online in 2020 and 2021 due to COVID-19 measures, students completed their internships both online and offline in the summer of 2022.

University - Industry Cooperation Projects

Vestel Beyaz Eşya aims to develop projects to increase the use of domestic resources leveraging the academic know-how of universities. Under this cooperation, which brings Vestel Beyaz Eşya's R&D Department and academics together, the Company aims to convey Vestel's knowledge in technology, innovation, digital transformation and Industry 4.0 to university students, as well as organizing workshops for the localization of imported products in the sector. It signed a cooperation protocol with Afyon Kocatepe University in 2020 in order to support the professional development of students and to create new product and technology development platforms. The protocol remains valid.

In 2022, projects were initiated with 4 different universities within the scope of university-industry cooperation. The Company aims to increase this number in the coming years.

Vestel Beyaz Eşya receives academic consultancy from many universities, bringing different perspectives to its projects and finding solutions to problems with faculty members and students. With TÜBİTAK 2209-B and TÜBİTAK 2210-D support programs, thesis studies of undergraduate and graduate students of universities are carried out together. In addition to the support programs, the Company works together with students in projects integrated into industry-oriented graduation theses. It also makes project applications and takes part in projects by joining international platforms where universities engage as consortia partners. In events organized by universities such as congresses, conferences and symposiums, evaluations are made with faculty members and students on the projects presented.

Within the scope of the Cooperative Education Program (Co-op) developed by Izmir University of Technology, Vestel Beyaz Eşya supports final year Mechanical Engineering students with project-based work within the Company for one day a week.

As part of Vestel Ege University Business Administration Seminar courses, which are organized for the final year students of Ege University Faculty of Economics and Administrative Sciences, Department of Business Administration, theoretical knowledge and practices, including Vestel corporate culture, are shared with students by instructors consisting of company employees, who are experts in their fields. Under this program, Vestel aims to help students gain perspective by coming together with professionals from the business world in the university environment and to contribute to the training content by strengthening university-industry cooperation. Through its Vestel Ege University Business Administration Seminar courses, which it has been continuing uninterruptedly since 2018, Vestel offers 13 courses a year and conveys its industry experience to 30 students.



Employee Engagement and Satisfaction

Vestel Beyaz Eşya attaches importance to the well-being of its employees, believing that employee loyalty will enable it to increase its competitiveness, financial performance and reputation as an employer. In order to be an accessible employer, Vestel invests in technological infrastructure and continuously enhances its efforts to improve employee rights in a fair manner, to implement practices that ensure work-life balance, and to create a healthy and peaceful working environment.

Vestel Beyaz Eşya aims to evaluate and improve the opportunities it provides to its employees as well as the working environment through the Employee Satisfaction and Commitment Survey organized every two years. Research results are shared with senior management, taking into account age and gender breakdowns. In the last two years, its employee satisfaction score has increased by 6% and its employee engagement score by 9%.

In addition, all employees' anonymous requests and complaints regarding working conditions are collected through the Complaint/Wish/Request Evaluation System on the corporate portal via the mobile kiosk application. Necessary actions are taken in response to incoming requests and complaints and feedback is provided to employees.

The "Demli Chats" seminars attended by employees were discontinued in 2020 and 2021 due to the global pandemic. In 2022, three different online events were created instead of "Demli Chats". The event, called "Heartfelt Conversations", aimed to promote inter-departmental acquaintance and cohesion and was held at designated times of the year. The online event called "Expert Conversations" is an event where experts in their fields are hosted and employees participate and interact with them. The "Agenda & Hello" event is an online event that is organized when the Company wishes to inform its employees on a particular topic. The Company aims to continue the activities in 2023.

Fringe Benefits

Common fringe benefits offered to employees include transportation, meal and kindergarten support, educational scholarships provided by the Zorlu Holding Mehmet Zorlu Foundation for employees' successful children, marriage, parental and bereavement leave, cash allowances, four shopping vouchers per year, additional payments for those who obtain their master's and PhD degrees, educational support payments for all those with children in school, monthly financial support for those with disabled children, gifts of chocolate and cologne on religious holidays, right to use the fitness center in Vestel City and discounts on Vestel branded products.



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES

Work and Life Balance

Vestel developed “Viva!” Project to improve the quality of life of employees on “Corporate Well-being”, one of the sustainability goals of Vestel Group of Companies, and to ensure that they lead a long-term corporate life. It started to implement this project by integrating it with Zorlu Holding’s “We Are Good Together” Project and Wellbees application in 2020.

We Are Good Together Project covers:

- Activities aimed at protecting physical and mental integrity,
- Seminars and workshops on good and healthy life,
- A common sharing platform with event announcements,
- E-mail contents and notifications to boost employee motivation,
- Adopting the motto “Possessing a Vestel means better living” and the activities to be organized for this purpose,
- Awareness-raising information sharing for healthy living,

- Spreading the corporate culture and creating sharing environments that strengthen the communication between the Human Resources Department and employees,
- Suggestions and practices for improving Vestel’s physical conditions.

In addition to the “We Are Good Together” Project, Vestel also offers free psychologist, nutritionist and sports coach support to its employees. Besides, Vestel ensured the establishment of Basketball, Dance, Outdoor Sports, Photography, Music and Running clubs in order to support the social development of its employees as well as their professional development. Among these clubs, the Running Club Vestel Venus roadRUNNERteam and Vestel Corporate Basketball Team continue to work intensively. In 2022, the Running Club Vestel Venus roadRUNNERteam participated in a total of 16 races across Türkiye and won various awards.

In addition to work-life balance solutions, a hybrid working pattern is implemented in departments where possible. According to Article 74/2 of the Labor Law No. 4857, female employees are granted the right to work part-time after maternity leave.



Under “Kıvılcımlar (Sparks) Movement” launched in 2019, the Company organizes volunteering activities under five main groups within Vestel Group of Companies: “environment”, “child”, “people with disabilities”, “reuse of materials” and “our friends: animals”.

Employee Volunteerism and Contribution to the Society

One of Vestel Beyaz Eşya’s important goals under its sustainability approach is to increase corporate volunteering efforts. Under “Kıvılcımlar (Sparks) Movement” launched in 2019, the Company organizes volunteering activities under five main groups within Vestel Group of Companies: “environment”, “child”, “people with disabilities”, “reuse of materials” and “our friends: animals”. In 2022, 207 Vestel Beyaz Eşya employees voluntarily participated in these activities for a total of 1,805 hours.



Some examples of the volunteering work carried out in 2022 with the participation of Vestel Kıvılcımları (Sparks) including the employees of Vestel Beyaz Eşya are given below:

- In cooperation with the surrounding municipalities, events were organized for the cleaning of glass waste, one of the most important causes of forest fires in Türkiye.
- The Company carried out environmental cleaning in Manisa and Foça.
- Future for Children Workshop was organized.
- Knit for Manisa Nursing Home activity was carried out.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES

Employee representatives play an important role in the rise of participation in the activities related to OHS in the plants and in the follow-up of the activities. There are a total of 120 employee representatives elected from each department.

OCCUPATIONAL HEALTH AND SAFETY

Vestel Beyaz Eşya is sensitive about Occupational Health and Safety (OHS) policies and practices in order to provide a safe and healthy working environment, and attaches importance to the assessment and management of the potential impacts of all risks that may result in loss, injury or damage due to any danger in the workplace on employees, subcontractors, supply industries, visitors, solutions partners and other employees in working areas. The Company's goals include examining the risks that the employees may encounter in the field, raising the awareness of the employees, improving and developing processes, creating ergonomic working areas, ensuring that the most stringent safety measures are taken regarding changing production processes, providing a safe and healthy working environment to the employees, preventing occupational diseases and achieving zero accident.

In the event of an occupational accident, the accident is analyzed by conducting an accident scene investigation and accident root cause investigation with the employee who had the accident, the relevant department manager, occupational safety specialist, workplace physician and employee representative, and actions are taken with all relevant parties to prevent the accident from recurring and to eliminate possible risks.

Vestel Beyaz Eşya Occupational Health and Safety Policy is available [here](#).

Employee representatives play an important role in the rise of participation in the activities related to occupational health and safety in the plants and in the follow-up of the activities. Each department has an elected employee representative. Ensuring the identification of sources of danger and risks, demanding necessary measures to be taken, representing employees at relevant meetings, taking part in risk analysis and occupational safety activities are among the duties of chief employee representatives. Employees are encouraged to report any unsafe situations and behaviors they encounter, potential accident risks, suggestions and requests through the occupational health and safety portal and/or the notification points located in the plants. Each notification is evaluated and analyzed on site together with the relevant department manager, occupational safety specialist and occupational physician, and necessary action plans are created.

Vestel provides personal protective equipment to all employees within plant areas, specific to their work and fulfilling certain standards. The Company conducts regular checks to ensure the safety of equipment. Occupational hygiene and indoor environment measurements are regularly made by accredited organizations every year and Vestel takes necessary measures in case of non-compliance. Periodic

medical examinations are conducted for all employees. Vestel approves the entry of chemical substances into the factory by performing technical and preliminary evaluations and taking the opinions of the occupational safety expert, workplace physician and officials of the relevant department. It allows the use of chemicals after the completion of field trials and employee trainings.

Within the framework of the understanding of suitable work for the employee and suitable employee for the work, which is the most important principle of preventive health services, working conditions are determined and necessary health restrictions are specified in the employment examinations carried out before the employees are accepted to work. Within this framework, employees assigned to appropriate positions are included in regular periodic medical examinations planned according to both their own health status and the risks in the current duty area. Necessary work arrangements are made for changing health conditions, thus preventing both occupational diseases and work accidents and ensuring the most efficient work of employees. By providing outpatient examination and treatment opportunities for simpler health problems, workforce losses are prevented, and only employees who need further examination and treatment are directed to higher level health institutions. All risks in the production site and common areas are evaluated together by the workplace physician and OHS experts, and the

Vestel Beyaz Eşya provides personal protective equipment to all employees within plant areas, specific to their work and fulfilling certain standards. The Company conducts regular checks to ensure the safety of equipment.

fastest possible solutions are put into practice. Thanks to the extensive measures taken under the leadership of the Vestel Pandemic Management Board, which was formed with a similar mindset, production was not halted for a single day due to the pandemic and the safest working environment was provided for employees. In the period when the severity of the pandemic decreased, gradual normalization plans were implemented and repeated increases in cases were prevented.

Vestel Beyaz Eşya continued to provide OHS trainings to all employees and organized a total of 84,861 hours of basic OHS training during the year.

ISO 45001 Certificate remained valid after the audit carried out in 2022.

Thanks to the fast actions and measures taken during the pandemic, the “COVID-19 Safe Production Certificate” obtained in 2020 has been renewed in 2022



OHS Performance Indicators

| Employees | 2019 | 2020 | 2021 | 2022 |
|--|-------|-------|-------|-------|
| Number of Fatalities | 0 | 0 ✓ | 0 ✓ | 3 |
| Lost-Time Injury Frequency Rate ³ | 44.43 | 33.22 | 40.07 | 41.90 |
| Severity of Accidents ⁴ | 0.33 | 0.23 | 0.32 | 1.10 |
| Occupational Disease | 0 | 0 ✓ | 0 ✓ | 1 |

| Contractor 1* Employees | 2019 | 2020 | 2021 | 2022 |
|--|------|------|------|-------|
| Number of Fatalities | 0 | 0 ✓ | 0 ✓ | 0 ✓ |
| Lost-Time Injury Frequency Rate ³ | 6.17 | 3.16 | 2.92 | 16.59 |
| Severity of Accidents ⁴ | 0.11 | 0.03 | 0.04 | 0.09 |
| Occupational Disease | 0 | 0 ✓ | 0 ✓ | 0 ✓ |

* Contractor 1 includes data belonging to the company providing cleaning services.

³ Lost-Time Injury Frequency Rate = Total Number of Occupational Lost Time Accidents x 1,000,000 / (Total Working Days - Non-Working Days) x Daily Working Duration

⁴ Severity of Accidents = Total Number of Lost Days x 100 / (Total Working Days vs. Non-Working Days)

| Contractor 2* Employees | 2019 | 2020 | 2021 | 2022 |
|--|------|------|-------|------|
| Number of Fatalities | 0 | 0 ✓ | 0 ✓ | 0 ✓ |
| Lost-Time Injury Frequency Rate ³ | - | 7.48 | 18.40 | 5.80 |
| Severity of Accidents ⁴ | - | 0.03 | 0.15 | 0.02 |
| Occupational Disease | 0 | 0 ✓ | 0 ✓ | 0 ✓ |

* Contractor 2 includes data belonging to the company providing catering services.



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

CORPORATE CITIZENSHIP

Vestel Beyaz Eşya continues to expand its social contribution in various social and environmental issues, taking into account the needs of the society.

Vestel Beyaz Eşya continues to expand its social contribution in various social and environmental issues, taking into account the needs of the society. Out of the Sustainable Development Goals, it organizes various social projects focusing primarily on Quality Education, Gender Equality and Decent Work and Economic Growth.

Vestel Beyaz Eşya contributed a total of TL 10.8 million to social projects in 2022. Community investments accounted for 99% of this amount and donations for 1%.

Corporate Philanthropy Investments

| | 2022 |
|--|------------|
| Cash contributions (TL) | 10,850,400 |
| Total hours spent by employees participating in volunteering programs during working hours | 1,805 |
| Donation in kind (TL) | - |
| Administrative expenses (TL) | 127,860 |

Vestel's Sponsorships

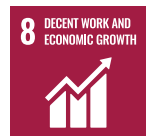
Vestel became the “Main Sponsor of Women’s Volleyball National Teams” and “Official Sponsor of Men’s Volleyball National Teams” in accordance with the new agreement signed with the Turkish Volleyball Federation in 2020. The agreement covers all age groups in the national teams category. In parallel with the sponsorship agreement, Burhan Felek Volleyball Hall, the only international volleyball hall in Istanbul, will be named as “TVF Burhan Felek Vestel Volleyball Hall” for three years.

Vestel continues to support the development of volleyball in Türkiye and increase interest in volleyball, through the “We Are A Country of Volleyball” campaign launched in 2021. We Are A Country of Volleyball communication has received a total of 45 awards to date.

In 2022, Vestel became the “Main Sponsor of the Turkish Gymnastics Federation” and the “Main Sponsor of the Gymnastics National Teams” under a new agreement signed with the Turkish Gymnastics Federation. The agreement covers all branches in the national teams category.

Ongoing sponsorships in 2022 include Trabzonspor Football Team, Kastamonu Municipality Youth and Sports Club Women’s Handball Team, Manisa Metropolitan Municipality Sports Club Basketball Team, Denizli Merkezefendi Basketball Club and sailing racer Okyanus Arkan.

As part of its support for the arts, Vestel sponsored Zorlu PSM and Nusrat: Iron and Blood documentary film. Vestel aimed to inform the society with the success story of the Nusrat ship, which sheds light on our history and played a major role in the victory of Çanakkale, and to bring the society together with culture and art. Zorlu PSM sponsorship covers Vestel PSM Radio and Vestel Amfi. Vestel PSM Radio reaches a wide audience, while PSM’s popular open-air venue Amfi offers a brand new experience.





Elim Sende (You Have My Hand)

Launched in 2021, Elim Sende (You Have My Hand) project is implemented under the cooperation of the Gender Equality (GE) Working Group, Vestel, Provincial Directorate of Family Labor and Social Services, Women's Guest House Directorate and Violence Prevention and Monitoring Centers (ŞÖNİM). The project has two phases:

- During the first phase, Vestel responds to the major household appliances and electronic appliances needs of the Women's Shelters providing protection and accommodation to women who are in the process of psychological, social, and economic healing after being exposed to physical, emotional, sexual, economic and verbal abuse or violence.
- In the second phase, Vestel responds to the household appliances and electronic appliances needs for homes where these women establish an independent life upon leaving the women's shelter.

Elim Sende (You Have My Hand) Project aims to improve the quality of life of women staying at women's shelters and accompanying children, strengthen public-private sector collaboration in the solution of social problems, offer social and corporate support to women survivors of violence, and contribute to their plans to lead an independent life. In 2022, a total of 12 products were donated to four women.



Walker for Disabled Animals

Launched in 2018, the project aims to produce walkers for disabled animals and make their lives easier. As a result of the activities carried out between 2018 and 2022, Vestel donated 35 walkers in total, which it designed from the parts of its major household appliances that completed their useful life for disabled animals in need of help and care.

Through the project it implements in cooperation with Manisa Metropolitan Municipality and MOSTEM (Private MOSB Vocational and Technical Anatolian High School), Vestel aims to reach more animals in need. The project, which has received many international and local awards, won the Green Dot Industry Award in the ÇEVKO "Environmental Social Responsibility Practices" category in 2022.



Do It Yourself Workshops with Vestel

DIY Workshops with Vestel is a project developed with the aim of establishing coding workshops in schools that are lagging behind in socio-economic development by making use of major household appliances allocated for recycling. The workshops, which will be equipped by using waste in the production of educational materials, aim to support both zero waste and circular economy practices and the development of coding and digital skills of school-age children. The design and production of workshop equipment will continue after the project, thus contributing to raising awareness and spreading this culture.

Within the scope of the project, which was entitled to be supported by the Zafer Development Agency's Social Development Support Program, the first Vestel Do It Yourself Workshop was opened at Uşak University.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

CORPORATE CITIZENSHIP

In line with Vestel Beyaz Eşya's Circular Economy and Sustainability targets, 13 different groups of products were created with new designs and coding by using recycled products. With the supplied filament machine, filament was produced by using APS raw material obtained from products or plastic waste generated in production lines. In this way, in addition to the use of recycled products, the necessary parts for the products can be obtained from the 3D printer produced within the scope of the project.

The project aims to reduce the purchasing rate as much as possible in line with Vestel Beyaz Eşya's zero waste targets and to obtain products from recycled materials.

In addition to the work carried out, an interactive learning environment was provided for students who voluntarily supported design and coding in the workshop in Uşak. During the summer, internship opportunities were offered to selected students and the work continued within the Company.

The first of the workshops to be opened in 8 different socio-economically disadvantaged schools was held in Eşme Galip Çetin Secondary School in Uşak.

Other Contributions

Working shoulder to shoulder with the Turkish Gymnastics Federation for the further development of Turkish gymnastics, Vestel expanded the scope

of its cooperation with the Federation as its co-sponsor and the main sponsor of the Rhythmic Branch of the Turkish Gymnastics Federation with a new agreement signed in 2022. In this context, Vestel supports gymnastics in seven categories as the Main Sponsor of the Turkish Gymnastics Federation for men and women.

On May 15, 2022, the International Vestel Manisa Half Marathon was organized for the first time in cooperation with Vestel and Manisa Metropolitan Municipality. The event started in Manisa Atatürk City Park and covered a route that included Vestel City, one of Europe's largest single-site production facilities, and various locations in Manisa.



Vestel supports gymnastics in seven categories as the Main Sponsor of the Turkish Gymnastics Federation for men and women.

SUPPLY CHAIN



Vestel Beyaz Eşya considers supply chain as one of the key components of its business success and aims to create long-term environmental, social and economic value in the entire supply chain.

Vestel Beyaz Eşya considers the supply chain as one of the key components of its business success and aims to create long-term environmental, social and economic value in the entire supply chain. Identifying potential risks and opportunities to improve and protect its value chain, Vestel Beyaz Eşya attaches importance to being transparent in its supply chain and monitoring and reporting its performance. With its innovative structure, the Company has adopted technology and innovation as a corporate culture since the day it was founded and continuously invests in the digitalization of its supply chain.

Vestel Beyaz Eşya successfully manages this process thanks to the diversity of its supply network and its flexible production capability. It takes measures to mitigate risks such as increased costs and production disruptions in the supply chain, and works to ensure diversity of

suppliers and an efficient supply chain. Vestel Beyaz Eşya adopts a proactive approach to many unforeseen challenges in all operational processes from supply to production and from production to sales, and integrates its sustainable supply chain strategy into all its operations. Vestel Beyaz Eşya's priorities in the supply chain stand out as quality, cost, safety, logistics and sustainability.

It prioritizes local suppliers in supplier selection in order to ensure continuity in supply and production and to support local economic development. In order to minimize the impact of increasing supply chain costs on product costs, the Company designs its operational efficiency projects in a way to include supply industries and employees at all levels.

Vestel Beyaz Eşya has seven plants, each having its own team. The teams meet regularly once a month to work on the commonization of standard processes in the different plants and share best practices in supply chain workshop groups. The supply chain is being redesigned to improve raw material procurement processes, and efforts are being made to meet customer demands faster by shortening delivery times from suppliers. These efforts help to increase Vestel Beyaz Eşya's market competitiveness. All steps of the supply chain are analyzed in detail and improvements are made. To this end, material and product master data values and material-based stock indicators are systematically checked and updated. Thanks to in-house and inter-enterprise integration, Vestel Beyaz achieves an efficient synergy in its supply chain management.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

SUPPLY CHAIN

Evaluation and Audit in the Supply Chain

All Vestel Group companies consider the compliance of their suppliers, which they regard as important business partners, with internationally recognized environmental, social and ethical standards and Zorlu Holding AŞ **Supplier Code of Conduct** among their primary responsibilities. Suppliers and all business partners are expected to comply with the **Supplier Code of Conduct** and legal obligations.

The Company expects its suppliers to accept the Supplier Code of Conduct that are disclosed on Vestel Supplier Portal (“satinalma.vestel.com.tr” and “supplier.vestel.com.tr”), and asks them to register in our supplier management system, Supplier Lifecycle Management (SLC) system. The Supplier Code of Conduct encompassing all Group companies and the main principles expected by Vestel Beyaz Eşya from its suppliers is available [here](#).

The Company subjects potential suppliers to a Competency Survey before working with Vestel Beyaz Eşya. Under the Competency Survey, it asks suppliers many comprehensive questions regarding social compliance (including child labor and forced labor), occupational health and safety, environment, quality, and management system practices. In addition, suppliers are asked to provide their environmental policies, audit reports and authorized economic operator certificates through surveys. Throughout the audits carried out by the Purchasing and Quality units, issues related to environmental compliance, occupational safety and fulfilling Vestel Beyaz Eşya’s material/product quality standards are checked.

Suppliers with critical impact on business processes are identified. Critical suppliers are suppliers with high volume orders, suppliers providing critical materials, suppliers whose products, services and processes cannot be substituted and suppliers identified as a result of Pareto Analysis. As of 2022, Vestel Beyaz Eşya has 107 critical suppliers and 80% of its total procurement volume in 2022 is composed of suppliers with critical impact.

Trainings for existing suppliers are continued in order to spread responsible procurement awareness. Vestel Beyaz Eşya provided a total of 840 hours of training to 74 suppliers in 2022.

Activities required for improving the scope of ESG audits for all critical suppliers are followed by the Supply Chain Working Group.



ESG Audits

It is known that working with suppliers who are much more aware of sustainability, advanced and open to continuous improvement is critical to achieving the set targets.

To this end, the Vestel Supplier Monitoring and Development Program was launched to enable suppliers to effectively participate in sustainability processes, understand and improve their current levels.

Within the scope of this program, which was designed in line with Vestel's and its suppliers' vision of achieving their sustainability goals and which aims to inform, evaluate and develop suppliers on sustainability, suppliers are expected to share their data on environmental, social and governance issues with Vestel through specified platforms and software and to participate in the evaluation studies to be carried out by independent evaluation institutions.

Vestel Supplier Monitoring and Development Program consists of four stages:

1. Training
2. Sustainability self-assessment questionnaire
3. Input and validation of environmental and social data
4. Audit

Following these processes, supplier sustainability scores are determined and reflected on supplier scorecards.

In 2022, a total of 10 suppliers completed the necessary training and were subjected to audits as part of the Vestel Supplier Monitoring and Development Program. 80% of the audited supplier companies are in the medium risk category of sustainability level, 10% are in the good category, and 10% are in the acceptable risk level category. All companies have successfully completed the program. The Company aims to carry out the same program with the rest of the suppliers in 2023.

In 2022, Vestel Beyaz Eşya did not have any suppliers with which relations were terminated due to any social incompliance. Activities required for improving the scope of ESG audits for all critical suppliers are followed by the Supply Chain Working Group.

High Risk and Conflict Zone Minerals

Vestel Beyaz Eşya checks the supply chain for the components it supplies to determine if they contain "Minerals Sourced from Conflict Zones". It informs suppliers about the issue in advance and takes necessary steps to ensure that the minerals specified in the regulation are not sourced from "Conflict Zones".

In this context, Vestel Beyaz Eşya carries out the following activities with its supply chain as part of its efforts to manage risks related to conflict minerals:

- Identifying products with a high probability of 3TG use,
- Identifying and evaluating supply sources,
- Working to ensure that suppliers adopt policies on conflict minerals consistent with Vestel Beyaz Eşya's policies,
- When a conflict minerals situation is detected or a risk is foreseen in the supply chain, ensuring coordination and, if necessary, terminating cooperation with risky suppliers and regularly sharing status information in the format provided by the regulation.

"Minerals from Conflict Zones" represents minerals extracted from mines controlled by armed groups in the Democratic Republic of the Congo and neighboring countries (Central African Republic, South Sudan, Zambia, Angola, Tanzania, Burundi, Rwanda, Uganda), referred to as "Conflict Zones".

These minerals are as follows: Columbite-tantalite (the metal ore from which the element tantalum is extracted), Cassiterite (the main ore needed to produce tin), Wolframite (the source of the element tungsten) and Gold.

In 2022, commitments were received from 25 suppliers not to use minerals sourced from conflict zones.



A NET-ZERO COMPANY



Vestel Beyaz Eşya plans to generate 11,860 MWh of energy annually, reducing 5,420 tonnes of carbon emissions, and aims to increase its investments in renewable energy.

Believing that resource scarcity and the fight against the climate crisis should be on everyone's agenda, from the public to the private sector, Vestel Beyaz Eşya's investments in renewable energy and energy efficiency and innovative business models play an important role in the transition to a net zero emission economy.

Recognizing the need to trigger transformation in the entire value chain for a sustainable future, Vestel Beyaz Eşya supports the reduction of energy consumption through operational improvements and innovative products by leveraging the power of Industry 4.0 and automation, and implements circular models to increase resource efficiency in production and reduce the environmental impact of its products.



THE JOURNEY TO NET ZERO

It is critically important to reach net zero in greenhouse gas emissions as quickly as possible to curb the climate crisis and keep global warming below 1.5 °C by 2050.

Climate Crisis and Net Zero Targets

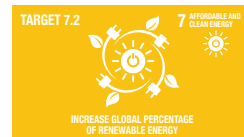
It is critically important to reach net zero in greenhouse gas emissions as quickly as possible to curb the climate crisis and keep global warming below 1.5 °C by 2050. To that end, the net zero targets declared by countries gain significance. The European Union aims to secure net zero emissions by 2050 through the EU Green Deal. As part of this target, it transforms its trading sectors. In addition to the EU, the USA and China, which are responsible for a considerable portion of greenhouse gas emissions today, have committed to reach net zero emissions by 2050 and 2060, respectively. Türkiye, on the other hand, ratified the Paris Agreement in 2021 and set a net zero emission target by 2053. The private sector plays a major role in reaching these targets declared by countries. Considering the number of actual employees, annual production capacity and the impact of global supply chains, the potential effectiveness of private sector action is evident.

Climate Crisis Action at Vestel Beyaz Eşya

Vestel Beyaz Eşya generated 175 MWh of electricity in 2022 with the 142 kWp solar panel installed on the roof of the facility that distributes energy to the refrigerator and washing machine factories. The Company plans to install 8,130 kWp solar panels on the roofs of the dryer factory and additional buildings, generating 11,860 MWh of electricity per year. Solar energy investments are expected to continue to increase in the coming years.

In line with the global agenda, Vestel Beyaz Eşya aims to reach net zero emissions by 2050, first in its own operations and then in its entire value chain. Moving towards becoming a climate-friendly company by promoting low-carbon technologies, Vestel Beyaz Eşya took an important step towards achieving net zero in 2021 by issuing a commitment letter to set Science Based Targets Initiative (SBTi). To that end, the Company aims to switch to technologies that cause less greenhouse gas emissions from production, increase renewable energy investments and manufacture products with high energy efficiency, less water consumption, less carbon emissions and a low environmental impact. As part of SBTi efforts, it started a detailed process to collect data in order to calculate Scope 3 emissions in 2021. Accordingly, the Company will draft a plan for both operations and the decarbonization of the value chain.

Vestel Beyaz Eşya has been reporting to the Carbon Disclosure Project (CDP) since 2012 and transparently sharing its verified greenhouse gas emissions and climate performance with the public. The Company's 2022 CDP Climate Change rating for 2021 is A- and its Water Program rating is C. Vestel Beyaz Eşya's CDP reports can be found [here](#).



A NET-ZERO COMPANY

THE JOURNEY TO NET ZERO

Vestel Beyaz Eşya's direct and indirect emissions are verified by independent third parties in accordance with the GHG protocol. Improvements in logistics activities such as increasing lower emission transportation and load optimization play an important role in achieving net zero emissions in the value chain. At Vestel Beyaz Eşya, packaging optimization efforts help to minimize space loss in container, truck and intermodal transfers for shipments from the Far East and Europe. The Company achieved a total of 40,800 km of improvement was in transportation in 2022 by focusing on domestic alternative resources. In addition, by activating the use of bonded warehouses, 13,416 km of improvement was achieved by purchasing tonnage from abroad in a single shipment instead of multiple shipments. These improvements allowed the Company to reduce carbon emissions by approximately 39.13 tonnes.

In terms of after-sales services, the call center responded to and resolved 160,276 calls without technician support in 2022, preventing 641,104 km of vehicle movement and 251 tonnes of carbon emissions.

Vestel Beyaz Eşya uses environmentally-friendly refrigerants with very low global warming potential in all the refrigerators and tumble dryers it manufactures. Moreover, in 2022, it reduced the quantity of refrigerant per unit product by 2,69% in the refrigerator group, by 4% in the tumble dryer group and by 9.6% in the air-conditioner group year on year.

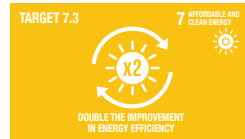
Energy Efficiency

In 2022, Vestel Beyaz Eşya launched a total of 15 main energy efficiency projects, saving 4,400 MWh of energy and TL 11 million. This is equivalent to the annual electricity consumption of approximately 1,300 people in Türkiye. On the other hand, Vestel Beyaz Eşya reduced its total electricity consumption per unit product by 0.3%, total natural gas consumption by 3.7% and total hot water consumption by 27% in 2022 compared to the previous year, thus avoiding a total of 2,010 tonnes of carbon emissions.

Vestel instantaneously monitors the consumption of all energy points online at the Data Monitoring and Control Center of Vestel Beyaz Eşya, and keeps energy consumption under control in the light of the data obtained. Thanks to the Data Monitoring and Control Center, Vestel achieved energy savings of TL 6.2 million in 2022.

The Company runs information systems data centers over consolidated servers as much as possible. In this context, the number of physical servers is minimized, virtual servers are used and less energy is consumed. In addition, cooling systems in data centers ensure that only necessary areas are cooled.

In terms of energy efficiency in products, energy consumption in refrigerators, tumble dryers, air-conditioners and dishwashers sold in Türkiye in 2022 improved by 9.5%, 3.3%, 5.2% and 2%, respectively, compared to 2021.



CIRCULAR ECONOMY

Vestel Beyaz Eşya operates in a sector that consumes a large amount of resources such as electricity, water, concrete, steel, aluminum and polymers, which have high environmental impact. The Company focuses on increasing its contribution to the circular economy with its innovative approach and R&D efforts in all processes from design to production.

Many design innovations are carried out to reduce the use of raw materials during the design phase, so that fewer parts are used where possible. In addition to design changes, efforts are being intensified to increase the use of recycled and renewable materials. During the production phase, care is taken to reduce the amount of rework and to use existing molds. During the transport phase, it is important to optimize the amount of packaging to fit the most products in the container and to ensure that the amount of packaging is at the optimum level for product and human health. Through after-sales repair, reuse and renewal activities, Vestel aims to extend the lifespan of Vestel products, facilitate their repairability, carry out R&D activities to reduce the costs required to make them ready for reuse and thus contribute to the circular economy. Accordingly, to facilitate the repair of products, all parts are designed to ensure their accessibility during repair. The adoption of circular economy models, repair, recycling and upcycling efforts play a critical role in preventing the global waste problem, while at the same time developing new business models that will provide financial benefits. Vestel Beyaz Eşya supports the repair and reuse of products and continues its efforts in this area.



Vestel Beyaz Eşya is focused on increasing its contribution to the circular economy through an innovative approach and R&D efforts across all processes, from design to production.

Vestel participated in the Circular Transitions Indicators (CTI) training program organized with BCSD Türkiye to measure its circular economy performance in 2022. Using the CTI Tool software, the total circularity metrics of Vestel production facilities were measured in terms of materials, energy and water, and Vestel's total circular performance was measured at 27.39% in the 2021 assessment. 12% of raw material inputs

are obtained from circular sources. An evaluation of products and waste reveal that 39% of outputs are circular. Within the scope of this program, raw materials and products that will increase circularity the most have been identified. Relevant risk and opportunity analyses were conducted and action plans were subsequently prepared to improve the results of the Circular Transition Indicators.

In addition, the Company participated in the industrial symbiosis program with SKD Türkiye. The outputs of the program are being evaluated.



A NET-ZERO COMPANY

CIRCULAR ECONOMY

Product Recovery and Repair

Under the Material Inspection and Recovery Project, Vestel ensures that the products are repaired and that the defective materials are repaired and reused. Vestel authorized service providers are responsible for collecting all defective materials replaced in the field. The Recovery Unit ensures that repairable materials are brought into the system as spare parts for subsequent product repairs and that non-repairable materials are sorted according to their scrap class and recycled. The Recovery Unit evaluates the materials and spare parts replaced for malfunction for reuse and repair those which are available for repair. Thus, the materials that have financial value for the Company are recovered, resulting in economic gain, and potential environmental impacts are prevented by reducing the quantity of potential electronic waste as well. In 2022, 41,213 spare parts were recovered, saving TL 7.5 million. The products replaced under warranty are delivered to the Returned Products Evaluation Center (DÜDEM) within Vestel City, those available for repair are refurbished at our Refurbishing Centers and sold at Vestel Outlet stores and some dealers. In 2022, a total of 22,969 major household appliances were refurbished and brought back into the economy. Non-refurbishable products are recycled through a licensed recycling company.



In order to identify the recyclability rate of the products manufactured by Vestel Beyaz Eşya, the Company had a specialized recycling company measure the sample products selected from seven product categories.

| Product Category | Recyclability Rate (%) |
|------------------|------------------------|
| Refrigerator | 85 |
| Dishwasher | 68 |
| Washing Machine | 63 |
| Tumble Dryer | 93-100 |
| Oven | 82-98 |
| Air-conditioner | 98 |
| Water Heater | 89 |

Vestel Beyaz Eşya complies with the European Union Directive 2012/19/EU on the management of waste electrical and electronic equipment (WEEE) and the Regulation No. 32055 of December 26, 2022 on the Management of Waste Electrical and Electronic Equipment. Informative guidelines on how to categorize and recycle major household appliances prepared by i4R, established in line with WEE and of which Vestel Beyaz Eşya is a member, are shared to help recycling/recovery facilities.



Domestic Recycling Project

With the Domestic Recycling Project, consumers who want to take a step towards a sustainable world are included in the recycling ecosystem, contributing to the recycling of electronic waste without harming the environment. Unused old electronic products and major household appliances are collected by Vestel authorized service providers from the consumer's home by appointment, delivered to Vestel via reverse logistics, recycled under appropriate conditions and the proceeds from the sale to the recycling company are donated to non-governmental organizations for use in environmental projects. Within the scope of the project, afforestation works were carried out with the seed ball method by means of drone in areas where planting trees is difficult. A total of 500,000 seed balls were dropped as part of the collaboration with Ecording.

Waste Management

Vestel Beyaz Eşya primarily focuses on preventing, reducing, recycling and recovering waste generation in all its activities carried out within the scope of the Zero Waste Management System.

Waste generated at various stages of production is separated at source and stored in temporary waste storage areas. All collected waste is sent to licensed waste companies in accordance with the Waste Control Regulation. The Company conducts regular audits of waste companies to ensure that waste is recycled or recovered in an appropriate way. Waste is monitored in all processes to reduce environmental pollution, while recycling and recovery are supported.

Zero Waste

With its zero waste approach, Vestel Beyaz Eşya recycles or recovers 95% of its production waste. As per the Zero Waste Regulation, it ensures that the waste in the facilities is separated in an appropriate way, and trains its employees on waste. In 2021, the Company digitalized the environment and zero waste trainings in order to reach all employees. Within the scope of the studies carried out, the continuity of the Zero Waste Certificate obtained in 2021 is ensured. From a circular economy perspective, Vestel Beyaz Eşya produced some of its waste bins using production-based waste such as washing machine drums and refrigerator inner trays. The Company also makes use of its food remnants under the Zero Waste practice. In 2022, 1,747 kg of compost obtained from waste was used in Vestel's own green areas, while 99.4 tonnes of food remnants was donated to stray animals.



A NET-ZERO COMPANY

CIRCULAR ECONOMY

Use of Recycled Plastics and Reduction of Plastics

Carrying out efforts to reduce the consumption of plastic raw materials and plastic waste generated in production processes and offices, Vestel Beyaz Eşya has made a commitment to reduce the use of plastic and reuse it by recycling under the Business World Plastics Initiative, of which it is a signatory. In this respect, it cooperates with domestic and foreign suppliers and start-ups in order to ensure the availability of recycled and alternative plastic raw materials. By recovering the wastage generated throughout production processes. The Company aims to use 4,344 tonnes of recycled plastic by the end of 2022 and a total of 7,081 tonnes by the end of 2023 in products and components, starting from 2021. Besides, the Company will improve the product and packaging designs of all major household appliances and reduce the use of plastics by 1,000 tonnes by the end of 2023 when compared to the base year 2020 through the activities to be performed under the cooperation of its R&D and Production units.

The Company has exceeded its commitments for the 2021-2022 period, resulting in 242 tonnes of plastic reduction in packaging materials and 2,689 tonnes of plastic reduction in products. By using 5 tonnes of bio-based plastic materials and 4,583 tonnes of recycled plastics, it avoided the use of a total of 7,516 tonnes of virgin plastics.



Packaging Management

For the first time in Türkiye, FSC (Forest Stewardship Council) certified and 100% recycled cardboard began to be used in Vestel refrigerators and dishwashers as of 2021. In 2022, this practice was extended to all Vestel branded major household appliances sold in Türkiye.

In 2022, the Company prevented 248,608 trees from being cut by using a total of 14,624 tonnes of recycled cardboard. Vestel prefers paper-based resources with international certificates for the sustainable consumption of such resources.

Adoption of circular economy models and engaging in repair, recycling and upcycling activities play a critical role in forestalling the global waste problem, while at the same time achieving financial benefits.

Climate-Related Incentives

Since 2019, Vestel Beyaz Eşya has implemented a reward system for the employees working on assembly lines. In the air-conditioning system, the employees of assembly departments receive points when they achieve their targets defined for a pre-determined environment, energy and climate change performance indicators. Subsequently, the employees are ranked according to their scores at the end of each month. The top three departments receive Vestel Points. They can collect and accumulate these points to receive gifts from the award catalogue later.



WATER STEWARDSHIP

Vestel Beyaz Eşya supplies the water it uses in its production processes from the Manisa Organized Industrial Zone's tap water supply and well water. Aware of the pressure on water resources, Vestel Beyaz Eşya aims to implement water recovery models and focuses on minimizing water consumption, which is considered one of the biggest risks in production processes. To this end, the Company strives to develop and expand water-efficient projects and to recycle water. Vestel Beyaz Eşya has its water footprint verified in accordance with the ISO 14046 Water Footprint Standard and reports all processes related to water management to CDP. The CDP report for 2022 can be found [here](#). Waste water is discharged to the treatment plant of Manisa Organized Industrial Zone.

At Vestel Beyaz Eşya, water monitoring is carried out by three departments: Auxiliary Facilities 1, Auxiliary Facilities 2 and Auxiliary Facilities 3. Of the three departments, only Auxiliary Facilities 1 has a deep well. The other two facilities are supplied with MOIZ tap water. Auxiliary Facilities 1 receives an average of 580,000 m³ of water per year from deep wells.

Vestel Beyaz Eşya supplies the water it uses in its production processes from the Manisa Organized Industrial Zone's tap water supply and well water.

An average tap water of 6,000 m³, 460,000 m³ and 15,000 m³ are supplied by the MOIZ on an annual basis for Auxiliary Facilities 1, Auxiliary Facilities 2 and Auxiliary Facilities 3, respectively. Therefore, Vestel Beyaz Eşya uses a total of 1,061,000 m³ of water annually, including 580,000 m³ of deep well water and 481,000 m³ of MOIZ tap water. This water consumption primarily covers domestic water (dining halls, sinks), process water (paintshops, machine cooling systems) and water treatment systems to obtain soft water (dining hall dishwashers, paintshops) and pure water (paintshops).

The water quality at Vestel Beyaz Eşya is monitored by each auxiliary facility by conducting daily water analyses in its own area of responsibility and twice a month through a consultant chemical supply company which analyzes water taken from specific sample points. In addition, project work is ongoing on an instant monitoring system for all water conditioning at the facilities. When this project is implemented in the first quarter of 2023, all water treatment processes will be monitored instantaneously with a monitoring system. Any negative conditions identified with instant observations will be eliminated through immediate intervention.



6 CLEAN WATER AND SANITATION



A NET-ZERO COMPANY

WATER STEWARDSHIP



Vestel Beyaz Eşya has its water footprint verified in accordance with the ISO 14046 Water Footprint Standard and reports all processes related to water management to CDP.

At Vestel Beyaz Eşya, all auxiliary facilities receive water from water sources in their area of responsibility, and deep well water, if any, first goes through a filtration system and then into the collection stock pools. This water in the stock pools is sent to water softening/purification systems and pure water production systems according to the need. In addition, tap water supplied by MOIZ is put into use after pre-filtration and treatment processes.

In Vestel Beyaz Eşya's water treatment facilities, all water (drinking water, process water, raw water, soft water, pure water) is analyzed twice a month, on the 1st-5th and 15th-20th days of each month.

In addition, Vestel Beyaz Eşya takes samples once a month from the infirmary and has the water analyzed by the Manisa Public Health Directorate. Moreover, MOIZ has its tap water analyzed twice a month by Manisa and Izmir Public Health Directorates and shares the result report with the Company via e-mail.

Vestel Beyaz Eşya continues to work on water recycling projects as part of its sustainability efforts. Rainwater collection projects were implemented and 1,263 m³ of rainwater was collected in 2022. Work is being carried out to further promote the project. With the wastewater



recovery project implemented in the reverse osmosis pure water production device, 22,346 m³ of water was saved. The cooling tower wastewater recovery project saved 1,564 m³ of water. The chiller wastewater recovery and the paintshop wastewater recovery projects are ongoing.

In water treatment and wastewater recovery project efforts, firstly, water samples are taken from the regions within the scope of the project and the design of the treatment system or recovery system is developed and prepared for use according to the analysis results. Instant online monitoring and measurement of water parameters for treatment and water recovery is provided by system automation. In addition to this system, the system is verified by analyzing a daily sample.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER



Vestel Beyaz Eşya believes that its products and services will play a key role in building a sustainable society. The Company aims to create environmental and social benefits through its products, to meet the needs of consumers in the best way possible and to make life easier with smart, high quality and safe products and services. It cares that the solutions it offers is accessible by all segments of society.

Prioritizing customer experience and investing in digital service platforms, Vestel Beyaz Eşya strives to continuously improve its performance in the major household appliances sector, where it is positioned as an innovative technology company.



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

PRODUCTS AND SOLUTIONS CREATING BENEFITS

Aiming to create environmental and social benefits through its products and to offer consumers accessible, easy, smart and cost-efficient products, Vestel Beyaz Eşya focuses on high energy and water efficiency in its products and continuously advances its targets in this area. Increasing the number of products with reduced environmental impact and high efficiency through its R&D and innovation efforts, Vestel Beyaz Eşya allocates a significant portion of its R&D budget to developing smart products creating benefits.

While rendering the lives of consumers easier by developing smart and connected products, Vestel Beyaz Eşya also continuously improves its performance with the products it develops by accurately analyzing evolving consumer expectations. Vestel Beyaz Eşya observes quality and product safety in all production processes.

PRODUCTS OF VESTEL BEYAZ EŞYA

Developments regarding washing machines;

- A washing machine product family that is even more efficient than energy class A,
- Twinjet washing machine with the “lowest known water consumption”,
- Washing machine product family with microfiber filter technology,
- “Daylight-Pro” products with UV-C technology and a special sterilization system,
- “Cold Hygiene Program” that saves energy by ensuring hygiene even at low temperatures in washing machines.

Developments regarding tumble dryers;

- The most energy-efficient tumble dryer known in the market with an energy class of A+++ -20%,
- Water recovery system used with tumble dryers and washing machines to save water,
- Products using bio-based raw materials instead of plastic,
- Products using recyclable packaging elements.

Vestel Beyaz Eşya aims to provide consumers with accessible, convenient, smart, and energy-efficient products that create environmental and social benefits.



NEFES air-conditioner breaks new ground by providing consumers with the comfort of both air purifier and air-conditioner at the same time. In addition to its air-conditioning features, the product continuously measures the indoor air quality level, informs the user and cleans the air automatically thanks to its advanced technology. When the air cleaning is completed, it offers a pleasant environment to customers with its lighting feature that can be adjusted in different colors.

Thanks to its unique efficient cooling technology, the BUZZ Inverter air-conditioner has an effective cooling capacity of up to 55° C ambient

temperature, allowing users to reach comfort conditions at high temperatures faster.

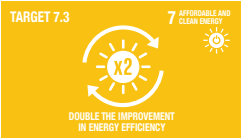
The tumble dryer with Vestel Daylight technology provides a high level of hygiene with daylight, fast daylight, baby clothes and ventilation programs. With the daylight ventilation program, consumers' belongings such as keys and wallets can also be safely hygienized thanks to the basket function that can be added to the dryers.

Vestel Beyaz Eşya rapidly identifies the needs of changing consumer habits and responds to them with its technological infrastructure. As a result of the change in food consumption habits during the pandemic and quarantine period in particular, the demand for healthy food consumption increased. If fruits and vegetables get the daylight they need after they are picked, they continue to maintain their freshness for a while

longer. Vestel Vitamod Technology, which mimics daylight, preserves the vitamin C and antioxidant content of fruits and vegetables just as in their natural environment.

Vestel Beyaz Eşya's new technologies to prevent food waste, introduced at the IFA 2022 Fair, attracted great interest among consumers. The Company's smart inventory tracking technology, Full Indoor, monitors products on refrigerator door shelves. The EggMinder technology in the Full Indoor system monitors the shelf life and quantity of eggs in the refrigerator and provides information in three different colors – green, yellow and red – according to the remaining shelf life of the eggs. With IntelliShelf technology, the weight, freshness and expiration dates of the products on the door shelves of the refrigerator can be monitored.

According to the 2021 UN Food Waste Index Report, 931 million tonnes of food is wasted annually in the world and 7 million tonnes in Türkiye. The innovative technologies developed in Vestel products help prevent food waste. The humidity control mechanism in the vegetable compartment helps keep fruits and vegetables fresh for up to 30 days, while the FreshCheck odor sensor monitors the ripening process of fruits and vegetables and informs users about their freshness level.



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

PRODUCTS AND SOLUTIONS CREATING BENEFITS

Vestel tumble dryers have the lowest energy class known in the market with an energy value of A++++ -20%



Developed for consumers who want to prepare healthy fermented foods at home, the new generation MAYA refrigerator allows easy preparation and storage of seven different foods that require fermentation such as dough, yogurt, kefir, vinegar and pickles with automatically adjusted temperature and time functions. Equipped with the maximum freshness technology in addition to the fermentation technology, Vestel MAYA Refrigerator ensures that the gas formed by the respiration of fruits and vegetables is removed from the environment, so that food is stored for a longer time without losing their nutritional value. In addition, the active ion technology sends negatively-charged ions into the refrigerator, neutralizing positively-charged bad odor molecules and increasing air quality. The fermentation compartment can be used

as a freezer or cooler when desired while the functions of other compartments can be adjusted according to the consumer's preference, and it achieves energy saving with special compartments that can be turned off when not in use.

With the “Şef Gibi Pişir” technology available in Vestel smart built-in ovens, more than 150 recipes prepared by professional chefs, ranging from Turkish cuisine to world cuisine, can be accessed via the Evin Akıllı application. In this way, Vestel smart built-in ovens automatically apply the optimum temperature, function and time required for the ideal cooking of the recipes in the application. This digital service is also offered to consumers abroad under the name Be A Chef.

Energy-Efficient Products

Designing products with the highest energy efficiency class in the market, Vestel Beyaz Eşya offers consumers refrigerators, washing machines, tumble dryers, dishwashers, cooking appliances and air-conditioners that are resource efficient and user-friendly thanks to the technologies it has developed. The Company designs tumble dryers with weight sensors. Thus, the most efficient drying mode is selected by determining the amount of load in the machine and energy saving is achieved. Ovens with HeatWrap technology can simultaneously cook the meals in 5 different trays evenly, while induction hobs provide much higher heat efficiency than gas hobs.

Designed and manufactured by Vestel Beyaz Eşya, which continuously increases the energy efficiency of its products;

- The washing machines are 40% more energy efficient than the A energy class and consume the least amount of energy known in the market. In addition, thanks to the load sensing technology, both energy and water consumption are kept at optimum levels according to the amount of load detected.
- A energy class (A+++ - 30% class according to the old regulations) dishwashers and C energy class (A+++ - 10% according to the old regulations) dishwashers as per the new energy regulations stand out as products with high energy efficiency.
- Tumble dryers have the lowest energy class known in the market with an energy value of A++++ -20%.
- Vestel Beyaz Eşya develops A Class products that consume approximately 3 times less energy than the best-selling refrigerators in the market.

“Daylight-Pro” products with UV-C technology help meet the increasing hygiene needs of consumers, while offering energy and water efficiency.



“Daylight-Pro+” products with UV-C technology

The “Daylight-Pro +” technology developed for dishwashers helps respond to increasing hygiene needs of consumers against bacteria and viruses, while at the same time enabling energy and water efficiency with its waterless operation and disinfection technology.

“A Energy Class” Dishwashers

With the double water tank technology designed and developed for dishwashers, products with A energy class according to the New Energy Regulation (A++++ -33% energy class according to the old regulation) were added to the product range. This technology saves 0.1 kWh/hour of energy per wash and 30 kWh/hour of energy per year compared to B energy class products on the market.

“C Energy Class” Dishwashers

In dishwashers, the “C” energy class product was developed to meet the increasing demand for energy efficient products in the market. This technology saves 0.1 kWh/hour of energy per wash and 30 kWh/hour of energy per year compared to D energy class products on the market.

Refrigerator Consuming 2% Less Energy than A Energy Class

The new Vestel refrigerator, which consumes 2% less energy than the A Class energy level, is 70 cm wide and high in volume, offers low power consumption, a sustainable interface and high performance that can meet the average consumption needs. Highly demanded and used in the market, the refrigerator offers many advantages. The product is consumer and environmentally friendly with the energy savings achieved as a result of the freezer and cooler compartments operating completely independent of each other thanks to the valve routing and parallel cycle due to the cooling structure. Due to the air duct design details in the cooler and freezer compartments, high energy is achieved with a balanced cooling structure. The use of recyclable plastic and mechanical parts also contributes to sustainability as well as high energy efficiency.



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

PRODUCTS AND SOLUTIONS CREATING BENEFITS

Product Designs in Compliance with New Regulations

In addition to products that meet the requirements of the European market in terms of energy, water and material efficiency, Vestel Beyaz Eşya has already started development activities for products that meet the requirements of the new legislation that will be applicable in the near future and that meet higher technical standards, and thus aims to offer new technology environmentally friendly products at affordable costs to the end user.

In addition to energy and water efficiency, Vestel Beyaz Eşya has completed the design and productization phases by researching technological solutions to prevent the mixing of microplastics from laundry products into seawater, which is considered a priority issue by the EU in terms of its environmental impact.

Vestel Beyaz Eşya also conducts R&D studies on material technologies that reduce the use of materials and increase their recyclability, and develops design solutions that minimize the need for service throughout the life cycle of its products.

In line with the European Union's 2030 targets, Vestel Beyaz Eşya has completed product design and production transitions in compliance with the new energy class regulation defined by the European Union for the post-2021 period in the wet and cold product groups in major household appliances, and has made washing machines in A energy class, the highest energy efficiency class, and dishwashers in B energy class ready for mass production. The Company continues to develop products in A energy class in the refrigerator product group.



In order to reduce plastics pollution, Vestel Beyaz Eşya produces washing machines equipped with a microfiber filter, which largely prevents the mixing of microplastics in clothes with water.

In addition to the European market, design and adaptation studies for more efficient and environmentally friendly products for the American, Middle East and African markets have been completed in accordance with the new energy efficiency regulations that came into effect in 2022. Vestel Beyaz Eşya continues its product development efforts to comply with the new energy regulations defined by the European Union for the Hot and Air-Conditioning product group (oven, stove, air-conditioner, dryer, etc.) that will come into effect in 2025.

The Company studies alternative materials for chemicals that are planned to be banned or restricted in the near future, and investigates their safety and performance effects on its products. In addition, efforts are underway to replace the fluorinated gas refrigerant used in the refrigerator, dryer and air-conditioner product groups with a new, more environmentally friendly and energy efficient fluid.



Water-Efficient Products

In addition to energy efficiency, Vestel Beyaz Eşya also focuses on water efficiency and its products are among the most water-efficient in the market. Vestel's high water-saving products include dishwashers that consume 5.4 liters of water per wash, saving 45% more than the market average, dishwashers that save up to 3 liters of water per wash with "Aquazone" technology compared to conventional technologies, and washing machines that consume 32 liters of water per wash, saving approximately 35% water with "Twinjet" technology.

The water recovery system, for which work was initiated in 2022, aims to save 5 liters of water per household per run and 1,250 liters of water per year by using the clean water condensed in the tumble dryer for washing.

Through Aquazone technology, Vestel Beyaz Eşya reduces the water consumption rates of dishwashers up to 3 liters per wash.

With Twinjet technology, water consumption in washing machines can be reduced to 32 liters per wash.

Vestel Beyaz Eşya produces dishwashers that save up to 45% more water than average products, and washing machines that save up to 35% more water.

Products Reducing Plastics Pollution

Released from clothes made of plastic-based materials during washing, microplastics mix with wastewater and then flow into rivers and seas, causing an increase in water pollution and deterioration in the aquatic ecosystem. Vestel Beyaz Eşya aims to support the reduction of water pollution with washing machines equipped with microfiber filter system which it has developed and for which it has applied for a patent. Washing machines with this technology are available in a wide range of 8 kg, 9 kg and 10 kg capacities.

Vestel became a member of APPLiA's Consortium on Microplastics Release in 2021, and is striving to take a more active role in global initiatives.

Within the scope of sustainability efforts to use recycled plastic materials in cooking appliances, the Company produced built-in ovens and hobs using recycled plastics. On the other hand, glass and textile yarn waste is also processed in recycling facilities and used in production.

cooking surface and recycled aluminum burners, and the hob knobs are made from textile yarn scraps.

In the packaging system, sustainable products are packaged with sustainable parts with the help of studies on the use of cardboard-derived materials. 60 cm stoves are completely packed with cardboard viol pieces. Thanks to its durability, this packaging system also ensures that the product is sent safely to the end user. Built-in oven products are packaged without EPS, with cardboard-derived honeycomb panels and viol parts. Styrofoam parts are replaced with recyclable cardboard-derived parts, reducing the amount of plastic waste every day.

In order to reduce the use of plastics, Vestel Beyaz Eşya aims to increase the use of bio-based raw materials instead of petroleum-based raw materials. Efforts are underway to use the bio-based raw material used in the water channel cover in more parts in mass production.

In packaging, the target is to transition to recyclable EPS in styrofoam. Efforts are underway to ensure that packaging elements such as shrink, strip and packaging bags can be used with recyclable materials. In addition, upon customer request, products can be packaged with honeycomb cardboard and foldable cardboard without using EPS styrofoam.

To reduce plastic pollution, some plastic parts in dishwashers use recycled plastic material, while some dishwasher plastic parts use biodegradable plastic material.

Thanks to recycled materials, the carbon footprint of products and packaging is reduced, contributing to a sustainable environment.



All plastic parts of the built-in oven are made from recycled plastic, while the 60 cm gas built-in glass hob has a recycled metal grill, recycled tempered glass

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

PRODUCTS AND SOLUTIONS CREATING BENEFITS

Smart and Connected Products

The naturalization of the impact of digitalization on human life and the fact that it is no longer an additional feature but a standard function has increased both the development, adoption and demand for smart and internet-connected technologies. The focus of key consumer expectations in this area has created an opportunity for smart cities, smart homes, smart devices and new revenue models based on these technologies. In order to closely monitor new opportunities and to increase Vestel's influence in creating these opportunities, the Company joined the Home Connectivity Alliance (HCA), which is co-founded by technology giants, at the Board of Directors level, and the Connectivity Standards Alliance (CSA) as a participating member. Thanks to the new roles it has assumed, Vestel aims to carry forward the cooperation efforts initiated with technology companies such as Amazon, Google and Innit.

In order to replicate its international contributions to technology in the domestic arena, Vestel is involved in joint projects with Togg, Türkiye's electric car brand. To ensure that consumers feel the technology at every point of their lives, the Company has started the process with smart products and is expanding it with smart city solutions. While it has accelerated our work on data security and analysis with activities to create a big data platform, Vestel has developed an ecosystem that can serve all connected products and works in harmony with current technologies and voice assistants.

Thanks to its technological infrastructure, Vestel Beyaz Eşya responds to consumer expectations by developing smart products that can be remotely controlled via wireless communication.



In 2022, 40% of domestic sales consisted of smart products.

Consumers who own Vestel products with wireless communication technology can manage their products with Evin Akli application. In addition, with the Veezy application developed for customers abroad, products with control features over wireless communication, which have started to be produced in the Turkish market, can also reach customers abroad. With the Veezy mobile application, value is added to the end user's life through digital platforms, starting from the smart home ecosystem and expanding to the smart life ecosystem.

Through the smart billing feature added to the indoor and outdoor unit software and mobile application of Vestel Beyaz Eşya air-conditioners, users can choose the amount of bill they want to spend over the app, and monitor the amount of bills and energy consumption on a monthly and daily basis.

This allows users to save energy. In addition, if 80% of the entered invoice amount is reached, it is recommended to switch to the economic mode by informing the user.

Vestel Customer Services informs customers with signals received from the product and stands by them whenever necessary in order to improve the user experience in smart products. With a more flexible and agile structure, data from smart products can be used to create records at authorized services without the need for the customer to notice the problem, and user habits can be predicted thanks to the data received from the product. Based on this data, Vestel develops user-specific product protection measures, usage tips and maintenance information mechanisms.

Products for Changing Consumer Needs following the COVID-19 Pandemic

Continuing its efforts to respond to the changes in consumer demands due to the COVID-19 pandemic in the best possible way, Vestel Beyaz Eşya developed the “Daylight” technology, which provides consumers with a high level of hygiene in refrigerators, dishwashers, washing machines, tumble dryers and air-conditioners. The products manufactured with this technology, which is based on the natural protective nature of clean air fed by sunlight, increase the air quality at the points of contact and protect consumers against harmful organisms.



Vestel PUZZLE FD65002 EKX WIFI 588 Lt
Wardrobe Type Refrigerator

Vestel Customer Services informs customers with signals received from the product and stands by them whenever necessary in order to improve the user experience in smart products.

Refrigerators produced with Daylight technology help preserve food in a fresher and more natural way for a longer period of time by cleaning the air inside the refrigerators and increasing the air quality that foods come into contact with.

When used in dishwashers, the Daylight technology helps to destroy almost all bacteria on the dishes, and with its waterless washing program, it also enables consumers to disinfect daily use items such as keys and wallets.

Internal units of Vestel Daylight Inverter air-conditioners are equipped with a UV-C hygiene system that purifies sucked ambient air at certain rates, thus disinfecting the air.

Washing machines with Daylight technology offer a high level of hygiene with daylight, fast daylight and baby clothes programs while they also lead to energy savings with the fast daylight program that performs hygienic washing at low temperatures. The waterless daylight cleaning program, on the other hand, can safely hygienize items that consumers use daily, such as keys and wallets, in the washing machine thanks to the specially designed sterilization unit.

The tumble dryer with Daylight technology provides a high level of hygiene with daylight, fast daylight, baby clothes and ventilation programs. With the daylight ventilation program, consumers' belongings such as keys and wallets can also be safely hygienized thanks to the basket function that can be added to the dryers.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

PRODUCTS AND SOLUTIONS CREATING BENEFITS

Air-Conditioning Products

VRF systems (Variable Refrigerant Flow) are defined as air-conditioning systems developed to meet the needs of today's smart buildings, where multiple indoor units (maximum 64 units in a single system) can be controlled independently of each other with the help of an outdoor unit and gas flow distributors. Vestel Beyaz Eşya offers a combination of comfort, aesthetics and high efficiency with its wide range of air-conditioning products. In addition to high heating and cooling efficiency values, average energy savings of 30%-40% compared to equivalent systems increase the demand for these products. Meeting the demands of its customers through site survey, heating-cooling load calculations, design-projecting and implementation (installation), Vestel successfully uses VRF air-conditioning systems in places such as offices, shopping malls, hotels, luxury apartments, villas, restaurants, plazas and hotels where independent ventilation applications are required.

Offering its customers both economical and energy-efficient solutions with its wide range of multi inverter and split air-conditioners, Vestel Beyaz Eşya closely monitors new technologies in the sector and utilizes them in its products, while leading the sector in the development of new technologies. Vestel Beyaz Eşya also carries out projects aimed at optimizing the resources used in its processes and reducing its environmental impact.

Products and Services for Individuals with Disabilities

As a manufacturer that cares about the needs of the visually impaired, Vestel, in cooperation with BlindLook, a 100% voice-oriented application, removes barriers to access to its products and services thanks to the audio world developed by BlindLook.



In 2022, Vestel added voice command features to the Vestel Evin Akı application to support access to technology for visually impaired customers.

The user can benefit from all services and products integrated into the application with Audio Simulation technology. All functions of products are recorded on the application, and users are guided simultaneously. With this inclusive service, Vestel has become one of the brands holding the EyeBrand Certificate.

In 2022, Vestel added voice command features to the Vestel Evin Akı application to support access to technology for visually impaired customers. Thus, all movements on the phone can be transmitted to consumers through sounds.

Accessible Authorized Service Providers

Vestel Customer Services opened Türkiye's first Accessible Authorized Service Provider in Istanbul, Avcılar in 2018, and strives to ensure that all authorized service providers throughout the country are "Accessible Service Providers". Accessible authorized service providers serve disabled customers with the aim of offering the highest level of customer

experience by providing them with the opportunity to easily access anywhere they want to reach. Arrangements are made at accessible authorized service providers, such as front door entrance ramp, accessible toilets and sinks, yellow direction lines for the visually impaired, a customer representative who knows sign language for the hearing impaired, and direction signs. Authorized service providers are granted the title of three-star, two-star and one-star Accessible Authorized Service Provider depending on the criteria of accessibility they fulfill. Accordingly, a total of 26 Vestel Authorized Service Providers (4 authorized service providers in the three-star category, 20 authorized service providers in the two-star category and 2 authorized service providers in the one-star category) were entitled to become Accessible Authorized Service Providers.

QUALITY AND PRODUCT SAFETY



Vestel Beyaz Eşya designs and offers products that comply with national and international standards, meet customer expectations and comply with the standards established as a result of internal evaluations.

Continuously reviewing and improving its production processes in order to manufacture products that are accessible to consumers and meet high quality and safety standards, Vestel Beyaz Eşya designs and offers products that comply with national and international standards, meet customer expectations and comply with the standards established as a result of internal evaluations. The ISO 9001 Quality Management System guides Vestel Beyaz Eşya in all these processes. Vestel Beyaz Eşya Quality Policy is available [here](#).

In terms of product quality, Vestel Beyaz Eşya performs the quality control of products according to the internationally-accepted control criteria by using necessary testing equipment in the factory. The Company inspects the mass production by performing electrical safety tests of products within production lines and according to the sample rate set at the production lines. No product has been recalled or withdrawn from the market in the last three years for quality and safety reasons.

Based on its sensitivity on quality and product safety, Vestel Beyaz Eşya expects suppliers to produce according to certain criteria. Being aware of its responsibility towards our customers, Vestel Beyaz Eşya avoids the use of materials and substances that may harm the environment and human health, adversely affect the standard of living when they turn into waste, or cause other negative consequences, and expects the same from its suppliers.

The documents Vestel requests from suppliers vary by the product group supplied. The Company regularly reviews the Restricted Materials List it publishes and demands full compliance from suppliers. Suppliers are required to have a test report showing compliance with the European Union's Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive, compliance with the Regulation on Registration, Evaluation, Authorisation and Restriction of

Chemicals (REACH), battery test reports from accredited organizations, and declarations and test reports stating that they do not use harmful chemicals on the Substances of Very High Concern List (SVHC). Suppliers are informed about the Regulation No. 30105 on Registration, Evaluation, Authorization and Restriction of Chemicals (KKDİK) prepared by the Ministry of Environment and Urbanization of the Republic of Türkiye within the scope of harmonization with the European Union REACH Regulation, and those covered by the Regulation are required to complete the registration process. Vestel regularly informs employees about product quality and safety, and aims to raise their awareness through trainings. In 2022, the Company provided a total of 15,768 person x hours of quality and product safety training to 3,083 people.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

QUALITY AND PRODUCT SAFETY

Product Safety Tests

All product groups manufactured by Vestel or sold through outsourcing can be tested at Vestel Product Safety Laboratory. Through the studies in the laboratory, products are checked against all risks that threaten human life such as electric shock, fire, overturning, overheating or explosion in the field in line with international standards. The Product Safety Laboratory is accredited by TÜRKAK (Turkish Accreditation Agency) in accordance with ISO 17025 standard and authorized by independent approval bodies such as Verband der Elektrotechnik (VDE), Technischer Überwachungsverein (TÜV), INTERTEK and DEKRA. The laboratory also offers external services in line with its adequate infrastructure, experience and accreditation.

In 2022, approximately 5,000 products out of various product groups such as major household appliances, TVs, satellite receivers, lighting, information technology products, batteries, small domestic appliances and AC/DC electric vehicle charging devices were approved in the laboratory. The engineers working in the laboratory also play a role in the creation of international standards and offer training in institutions such as the Turkish Standards Institution (TSE) and Information Technologies and Communications Authority (BTK) by leveraging the experience they have gained in standards within the accreditation work. Detailed information about all laboratories is available [here](#).



TOTAL QUALITY MANAGEMENT

In its production facilities, Vestel Beyaz Eşya designs and offers products that comply with national and international standards, respond to customer expectations, and comply with the standards the Company has established as a result of its internal evaluations. Products and production processes are regularly tested to ensure product safety and quality. In order to ensure that consumer demands are fully understood and met, risks and opportunities that will affect the quality of the product are identified and all necessary measures are taken and monitored by the management.

The Quality Management System is established, documented and implemented in accordance with TS-EN-ISO 9001 standards. All procedures, instructions and quality plans required to ensure the effectiveness of Quality Management Systems are monitored through an online documentation system and their up-to-dateness is continuously checked.

In terms of product quality, Vestel performs the quality control of products according to the internationally-accepted control criteria by using necessary testing equipment in the factory. All product groups manufactured by Vestel or sold through outsourcing are tested at Vestel Product Safety Laboratory.

In line with the targets set to produce quality products, monthly statistical reports, meeting minutes evaluating these reports, achievements against targets, internal audit results and corrective actions are continuously monitored. Improvement studies are carried out with the philosophy of continuous improvement and the studies are recorded on an online platform.

Quality Day events are organized to raise employee awareness and draw attention to quality. All newly recruited employees are provided with training on quality perception, thus creating sustainable quality.

CUSTOMER EXPERIENCE



| | 2019 | 2020 | 2021 | 2022 |
|---|-------|------|-------|-------|
| Customer satisfaction | 87 | 86 | 88 | 89 |
| Customer loyalty | 87 | 87 | 90 | 89 |
| Number of customers responding to the satisfaction and loyalty survey | 1,004 | 933 | 2,309 | 3,199 |
| Net promoter score for after-sales services | 84 | 82 | 83 | 90 |

Vestel Beyaz Eşya continuously improves the services it offers to nearly 700,000 retail customers in Türkiye and more than 1,200 corporate customers globally.

Vestel Beyaz Eşya strives to increase customer satisfaction and loyalty with high quality, reliable services and expert service staff, and to provide personalized and uninterrupted service through digital and smart solutions. Vestel Beyaz Eşya continuously improves the services it offers to nearly 700,000 individual customers in Türkiye and more than 1,200 corporate customers globally. International standards are observed in customer management processes, and Vestel Customer Services operates within the framework of the ISO 10002 Customer Satisfaction Management System and TS EN ISO 18295-1 Customer Contact Centers System.

It is important to monitor performance in order to boost customer satisfaction and loyalty. For this reason, customer satisfaction is monthly measured among a group of customers who regularly receive repair and installation services from Vestel and is reported quarterly. In 2022, the customer satisfaction score was 89, the customer loyalty score was 89 and the after-sales service satisfaction score (Vstar; Service satisfaction survey NPS score) was 90.

The Company's goal is to improve its performance on scores up to 90 and maintain satisfaction and loyalty levels on scores in the range of 90-100. In addition, the number of complaints submitted to Vestel Customer Services decreased by 27% year-on-year. The aim is to resolve all complaints within seven days.

Vestel Customer Satisfaction Policy is available [here](#).

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

CUSTOMER EXPERIENCE

Vestel's Dealer and Distributor Network

Vestel has an extensive dealer and distributor network, including 1,334 Vestel and Regal dealers and 12 Finlux distributors in Türkiye, 82 distributors in Europe and 8 distributors in other countries. Under the local management budget intended for accelerating the retail sales of dealers, support is offered to dealers in three areas such as store focal product, store turnover target and communication support. These activities aim to boost store traffic, brand recognition and retail sales. Communication activities and campaigns are organized under "Focus Province" to boost sales at dealers within selected provinces.

In 2022, trainings were offered to the employees of dealers on effective communication, sales techniques and smart products under the Development Program for Dealer Sales Representatives and 287 dealers and distributors received training for 4,873 hours in total. Besides, online webinars were held in 2022 for the owners of dealers on topics such as leadership, team communication, business management in the face of market uncertainties, and the effective use of social media.

STORE EXPERIENCE

Vestel prioritizes keeping the customer experience at the highest level while offering convenient, accessible and high quality products to consumers, and closely monitors the demands, expectations and needs of consumers in order to improve the customer experience. By using user experience research methodologies such as A/B testing, Vestel effectively identifies consumer preferences and habits, and shapes campaigns depending on the results out of these tests.

Next Generation Retailing Approach: Vestel Ekspres

In 2020, Vestel launched the Vestel Express store concept, a small-square-meter Vestel Express store with a digital display application, offering customers a shopping experience on digital screens and applications such as fast delivery, improving and differentiating the customer experience. Under the next generation Vestel Ekspres Store concept introduced in various cities, especially in Istanbul, Izmir, Bolu, Bursa and Antalya, the evolving shopping habits are responded, the online purchasing experience is blended with physical retail, consumers are offered opportunities such as instantly finding the product they want, fast comparison and same day delivery and installation. Vestel Ekspres stores aim to further enhance the consumer experience by developing special digital applications in line with new generation retailing. As of the end of 2022, there are 132 Vestel Ekspres stores.



A Brand New Store Concept: Cafe Vesto

Vestel stores in Beşiktaş, Zorlu Center, Levent 199 and Bahçeşehir in Istanbul and Karşıyaka and Alsancak in Izmir were designed with a café concept as part of the Cafe Vesto concept, which combines café and store concepts to enhance the customer experience. Cafe Vesto allows customers to get to know Vestel products while having a pleasant time, and also introduces visitors to new flavors in line with the Possible with Vestel, Why Not? motto.

Vestel My Project Partner

Developed with the aim of offering result-oriented and effective solutions to customers, Vestel Proje Partner was formed by bringing together LED Lighting, Air-Conditioning, Hotel & Construction Projects, Digital Solutions and Public Sales Departments under a single roof. With teams of experts in their fields, Vestel My Project Partner offers professional and most appropriate solutions to all needs in public and private sector projects, starting from the design phase. To this end, corporate clients' needs, demands and current challenges are identified and analyzed in the fastest and most accurate way to design customized products accordingly.

Ethical Marketing and Advertising Practices

In its marketing communication activities, Vestel provides transparent and accurate information about all its products and services, does not publish misleading and deceptive advertisements, and complies with the relevant rules and laws. There are no exaggerated statements about the social and environmental impacts of the work, nor is there any communication that may adversely affect children. The Company acts in accordance with competition law and does not make statements that will damage the reputation of our rivals or competitors. Detailed information on this subject is available in the **Ethical Principles**.



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

CUSTOMER EXPERIENCE

E-commerce

The e-commerce sector, which has grown all over the world as a result of changing consumer habits and rapidly increasing digitalization after the pandemic, continues to develop. In the first 6 months of 2022, e-commerce volume in Türkiye increased by 116% year-on-year to TL 348 billion. E-commerce is driving significant changes in retailers' strategies, with many retail companies focused on building an omni-channel presence and making their online platforms as important as their physical stores. E-commerce platforms, which stand out in customer experience and ease of use, continue to develop in terms of creating benefits for the customer. With this vision, Vestel shapes its services and practices by adopting an integrated retail approach and continues to work to improve the online shopping experience both on its website <https://www.vestel.com.tr/> and in its corporate stores on leading online marketplaces. Vestel determines its actions in line with its goal of reaching 25% online turnover in Türkiye by 2030.

Responding to technical needs more easily and centralizing online customer data with its cloud-based e-commerce infrastructure, Vestel aims to ease its customers' worries regarding online shopping by combining its services under secure shopping.

Vestel is pioneering the development of the retail sector in Türkiye with the innovations it has brought to the retail sector, while bringing a new perspective to online shopping. By granting the title of Vestel Authorized Online Dealer to dealers who meet the criteria set by Vestel, the Company enables consumers to shop with the Vestel guarantee, while maintaining Vestel standards with the sales and after-sales services it offers.

Vestel determines its actions in line with its goal of reaching 25% online turnover in Türkiye by 2030.



Continuing to strengthen and develop the Online Ecosystem by adopting a customer-focused approach, Vestel differentiates itself from competitors in the sector with the Authorized Online Dealers project, supports its dealers in making sales on online sales channels with an integrated retail approach, and offers excellent experience, secure shopping and privileged services on all channels preferred by consumers.

In a world where consumers need more flexible options, Vestel diversifies its services to stand by consumers at every step of the customer journey through both online and physical stores. In addition to being able to access the product they want on the website, consumers can see which store stocks the product they are interested in with the Find Stock service.

Via the e-appointment service, customers can choose the time they want for the delivery and installation of their orders. With detailed shipment tracking, it is possible to access all steps of your orders from the website to delivery. Products that do not require installation can be returned from the corporate store, even if they are purchased online. If a return request is created on the website, the products to be returned through the authorized service providers are received from the customers' door.

It is ensured that the orders placed through online channels are delivered and installed within 24 hours by referring them to the store which is the closest to and the most appropriate for the consumer thanks to Vestel's smart order algorithm and wide network of dealers and service providers. Called **Delivery in 24 Hours**, this practice allows for delivering products to consumers in a fast and safe way.

The **Live Store** service allows consumers to make video calls with corporate store sales specialists, see products and get information about products, bringing the physical store experience as close as a click of a button.

The **See at Home** project, which utilizes **Augmented Reality (AR)** technology, enables customers to see the products they wish to purchase as if they were placed at their home. Thanks to the 360-degree visuals of the products, consumers can both examine the products in full detail and experience in advance how they will look in the area they want to position them in their homes.

With **Live Chat**, consumers can have written conversations with product consultants and submit their comments and requests to Customer Services live via WhatsApp, Telegram and support channels.

With **My Digital File** service, vestel.com.tr members can access all the information and documents they need such as the remaining warranty periods, user manuals, invoices, shipping status, serial numbers, etc. for the products they have purchased under a single roof, and submit their requests and comments about their products.

Vestel continues to make investments, strengthen its technical infrastructure and improve its processes in order to develop the concept of **Secure Shopping**. To this end, the secure e-commerce infrastructure was strengthened thanks to the **Trust Stamp** obtained in 2022, the **ETBİS QR code** and the completed **Security Test Report**.

Vestel continues to work to make customers' lives even easier with new services and to help customers experience the vestel.com.tr difference.



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

CUSTOMER EXPERIENCE

Vestel shapes its services and practices within the framework of an integrated retail approach and continues to work to improve the online shopping experience both on its website www.vestel.com.tr and in its corporate stores on leading online marketplaces.

Vestel and Regal decided to digitize most of the printed works to be used in their stores in 2023. Within the scope of the project, which will significantly reduce paper use and environmental pollution, themed catalogs, catalogs and monthly price sheets will be digitized. Simultaneously, the number of pages in inserts will be minimized. The ultimate goal is to digitize all printed materials.

The portal **“There is a Solution for Everything Here”** (Self-Service Customer Support Portal) contains all information and solution contents about the products offered to customers. Through **Çözümüvar website**, positioned as Digital Vestel Customer Services, the Company plans to offer consumers a good digital experience. Thanks to the portal, users can sort out product malfunctions by following the content steps without the need for a technician, examine the product features and purchase them through a link to vestel.com.tr. In addition, they can access information and solution content without the need for a call center representative, create repair and installation related requests,

benefit from services such as additional warranty, TV software download, maintenance and spare parts request, and make the discovery process required before purchasing an air-conditioner without the need for an authorized service provider. In 2022, a new feature, the Domestic Recycling call creation service, was added to the website. The unused electronics and major household appliances of the customers who create a call for Domestic Recycling are collected by appointment and free disassembly service is provided if needed, regardless of brand. In cooperation with Ecording, for each product sent to recycling, a seed ball is dropped on behalf of the consumer by unmanned aerial vehicles in areas that are difficult to plant trees in. In addition, the income from recycling is donated to the AHBAP Association to be used in the protection of natural life.

In 2022, 2,277 Domestic Recycling volunteers joined the Domestic Recycling process with 4,677 products. The scrapping of 2,537 of these products has been completed and the process is ongoing for the remaining products. In addition, 200 thousand seed balls were released into the nature and donations amounting to TL 93,000 were made.

ADDITIONAL DISCLOSURES REQUIRED BY THE LEGISLATION

ADDITIONAL DISCLOSURES MADE WITHIN THE SCOPE OF THE REGULATION ON THE DETERMINATION OF THE MINIMUM CONTENT OF ANNUAL REPORT OF COMPANIES DATED 28.08.2012 AND NUMBERED 28395

GENERAL INFORMATION

| | |
|---|---|
| Reporting Period: | 01.01.2022 - 31.12.2022 |
| Legal Name: | Vestel Beyaz Eşya Sanayi ve Ticaret AŞ |
| Trade Registry Information: | Istanbul Trade Registry Office, No: 380814 |
| Registered Capital Ceiling: | TL 2,000,000,000 |
| Paid-in/Issued Capital: | TL 1,600,000,000 |
| Contact Information for the Headquarters and Branches: | Head Office: Levent 199 Büyükdere Cad. No: 199 34394 Şişli - ISTANBUL / TÜRKİYE Phone: + 90 (212) 456 22 00 Branch 1: Organized Industrial Zone, 45030, MANISA / TÜRKİYE Tel: +90 (236) 233 01 31 |
| Company Website: | www.vestel.com.tr |
| Investor Relations Website: | http://vesbe.vestelinvestorrelations.com |

Shareholding Structure and Capital Distribution

As of 31.12.2022, the Company's shareholding structure is as follows:

| Shareholders | Nominal Value of Shares (TL) | Share in Capital (%) |
|--|------------------------------|----------------------|
| Vestel Elektronik Sanayi ve Ticaret AŞ | 1,290,552,236 | 80.66 |
| Other (Free Float) | 309,447,764 | 19.34 |
| Total | 1,600,000,000 | 100.0 |

As of 31.12.2022, Vestel Beyaz Eşya has 503,578,947 shares (31.5% of the share capital) which can be traded on Borsa Istanbul.

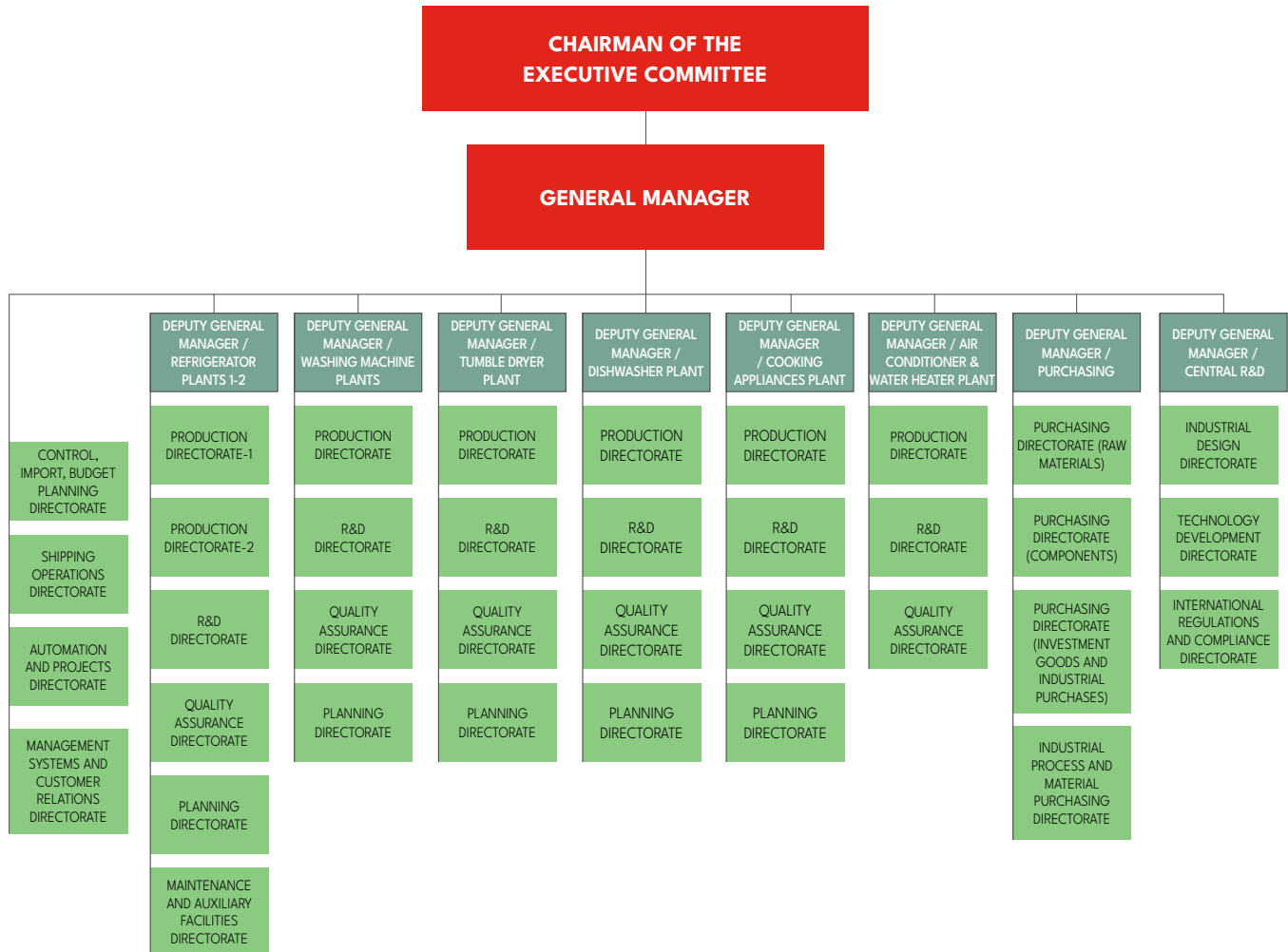
Vestel Elektronik's stake in Vestel Beyaz Eşya declined from 82.53% to 80.66% following the block share sale to institutional investors on Borsa Istanbul on September 20, 2022.

Privileged Shares and Voting Rights of Shares

There are no privileged shares in the Company.

ADDITIONAL DISCLOSURES REQUIRED BY THE LEGISLATION

ORGANIZATIONAL CHART OF VESTEL BEYAZ EŞYA



THE BOARD OF DIRECTORS

The members of the Board of Directors are elected by the General Assembly in accordance with the provisions of the Company's Articles of Association pursuant to the Turkish Commercial Code and relevant regulations. In the event of a vacancy in the Board of Directors, a new member shall be appointed to the vacant position by the Board of Directors in accordance with the Articles of Association and the relevant provisions of the Turkish Commercial Code. If the vacant position is for an independent member of the Board, the appointment shall be made in accordance with the regulations of the Capital Markets Board. The approval of the shareholders for the newly appointed member shall be obtained at the first General Meeting of Shareholders. The member approved by the General Assembly shall complete the term of office of his/her predecessor.

The Board members elected at the 2019 Annual General Meeting held on 30 June 2020, who have executed their duty during the period, and their tenure are listed in the table below.

| Member | Duty | Term of Office | | Other Positions Held Within Zorlu Group | Positions Held Outside the Zorlu Group | | Status | Board Membership in Other Publicly Listed Companies |
|-------------------|---------------|----------------|---------------|--|--|--|---------------|--|
| | | Beginning Date | Ending Date | | | | | |
| Ahmet Nazif Zorlu | Chairman | June 30, 2020 | June 30, 2023 | Chairman and Vice Chairman at Zorlu Group Companies | - | | Non-executive | Vestel Elektronik Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ |
| Elmas Melih Araz | Vice Chairman | June 20, 2020 | June 30, 2023 | Board Member at Vestel Elektronik Sanayi ve Ticaret AŞ | Board Member at Ata Yatırım Menkul Kıymetler AŞ, Ata Gayrimenkul Yatırım Ortaklığı AŞ, TFI Tab Gıda Yatırımları AŞ, Burger King China JV Ltd. İzmir Enternasyonal Otelcilik AŞ and Entegre Harç Sanayi ve Ticaret AŞ | | Independent | Vestel Elektronik Sanayi ve Ticaret AŞ, Ata Gayrimenkul Yatırım Ortaklığı AŞ |
| Olgun Zorlu | Board Member | June 30, 2020 | June 30, 2023 | Board Member at Zorlu Group Companies | - | | Non-executive | Vestel Elektronik Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ |
| Şule Zorlu | Board Member | June 30, 2020 | June 30, 2023 | - | Chairperson at Z Gurme Restoran Gıda Sanayi ve Ticaret AŞ | | Non-executive | - |

ADDITIONAL DISCLOSURES REQUIRED BY THE LEGISLATION

| Member | Duty | Term of Office | | Other Positions Held Within Zorlu Group | Positions Held Outside the Zorlu Group | | Status | Board Membership in Other Publicly Listed Companies |
|-------------------|--------------|----------------|---------------|--|---|--|---------------|---|
| | | Beginning Date | Ending Date | | | | | |
| Selen Zorlu Melik | Board Member | June 30, 2020 | June 30, 2023 | Board Member at Zorlu Group Companies | - | | Non-executive | Vestel Elektronik Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ |
| Bekir Ağirdir | Board Member | June 30, 2020 | June 30, 2023 | Vice Chairman at Vestel Elektronik Sanayi ve Ticaret AŞ and Vice Chairman at Zorlu Enerji Elektrik Üretim AŞ | Board Member at KONDA Araştırma ve Danışmanlık Limited Şirketi | | Independent | Vestel Elektronik Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ |
| Ayşegül İlideniz | Board Member | June 30, 2020 | June 30, 2023 | Board Member at Vestel Elektronik Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ | COO at Silver Spring Networks, Board Member at Doğan Şirketler Grubu Holding AŞ, Board member at Pegasus Hava Taşımacılığı AŞ | | Independent | Vestel Elektronik Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ, Doğan Şirketler Grubu Holding AŞ, Pegasus Hava Taşımacılığı AŞ |

Changes in the Board of Directors in the Reporting Period

There has been no change in the Board of Directors elected at the Annual General Meeting during the year.

Duties and Authorities of the Members of the Board of Directors

The Chairman and the members of the Board of Directors have the duties and the authorities set forth in the relevant articles of the Turkish Commercial Code and the Company's Articles of Association.

Number of Board Meetings Held During the Year and the Attendance Rate of Board Members

Board of Directors convened 12 times in 2022. The Board meetings were held in-person and online simultaneously in 2022 where physical attendance was optional. The members of the Board of Directors attended the meetings to a large extent regularly and the average attendance rate to the meetings was 95%.

Senior Management

| Name Surname | Job Title |
|--------------------|--|
| Enis Turan Erdoğan | Chairman of the Executive Committee |
| Bekir Cem Köksal | Executive Committee Member |
| Necmi Kavuşturan | Executive Committee Member |
| Erdal Haspolat | General Manager |
| Alp Dayı | Chief Financial Officer |
| Hasan Uğur | Deputy General Manager in Charge of the Refrigerator Plants |
| Mehmet Yavuz | Deputy General Manager in Charge of the Cooking Appliances Plant |
| Özgün Döşemeciler | Deputy General Manager in Charge of the Dishwasher Plant |
| Serkan Balcı | Deputy General Manager in Charge of the Washing Machine Plants |
| Hasan Emre Şafak | Deputy General Manager in Charge of the Tumble Dryer Plant |
| Özgür Yılmaz | Deputy General Manager in Charge of Purchasing |
| Turgay Büyük | Deputy General Manager in Charge of Central R&D |

Changes in the Senior Management During the Year

Serhat Tolga Sönmez, who has been serving as the Deputy General Manager in Charge of the Dishwasher Plant, resigned from his position as of November 1, 2022.

Özgün Döşemeciler, who has been serving as the Deputy General Manager in Charge of the Tumble Dryer Plant, moved to the position of Deputy General Manager in Charge of the Dishwasher Plant as of November 1, 2022.

Hasan Emre Şafak, who has been serving as the R&D Manager of the Refrigerator Plants, was appointed as the Deputy General Manager in Charge of the Tumble Dryer Plant as of November 1, 2022.

Number of Employees

As of 31.12.2022, Vestel Beyaz Eşya has 10,607 employees.

Information on the Transactions of the Members of the Board of Directors with the Company on Behalf of Themselves or Others and Their Activities within the Scope of Non-competition

At the Annual General Meeting held on May 11, 2022, the members of the Board of Directors were granted permission to transact within the framework of the Articles 395 and 396 of the Turkish Commercial Code for the year 2022.

Personnel and Labour Movements and Collective Bargaining Practices and the Rights and Benefits provided to Employees

The Company does not employ any personnel working under the Collective Bargaining Agreement. All employee rights and interests are protected and overseen under the Labour Law No. 4857.

Amendments to the Articles of Association

No changes were made to the Company's Articles of Association during the reporting period.

COMPENSATION AND MONETARY BENEFITS PROVIDED TO BOARD MEMBERS AND SENIOR MANAGERS

At the Company's 2021 Annual General Meeting held on May 11, 2022, the decision was taken to pay a net annual fee of TL 360,000 (net TL 30,000 per month) to each independent Board member and not to make any payment to other Board members for the year 2022.

In the twelve-month period ending on 31.12.2022, the total compensation and monetary benefits provided to the members of the Board of Directors and senior executives amounted to TL 20,003 ths. in total.

ADDITIONAL DISCLOSURES REQUIRED BY THE LEGISLATION

ACTIVITIES OF THE COMPANY AND IMPORTANT DEVELOPMENTS REGARDING THE ACTIVITIES

Capacity and Production

| Plants | Plant Enclosed Area (m ²) |
|----------------------------------|---------------------------------------|
| Refrigerator | 148,916 |
| Washing Machine and Tumble Dryer | 66,301 |
| Cooking Appliances | 42,533 |
| Washing Machine | 42,327 |
| Dishwasher | 30,153 |
| Air Conditioner | 9,739 |
| Warehouse | 66,608 |
| Kitchen | 2,884 |
| Total | 409,821 |

Vestel Beyaz Eşya achieved 81% capacity utilization rate (CUR) in 2022 (CUR in 2021: 88%). With the capacity expansion investments undertaken during the year, Vestel Beyaz Eşya's total annual production capacity increased from 13.6 million to 15.6 million units.

Production

The Company's production volume increased by 4% yoy in 2022.

Sales

Vestel Beyaz Eşya recorded TL 31,467,009 ths. of gross revenues in 2022, of which TL 23,175,130 ths. comprised of export revenues. 51% of total revenues were generated from sales to European countries, 26% from domestic market and 23% from sales to other countries.

Net sales grew by 94% in TL terms while unit sales increased by 7% compared to the previous year.

Investments and Investment Incentives

The Company's total capital expenditures amounted to USD 196 million in 2022. Machinery and equipment investments accounted for the highest portion with a 38% share, followed by building construction (16%), purchase of land (10%), research and development activities (7%) and mold investments (7%).

Vestel Beyaz Eşya purchased the 107,148.5 sqm land registered in Manisa Province, Organized Industrial Zone III, Section 3307, parcel no. 34 and the building on the cited land which the Company currently uses as the lessee, from Vestel Elektronik Sanayi ve Ticaret AŞ, the controlling shareholder of the Company, for TL 674,000,000.00 (excluding VAT), which is the average of the values determined in the valuation reports prepared by Gayrimenkul Değerleme ve Danışmanlık AŞ and Çelen Gayrimenkul Değerleme ve Danışmanlık AŞ, both licensed by the Capital Markets Board dated 16.12.2022.

Information on Direct and Indirect Subsidiaries and Ownership Interests

The Company does not have any directly or indirectly owned subsidiary.

Information on the Company's Acquisition of its Own Shares

The Company did not acquire its own shares in 2022.

Information on Special Audit and Public Audit

Within the framework of the regulations of the Capital Markets Board regarding financial reporting and independent audit, the Company's semi-annual and yearly financial statements are audited by an independent audit firm.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ was selected as the independent auditor for auditing the Company's accounts and transactions for the year 2022 in accordance with the Capital Market Law, the Turkish Commercial Code and the related legislation, in the Annual General Meeting held on May 11, 2022.

Information on Legal Action Taken Against the Company which Could Affect the Company's Financial Status and Activities and the Possible Consequences of Such Legal Action

No material lawsuit, which could affect the financial status and activities of the Company, was filed against the Company in 2022.

Administrative or Judicial Sanctions Imposed Against the Company or the Board Members due to Practices Violating the Legislation

There is no administrative or judicial sanction applied against the Company or the members of the Board of Directors.

General Meetings of Shareholders

The decisions taken in the Company's Annual General Meeting held on May 11, 2022 were implemented.

No extraordinary General Shareholders' Meeting was held during the year.

Donations and Social Responsibility Projects

In 2022, the total donations made in line with the Company's Donation and Charity Policy amounted to TL 10,850,400.

Conclusion Section of the Affiliation Report Prepared Pursuant to the Article 199 of the Turkish Commercial Code

In accordance with the provisions of the Turkish Commercial Code (TCC), Vestel Beyaz Eşya was an affiliated company of Zorlu Holding AŞ during the fiscal year 2022. Pursuant to the Article 199 of the Turkish Commercial Code, Vestel Beyaz Eşya's Board of Directors issued the following declaration in its affiliation report, which was prepared regarding the Company's relationship with the controlling company or an affiliated company of the controlling company:

"Our Company's legal actions taken with the controlling company, or the companies affiliated to the controlling company for the benefit of the controlling company, or a company affiliated to it under the direction of the controlling company and any and all measures taken or avoided in favor of the controlling company, or a company affiliated to it in the 2022 operating year were evaluated based on the circumstances and conditions known to us. As a result of this evaluation, we declare that in all transactions in the 2022 operating year, an appropriate remuneration was received by our Company in accordance with the circumstances and conditions known to us, and that there was no measure taken or avoided that could harm the Company."

Information on Transactions

No transaction was taken within this scope.

ADDITIONAL DISCLOSURES REQUIRED BY THE LEGISLATION

FINANCIAL POSITION

Determination of the Adequacy of the Company's Capital and Assessment of the Board of Directors

The Company has neither suffered capital impairment nor is insolvent within the scope of the calculation performed by taking into account the ratios specified in Article 376 of the Turkish Commercial Code.

Information on Capital Market Instruments Issued

The information on the Company's debt instruments issued to domestic qualified investors is presented in the table below.

| ISIN Code | Issuance Date | Term (Days) | Maturity | Nominal Value (TL) | Type of Interest Rate | Interest Rate (%) | Coupon Payments | Principal Payment |
|--------------|---------------|-------------|------------|--------------------|-----------------------|---------------------------------|-----------------|-------------------|
| TRSVEST62314 | 09.06.2021 | 728 | 07.06.2023 | 265,000,000 | Floating | TLREF* + 2.25% | Quarterly | At maturity |
| TRFVEST52312 | 02.12.2022 | 174 | 25.05.2023 | 394,000,000 | Fixed | Annual simple interest of 28.5% | At maturity | At maturity |

*TLREF: Turkish Lira Overnight Reference Rate

Corporate Credit Rating

| | |
|--|----------------|
| JCR Eurasia Rating - Long-Term National Issuer Credit Rating/Outlook | A+ (tr)/Stable |
| JCR Eurasia Rating - Long Term International Foreign and Local Currency Issuer Credit Ratings/Outlooks | BB/Stable |

On 29 March 2022, JCR Eurasia Rating, has evaluated "Vestel Beyaz Eşya Sanayi ve Ticaret AŞ" in the high investment-level category and upgraded the Company's Long-Term National Issuer Credit Rating from "AA (tr)" to "AA+ (tr)" while affirming the Short-Term National Issuer Credit Rating at "J1+ (tr)" with "Stable" outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks of the Company were determined as "BB/Stable" in line with the international ratings and outlooks of the Republic of Türkiye.

Dividend Distribution Policy

The Company distributes profit in accordance with the provisions of the Turkish Commercial Code, Capital Market Regulations, Tax Regulations and other pertinent legislation as well as the profit distribution provision of its Articles of Association. The amount of profit to be distributed and date of distribution are approved by the General Assembly, upon the proposal of the Board of Directors.

Vestel Beyaz Eşya has adopted dividend distribution policy of distributing at least 25% of its distributable profit in cash and/or as bonus shares. Board of Directors shall review this policy every year, by taking into account the domestic and global economic conditions, the Company's growth and investment plans and financial position. Revisions made in the policy shall be submitted to the approval of shareholders at the first General Assembly meeting following such revisions and the revised policy will be published on the Company's web site.

Distribution of profit shall commence on the date determined by the General Assembly, provided that it is no later than the end of the year in which the General Assembly meeting is held. Subject to the provisions of the legislation in force, the Company may consider distributing advance dividends or paying dividends in equal or varying installments.

The Board of Directors' proposal for dividend distribution has been accepted at the Company's 2021 Annual General Meeting held on 11 May 2022 and dividend distribution was completed on June 30, 2022.

OTHER MATTERS

Information on Conflicts of Interest between the Company and the Institutions from which the Company Obtains Investment Consultancy, Rating and Similar Services, and the Measures Taken to Prevent such Conflicts of Interest

None.

Information on Legislative Changes that may Significantly Affect the Company's Activities

There were no legislative changes in 2022 that could significantly affect the Company's activities.

Information on Cross-Shareholdings where Direct Participation in Share Capital exceeds 5%

None.

Required Information on Related Party Transactions and Balances

The required information on the Company's transactions with related parties is provided in the footnotes of the financial statements dated December 31, 2022.

CORPORATE GOVERNANCE

RISKS AND ASSESSMENT OF THE BOARD OF DIRECTORS

Risk Management

Zorlu Holding's Enterprise Risk Management Department is responsible for the early detection of risks which could jeopardize the existence, development and continuity of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ ("Vestel Beyaz Eşya" or "the Company"), implementation of necessary measures against detected risks and the management of risks in a centralized structure. In this regard, the Zorlu Holding Risk Policy and Procedure and Enterprise Risk Management Framework have been prepared to apply to all Zorlu Group companies.

Zorlu Holding Enterprise Risk Management Policy is summarized below:

| | |
|--|---|
| Goal Setting | <ul style="list-style-type: none">· Incorporating risk management principles into strategic planning and goal setting processes· Aligning the strategy and goals set with the Company's risk appetite |
| Risk Identification | <ul style="list-style-type: none">· Identifying the risks and opportunities that may affect the Company's goals with the engagement of the entire organization in a coordinated manner and within the framework of a common perception |
| Risk Assessment and Inherent Risk | <ul style="list-style-type: none">· Assessing the probability of risks and their impact on the Company in case of their occurrence· Determining the value of risk before the actions taken and control activities, i.e. inherent risk |
| Determining Actions | <ul style="list-style-type: none">· Addressing the risks in the most appropriate way (Risk Acceptance, Risk Transfer, Risk Mitigation, Risk Avoidance) by taking into consideration the risk appetite and cost/benefit factors· Determining actions in line with the responses identified and managing the risks proactively |
| Residual Risk and Action Plan Follow-up | <ul style="list-style-type: none">· Determining the value of risk after the actions taken, i.e. residual risk· Monitoring the completion process of the activities specified in action plans |
| Reporting and Communication of Risks | <ul style="list-style-type: none">· Prioritizing the risks identified and monitoring them using the Key Risk Indicators· Measuring and reporting all other risks taking into consideration the control points via key risk indicators which give warnings· Sharing all activities transparently and ensuring that risk management process is integrated into the decision-making mechanisms with the establishment of risk awareness and culture in all activities of the Group |
| CONTINUOUS MONITORING | |

Vestel Beyaz Eşya's Early Detection of Risk Committee, which was established on 15 March 2013 pursuant to the Article 378 of the Turkish Commercial Code, undertakes studies for the early detection of risks which could jeopardize the existence, development and continuity of the Company, implementation of necessary actions and remedies regarding the identified risks and management of risks in a coordinated manner. The Early Detection of Risk Committee convened 6 times in 2022 to ensure adequate oversight of enterprise risk management processes. The decisions taken as a result of the Committee's investigations were presented to the Board of Directors.

The Committee prepared the following 6 reports in 2022:

- Results of the Risk Assessment Survey 2021 for Vestel Group of Companies
- Russia - Ukraine Crisis and Sanctions Implemented
- Post Pandemic Future of the World and the Economy
- Risks Threatening the Global Economy in the Framework of the Global Risks Report
- Impacts of Recession in Europe on the Turkish Economy
- The Global Economic Outlook and the Expectations for the Turkish Economy in 2023

The Company's vision is defined as creating sustainable value for all parties by ensuring operational efficiency, growth and legal compliance. The six main risk categories, which may jeopardize the realization of the Company's goals towards its vision and the actions taken in relation thereto are summarized below.

Strategic Risks

Strategic risks refer to the inadequacy of the Company's strategies, inability to remain competitive and achieve its goals due to failure to accurately identify external factors, employment of an outdated business model, incorrect composition of business portfolio, inefficient organizational structure, inconsistency of performance measures with business strategies, insufficient resource allocation and similar reasons.

The strategic risks category includes, among others, various risks in relation to environmental analysis, business model and portfolio, organizational structure, resource allocation and planning.

Actions taken regarding these risks are as follows:

- Conducting coordinated feasibility studies, benefit and cost analysis and budgeting studies by the relevant departments in relation to new investment decisions,
- Evaluation of the legal, political, etc., risks before and after the investment by obtaining consultancy services as and when necessary,
- Diversification of investments made in different countries and business lines,
- Monitoring the return on investments made,
- Using dealers, distributors, online sales and similar distribution channels actively and considering each one as a business model,
- Entering new business lines by making use of strategic partnerships in public and private sectors,
- Formulating innovative strategies with respect to sales and marketing.

Sector Related Risks

The sector related risks mainly result from the delays in adapting to changes in short- and long-term supply and demand balances that occur as a result of changing production and consumption patterns. It is inevitable for these changes to have an impact on price predictability. Sector related risks also include adaptation to the climate change-related shifts in the industry.

Vestel Beyaz Eşya strives to mitigate the negative impacts of such risks by diversifying its areas of operation as much as possible.

Financial Risks

Financial risks refer to the inadequacy of the Company's finances, the emergence of currency, interest rate and credit risks and other uncertainties and fluctuations in financial markets, which may have a negative impact on the Company, and inability to secure adequate liquidity.

The financial risks category includes, among others, risks in relation to interest rates, currency, capital, financial derivative instruments, commodity prices, liquidity, cash flow management and receivable collection.

CORPORATE GOVERNANCE

RISKS AND ASSESSMENT OF THE BOARD OF DIRECTORS

In order to determine the effects of financial risks on financial statements, various indicators such as Net Financial Debt/EBITDA, Net Foreign Currency Position/Shareholders' Equity and liquidity ratios as well as the effective maturity dates of financial liabilities are monitored and it is ensured that the necessary actions are taken at the levels which require warning.

The following actions are taken against these risks:

- Use of alternative financing methods,
- Ensuring asset-liability balance within the balance sheet,
- Making use of various derivative instruments for hedging purposes, when necessary,
- Within the scope of stress tests and scenario analyses, stress tests are carried out in order to observe the effects of changes in market risk factors and market volatility on the financial position of the Company and to mitigate possible risks,
- Conducting Value at Risk (VaR) study for forward contracts recognized in equity within the cash flow hedge reserve account, measuring the worst one and five-day fair value variations within a 99% confidence interval,
- Paying attention to not taking on a financing burden which cannot be covered with the highly liquid assets as per the Company's philosophy,
- Monitoring the budget targets and realizations on a monthly basis and making revisions as necessary,
- Monitoring the profit target and realizations on a monthly basis and making revisions as necessary,
- Insuring receivables and obtaining various guarantees.

Operational Risks

Operational risks refer to the inability of the Company's business model to secure and sustain operational efficiency over the course of its operations towards achieving customer satisfaction and the Company's performance targets in relation to quality, cost and time.

The operational risks category includes, among others, risks in relation to decision making with respect to operational processes such as supply, capacity, business interruption, customer satisfaction, human resources, environmental health and safety, information capital, authorization, information processing and technology, contractual obligations and pricing and risks related to financial reporting processes and budgeting and fraud risks.

The following actions are taken against these risks:

- Supervision of all operational activities by the Directorate of Internal Audit and Ethics, Financial Audit and Tax Audit Departments set up under the organization of Zorlu Holding,
- Monitoring the operational risks that Zorlu Holding Enterprise Risk Management Department deems to be important through key risk indicators via the information technology system and informing the relevant business units about risk levels when necessary,
- Measuring, reporting and monitoring customer satisfaction in relation to products and service network,
- Regularly providing compulsory training programs on occupational health and safety to all Zorlu Holding employees in accordance with the relevant regulations,
- Centralized follow-up of the recommendations proposed by the insurance companies to Group companies subsequent to risk inspections,
- Following-up the policies and procedures for compliance with the legally defined standards in relation to environmental health, stakeholder safety and stakeholder health,
- Monitoring and keeping records of repair and maintenance of plant and machinery,
- Committing to comply with the United Nations Global Compact and principles such as human rights, environment, society, ethics and the fight against corruption,
- Carrying out work to fulfill all the obligations imposed by the legislation for the processing, storage and security of personal data throughout the Company, taking into account the local regulations.

Reputation Risk

The Company's performance in other risk areas naturally poses a reputation risk for the Company. The reputation risk mainly refers to the negative impacts that may be caused by the Company's operations on the environment, society and internal and external stakeholders.

The following actions are taken against these risks:

- Establishing a multi-faceted, consistent and continuous communication with all stakeholders,
- Protecting the brand value and credibility; ensuring integrated management of all communication processes in accordance with the strategic business targets and in this regard representing Zorlu Holding Corporate Communications Department at the General Directorate level.

External Risks

External environment risks are cases where external factors arise which may affect the continuity of the Company's business model and the core values which drive the overall targets and strategies that set this model in motion.

The external risks category includes, among others, risks in relation to access to capital, shareholder relations, natural disasters (force majeure risks), competition, customer demand (trends), financial markets, market sensitivity, sector risks, legal risks and risks in relation to regulatory compliance, political status and technological innovation.

The following actions are taken against these risks:

- Developing necessary plans for recovering and resuming critical systems, technical infrastructure and facilities in alternative sites in case of a natural disaster or contingency, regularly monitoring business continuity and emergency action plans,
- Determining a comprehensive insurance coverage within the Company by considering risks related to natural disasters and terror incidents, transferring potential risks to insurance companies and minimizing their potential financial impacts,
- Managing regulatory changes, legal actions, tax conflicts, intellectual property infringements, unfair competition and risks in relation thereto through coordinated communication among all the relevant departments within the Company,
- Carrying out specific short-lived rehabilitations and works to integrate into new technologies,
- Taking appropriate measures against adverse geographical and climatic conditions,
- Establishing continuous and healthy communication which is open to all stakeholders through the activities of the Corporate Communications Department.

Other than the actions listed under the risk headings above, insurance policies are purchased as a risk transfer mechanism.

The primary insurance policies purchased are listed below.

- | | |
|--|--|
| • Fire, Machinery Breakdown and Loss of Profit | • Credit Insurance |
| • Employer's Liability | • Marine/Cargo |
| • Directors and Officers (D&O) Liability | • Fidelity Guarantee, Cash in Transit and Cash in Safe |
| • Professional Indemnity | • Hazardous Materials |
| • Third Party Liability | • Personal Accident |
| • Product Liability | • Construction/Installation Policy |

CORPORATE GOVERNANCE

INTERNAL AUDIT ACTIVITIES AND INTERNAL CONTROL SYSTEM

The Audit Department and Its Activities

As is the case for all Zorlu Group Companies, the internal audit of the Vestel Group of Companies is carried out by the centralized Internal Audit Department operating within Zorlu Holding since 2000. The Internal Audit Department carries out the board approved audit programs in line with the International Internal Audit Standards and legal requirements and shares the results of its audits through both the audit reports prepared after each audit and the annual reports detailing all the audit and control activities conducted throughout the year with the Board of Directors and the Heads of Business Units.

In addition to the Internal Audit Department, Financial Audit and Tax Audit Departments were established in 2011 in order to perform financial audits across all Group companies, which commenced their activities in 2012. In the last quarter of 2013, the Internal Audit and the Financial and Tax Audit Departments were gathered under the umbrella of Zorlu Holding General Directorate of Audit and Internal Control. In accordance with the changing needs of Zorlu Group, the Tax Audit Department was restructured as Tax Audit Directorate as of December 1, 2015, while the Internal Audit Department was restructured into two distinct directorates, namely the Internal Audit Process Oversight and Internal Audit Inspection Oversight as of January 1, 2016. Following the completion of the organizational restructuring process in the General Directorate of Audit and Internal Control for the execution of internal control activities separately in 2017, the General Directorate of Internal Control began its operations as an independent unit as of January 1, 2018. As of July 1, 2021, an organizational change was made within the General Directorate of Audit. In this context, the tax consultancy function of the Tax Directorate, which performs tax consultancy and audit functions, was transferred to the Office of Chief Financial Officer. The activities of the Internal Audit Process and Internal Audit Review Directorates were gathered under the umbrella of the Directorate of Internal Audit and Ethics with the addition of the ethics function as of December 1, 2021.

As of June 1, 2022, the General Directorate of Audit was restructured as the Audit Department, reporting directly to the Zorlu Holding Board of Directors in line with the increasing importance of the audit function due to the restructuring of Zorlu Group's corporate governance systems.

The purpose, authorities and duties as well as the operating principles and structure for the internal audit activities have been defined by a series of board-approved documents circulated across Group companies, such as the "Audit Regulation" and the "Internal Audit Working Principles".

Internal Audit Activities

Process audit activities are carried out in line with a board-approved, risk-based annual audit program to evaluate the effective and efficient use of resources, adherence to written rules (laws, regulations, internal policies and directives), and the accuracy, security and reliability of information.

Prior to each audit, internal auditors meet with senior management for a risk assessment, during which the risks that could jeopardize the company's targets are positioned on a risk matrix based on their potential impact and probability of occurrence. During audit field work, the effectiveness of internal controls for high-impact and high-probability risks are evaluated through tests. The results of the observations are shared with the company management in the form of a draft report, and then a final report, including the feedback of the management, is sent to the senior management. As a result, the department provides consultancy services with reasonable assurance while offering best practices drawing from synergy within the Group. One month after the issuance of the final report, actions taken are reported to the Board of Directors in line with the 4T approach (Treat, Terminate, Transfer, Tolerate).

Internal Audit Department organizes periodic meetings with the Audit Committee throughout the year. In these meetings, participants evaluate planned and actual audits, consultancy activities and special audits and other relevant matters for the year ahead, share findings, review action plans, follow-up results based on these findings, and review plans for the upcoming period.

Zorlu Group supports and promotes Zorlu Group Internal Audit Team, which consists of 9 people, in receiving additional training to improve and enhance their existing knowledge, skills and other qualities, becoming a member of the related associations (e.g. The Institute of Internal Auditors, Türkiye – TIA) and obtaining international certificates. The Internal Audit team includes 2 CFEs (Certified Fraud Examiner) and 1 CRMA (Certification in Risk Management Assurance).

Financial Audit and Tax Audit Activities

The Financial Audit and Tax Audit Departments have been carrying out their activities at Zorlu Group companies since 2012. Currently, these departments have 8 and 4 employees, respectively.

These departments ensure that the Group companies' balance sheet and income statement accounts used for financial and tax reporting purposes are in conformity with the uniform chart of accounts, tax legislation and audit standards and provide reasonable assurance to the Board of Directors in these areas.

Audit findings are reported to the company executives and senior management.

In addition, the Financial Audit Team reviews the CMB-compliant financial reports of the publicly traded companies of Zorlu Group and shares its comments with the related departments.

The Financial Audit Team includes 4 CPAs (Certified Public Accountant) while the Tax Audit Team includes 3 CPAs.

The General Directorate of Internal Control and Its Activities

The internal control function at the Vestel Group of Companies is carried out in a structure which is centrally coordinated within Zorlu Holding AŞ, as in other Zorlu Group companies. A special field team in the Internal Control Department has been assigned to the Vestel Group of Companies, which has been serving since 2017.

The purpose, duties and authorities and the working principles of the Internal Control Department and the professional and ethical rules to which it adheres, are defined by the documents such as the "Internal Control Regulation" and the "Internal Control Manual", which were shared with the relevant managers.

The mission of the Internal Control Department is to establish and sustain an internal control system to ensure efficient, effective, integrated and consistent risk management at Group companies in line with the pre-set targets, and to share, disseminate and promote "best practices" across companies.

The Internal Control Department assists executives and employees in identifying areas of improvement in existing processes and the internal control system as well as the actions to be taken in this context, implementing the specified actions, and monitoring their progress on a regular basis. In addition, the department provides continuous guidance to executives and process owners with regard to these activities. All relevant executives and employees of the Company take part in the activities to establish, monitor and evaluate internal control system and implementing necessary measures.

The Internal Control Department prepares an annual, risk-based internal control plan and carries out its activities in a systematic, consistent and disciplined approach. Risk-based evaluations carried out by the Internal Control Department, requests from the Board of Directors and management, findings on internal control from audit activities conducted by the Internal Audit Department and corporate risk maps play an important role in the formation of the internal control work plan. The annual internal control work plan is submitted to the CEO and the Board of Directors for their information and approval.

The internal control activities, which are planned and realized within the year, are evaluated at the periodic meetings held between the Internal Control Department and the management. In these meetings, the findings are shared and the action plans to be taken based on these findings and follow-up results are evaluated and the plans for the upcoming period are reviewed.

The Zorlu Group Internal Control team is supported and encouraged by Zorlu Group to obtain further training to improve their existing knowledge and competencies, to take part in related professional associations and to obtain professional international certificates such as CIA, SMMM, CISA, CFE, CICA, CRMA, etc.

Opinion of the Board of Directors regarding the Company's Internal Control System and Internal Audit Activities

None.

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The corporate governance activities were initiated at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, which takes utmost care to comply with the “Corporate Governance Principles” of the Capital Markets Board (“CMB”) in 2005. Within the scope of these efforts, in the first stage, a series of amendments were made in the Company’s Articles of Association in order to offer an equitable, accountable, responsible and transparent structure to shareholders. These amendments served to grant the rights to minority shareholders, which are envisaged in the Corporate Governance Principles while important changes were made to the management structure in pursuit of “better governance”. The Corporate Governance practices were continued with the establishment of corporate governance mechanisms within the Company. While the Board of Directors was vested with greater objectivity with the addition of independent members, committees were set up under the Board with the aim of further enhancing the effectiveness of corporate governance.

Vestel Beyaz Eşya Sanayi ve Ticaret AŞ carries out its activities in compliance with the applicable legislation and the Capital Markets Board’s “Corporate Governance Principles”. The Company fully complies with all the compulsory principles in the Corporate Governance Principles appended to the CMB’s Communiqué on Corporate Governance (II-17.1), and has also adopted the majority of the non-compulsory principles. No conflict of interest has been noted between the stakeholders in relation to the principles that have not yet been fully complied with.

Aware of the positive contributions that adoption of the Corporate Governance Principles brings to the Company, Vestel Beyaz Eşya Sanayi ve Ticaret AŞ continues its efforts to further improve its compliance with the Corporate Governance Principles and to comply with the non-mandatory principles that are not yet implemented.

For the reporting period which ended on 31 December 2022, the compliance with the Corporate Governance Principles that are appended to the Corporate Governance Communiqué and the explanations with regard to the principles that have not yet been complied with are included in the Corporate Governance Compliance Report, the Corporate Governance Information Form and in other relevant sections of the annual report.

In case of any amendments to the Corporate Governance Compliance Report or the Corporate Governance Information Form during the reporting period, a material event disclosure is made and the amendments are also included in the interim activity reports.

CORPORATE GOVERNANCE COMPLIANCE REPORT

| | Company Compliance Status | | | | | Explanation |
|---|---------------------------|---------|----|----------|----------------|---|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS | | | | | | |
| 1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website. | X | | | | | |
| 1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION | | | | | | |
| 1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit. | X | | | | | |
| 1.3. GENERAL ASSEMBLY | | | | | | |
| 1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics. | X | | | | | |
| 1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting. | | | | | X | There was no such transaction in 2022. |
| 1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting. | X | | | | | |
| 1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions. | | X | | | | The agenda of the General Assembly includes a separate item for informing shareholders on donations and grants. General information on the total amount of donations and grants made in the relevant accounting period within the upper limit set at the previous year's General Assembly is provided at the Annual General Meeting and, should shareholders request detailed information, information on the beneficiaries of such donations and grants is also presented. This practice is planned to be continued in the upcoming General Assembly meetings. |

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT

| | Company Compliance Status | | | | | Explanation |
|--|---------------------------|---------|----|----------|----------------|--|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak. | X | | | | | |
| 1.4. VOTING RIGHTS | | | | | | |
| 1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights. | X | | | | | |
| 1.4.2 - The company does not have shares that carry privileged voting rights. | X | | | | | |
| 1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control. | | | | | X | The Company has no cross-shareholding relationship which brings a controlling relationship. |
| 1.5. MINORITY RIGHTS | | | | | | |
| 1.5.1 - The company pays maximum diligence to the exercise of minority rights. | X | | | | | |
| 1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights. | | | X | | | The scope of minority rights has not been expanded in the Articles of Association and the provisions of the relevant legislation apply. No amendment to the Articles of Association is planned in this regard. |
| 1.6. DIVIDEND RIGHT | | | | | | |
| 1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website. | X | | | | | |
| 1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future. | X | | | | | |
| 1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item. | | | | | X | The Company distributed cash dividends in 2022. |
| 1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company. | X | | | | | |

| | Company Compliance Status | | | | | Explanation |
|--|---------------------------|---------|----|----------|----------------|---|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 1.7. TRANSFER OF SHARES | | | | | | |
| 1.7.1 - There are no restrictions preventing shares from being transferred. | X | | | | | |
| 2.1. CORPORATE WEBSITE | | | | | | |
| 2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1. | X | | | | | |
| 2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months. | | | | | X | In accordance with the Article 12 of the CMB's Communiqué on Material Events Disclosure, the changes in the Company's ownership structure resulting from the transactions on stock exchange are monitored and updated by the Central Securities Depository (MKK). The Company's website provides a link to the Company's shareholding structure disclosed at the Public Disclosure Platform. Information on individual shareholders who own capital indirectly is disclosed in the Corporate Governance / Ownership Structure section of the Company's website. |
| 2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content. | | X | | | | The Company was included in Group 1 companies in terms of corporate governance practices in 2022. Within this context, material event disclosures are made simultaneously in English and Turkish. In addition, all information that may affect the investment decisions of foreign investors is available in English on the Company's Investor Relations website. Interim activity reports are planned to be published in English within the scope of time and cost management. |
| 2.2. ANNUAL REPORT | | | | | | |
| 2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities. | X | | | | | |
| 2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2. | X | | | | | |

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT

| | Company Compliance Status | | | | | Explanation |
|---|---------------------------|---------|----|----------|----------------|--|
| | Yes | Partial | No | Exempted | Not Applicable | |
| | Company Compliance Status | | | | | Explanation |
| | Yes | Partial | No | Exempted | Not Applicable | |
| 3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION’S MANAGEMENT | | | | | | |
| 3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management. | X | | | | | Although there is no provision in the Articles of Association, employees are encouraged to participate in company management through internal practices (Vestel Complaint/Wish/Request Evaluation System). |
| 3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them. | X | | | | | |
| 3.3. HUMAN RESOURCES POLICY | | | | | | |
| 3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions. | X | | | | | The succession plan prepared by Zorlu Holding for the Company’s key managerial positions (Deputy General Manager and above) was reviewed by the Company in 2022. Vestel Management Power Program, which was initiated in 2021 for the Company’s promising middle managers demonstrating a high performance in collaboration with Boğaziçi University, was completed in 2022. |
| 3.3.2 - Recruitment criteria are documented. | X | | | | | |
| 3.3.3 - The company has a policy on human resources development, and organizes trainings for employees. | X | | | | | |

| | Company Compliance Status | | | | | Explanation |
|--|---------------------------|---------|----|----------|----------------|--|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 3.1. CORPORATION'S POLICY ON STAKEHOLDERS | | | | | | |
| 3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles. | X | | | | | |
| 3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website. | X | | | | | |
| 3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues. | X | | | | | |
| 3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner. | X | | | | | |
| 3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health. | X | | | | | |
| 3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken. | | | | | X | Employees are informed by their managers or by their elected representatives at the factories of any decisions that may affect them. There is no labor union at Vestel Beyaz Eşya. |
| 3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration. | X | | | | | |

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT

| | Company Compliance Status | | | | | Explanation |
|--|---------------------------|---------|----|----------|----------------|--|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment. | X | | | | | |
| 3.3.8 - The company ensures freedom of association and supports the right for collective bargaining. | | | | | X | There is no collective bargaining agreement or union at Vestel Beyaz Eşya. |
| 3.3.9 - A safe working environment for employees is maintained. | X | | | | | |
| 3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS | | | | | | |
| 3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction. | X | | | | | |
| 3.4.2 - Customers are notified of any delays in handling their requests. | X | | | | | |
| 3.4.3 - The company complied with the quality standards with respect to its products and services. | X | | | | | |
| 3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers. | X | | | | | |
| 3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY | | | | | | |
| 3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website. | X | | | | | |
| 3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery. | X | | | | | |

| | Company Compliance Status | | | | | Explanation |
|---|---------------------------|---------|----|----------|----------------|---|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 4.1. ROLE OF THE BOARD OF DIRECTORS | | | | | | |
| 4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place. | X | | | | | |
| 4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance. | X | | | | | |
| 4.2. ACTIVITIES OF THE BOARD OF DIRECTORS | | | | | | |
| 4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders. | X | | | | | |
| 4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report. | X | | | | | |
| 4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity. | X | | | | | |
| 4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report. | X | | | | | |
| 4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined. | | X | | | | The Chairman and the Chief Executive Officer are different individuals. |

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT

| | Company Compliance Status | | | | | Explanation |
|--|---------------------------|---------|----|----------|----------------|--|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders. | X | | | | | |
| 4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital. | | | X | | | The Company's controlling shareholder, Zorlu Holding AŞ, has acquired Directors & Officers Liability Insurance to cover the losses that may be suffered due to the misconduct of Board members during their term of office. The Policy covers all Zorlu Group companies including Vestel Beyaz Eşya. However, the annual insurance limit does not exceed 25% of the Company's share capital. |
| 4.3. STRUCTURE OF THE BOARD OF DIRECTORS | | | | | | |
| 4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy. | | | X | | | There is no policy or target for the election of female directors to the Board of Directors. As of 2022, three female members, one of whom is an independent, serve on the Board of Directors, with the ratio of female members standing at 43%, thus meeting the minimum rate envisaged under this principle. |
| 4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance. | X | | | | | |

| | Company Compliance Status | | | | | Explanation |
|---|---------------------------|---------|----|----------|----------------|---|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 4.4. BOARD MEETING PROCEDURES | | | | | | |
| 4.4.1 - Each board member attended the majority of the board meetings in person. | | X | | | | The Board meetings were held in person and online simultaneously in 2022 where physical attendance was optional. Evaluations regarding the organization of Board meetings electronically continue. |
| 4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members. | X | | | | | |
| 4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members. | | | | | X | The board members who could not attend the board meetings did not submit their opinion in writing during the reporting period although they had the option to do so. |
| 4.4.4 - Each member of the board has one vote. | X | | | | | |
| 4.4.5 - The board has a charter/ written internal rules defining the meeting procedures of the board. | X | | | | | |
| 4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any. | X | | | | | |
| 4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting. | | X | | | | In order to benefit from their diverse business and sectoral experience, board members are not restricted to assume other duties outside the Company and there is no plan to impose such restrictions. The external commitments of the board members are presented in the annual report and in the AGM information document and presented to shareholders at the AGM. |

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT

| | Company Compliance Status | | | | | Explanation |
|---|---------------------------|---------|----|----------|----------------|---|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 4.5. BOARD COMMITTEES | | | | | | |
| 4.5.5 - Board members serve in only one of the Board's committees. | | | X | | | Two independent members of the Board serve on more than one committee. Due to the number of the independent board members no change is planned regarding the current situation. |
| 4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views. | X | | | | | |
| 4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report. | | | | | X | The committees did not obtain any external consultancy services in 2022. |
| 4.5.8 - Minutes of all committee meetings are kept and reported to board members. | X | | | | | |
| 4.6. FINANCIAL RIGHTS | | | | | | |
| 4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively. | | | X | | | No work is planned regarding the performance evaluation of the Board of Directors. |
| 4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them. | X | | | | | |
| 4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report. | | | X | | | In line with the general practice, remuneration of the board members and senior executives is disclosed collectively in the annual report. Taking into consideration the legislation on the protection of personal data as well, the Company will continue to monitor the general practice with respect to disclosure on an individual basis. |

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

| | |
|---|--|
| The number of investor meetings (conference, seminar/etc.) organized by the company during the year | During the year, a total of 73 meetings were held with the investors and analysts either via video calls, by phone or in person. The Company attended a total of 4 investor conferences, two of which were held abroad and in 2 investor group meetings organized by the brokerage houses. |
|---|--|

1.2. Right to Obtain and Examine Information

| | |
|--|--|
| The number of special audit request(s) | There was no request for the appointment of a special auditor during the reporting period. |
| The number of special audit requests that were accepted at the General Shareholders' Meeting | None |

1.3. General Assembly

| | |
|---|--|
| Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) | https://www.kap.org.tr/en/Bildirim/1019841 |
| Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time | Yes, they were presented. |
| The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 | There was no such transaction in 2022. |
| The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1) | There was no transaction carried out within the scope of Article 9 in 2021. |
| The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1) | https://www.kap.org.tr/en/Bildirim/1028130 |
| The name of the section on the corporate website that demonstrates the donation policy of the company | Corporate Governance / Policies / Donation and Charity Policy |
| The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved | https://www.kap.org.tr/tr/Bildirim/216168 |
| The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting | None. |
| Identified stakeholder groups that participated in the General Shareholders' Meeting, if any | Although there is no restriction regarding the participation of stakeholders in the AGM, there was no participation thereby other than the shareholders. |

1.4. Voting Rights

| | |
|---|--------|
| Whether the shares of the company have differential voting rights | No |
| In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. | None. |
| The percentage of ownership of the largest shareholder | 80.66% |

1.5. Minority Rights

| | |
|---|-------|
| Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association | No |
| If yes, specify the relevant provision of the articles of association. | None. |

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE INFORMATION FORM

1.6. Dividend Right

| | |
|---|--|
| The name of the section on the corporate website that describes the dividend distribution policy | Stock Information / Dividend Distribution Policy |
| Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend | - |
| PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends | - |

GENERAL ASSEMBLY MEETINGS

| General Meeting Date | The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting | Shareholder participation rate to the General Shareholders' Meeting | Percentage of shares directly present at the GSM | Percentage of shares represented by proxy | Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against | Specify the name of the page of the corporate website that contains all questions asked in the general meeting and all responses to them | The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions | The number of declarations by insiders received by the board of directors | The link to the related PDP general shareholder meeting notification |
|----------------------|---|---|--|---|--|--|---|---|---|
| 11.05.2022 | None. | 83.1426% | 82.5440% | 0.5986% | Corporate Governance / General Meetings of Shareholders | Corporate Governance / General Meetings of Shareholders | None. | None. | https://www.kap.org.tr/en/Bildirim/1029482 |

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

| | |
|---|---|
| Specify the name of the sections of the website providing the information requested by the Principle 2.1.1. | The information requested in the corporate governance principle numbered 2.1.1. is available on the Company's Investor Relations website under the sections "About Us, News, Corporate Governance, Financials, Stock Information and Frequently Asked Questions". |
| If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares. | Corporate Governance / Ownership Structure |
| List of languages for which the website is available | Turkish & English |

2.2. Annual Report

| | |
|--|---|
| The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2. | |
| a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members | It is presented in the Board of Directors and Senior Management sections of the annual report. Statements of independence were presented in the Corporate Governance section of the 2020 Annual Report as board members were selected for three years in the AGM held on June 30, 2020. |
| b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure | It is presented in the Corporate Governance section of the annual report. |
| c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings | It is presented in the Additional Disclosures Required by the Legislation section of the annual report. |
| ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation | It is presented in the Additional Disclosures Required by the Legislation section of the annual report. |
| d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof | It is presented in the Additional Disclosures Required by the Legislation section of the annual report. |
| e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest | It is presented in the Additional Disclosures Required by the Legislation section of the annual report. |
| f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5% | It is presented in the Additional Disclosures Required by the Legislation section of the annual report. |
| g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results | It is presented in the Employees and Corporate Citizenship sections of the annual report. |

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

| | |
|--|---|
| The name of the section on the corporate website that demonstrates the employee remedy or severance policy | Corporate Governance / Policies / Employee Compensation Policy |
| The number of definitive convictions the company was subject to in relation to breach of employee rights | 20 |
| The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism) | Zorlu Holding Deputy General Manager for Internal Audit & Ethics on behalf of Zorlu Holding AŞ's Ethics Committee (Senem Dal - senem.dal@zorlu.com) |
| The contact detail of the company alert mechanism | Code of Ethics Hotlines: etik@vestel.com.tr; etik@zorlu.com 0 212 456 23 23 / 0 850 226 23 23 |

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE INFORMATION FORM

| 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management | |
|--|---|
| Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies | The Complaint/Wish/Request Evaluation System, which was created in order to evaluate the complaints, wishes and requests of employees and to increase employee motivation and satisfaction as well as efficiency, is available on the corporate portal which is only open to the Company employees. |
| Corporate bodies where employees are actually represented | Occupational Health and Safety Committee, Happy Employee Committee, Meal Satisfaction and Menu Selection Committee |
| 3.3. Human Resources Policy | |
| The role of the board on developing and ensuring that the company has a succession plan for the key management positions | The succession plan for the key managerial positions of the Company (Deputy General Manager and above), which had been prepared by Zorlu Holding, was reviewed by the Company in 2022. |
| The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy. | The Vestel Group of Companies' Recruitment and Placement Regulation, which includes the criteria for equal opportunities and recruitment of personnel, is available on the Company's corporate portal. The Regulation sets out the general rules regarding the employment of individuals, who are compatible with the vision, mission, work requirements and values of the Vestel Group of Companies, by offering them an equal opportunity and by evaluating them fairly and impartially to meet the human resource needs of the Group companies. The Human Resources Policy is available in the Corporate Governance / Policies section on the corporate website. |
| Whether the company provides an employee stock ownership programme | There is no employee stock ownership programme. |
| The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy. | The Human Resources Policy is available in the Corporate Governance / Policies / Human Resources Policy section. It is specifically mentioned in all regulations: "No discrimination is permitted in applications on the basis of gender, age, religion, race, sect, social status, physical appearance, ethnic origin, nationality, sexual orientation or any other personal characteristics." |
| The number of definitive convictions the company is subject to in relation to health and safety measures | 5 |
| 3.5. Ethical Rules and Social Responsibility | |
| The name of the section on the corporate website that demonstrates the code of ethics | Corporate Governance / Code of Ethics |
| The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues. | It is presented in the Sustainability section of the corporate website under the "Environmental Sustainability", "Social Sustainability" and "Corporate Sustainability" headings. |
| Any measures combating any kind of corruption including embezzlement and bribery | These measures are included in the Zorlu Holding Ethical Principles, which is available under the heading of the Code of Ethics in the Corporate Governance section on the Company's corporate website. |

4. BOARD OF DIRECTORS-I

4.2. Activities of the Board of Directors

| | |
|---|---|
| Date of the last board evaluation conducted | None |
| Whether the board evaluation was externally facilitated | No |
| Whether all board members released from their duties at the GSM | Yes |
| Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties | Chairman: Ahmet Nazif Zorlu, Vice Chairman: Elmas Melih Araz. All members of the Board of Directors have been given first degree signature authority. With the Board resolution dated 30.06.2020 and numbered 2020/21, any member of the Board of Directors who has first degree signature authority is authorized for three years to represent and bind the Company without any monetary limitation in any matter with a joint signature together with Ahmet Nazif Zorlu. |
| Number of reports presented by internal auditors to the audit committee or any relevant committee to the board | 4 |
| Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls | It is presented in the Corporate Governance section of the annual report. |
| Name of the Chairman | Ahmet Nazif Zorlu |
| Name of the CEO | Enis Turan Erdoğan |
| If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles | They are different individuals. |
| Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital | https://www.kap.org.tr/en/Bildirim/1039476 There is Directors & Officers Liability Insurance for the damages which Board members may cause to the Company during their term of office but the insurance limit does not exceed 25% of the Company's share capital. |
| The name of the section on the corporate website that demonstrates current diversity policy targeting women directors | There is no such policy. |
| The number and ratio of female directors within the Board of Directors | Number: 3 Ratio: 43% |

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE INFORMATION FORM

COMPOSITION OF BOARD OF DIRECTORS

| Name, Surname of Board Member | Whether Executive Director or Not | Whether Independent Director or Not | The First Election Date to Board | Link to PDP Notification that includes the Independency Declaration | Whether the Independent Director considered by the Nomination Committee | Whether She/He is the Director who ceased to satisfy the Independence or Not | Whether the Director has at least 5 years of experience on Audit, Accounting and/or Finance or Not |
|-------------------------------|-----------------------------------|-------------------------------------|----------------------------------|---|---|--|--|
| Ahmet Nazif Zorlu | Non-executive | Not independent director | 10.11.1997 | - | - | - | - |
| Elmas Melih Araz | Non-executive | Independent director | 09.05.2018 | https://www.kap.org.tr/tr/Bildirim/919134 | Considered | No | Yes |
| Olgun Zorlu | Non-executive | Not independent director | 10.11.1997 | - | - | - | - |
| Şule Zorlu | Non-executive | Not independent director | 23.05.2003 | - | - | - | - |
| Selen Zorlu Melik | Non-executive | Not independent director | 08.05.2019 | - | - | - | - |
| Ayşegül İlideniz | Non-executive | Independent director | 09.05.2018 | https://www.kap.org.tr/tr/Bildirim/919134 | Considered | No | - |
| Bekir Ağırdir | Non-executive | Independent director | 09.05.2018 | https://www.kap.org.tr/tr/Bildirim/919134 | Considered | No | Yes |

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

| | |
|---|---|
| Number of physical board meetings in the reporting period (meetings in person) | Board meetings were held simultaneously in physical and virtual environments and physical attendance was made optional. A total of 12 meetings were held in this way in 2022. |
| Director average attendance rate at board meetings | 95.2% |
| Whether the board uses an electronic portal to support its work or not | No |
| Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter | 1 week before the meeting |
| The name of the section on the corporate website that demonstrates information about the board charter | It is specified in Article 10 of the Articles of Association which is available in the Corporate Governance section of the website. |
| Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors | None. |

4.5. Board Committees

| | |
|---|---|
| Page numbers or section names of the annual report where information about the board committees are presented | It is presented in the Corporate Governance section of the annual report. |
| Link(s) to the PDP announcement(s) with the board committee charters | https://www.kap.org.tr/tr/Bildirim/220055 https://www.kap.org.tr/tr/Bildirim/267359 https://www.kap.org.tr/tr/Bildirim/348292 https://www.kap.org.tr/tr/Bildirim/348296 https://www.kap.org.tr/tr/Bildirim/348298 |

COMPOSITION OF BOARD COMMITTEES-I

| Names of the Board Committees | Name of Committees Defined As “Other” in the First Column | Name-Surname of Committee Members | Whether Committee Chair or Not | Whether Board Member or Not |
|--------------------------------------|---|-----------------------------------|--------------------------------|-----------------------------|
| Audit Committee | - | Elmas Melih Araz | Yes | Board member |
| Audit Committee | - | Bekir Ağırdir | No | Board member |
| Corporate Governance Committee | - | Bekir Ağırdir | Yes | Board member |
| Corporate Governance Committee | - | Olgun Zorlu | No | Board member |
| Corporate Governance Committee | - | Serap Mutlu | No | Not board member |
| Committee of Early Detection of Risk | - | Elmas Melih Araz | Yes | Board member |
| Committee of Early Detection of Risk | - | Şule Zorlu | No | Board member |

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

| | |
|---|---|
| Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website) | It is presented in the Corporate Governance section of the annual report. |
| Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website) | It is presented in the Corporate Governance section of the annual report. |
| Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website) | It is presented in the Corporate Governance section of the annual report. |
| Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website) | It is presented in the Corporate Governance section of the annual report. |
| Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website) | It is presented in the Corporate Governance section of the annual report. |

4.6. Financial Rights

| | |
|--|---|
| Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report) | It is presented in Message from the CEO and Evaluation for 2022 sections of the annual report. |
| Specify the section of website where remuneration policy for executive and non-executive directors are presented. | Corporate Governance / Policies / Remuneration Policy |
| Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report) | It is presented in the Additional Disclosures Required by the Legislation section of the annual report. |

COMPOSITION OF BOARD COMMITTEES-II

| Names of the Board Committees | Name of Committees defined as "Other" in the First Column | The Percentage of Non-executive Directors | The Percentage of Independent Directors in the Committee | The Number of Meetings Held in Person | The Number of Reports on its Activities Submitted to the Board |
|--------------------------------------|---|---|--|---------------------------------------|--|
| Audit Committee | - | 100% | 100% | 6 | 5 |
| Corporate Governance Committee | - | 67% | 33% | 5 | 2 |
| Committee of Early Detection of Risk | - | 100% | 50% | 6 | 6 |

STRUCTURE OF THE BOARD OF DIRECTORS

Vestel Beyaz Eşya is managed, represented and bound by a Board of Directors composed of a minimum of five and maximum of eleven members to be elected by the General Assembly.

Majority of the members of the Board of Directors consists of non-executive members.

The number and qualifications of the independent members who will serve on the Board of Directors are determined in accordance with the Capital Market Legislation and the regulations concerning corporate governance of the Capital Markets Board. Chairman or vice-chairman of the Board is elected from amongst the independent members. Board members are elected from amongst individuals, who have the knowledge and experience about the sector and the field of operation of the Company, preferably with higher education, with skills to read and analyze financial statements and reports and the basic information about the legal regulations applicable to the Company's daily and long-term transactions and dispositions, and who have the opportunity and determination to attend all of the scheduled meetings of the Board of Directors for the relevant budget year.

Board members are elected for a period of minimum of one and maximum of three years. Board members whose term of office expires may be re-elected. General Assembly may replace board members at any time.

Board meetings are held at the Company's head office, when deemed necessary and at least once a month. Chairman and in his/her absence, the vice-chairman, invites the Board of Directors to convene a meeting. Apart from this, any member may request the Board Chairman to invite the Board to convene. The Board convenes and resolves with the absolute majority of the total number of members. Regulations imposed by the Corporate Governance Principles of the Capital Markets Board also apply.

Vestel Beyaz Eşya's Board of Directors consists of a total of 7 members, three of whom are independent. All Board members are non-executive. Independent members fulfill the independence criteria envisaged in the CMB's Communiqué on Corporate Governance No. II-17.1. Independent board member candidates were determined by the resolution of the Board of Directors based on the evaluation and proposal of the Corporate Governance Committee. The candidates for independent board membership submitted their written statements of independence within the framework of the legislation, Articles of Association and the independence criteria set forth in the Communiqué on Corporate Governance to the Corporate Governance Committee at the time of their nomination. The Committee submitted its evaluation reports on whether these candidates fulfill the independence criteria to the Board of Directors and the Board decided that these candidates would be submitted to the approval of shareholders at the General Assembly to be elected as independent members to the Board.

3 female members serve on the Board of Directors, one of whom is an independent director and the ratio of female members on the Board is 43%.

The board members were elected to serve for 3 years at the Annual General Meeting held on June 30, 2020. The average term of office for the current board members is 12.5 years.

No board member, including the chairperson, has a preferential voting right. Each member possesses an equal vote.

Chairperson and CEO are separate individuals.

CORPORATE GOVERNANCE

THE DUTIES AND AUTHORITIES OF THE BOARD OF DIRECTORS

The Board of Directors manages and represents the Company. In addition to this main task, the Board of Directors is also responsible to the Company's stakeholders (customers, employees, suppliers and other stakeholders).

The following are the non-transferable and inalienable duties and powers of the Board of Directors:

- Managing the company at a high level and including the issue of instructions,
- Determining the management organization of the company,
- Establishing the necessary order for financial planning to the extent required by accounting, financial audit and management of the company,
- Appointment and dismissal of managers and persons serving the same purpose and who hold the authority to sign,
- Higher supervision of whether the persons responsible for management act in accordance with the laws, articles of association, internal guidelines and written instructions of the Board of Directors,
- Keeping the books of shares, the Board of Directors' resolutions and minutes of the general shareholders' meetings, preparation of the annual report and corporate governance report and submission to the General Assembly, organization of the General Shareholders' Meetings and execution of the General Assembly decisions,
- Taking the measures stipulated in the Article 376 of the Turkish Commercial Code in case of loss of capital or insolvency.

In this context, the responsibilities of the Board of Directors are as follows:

- To act cautiously in line with duty of care and supervision,
- To determine the company's short- and long-term goals,
- To examine the strategies which will be implemented to achieve the company's goals, to contribute to their development and to ensure their implementation,
- To examine the strategic and financial performance of the company and to take measures for improvement,
- To select the general manager, evaluate him/her in accordance with certain performance criteria and to determine his/her remuneration,
- To ensure the administrative and financial audit of the company,
- To ensure that the Board of Directors has the structure and function required to ensure the effective and efficient operation of the sub-committees of the Board of Directors and senior management, and to determine their performance criteria,
- To determine the communication and relationship approach taken by the company in communicating with the stakeholders and external authorities,
- To determine and implement business ethics rules for the company and its employees,
- To ensure that the company's internal and external activities and actions comply with the relevant legislation.

The Board of Directors is authorized to take decisions on all kinds of work and transactions as required to perform the company's business activities, except those to be taken by the General Assembly in accordance with the law and the Articles of Association.

BOARD COMMITTEES

- In order to assist the Board of Directors to perform its duties and responsibilities more effectively, a Corporate Governance Committee, an Early Detection of Risk Committee and an Audit Committee have been set up under the Board in line with the Capital Markets Board's Corporate Governance Principles. Owing to the nature of the Board structure, the Company has not set up a separate "Remuneration Committee" or a "Nomination Committee", the duties of which are performed by the Corporate Governance Committee.
- As per the Corporate Governance Principle No. 4.5.3, all members of the Audit Committee and the chairpersons of other committees are elected from among the independent members of the Board.
- The independent board members, Mr. Bekir Ağırdir and Mr. Elmas Melih Araz serve on more than one committee due to the number of the Board members and the committee formation requirements in accordance with the CMB's Corporate Governance Principles.
- Committees convene at intervals stipulated by the legislation and the related Committee's working principles or upon a request from a member. The committees submit their reports containing information about their work and meeting results to the Board of Directors.
- Any and all resources and support required for the committees to fulfill their duties effectively are provided by the Board of Directors. The committees can invite anyone they deem necessary to their meetings and take their opinions.
- Duties, working principles and the members of the Committees are determined by the Board of Directors and are disclosed to the public on the Public Disclosure Platform and the Company website.

Audit Committee

- The Audit Committee was set up for the effective oversight of the Company's financial and operational activities pursuant to the Article 3 of the CMB's Communiqué Serial X, No. 19. The Committee is responsible for the supervision of the Company's accounting system, public disclosure of financial information, independent audit and the functioning and efficiency of the Company's internal control and internal audit system.
- Pursuant to the CMB's Communiqué on Corporate Governance No. II-17.1, the "Working Principles of the Audit Committee" were revised and approved at the Board of Directors' meeting dated March 27, 2014. The revised working principles were made available to the shareholders through the Public Disclosure Platform and the Company's website.
- The Audit Committee is structured in accordance with the Capital Markets Board's Corporate Governance Principles and comprises two members.
- The Chairman of the Committee was elected from among the independent members of the Board and certain criteria were taken into account in the election process. Care is taken to ensure that the Chairperson of the Committee previously held a similar role, has the knowledge to analyze financial statements, is well-versed in accounting standards, and is highly qualified.
- Both members of the Audit Committee were elected from among the independent Directors. The Chairman of the Committee is Mr. Elmas Melih Araz, and the other member is Mr. Bekir Ağırdir.

The structure of the Committee and membership information are as follows as per the decision taken in the Company's Board meeting on 11 May 2022:

| Committee Members | Duty | Status |
|-------------------|---------------------------|--------------------------|
| Elmas Melih Araz | Chairman of the Committee | Independent Board Member |
| Bekir Ağırdir | Member of the Committee | Independent Board Member |

- In principle, the Audit Committee shall convene at least four times a year, being once in each quarter. The Committee convened six times in 2022.
- The Committee carries out its activities in line with the working principles set out in detail and in writing.
- In 2022, the Audit Committee performed the following functions:
 - Monitoring the Company's financial and operational activities,
 - Supervision and approval of the compliance of the annual and interim financial statements to be disclosed to the public with the accounting principles followed by the Company as well as their accuracy and veracity,
 - Selection of the independent audit firm, preparation of the independent audit contract and initiation of the independent audit process,
 - Monitoring the effectiveness and performance of the independent audit activity,
 - Overseeing the functioning and effectiveness of the internal control and internal audit system,
 - Reviewing the reports relating to the internal control and internal audit studies conducted during the reporting period.

CORPORATE GOVERNANCE

BOARD COMMITTEES

Corporate Governance Committee

- The Corporate Governance Committee was established to monitor the Company's compliance with the CMB's Corporate Governance Principles, carry out studies for improvement and make proposals to the Board of Directors in order to improve the implementation of corporate governance practices.
- Pursuant to the CMB's Communiqué on Corporate Governance No. II-17.1, the "Working Principles of the Corporate Governance Committee" were revised and approved at the Board of Directors' meeting dated 27 March 2014. The revised version of the working principles was disclosed to shareholders via the Public Disclosure Platform and the Company website.
- The Corporate Governance Committee is composed of at least three members, including two non-executive Board Members and the Investor Relations Director. The Chairman of the Committee is Mr. Bekir Ağırđır, an independent Board member.
- Corporate Governance Committee also fulfills the duties of the Nomination Committee and the Remuneration Committee.

The structure of the Committee and membership information are as follows as per the decision taken in the Company's Board meeting on May 11, 2022:

| Committee Members | Duty | Status |
|-------------------|---------------------------|-----------------------------|
| Bekir Ağırđır | Chairman of the Committee | Independent Board Member |
| Olgun Zorlu | Member of the Committee | Non-executive Board Member |
| Serap Mutlu | Member of the Committee | Investor Relations Director |

- In principle, the Committee convenes at least twice a year in order to ensure the effective performance of its duties. Corporate Governance Committee convened five times in 2022.
- The activities carried out by the Corporate Governance Committee in 2022, in accordance with its working principles put into writing in detail, are presented below:
 - Proposing improvements in corporate governance practices to the Board of Directors to enhance compliance with the CMB's Communiqué on Corporate Governance No. II-17.1; conducting and supervising the necessary works for alignment with the legislation,
 - Overseeing the activities of the Investor Relations Department,
 - Within the scope of the Remuneration Committee duties, submission to the Board of its recommendation for the remuneration of the members of the Board of Directors and executives with administrative responsibility for 2022, which takes into account their progress in meeting the remuneration criteria.

Early Detection of Risk Committee

- The Early Detection of Risk Committee was established pursuant to the Board of Directors' Resolution dated 15 March 2013, in order to identify risks which could threaten the existence, development and continuity of the Company, take necessary measures against these risks and undertake risk management activities in line with the Turkish Commercial Code, Articles of Association and CMB's Communiqué on Corporate Governance. The Committee continues its activities with regard to the early detection of threats which may have negative consequences on the development and continuity of the Company and manage the risks effectively by developing action plans against such threats.
- Pursuant to the CMB's Communiqué on Corporate Governance No. II-17.1, the "Working Principles of the Early Detection of Risk Committee" were revised and approved at the Board of Directors' meeting dated 27 March 2014. The revised working principles were made available to the shareholders through the Public Disclosure Platform and the Company's website.
- The Early Detection of Risk Committee is composed of at least two Board members. In case the Committee has only two members, both of them, and in case it has more than two members, the majority of them, must be non-executive Board members. The Chairman of the Committee is Mr. Elmas Melih Araz, who is an independent Board member. The other member of the Committee is the Board member Ms. Şule Zorlu.
- Early Detection of Risk Committee submits a report to the Board of Directors every two months.

The structure of the Committee and membership information are as follows as per the decision taken in the Company's Board meeting on May 11, 2022:

| Committee Members | Duty | Status |
|-------------------|---------------------------|----------------------------|
| Elmas Melih Araz | Chairman of the Committee | Independent Board Member |
| Şule Zorlu | Member of the Committee | Non-executive Board Member |

- The Early Detection of Risk Committee convenes as frequently as necessitated for the efficiency of its activities and in principle at least three times a year. The Committee held six meetings in 2022 and submitted six risk reports to the Board of Directors.
- The activities carried out by the Committee in 2022, in line with the working principles put into writing in detail, are presented below:
 - High level risk assessment was carried out and an inventory of risks that are critical to the Company in strategic, financial and operational areas was prepared.
 - Risks were classified according to the following criteria on the risk map, where they are positioned according to their impact and probability levels.

CORPORATE GOVERNANCE

BOARD COMMITTEES

By Level of Potential Impact:

- Negligible
- Minor
- Moderate
- Serious
- Critical

By Level of Likelihood:

- Rare
- Low
- Possible
- High
- Almost Certain

- Sector and company based risks contained in the risk reports were grouped under 9 main risk headings (External Environment, Operational, Authorization, Information Technology and Technology, Honesty/Integrity, Financial, Process/Operational, Reporting and Strategic) according to COSO (The Committee of Sponsoring Organizations of the Treadway Commission) risk taxonomy.
- As a result of these assessments, it was seen that risks were generally gathered under the main headings of External Environment, Operational, Financial and Strategic Risks.
- As a result of the risk inventory and the Enterprise Risk Management Department's research, risk reports were prepared and submitted to the Committee in order to ensure early detection of risks which may jeopardize the Company's existence, development and continuity and adoption of the necessary measures against these risks and management of risk. These reports are as follows:
 - Results of the Risk Assessment Survey 2021 for Vestel Group of Companies
 - Russia - Ukraine Crisis and Sanctions Implemented
 - Post Pandemic Future of the World and the Economy
 - Risks Threatening the Global Economy in the Framework of the Global Risks Report
 - Impacts of Recession in Europe on the Turkish Economy
 - Global Economy Outlook and Expectations for the Turkish Economy in 2023

EVALUATION OF THE BOARD OF DIRECTORS REGARDING THE WORKING PRINCIPLES AND EFFECTIVENESS OF THE BOARD COMMITTEES

The Board Committees were established to support the Board of Directors in fulfilling its duties and responsibilities more effectively. In line with the Corporate Governance Principles of the Capital Markets Board, at its meeting on 11 May 2022, the Board of Directors resolved to:

- Elect Mr. Bekir Ağır, Independent Member of the Board, as the Chairman of the Corporate Governance Committee and Mr. Olgun Zorlu, Board Member, and Ms. Serap Mutlu, Investor Relations Director, as Committee members,
- Elect Mr. Elmas Melih Araz, Independent Member of the Board, as the Chairman of the Audit Committee and Mr. Bekir Ağır, Independent Member of the Board, as Committee Member,
- Elect Mr. Elmas Melih Araz, Independent Member of the Board, as the Chairman of the Early Detection of Risk Committee and Ms. Şule Zorlu, Board Member, as Committee Member.

Due to the structure of the Board, the Company did not establish a separate “Remuneration Committee” and a “Nomination Committee”. The duties of these committees are fulfilled by the Corporate Governance Committee. The Working Principles of the Board Committees were revised in accordance with the CMB’s Communiqué on Corporate Governance No. II-17.1 and approved at the Board meeting held on 27 March 2014. The revised working principles were made available to the shareholders through the Public Disclosure Platform and the Company’s website (<http://vesbe.vestelinvestorrelations.com>).

In 2022, the Board Committees performed their duties and responsibilities effectively as required in the Corporate Governance Principles and their own Working Principles.

In compliance with the way required for the effectiveness of their functions, their Working Principles and annual meeting schedules, in 2022:

- The Corporate Governance Committee convened four times,
- The Corporate Governance Committee convened once to fulfill the duties of the Remuneration Committee,
- The Audit Committee convened six times,
- The Early Detection of Risk Committee convened six times.

The Committees submitted reports on their activities and the results of their meetings to the Board of Directors. According to these meetings:

- The “Corporate Governance Committee”, which was established in line with the Capital Markets Board’s Communiqué on Corporate Governance in order to monitor the Company’s compliance with the Corporate Governance Principles, carry out studies for improvement, and submit proposals to the Board of Directors, monitored the Company’s compliance with the Corporate Governance Principles, made recommendations to the Board to improve compliance with the non-mandatory principles and oversaw the activities of the Investor Relations Department.
- The Corporate Governance Committee also fulfills the duties of the Remuneration Committee. Within the scope of its duties as the Remuneration Committee, the Corporate Governance Committee submitted to the Board of Directors its proposal for the remuneration of Board members and executives with administrative responsibility for 2022, by taking into account the extent of the fulfilment of the remuneration criteria.
- The “Audit Committee”, which was established for the supervision of the Company’s accounting system, the independent audit, public disclosure of financial information, and functioning and efficiency of the Company’s internal control and internal audit system, presented its views and recommendations in the areas of its responsibility to the Board of Directors.
- The “Early Detection of Risk Committee”, which was established for the early detection of risks which could threaten the Company’s existence, development and continuity, implementation of necessary measures against these risks and management of risk, carried out a high-level risk assessment, prepared an inventory of critical risks for the Company in strategic, financial and operational areas and prepared and submitted six Risk Reports to the Board as a result of its risk inventories and Enterprise Risk Management Department’s research during the year within the scope of its duties set forth in its Working Principles.

APPENDICES

APPENDIX 1: ABOUT THE REPORT

This report covers Vestel Beyaz Eşya's integrated business model that creates long-term value for its stakeholders, its material issues, risk and opportunity management, future strategies and performance indicators on financial, environmental, social and corporate areas.

The information and data in this report covers seven production facilities of Vestel Beyaz Eşya (Refrigerator I-II Plants, Washing Machine Plant, Tumble Dryer Plant, Dishwasher Plant, Cooking Appliances Plant, Air-Conditioning Plant and Water Heater Plant) within Vestel City in Manisa, and encompasses the period between January 1 and December 31, 2022. In order to share the impacts of Vestel Beyaz Eşya on the value chain, the report also covers customer experience, sales, marketing, after-sales services, store and dealer practices under Vestel Ticaret AŞ.

This report has been prepared in accordance with the GRI Standards "Core" category and is based on the Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC). The report also encompasses Vestel Beyaz Eşya's progress achieved under the United Nations Global Compact (UNGC) and its contributions to the United Nations (UN) Sustainable Development Goals. You can see the table prepared according to UNGC principles in Appendix 7 (Page 202).

Vestel Beyaz Eşya continues to work towards full compliance with CMB's Sustainability Principles. Detailed information on this subject is available in the Statement of Compliance (Page 203) table in Appendix 8.

Vestel Beyaz Eşya had its social and environmental performance indicators in its 2022 integrated annual report verified by independent third parties.

APPENDIX 2: STAKEHOLDER RELATIONS

Communication and collaboration with stakeholders constitute one of the key elements of Vestel Beyaz Eşya's value creation model. The Company establishes dialogue with various stakeholders through various channels and integrates its stakeholders' views into decision-making processes. Under the stakeholder analysis conducted in 2021, Vestel Beyaz Eşya reached employees, suppliers, analysts, investors, customers, authorized dealers and service providers, universities, sectoral associations and initiatives, CSOs, media and local governments and received the opinions of its stakeholders on its sustainability priorities. Under the strategy that it has shaped depending on these priorities, Vestel Beyaz Eşya aims to annually share its performance with the public through its integrated reports.

Vestel Beyaz Eşya closely follows developments within the scope of the European Union (EU) Green Deal. Within this framework, it contributes to policy development processes by taking part in the activities of TUSIAD EU Green Deal Task Force. Vestel Beyaz Eşya assumed the chairmanship of the TOBB DTM Environment Commission in 2020. In this context, the Company actively followed the harmonization efforts of the Ministry of Environment and Urbanization of the Republic of Türkiye on the environmental legislation, especially the Recycling Participation Fee (GEKAP), and took part in the policy-making processes. Vestel Beyaz Eşya plays an active role in the working groups of various organizations, especially TURKBESD Environment Working Group. It also became a member of APPLiA's Consortium on Microplastics Release in 2021.

Vestel CEO is a board member of TURKTRADE.

Methods for Communication with Stakeholders

| Stakeholder Group | Communication Channels | Frequency of Communication |
|---|--|----------------------------|
| Employees | In-house information in different formats (e-mail, digital screens, online platforms, face-to-face meetings, Corporate portal) | Daily |
| | Surveys, opinion and recommendation kiosks | |
| | Trainings | |
| | Annual corporate meetings | |
| | Integrated reports | |
| | Online and physical in-house leader communication sessions | |
| | Principles of Industrial Excellence | |
| Sectoral Organizations and Associations, CSOs, International Organizations | Membership in professional associations | Monthly |
| | Presidency of the board of directors in professional and sectoral associations | |
| | Integrated reports | |
| | Research reports | |
| | Participation in seminars and summits | |
| Suppliers | Supplier Code of Conduct | Weekly |
| | Trainings | |
| | Audits and counts | |
| | Periodic review meetings | |
| | Announcements | |
| | Integrated reports | |

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| Stakeholder Group | Communication Channels | Frequency of Communication |
|---|--|----------------------------|
| Investors, Shareholders and Analysts | Disclosures on the Public Disclosure Platform | Weekly |
| | Press releases | |
| | Investor Relations website | |
| | Integrated reports | |
| | One-on-one meetings and e-mail correspondence | |
| | Phone calls | |
| | Video conferences | |
| | Investor conferences and roadshows | |
| | General Assembly meetings | |
| | Annual and interim financial statements and annual reports | |
| | Presentations for investors | |
| Public Institutions | Broker reports | Monthly |
| | One-on-one visits | |
| | Team meetings with relevant institutions | |
| | Reports, analyses | |
| Media | Public events | Weekly |
| | Press releases and interviews | |
| | Ads | |
| | Social media | |
| | Web site | |
| | Press conferences | |
| | Fair visits | |
| Consumers and Customers | Reports and surveys | Daily |
| | Press releases and interviews | |
| | One-on-one meetings with corporate clients | |
| | Ads | |
| | Social media | |
| | Web site | |
| | Customer services | |
| Local Community | Integrated reports | Quarterly |
| | Regular visits | |
| | Integrated reports | |
| | Seminars and training activities | |
| Universities | Social responsibility projects | Monthly |
| | University career events | |
| | University and student club sponsorships | |
| | Reports and surveys | |
| | Joint ventures and projects | |

APPENDIX 3: ASSOCIATION MEMBERSHIPS AND SUPPORTED INITIATIVES

APPLiA (Home Appliance Europe)
United Brands Association of Türkiye
United Nations Global Compact (UNGC)
CDP Worldwide
Durable Goods Council (TOBB DTM)
Foreign Economic Relations Board (DEİK)
ECOVADIS
Electrical and Electronics Recycling and Waste Management Association (ELDAY)
Association for the Protection of Intellectual Property
Air-Conditioning and Refrigeration Manufacturers' Association (İSKİD)
Istanbul Chamber of Industry (İSO)
Istanbul Chamber of Commerce (İTO)
Business World Plastics Initiative (IPG)
Business Council for Sustainable Development Türkiye (BCSD Türkiye)
Izmir Chamber of Commerce (İZTO)
Manisa Chamber of Commerce and Industry
Muradiye Organized Industrial Zone
Portable Battery Manufacturers and Importers Association (TAP)
White Goods Manufacturers' Association of Türkiye (TURKBESD)
Foreign Trade Association of Türkiye (TURKTRADE)
Türkiye Circular Economy Platform
Turkish Exporters Assembly (TIM)
Quality Association of Türkiye (KalDer)
Turkish Investor Relations Society (TÜYİD)
Authorized Economic Operator Association

| | 2019 | 2020 | 2021 | 2022 |
|----------------------------------|---------|---------|---------|-----------|
| Amount spent on memberships (TL) | 443,650 | 434,625 | 641,252 | 1,576,469 |

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APPENDIX 4: INTEGRATED MANAGEMENT SYSTEMS AND ENVIRONMENTAL MANAGEMENT

Activities carried out under the umbrella of the Integrated Management System are performed as per TS EN ISO 9001 Quality Management System, TS EN ISO 14001 Environmental Management System, TS EN ISO 50001 Energy Management System, TS EN ISO 14064 Greenhouse Gas Calculation and Verification Standards, 14046 Water Footprint Standards, TS ISO 45001 Occupational Health and Safety Management System and TS EN ISO 27001 Information Security Management System.

| Certificate | Ratio of Facilities Covered by the Certificate* (%) |
|-------------|---|
| ISO 9001 | 100 |
| ISO 14001 | 100 |
| ISO 14046 | 100 |
| ISO 14064 | 100 |
| ISO 27001 | 28 |
| ISO 45001 | 100 |
| ISO 50001 | 100 |

*Vestel Beyaz Eşya's production facilities and internal warehouses are included in the calculation for the rate of facilities holding the certificate.

Integrated Management Systems (environment, energy, occupational health and safety, information security and quality) Policies of Vestel Beyaz Eşya are available [here](#).

Vestel Beyaz Eşya's Environmental Coordination Group ensures that environmental issues are handled within a broader structure along with Vestel Environment Working Group. Management Systems and Customer Relations Manager is responsible for environmental sustainability management as Vestel Beyaz Eşya Environmental Official and Environmental Management Representative.

Through environmental management systems, Vestel analyzes and records all environmental outputs according to the ISO 14001 standard. In this context, the Company drafts various reports on a monthly and annual basis. It monitors waste water pollution analyses, energy and water consumption, water and carbon footprint, diesel consumption and hazardous and non-hazardous waste quantities on a monthly basis. As per environmental legislation, Vestel indicates this information in the monthly evaluation report. It uses environmental monitoring and measurement tracking programs to collect and calculate environmental data. The Company tracks energy and water consumption data through invoices and meters, and waste through the registration system. Considering 2020 as a base year, it reports its carbon footprint according to ISO 2020 standard and its water footprint according to the ISO 14064 standard and has it verified by independent third parties.

Face-to-face environmental trainings have been suspended as of March 2020 due to the pandemic. In 2021, efficiency was increased through digitized trainings and employees continued to be reached, and 1,397 people received environmental training in 2022.

In 2022, the Company spent TL 14.8 million as environmental investment and expenditure.

In the last four years, no environmental penalty has been imposed and no environmental penalty has been paid.

In addition to complying with all national laws which are binding on Vestel, especially the Environmental Law as specified by the Ministry of Environment and Urbanization of the Republic of Türkiye, the Company also fully complies with the following regulations intended for the sector in Europe and at the global level:

- Directive on Waste Electrical and Electronic Equipment (WEEE),
- RoHS - Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment,
- Regulation of the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH),
- Ecodesign Framework Directive for Energy-Related Products,
- Energy Efficiency Law and the Regulation on Increasing Efficiency in the Use of Energy Resources and Energy,
- Communiqués on energy labeling specific to each product group,
- Environmental Law No. 2872 and related regulations.

Biodiversity

There is no habitat for the species which are of importance for scientific studies and/or are or may be endangered as well as the endemic species for our country, biosphere reserve, biotope, biogenetic reserve area, unique geological and geomorphological formation in Manisa Organized Industrial Zone (MOIZ), where Vestel Beyaz Eşya operates. As a result of previous environmental impact assessments (EIA), it was found out that the species under protection did not live and endangered flora species did not grow within the Company's operating area.

No flora-fauna study has been carried out due to the fact that there are only industrial areas in the 2 km sphere of influence of MOIZ borders. Vestel Beyaz Eşya is committed to complying with the Environmental Law No. 2872 and the regulations issued pursuant to this law regarding potential measures.

Air and Water Emissions

In addition to greenhouse gas emissions, various air emissions occur as a result of production processes. In order to keep emissions within the limits of regulations, the Company measures emissions every two years as per the Regulation on the Control of Industrial Air Pollution. In 2022, it completed the routine emission measurement through the accredited institutions appointed through the new practice of the Ministry of Environment and Urbanization of the Republic of Türkiye. It was found out that 159 dust measurements regarding 159 chimneys, 138 VOC (Volatile Organic Compound) measurements, 21 combustion gas measurements, 2 heavy metal and 2 fluoride measurements were below the limit values stipulated in the Regulation.

| Annual total air emissions* (tonnes) | 2020 | 2022 |
|--------------------------------------|--------|--------|
| NO _x | 31.4 ✓ | 40.8 ✓ |
| SO _x | 0.02 ✓ | 0.7 ✓ |
| Persistent organic pollutants (POP) | - ✓ | - ✓ |
| Volatile organic compounds (VOC) | 0.7 ✓ | 8.7 ✓ |
| Dust (PM) | 2.9 ✓ | 26.4 ✓ |

*Under legal compliance, these values are measured every two years. Measurements were made in 2022. There is no perfluorocarbon emission.

Domestic and industrial wastewater are generated in the facility. This wastewater is discharged into the sewage network of Manisa Organized Industrial Zone. The facility holds a Connection Permit Certificate and Connection Quality Control Permit Certificate issued by Manisa OIZ in accordance with the Regulation on Water Pollution Control. Pollution loads of wastewater are measured by MOIZ by taking samples every 15 days. Measurement values were found to be below the limit values specified in the Regulation on Water Pollution Control.

| Total annual water emissions (tonnes) | 2022 |
|---------------------------------------|---------|
| Chemical oxygen demand (COD) | 783.6 ✓ |
| Total suspended solids | 160.2 ✓ |

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APPENDIX 5: AWARDS

DESIGN AWARDS

Good Design Awards

Vestel Beyaz Eşya won a total of seven awards at Good Design 2022, organized by the Chicago Athenaeum Museum of Architecture and Design, for its Zenith 620 Frenchdoor Refrigerator, Violet Dishwasher, T160 Washer and Tumble Dryer, T110 Washer and Tumble Dryer and Sous-Vide Built-in Machine.

German Design Awards

Vestel Beyaz Eşya won 2 Special Mention Awards in the “Excellent Product Design” category with its T30 Tumble Dryer and DUO Built-in Oven at the German Design 2022 Design Competition, one of the world's leading design competitions.

European Product Design Award

Vestel Beyaz Eşya received 1 award and 1 honorable mention at EPDA 2022 with its Duo Built-in Oven and AIO Dishwasher.

Plus X Award

Vestel Beyaz Eşya, which won 23 awards in categories such as “Innovation, High Quality, Design, Ease of Use and Functionality” with a total of 5 products, was once again deemed worthy of the “Most Innovative Brand” title, the biggest award at Plus X. Nova 620 Refrigerator, Violet Dishwasher and T110 Dryer were selected as the “Best Product of the Year” in the competition organized in Germany.

Red Dot Design Award

Vestel Beyaz Eşya's Zenith Four-Door Refrigerator with Daylight Technology and T110 Aqua Microfiber Filter Washing Machine received awards at the Red Dot Design Award 2022, one of the world's longest standing and leading design competitions.

IDA Awards

Vestel Beyaz Eşya won an award at the US-based IDA Awards (International Design Awards), deemed the “Nobel Awards of Design”. The Company took home the Top Prize with its innovative UV-C technology in its tumble dryer in the Most Innovative Project category, and the Third Prize with its Acoustic Improvement of Compressor in a Heat Pump System in the Best Design Project category at the International Conference on Design, Research and Development.

DIGITALIZATION-TECHNOLOGY-SUSTAINABILITY AWARDS

IDC Cloud Awards

Vestel won second place in the PaaS category at the IDC Cloud Awards organized by the International Data Corporation (IDC) with its HCA (Home Connectivity Alliance) solution, which was implemented to create a common IoT standard with international technology companies.

Sustainable Business Awards

Vestel Beyaz Eşya's Microfiber Filter Washing Machine received the “Sustainable Innovation” Award in the product category at the Sustainable Business Awards.

Full marks from the German Test and Certification Body VDE

Vestel Beyaz Eşya's major household appliances, which consume less energy and water thanks to their innovative technologies, received full marks from the German VDE, one of Europe's most prestigious independent testing organizations.

CUSTOMER SERVICES AWARDS

Stevie Awards for Great Employers

At the Stevie Awards for Great Employers, the global awards program of the US-based organization The Stevie Awards, which recognizes the world's best employers, Vestel was awarded the bronze prize for its Thermonline project, a measurement and diagnostic device that can measure the temperature of products such as refrigerators and air-conditioners for the control of heating and cooling performance and instantly transfer this temperature data via the cloud.

Turkish Quality Association (KalDer) Aegean Region Local Quality Awards

At the 22nd Aegean Region Local Quality Awards organized by the Izmir Branch of the Turkish Quality Association (KalDer), Vestel Customer Services Technical Directorate Major Household Appliances Team received the Bronze Award for its Thermonline project as part of the "Successful Team of the Year Awards".

Türkiye Call Center Awards

Vestel Call Center was awarded first prize in the "Best Team" and "Best Team Leader" categories, as well as the Commendable Award in the "Best Customer Representative" category at the Türkiye Call Center Awards.

MARKETING AND CORPORATE COMMUNICATIONS AWARDS

Crystal Apple Awards

Vestel received 7 awards in 2022 from the Crystal Apple, organized annually by the Association of Advertising Agencies.

Felis Awards

Vestel received a total of 9 awards in 2022, including 3 Felis, 1 Bronze and 5 Achievement awards, at the Felis Awards organized by MediaCat to emphasize the role of effective creativity in marketing efforts in the advertising and marketing industry and to reward the achievements of all teams contributing to the creative sphere.

Hammers Awards

Vestel received a total of 6 awards, 1 of which was Gold, at the Hammers Awards in 2022.

Effie Awards

Vestel received 1 Gold Award with the communication "We Are a Country of Volleyball" at the Effie Awards, which have been organized since 2005 by the Association of Advertisers and the Association of Advertisers under license from the American Marketing Association (A.M.A.) and Effie Worldwide Inc. The Effie Awards also measure the effectiveness of advertising campaigns.

Vestel also received a total of 58 awards at other award ceremonies, including **Direct Marketing Awards, Martech Awards, A Awards, MMA Smarties, Brandverse Awards and Istanbul Marketing Awards.**

OTHER AWARDS

Gold Hygiene Certificate

According to tests conducted by the world-renowned InFluenc_H Institute in Germany, dishwashers with the Vestel Hygiene 70°C program proved 99.99% effective against viruses and were awarded the highest level Level-3 Gold Hygiene Certificate.

Stand Design Awards

The stand designed by Vestel Ticaret's Marketing Team received the "Best Large Stand" Award at the Integrated Systems Europe Fair, which is recognized as one of the most important exhibitions in the AV industry in the world.

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APPENDIX 6: PERFORMANCE INDICATORS

All performance indicators are indicated in a way to cover all of Vestel Beyaz Eşya's production facilities and internal warehouses.

SOCIAL PERFORMANCE INDICATORS

| Employees by Gender | 2019 | | 2020 | | 2021 | | 2022 | |
|---------------------|--------------|-------|----------------|---------|----------------|---------|-----------------|---------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| Number of Employees | 2,338 | 5,483 | 2,853 ✓ | 6,357 ✓ | 2,934 ✓ | 6,482 ✓ | 3,412 ✓ | 7,195 ✓ |
| Total | 7,821 | | 9,210 ✓ | | 9,416 ✓ | | 10,607 ✓ | |

| Employees by Category | 2019 | | 2020 | | 2021 | | 2022 | |
|-----------------------|--------|-------|---------|---------|---------|---------|---------|---------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| White-collar | 175 | 494 | 190 ✓ | 526 ✓ | 199 ✓ | 549 ✓ | 274 ✓ | 641 ✓ |
| Blue-collar | 2,163 | 4,989 | 2,663 ✓ | 5,831 ✓ | 2,735 ✓ | 5,933 ✓ | 3,138 ✓ | 6,554 ✓ |

| Employees by Working Duration | 2019 | | 2020 | | 2021 | | 2022 | |
|-------------------------------|--------|-------|---------|---------|---------|---------|---------|---------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| Employed for 0-5 Years | 1,949 | 3,636 | 2,234 ✓ | 3,973 ✓ | 2,077 ✓ | 3,643 ✓ | 2,251 ✓ | 4,062 ✓ |
| Employed for 5-10 Years | 265 | 892 | 463 ✓ | 1,261 ✓ | 668 ✓ | 1,415 ✓ | 840 ✓ | 1,494 ✓ |
| Employed for 10 Years or More | 124 | 955 | 156 ✓ | 1,123 ✓ | 189 ✓ | 1,424 ✓ | 321 ✓ | 1,639 ✓ |

| Managers by Gender and Age | 2019 | | 2020 | | 2021 | | 2022 | |
|----------------------------|------------|------|--------------|-------|--------------|-------|--------------|-------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| 50 and Above | 0 | 4 | 0 ✓ | 5 ✓ | 0 ✓ | 9 ✓ | 2 ✓ | 10 ✓ |
| 30-50 Years | 18 | 141 | 22 ✓ | 153 ✓ | 27 ✓ | 162 ✓ | 35 ✓ | 171 ✓ |
| 30 and Below | 2 | 12 | 4 ✓ | 12 ✓ | 4 ✓ | 15 ✓ | 5 ✓ | 15 ✓ |
| Total | 177 | | 196 ✓ | | 217 ✓ | | 238 ✓ | |

| Managers by Categories | 2019 | | 2020 | | 2021 | | 2022 | |
|--|--------|------|--------|-------|--------|-------|--------|-------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| Number of Employees in Junior Management Positions | 15 | 96 | 18 ✓ | 104 ✓ | 24 ✓ | 110 ✓ | 32 ✓ | 117 ✓ |
| Number of Employees in Middle Management Positions | 5 | 52 | 8 ✓ | 55 ✓ | 7 ✓ | 65 ✓ | 10 ✓ | 68 ✓ |
| Number of Employees in Top Management Positions | 0 | 9 | 0 ✓ | 11 ✓ | 0 ✓ | 11 ✓ | 0 ✓ | 11 ✓ |
| Number of Managerial Employees in Revenue-Generating Functions | 1 | 11 | 3 ✓ | 17 ✓ | 4 ✓ | 19 ✓ | 7 ✓ | 20 ✓ |

| | 2019 | | 2020 | | 2021 | | 2022 | |
|---|--------|------|--------|-------|--------|-------|--------|-------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| Number of Employees in Science, Technology, Engineering and Math (STEM)-related Positions | 133 | 435 | 153 ✓ | 458 ✓ | 160 ✓ | 492 ✓ | 117 ✓ | 556 ✓ |
| Number of Full-Time Employees in R&D Department | 112 | 425 | 125 ✓ | 443 ✓ | 127 ✓ | 470 ✓ | 136 ✓ | 517 ✓ |
| Number of Employees with Disabilities | 73 | 182 | 48 ✓ | 156 ✓ | 47 ✓ | 164 ✓ | 59 ✓ | 167 ✓ |

| Newly-Hired Employees by Gender and Age | 2019 | | 2020 | | 2021 | | 2022 | |
|---|--------------|-------|----------------|---------|----------------|---------|----------------|---------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| 50 and Above | 1 | 10 | 4 ✓ | 2 ✓ | 0 ✓ | 10 ✓ | 0 ✓ | 4 ✓ |
| 30-50 Years | 165 | 568 | 415 ✓ | 741 ✓ | 348 ✓ | 610 ✓ | 367 ✓ | 523 ✓ |
| 30 and Below | 338 | 1,655 | 923 ✓ | 2,072 ✓ | 807 ✓ | 1,804 ✓ | 747 ✓ | 1,849 ✓ |
| Total | 2,737 | | 4,157 ✓ | | 3,579 ✓ | | 3,490 ✓ | |

| Employees Leaving Their Jobs by Gender and Age and Employee Turnover | 2019 | 2020 | 2021 | 2022 |
|--|------|-------|-------|-------|
| Employee Turnover Rate | 28% | 30% ✓ | 35% ✓ | 27% ✓ |
| Turnover Rate for Employees Voluntarily Leaving Their Jobs | 14% | 29% ✓ | 32% ✓ | 23% ✓ |
| Ratio of Vacant Positions Filled with In-house Candidates | 13% | 8% ✓ | 16% ✓ | 10% ✓ |

| Parental Leave | 2019 | | 2020 | | 2021 | | 2022 | |
|---|--------|------|--------|-------|--------|-------|--------|-------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| Number of Employees Who Took Parental Leave | 142 | 295 | 126 ✓ | 296 ✓ | 122 ✓ | 292 ✓ | 133 ✓ | 328 ✓ |
| Employees Returning from Parental Leave | 123 | 295 | 65 ✓ | 296 ✓ | 67 ✓ | 292 ✓ | 73 ✓ | 328 ✓ |

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| Performance Appraisal | 2019 | | 2020 | | 2021 | | 2022 | |
|--|--------|------|--------|-------|--------|-------|--------|-------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| Total Number of Employees Subjected to a Regular Performance and Career Development Evaluation | 133 | 408 | 147 ✓ | 457 ✓ | 151 ✓ | 469 ✓ | 164 ✓ | 472 ✓ |

| Contractor Employees by Gender | 2019 | | 2020 | | 2021 | | 2022 | |
|--------------------------------|------------|------|------------|-------|------------|-------|------------|-------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| Number of Contractor Employees | 169 | 346 | 122 ✓ | 261 ✓ | 136 ✓ | 270 ✓ | 206 ✓ | 271 ✓ |
| Total | 515 | | 383 | | 406 | | 477 | |

| Employee Trainings | 2019 | 2020 | 2021 | 2022 |
|------------------------------|--------|----------|-----------|-----------|
| Training Hours for Employees | 71,891 | 93,650 ✓ | 131,889 ✓ | 152,300 ✓ |

| Contractor Trainings | 2019 | 2020 | 2021 | 2022 |
|---|------|----------|----------|----------|
| Training Hours for Contractor Employees | 430 | 18,553 ✓ | 17,949 ✓ | 15,727 ✓ |

| OHS Trainings | 2019 | 2020 | 2021 | 2022 |
|---|--------|----------|----------|----------|
| OHS Training Hours for Employees | 26,769 | 75,804 ✓ | 86,963 ✓ | 87,062 ✓ |
| OHS Training Hours for Contractor Employees | 1,672 | 4,136 ✓ | 3,750 ✓ | 4,738 ✓ |

| Environmental Trainings | 2019 | | 2020 | | 2021 | | 2022 | |
|---|--------|------|--------|------|--------|------|--------|-------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| Number of Employees who Received Environmental Training | - | - | - ✓ | - ✓ | - ✓ | - ✓ | 284 ✓ | 752 ✓ |

ENVIRONMENTAL PERFORMANCE INDICATORS

| Energy Consumption (MWh) | 2019 | 2020 | 2021 | 2022 |
|--------------------------------|----------------|------------------|------------------|------------------|
| Natural Gas | 68,233 | 69,995 ✓ | 76,979 ✓ | 77,039 ✓ |
| Diesel | 1,211 | 1,133 ✓ | 1,115 ✓ | 998 ✓ |
| Electricity | 90,931 | 103,201 ✓ | 117,953 ✓ | 121,530 ✓ |
| Renewable Energy (Electricity) | - | - ✓ | 76 ✓ | 175 ✓ |
| Hot Water | 16,345 | 17,162 ✓ | 15,711 ✓ | 13,149 ✓ |
| Total | 176,722 | 191,492 ✓ | 211,835 ✓ | 212,891 ✓ |

| Greenhouse Gas Emissions (tonnes CO ₂ e) ⁵ | 2019 | 2020 | 2021 | 2022 |
|--|------------|--------------|--------------|--------------|
| Scope 1 | 14,937 | 15,272 ✓ | 16,729 ✓ | 16,688 ✓ |
| Scope 2 | 63,097 | 63,596 ✓ | 71,902 ✓ | 58,295 ✓ |
| Total Greenhouse Gas Emissions (Scope 1 and 2) ⁶ | 78,034 | 78,868 ✓ | 88,632 ✓ | 74,983 ✓ |
| Scope 3 ⁷ | 11,468,780 | 13,095,679 ✓ | 13,022,321 ✓ | 12,125,237 ✓ |

⁵Vestel Beyaz Eşya calculated its carbon footprint in accordance with the GHG Protocol standard and reported it in accordance with the requirements in Article "9.3 Content of the greenhouse gas report" in TS EN ISO 14064-1 standard. IPCC 6th Assessment Report was taken as a basis for emission factors in carbon footprint calculations made in accordance with the Tier 1 method. For emission factors that could not be determined through the IPCC report, DEFRA, EPA and Ecoinvent version 3.6 sources were used. Direct and indirect emissions within the boundaries of the organization are verified by independent third parties according to the ISO 14064 standard.

⁶Scope 1 includes consumed natural gas, refrigerants and vehicle fuels used in processes and plants; Scope 2 includes purchased electricity and heat energy. Scope 1 and 2 emissions are verified by independent third parties.

⁷For Scope 3, calculations for 2021 were made for categories 1, 4, 6, 7 and 11. Calculations for 2019, 2020 and 2022 were made for category 11.

| Water Withdrawal (m ³) | 2019 | 2020 | 2021 | 2022 |
|---|---------|-----------|-----------|-----------|
| Tap Water | 395,367 | 415,898 ✓ | 365,959 ✓ | 391,798 ✓ |
| Groundwater | 574,943 | 558,767 ✓ | 572,971 ✓ | 560,273 ✓ |
| Rain Water | - | - ✓ | - ✓ | 1,263 ✓ |
| Total Water Withdrawal ⁸ | 970,310 | 974,665 ✓ | 938,930 ✓ | 953,334 ✓ |
| Amount of Recycled Water | 0 | 0 | 465 | 25,158 |
| Amount of Waste Water Discharged to the Network | 873,279 | 877,199 ✓ | 845,037 ✓ | 858,001 ✓ |
| Total Net Water Consumption ⁹ | 97,031 | 97,467 ✓ | 93,893 ✓ | 95,333 ✓ |

⁸Water footprint is verified by independent third parties.

⁹Total Net Water Consumption = Total Water Withdrawal - Water Discharged

Total dissolved solids in the mains inlet water: 273 mg/L; Total dissolved solids in the well inlet water: 550 mg/L

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| Amount of Waste¹⁰ (tonnes) | 2019 | 2020 | 2021 | 2022 |
|---|---------------|-----------------|-----------------|-----------------|
| Total Hazardous Waste (tonnes) | 1,440 | 1,392 ✓ | 1,760 ✓ | 1,813 ✓ |
| Hazardous Waste Recovered for Energy Generation | 479 | 464 ✓ | 618 ✓ | 697 ✓ |
| Recovered Hazardous Waste | 959 | 927 ✓ | 1,141 ✓ | 1,115 ✓ |
| Hazardous Waste Sent to Landfill/Solid Waste Site | 0.9 | 0.8 ✓ | 0.9 ✓ | 0.85 ✓ |
| Total Non-Hazardous Waste (tonnes) | 37,946 | 39,053 ✓ | 45,012 ✓ | 44,266 ✓ |
| Non-Hazardous Waste Recovered for Energy Generation | 1,585 | 1,755 ✓ | 1,892 ✓ | 1,573 ✓ |
| Recycled Non-Hazardous Waste | 36,361 | 37,298 ✓ | 43,120 ✓ | 42,692 ✓ |
| Hazardous Waste Sent to Landfill/Solid Waste Site | 0 | 0 ✓ | 0 ✓ | 0 ✓ |
| Total Waste (tonnes) | 39,385 | 40,444 ✓ | 46,772 ✓ | 46,079 ✓ |
| Total Recycled/Recovered Waste (tonnes) | 37,320 | 38,225 ✓ | 44,261 ✓ | 43,808 ✓ |
| Total Waste Disposed (tonnes) | 2,065 | 2,220 ✓ | 2,511 ✓ | 2,271 ✓ |
| Recyclability Rate of Waste | 95% | 95% ✓ | 95% ✓ | 95% ✓ |

¹⁰Waste is disposed of off-site.

| Raw Material Consumption¹¹ (tonnes) | 2019 | 2020 | 2021 | 2022 |
|---|-------------|-------------|-------------|-------------|
| Steel | 177,395 | 196,944 | 233,229 | 217,973 |
| Plastics | 125,478 | 137,714 | 165,198 | 166,968 |
| Glass | 27,005 | 30,117 | 38,633 | 40,310 |
| Paper - Cardboard | 13,759 | 14,697 | 17,681 | 19,508 |
| Aluminum | 2,704 | 2,857 | 3,710 | 5,006 |
| Paint | 1,986 | 2,170 | 2,527 | 2,686 |
| Copper | 770 | 883 | 1,181 | 1,669 |
| Cast Iron | 21,462 | 21,907 | 27,421 | 28,518 |
| Other | 2,205 | 2,333 | 3,028 | 3,066 |

¹¹Raw materials of the ready-made components were not included in the analysis.

VESTEL BEYAZ EŞYA 2022 INTEGRATED ANNUAL REPORT REPORTING GUIDELINE

This reporting guideline (“Guideline”) provides information on the methodologies for the preparation, calculation and reporting of the data pertaining to the indicators of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (“the Company” or “Vestel Beyaz Eşya”) within the scope of limited assurance in the Vestel Beyaz Eşya Integrated Annual Report for 2022 (“2022 Integrated Annual Report”).

These indicators include social and environmental indicators. It is the responsibility of the Company’s management to ensure that appropriate procedures are in place for the preparation of the indicators set out below, in all material respects, in accordance with the Guideline.

The information contained in the Guideline covers the fiscal year ending December 31, 2022 and the related operations in Türkiye, which are the responsibility of Vestel Beyaz Eşya as detailed in the “Key Definitions and Scope of Reporting” section. Indicators that include contractors are specified in the “Key Definitions and Scope of Reporting” section. Contractors are not included in indicators that are not specified.

General Reporting Principles

The following principles have been considered in the preparation of this guidance document:

- In the preparation of information - to emphasize the basic principles of relevance and reliability of information to users of information,
- In the reporting of information - to emphasize the principles of comparability/consistency of information with other data, including prior year, and the principles of understandability/transparency that provide clarity to users.

Key Definitions and Scope of Reporting

For the purposes of this report, the Company makes the following definitions:

APPENDICES

| Type | Indicator | Scope |
|----------------------|---|--|
| | Energy consumption (MWh) | |
| Environmental | Natural Gas (MWh) | Refers to the amount of natural gas consumed by the Company during the reporting period, which is monitored through the invoices sent by service providers (for a period of 12 months) and can be mapped with financial reporting systems. The amount of consumption includes use for industrial operations as well as domestic use. |
| | Diesel (MWh) | Refers to the amount of diesel consumed by the Company during the reporting period in relation to the use of stationary combustion generators, which is monitored through the invoices sent by service providers and mapped with financial reporting systems, and in relation to the use of factory vehicles (off-road). Only the portion used for industrial operations is included in the consumption amount. |
| | Electricity (MWh) | Refers to the total amount of electricity purchased by the Company during the reporting period, which is monitored through the invoices sent by service providers (for a duration of 12 months). The amount of consumption includes use for industrial operations as well as domestic use. |
| | Hot Water (MWh) | Refers to the total amount of hot water purchased by the Company during the reporting period, which is monitored through the invoices sent by service providers. Only the portion used for industrial operations is included in the consumption amount. |
| | Renewable Energy (MWh) | Refers to the amount of renewable energy generated from the solar panels of the Company located within the premises of Vestel Beyaz Eşya during the reporting period, which is monitored through the Vestel database portal (SolarEdge) tracking system. |
| | Scope 1 Emissions (tCO₂e) | Refers to the amount of direct greenhouse gas emissions generated during the reporting period by the Company's natural gas consumption, diesel consumption, as well as the diesel, gasoline, and LPG consumption of Company vehicles, which is monitored through the invoices sent by service providers, as well as the emissions from stationary combustion generators and mobile combustion factory vehicles. The Company calculates greenhouse gas emissions in accordance with the "TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" standard. |

| Type | Indicator | Scope |
|---------------|--|---|
| Environmental | Scope 2 Emissions (tCO₂e) | Refers to the amount of indirect greenhouse gas emissions caused by the Company's electricity and hot water consumption during the reporting period. The Company calculates greenhouse gas emissions in accordance with the "TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" standard. |
| | Total Greenhouse Gas Emissions (Scope 1 and 2) (tCO₂e) | Refers to the sum of the Company's Scope 1 Emissions and Scope 2 Emissions during the reporting period. |
| | Scope 3 Emissions (tCO₂e) | Refers to the Company's indirect greenhouse gas emissions generated during the reporting period from the following categories in the Greenhouse Gas Protocol (GHG Protocol): Category 1: Purchased Goods and Services, which can be mapped through financial reporting systems; Category 6: Business Travel, the kilometers of which are monitored through airline tickets purchased from agencies; Category 7: Employee Commuting, which is monitored through kilometer-based invoices issued by service providers; and Category 11: Use of Sold Products, which can be mapped through financial reporting systems and monitored through product-based sales lists. The Company calculates greenhouse gas emissions in accordance with the "TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" standard. |
| | Water Withdrawal (m³) | |
| | Tap Water (m ³) | Refers to the amount of tap water consumed at the Auxiliary Facilities-1 and Auxiliary Facilities-2 during the reporting period, which is purchased from Manisa Organized Industrial Zone (MOIZ) and monitored through invoices (for a period of 12 months). |
| | Groundwater (m ³) | Refers to the amount of groundwater consumed at the the Auxiliary Facilities-1 during the reporting period, which is purchased from Manisa Organized Industrial Zone (MOIZ) and monitored through invoices (for a period of 12 months). |
| | Rain Water (m ³) | Refers to the amount of rain water obtained during the reporting period from the flow meters in the Company's rain collection tanks and monitored through the Vestel database portal (Vestel Collecting Rain Process). |
| | Total Water Withdrawal (m ³) | Refers to the sum of the Company's Tap Water, Groundwater and Rain Water consumption during the reporting period. |
| | Wastewater Discharged to Network (m ³) | Refers to the amount of wastewater received from Manisa Organized Industrial Zone (MOIZ) and discharged during the reporting period, which is monitored through the monthly usage documents shared by MOIZ, with the assumption that wastewater constitutes 90% of the total of Tap Water, Groundwater and Rain Water. |
| | Total Net Water Withdrawal (m ³) | Refers to the amount of Wastewater Discharged to the Network subtracted from the Total Water Withdrawal of the Company during the reporting period. |

APPENDICES

| Type | Indicator | Scope |
|---------------|--|---|
| | Total Annual Air Emissions (tonnes) | |
| Environmental | NOx (tonnes) | Refers to the amount of NOx emitted at the facility during the reporting period (as reported in Table 12 of the Air Emissions Measurement Report), which is measured by an accredited organization every 2 years as per the Regulation on the Control of Industrial Air Pollution introduced by the Ministry of Environment, Urbanization and Climate Change, and declared on the Ministry portal with the Air Emissions Measurement Report. |
| | SOx (tonnes) | Refers to the amount of SOx emitted at the facility during the reporting period (as reported in Table 12 of the Air Emissions Measurement Report), which is measured by an accredited organization every 2 years as per the Regulation on the Control of Industrial Air Pollution introduced by the Ministry of Environment, Urbanization and Climate Change, and declared on the Ministry portal with the Air Emissions Measurement Report. |
| | Volatile organic compounds (VOC) (tonnes) | Refers to the amount of volatile organic compounds (VOC) emitted at the facility during the reporting period (as reported in Table 12 of the Air Emissions Measurement Report), which is measured by an accredited organization every 2 years as per the Regulation on the Control of Industrial Air Pollution introduced by the Ministry of Environment, Urbanization and Climate Change, and declared on the Ministry portal with the Air Emissions Measurement Report. |
| | Dust (PM) (tonnes) | Refers to the amount of Particulate Matter emitted at the facility during the reporting period (as reported in Table 12 of the Air Emissions Measurement Report), which is measured by an accredited organization every 2 years as per the Regulation on the Control of Industrial Air Pollution introduced by the Ministry of Environment, Urbanization and Climate Change, and declared on the Ministry portal with the Air Emissions Measurement Report. |
| | Total Annual Water Emissions (tonnes) | |
| | Chemical Oxygen Demand (COD) (tonnes) | Refers to the chemical oxygen demand (COD) value of the wastewater analyzed during the reporting period, which was measured monthly by taking a wastewater sample from the discharge point of the Company and analyzed according to Manisa Organized Industrial Zone's (MOIZ) Regulation on Sampling and Analysis for Water Pollution Control, and monitored through the monthly usage documents shared by MOIZ. |
| | Total Suspended Solids (TSS) (tonnes) | Refers to the total suspended solids value of the wastewater analyzed during the reporting period, which was measured monthly by taking a wastewater sample from the discharge point of the Company and analyzed according to Manisa Organized Industrial Zone's (MOIZ) Regulation on Sampling and Analysis for Water Pollution Control, and monitored through the monthly usage documents shared by MOIZ. |

| Type | Indicator | Scope |
|----------------------|--|---|
| | Amount of Waste (tonnes) | |
| Environmental | Total Hazardous Waste (tonnes) | Refers to the sum of the amount of Hazardous Waste Recovered for Energy Generation, the amount of Hazardous Waste Recovered and the amount of Hazardous Waste Sent to Landfill/Solid Waste Site during the reporting period, which is monitored by the Mobile Waste Tracking System (MOTAT) of the Ministry of Environment, Urbanization and Climate Change and declared to the Integrated Environmental Information System. |
| | Hazardous Waste Recovered for Energy Generation (tonnes) | Refers to the amount of waste declared during the reporting period to the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change with a Waste Declaration for the years 2020 and 2021, monitored through the Ministry's Mobile Waste Tracking System (MOTAT) for the year 2022, and recycled by the licensed waste processing facility for energy generation with the code "R". |
| | Recovered Hazardous Waste (tonnes) | Refers to the amount of waste declared during the reporting period to the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change with a Waste Declaration for the years 2020 and 2021, monitored through the Ministry's Mobile Waste Tracking System (MOTAT) for the year 2022, and recovered by the licensed waste processing facility with the code "R". |
| | Hazardous Waste Sent to Landfill/Solid Waste Site (tonnes) | Refers to the amount of waste declared during the reporting period to the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change with a Waste Declaration for the years 2020 and 2021, monitored through the Ministry's Mobile Waste Tracking System (MOTAT) for the year 2022, and sent to the landfill & solid waste site of the licensed waste processing facility with the code "D". |
| | Total Non-Hazardous Waste (tonnes) | Refers to the Company's total amount of Non-Hazardous Waste Recovered for Energy Generation, Recycled Non-Hazardous Waste and Non-Hazardous Waste Sent to Landfill during the reporting period, which are monitored through invoices and weighbridge receipts obtained from waste processing companies licensed by the Ministry of Environment and Urbanization. |
| | Non-hazardous Waste Recovered for Energy Generation (tonnes) | Refers to the Company's total waste subjected to the recycling process for the purpose of energy generation and declared to the Ministry of Environment, Urbanization and Climate Change during the reporting period, which is monitored through invoices and weighbridge receipts obtained from the licensed waste processing company. |

APPENDICES

| Type | Indicator | Scope |
|---------------|--|--|
| Environmental | Recycled Non-Hazardous Waste (tonnes) | Refers to the Company's total waste subjected to the recycling process and declared to the Ministry of Environment, Urbanization and Climate Change during the reporting period, which is monitored through invoices and weighbridge receipts obtained from the licensed waste processing company. |
| | Hazardous Waste Sent to Landfill/Solid Waste Site (tonnes) | Refers to the Company's total waste subjected to the landfill and disposal process and declared to the Ministry of Environment, Urbanization and Climate Change during the reporting period, which is monitored through invoices and weighbridge receipts obtained from the licensed waste processing company. |
| | Total Waste (tonnes) | Refers to the sum of the Company's Total Hazardous Waste and Total Non-Hazardous Waste during the reporting period. |
| | Total Recycled/Recovered Waste (tonnes) | Refers to the sum of the Company's Recovered Hazardous Waste and Recycled Non-Hazardous Waste during the reporting period. |
| | Total Waste Disposed (tonnes) | Refers to the Company's Total Recycled/Recovered Waste subtracted from the Company's Total Waste during the reporting period. |
| | Recyclability Rate of Waste (%) | Refers to the ratio of the Company's Total Recycled Waste to its Total Waste during the reporting period. |

| Type | Indicator | Scope |
|--------|--|--|
| Social | Employees by gender (#) | Refers to the breakdown by gender of the total number of employees monitored through the Company's Human Resources data platform during the reporting period, covering all employees logged into the platform as of December 31, 2022, and for whom an employment notification was made to the Social Security Institution. |
| | Employees by category (#) | Refers to the number of employees monitored through the Company's Human Resources data platform during the reporting period, where employees earning monthly salary are defined as "white-collar" and employees earning hourly salary are defined as "blue-collar". |
| | Employees by Working Duration (#) | Refers to the total number of employees with a seniority of 0-5 years, 5-10 years and more than 10 years during the reporting period, which is monitored through the Company's Human Resources data platform, based on the employment notification made to the Social Security Institution. |
| | Number of Managerial Employees in Revenue-Generating Functions (#) | Refers to the number of people working in the following positions that the Company defines as income-generating positions during the reporting period, which are monitored through the Company's Human Resources data platform: As the representative of the employer, Chief Executive Officer, General Manager and Deputy General Manager, managers of the Purchasing Department, managers of the Financial Affairs Department, managers of the Finance Department and all managers working in Foreign Trade. |
| | Managers by Category (#) | Refers to the ratio of the number of employees in junior level management positions of Senior Director and Director, middle level management position of Manager and top level management positions of Chief Executive Officer, General Manager, Deputy General Manager during the reporting period. |
| | Ratio of Female Employees (%) | Refers to the ratio of the number of women at the Company's Management Levels to the total number of employees at the Management Levels during the reporting period. |
| | Number of Employees with Disabilities (#) | Refers to the number of employees of the Company who fall within the definition of persons with disabilities in the Law No. 5378 on Persons with Disabilities, and for whom an employment notification was made to the Social Security Institution during the reporting period. |
| | Managers by Gender and Age (#) | Refers to the number of employees in junior level management positions of Senior Director and Director, middle level management position of Manager and top level management positions of Chief Executive Officer, General Manager, Deputy General Manager, with an age breakdown of 50 years and above, between 30-50, and below 30, monitored through the Company's Human Resources data platform, including all employees who had entered the platform as of December 31, 2022, and whose birth date information was taken from their employee files and for whom an employment notification was made to the Social Security Institution during the reporting period. |

APPENDICES

| Type | Indicator | Scope |
|--------|--|---|
| Social | Number of Full-Time Employees in the R&D Department (#) | Refers to the number of full-time employees who are monitored through the Company's Human Resources data platform, whose work organization is the R&D department and who work 7.5 hours per day and 45 hours per week as defined by the Labor Law No. 4857 during the reporting period. |
| | Number of Employees in STEM Positions (#) | Refers to the number of employees who hold a bachelor's degree in engineering and work in the R&D function, which the Company defines as STEM (Science, Technology, Engineering, Math) positions during the reporting period, who are monitored through the Company's Human Resources data platform. |
| | Newly-Hired Employees by Gender and Age (#) | Refers to the number of employees hired by the Company and for whom an employment notification was made to the Social Security Institution during the reporting period, broken down by Management Level, including the number of employees aged 50 and above, between 30-50, and under. |
| | Employee Turnover Rate (%) | Refers to the ratio of the number of employees for whom a resignation notification was made to the Social Security Institution, broken down by Number of Employees in Management Positions, including the number of employees aged 50 and above, between 30-50, 30 and under, to the total number of employees during the reporting period. |
| | Turnover Rate for Employees Voluntarily Leaving Their Jobs (%) | Refers to the ratio of the number of employees for whom a resignation notification was made to the Social Security Institution, who are monitored through resignation documents and broken down by Number of Employees in Management Positions, including the number of employees aged 50 and above, between 30-50, and 30 under, to the total number of employees during the reporting period. |
| | Ratio of Vacant Positions Filled with In-house Candidates (%) | Refers to the ratio of the number of vacant positions filled with in-house candidates followed by job change/rotation and internal promotion announcements within the approval of the Company's senior management to the total number of vacant positions during the reporting period. |
| | Number of Employees Who Took Parental Leave (#) | Refers to the number of employees who took maternity and paternity leave during the reporting period within the periods specified in the Regulation on Part-Time Work After Maternity Leave or Unpaid Leave. |
| | Employees Returning from Parental Leave (#) | Refers to the number of employees who returned from maternity and paternity leave during the reporting period within the periods specified in the Regulation on Part-Time Work After Maternity Leave or Unpaid Leave. |
| | Performance Appraisal | Refers to number of employees included in 2 different performance appraisal systems implemented during the reporting period and monitored through performance appraisal forms of "Competency-Based Performance Appraisal" conducted with white-collar employees who have completed 6 months as of the start date of the year-end performance appraisal period and the "Target & Competency-Based Performance Appraisal" conducted with active white-collar employees as of the opening of the beginning of the year performance period. |

| Type | Indicator | Scope |
|--------|---|--|
| Social | Contractor Employees by Gender (#) | Refers to the total number of employees working for the Company in ISS and EuroServe, the contractors of the Company, during the reporting period. |
| | Training Hours for Employees (hours) | Refers to the total number of training hours during the reporting period that are monitored through the Company's Vestel Academy Training Portal, tracked and recorded with the Company-specific information of the employees, and covering all trainings offered within the Company, including OHS Trainings. |
| | Training Hours for Contractor Employees (hours) | Refers to the total number of hours of recorded training provided to ISS and Euroserve, the contractors that the Company works with, to the employees working for the Company during the reporting period, covering all trainings including OHS Trainings. |
| | OHS Training Hours for Contractor Employees (hours) | Refers to the total number of compulsory or non-compulsory Occupational Health and Safety training hours provided by the Company during the reporting period to the employees of ISS and Euroserve, the contractors that the Company works with, which are monitored through the Vestel Academy Training Portal, and the topics of which are identified according to the hazard class within the scope of the Law No. 6331 on Occupational Health and Safety. |
| | OHS Training Hours for Employees (hours) | Refers to the total number of compulsory or non-compulsory Occupational Health and Safety training hours provided during the reporting period, which are monitored and recorded through the Company's Vestel Academy Training Portal, and which are tracked and recorded with the Company-specific information of the employees, and for which topics are identified according to the hazard class within the scope of the Law No. 6331 on Occupational Health and Safety. |
| | Number of Employees who Received Environmental Training (#) | Refers to the number of employees who received Environmental Training during the reporting period, which is monitored and recorded through the Company's Vestel Academy Training Portal, and tracked and recorded with employees' Company-specific information. |
| | OHS Performance Indicators | |
| | Number of Fatalities (#) | Raporlama döneminde, Şirket çalışanlarının ve Şirketin çalıştığı taşeron firmalar olan ISS ve EuroServe çalışanlarının, 6331 sayılı İş Sağlığı ve Güvenliği Kanunu kapsamındaki "ölümlü iş kazası" tanımına giren, Sosyal Güvenlik Kurumu'na yapılan bildirimler ile takip edilen kişi sayısını ifade eder. |
| | Occupational Disease | Refers to the number of individuals, including Company employees and employees of the contractor companies ISS and EuroServe, who were reported during the reporting period to the Social Security Institution and monitored for incidents that fall within the definition of "fatalities" under the Law No. 6331 on Occupational Health and Safety. |

APPENDICES

PREPARATION OF DATA

1. Environmental Indicators

Energy consumption (MWh)

The following conversion factors were used in the sub-headings that constitute energy consumption.

$\text{Kg-L} = \text{L} \times 1000/850$ (diesel)

$\text{L-KWh} = \text{KWh} \times 10.08$ (diesel)

$\text{KWh-m}^3 = \text{m}^3 \times 10.64$ (natural gas)

Scope 1 Emissions (tCO₂e)

Scope-1 emissions calculations include natural gas and diesel fuel amounts as well as diesel, gasoline and LPG used in Company vehicles, direct greenhouse gas emissions from stationary combustion generators and mobile combustion factory vehicles.

Formula:

Amount of Emission = Activity Data*Emission Factor*Oxidation Factor

Activity Data = Consumption Quantity*Net Calorific Value (TJ)

Oxidation Factor = 1

Scope-1 Mobile Combustion - Emission Factor (Source)

Category 1- Direct / Mobile Combustion / Company Vehicles / Diesel:

IPCC (2006), Vol 2, Chapter 3, Table 3.2.1 and Table 3.2.2

Category 1- Direct / Mobile Combustion / Company Vehicles / Gasoline:

IPCC (2006), Vol 2, Chapter 3, Table 3.2.1 and Table 3.2.2

Category 1- Direct / Mobile Combustion / Company Vehicles / LPG:

IPCC (2006), Vol 2, Chapter 3, Table 3.2.1 and Table 3.2.2

Scope-1 Fugitive Gases - Emission Factor (Source)

Calculations were made for R-410A, R-404A, R-134A, R-407C, HCFC-22 (R22) gases within the scope of Category 1- Fugitive Gases.

Direct / Direct Emissions / Volume Cooling / Chillers / R-410A: IPCC Sixth Assessment Report (AR6)

Scope 2 Emissions (tCO₂e)

Scope-2 emissions calculations include indirect greenhouse gas emissions from the Company's electricity and hot water consumption.

Formula:

Emission Amount = Activity Data*Emission Factor*Oxidation Factor

Activity Data = Consumption Quantity*Net Calorific Value (TJ)

Oxidation Factor= 1

Scope-2- Emission Factor (Source)

Category 2- Indirect - Energy Supplied / Electricity Consumption / Electricity Purchased from the Grid:

UNFCCC International, TEİAŞ and IPCC 2016

Category 2- Indirect - Energy Supplied / Electricity Consumption / Hot Water Purchased from the Grid:

Ecoinvent v3.2

Scope 3 Emissions (tCO₂e)

The Company's emissions in Category 1: Purchased Goods and Services, Category 6: Business Travel, Category 7: Employee Commuting and Category 11: Use of Sold Products are included in the calculation of Scope-3 emissions.

Formula:

Emission Amount = Activity Data*Emission Factor*Oxidation Factor

Activity Data = Consumption Quantity*Net Calorific Value (TJ)

Oxidation Factor = 1

Scope-3- Emission Factor (Source)

Category 1: Purchased Goods and Services - Environmentally-Extended Input-Output (EEIO) Version 1.0

Category 6: Business Travel - IPCC (Intergovernmental Panel on Climate Change)

Category 6: Employee Commuting - GHG Protocol, 2017

Category 11: Use of Sold Products - IPCC (2006), Vol 2, Chapter 2, Table 2.3

Total Hazardous Waste (tonnes)

Formula:

Total Hazardous Waste (tonnes) = Hazardous Waste Recovered for Energy Generation + Recovered Hazardous Waste + Hazardous Waste Sent to Landfill/Solid Waste Site

Total Non-Hazardous Waste (tonnes)

Formula:

Total Non-Hazardous Waste (tons) = Non-Hazardous Waste Recovered for Energy Generation + Recycled Non-Hazardous Waste + Non-Hazardous Waste Sent to Landfill

Total Waste (tonnes)

Formula:

Total Waste (tonnes) = Total Hazardous Waste + Total Non-Hazardous Waste

Recyclability Rate of Waste (%)

Formula:

Recyclability Rate of Waste (%) = Total Recycled Waste / Total Waste

2. Social Indicators

Ratio of Female Employees (%)

Formula:

Total number of female employees / Total number of employees

Employee Turnover Rate (%)

Formula:

Number of Employees Leaving Their Jobs / Total Number of Employees

Turnover Rate for Employees Voluntarily Leaving Their Jobs (%)

Formula:

Number of Employees Voluntarily Leaving Their Jobs / Total Number of Employees

Ratio of Vacant Positions Filled with In-house Candidates (%)

Formula:

Number of Open Positions Filled with In-house Candidates / Total Number of Open Positions

Re-Statement of Opinion

Measuring and reporting validated data inevitably involves a certain degree of estimation. Where there is a change of more than 5% in the data at the partnership level, a re-statement of opinion may be considered.

APPENDICES




LIMITED ASSURANCE REPORT

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. to the Board of Directors,

We have been appointed by Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (“Vestel Beyaz Eşya” or the “Company”) to perform a independent limited assurance engagement on the Selected Sustainability Information (“Selected Information”) listed below in the Vestel Beyaz Eşya 2022 Integrated Annual Report (“2022 Integrated Annual Report”) prepared for the year ended December 31, 2022.

Selected Information

The scope of the indicators subject to our limited assurance engagement, which are marked with  on pages 99, 179, 182, 183, 184, 185 and 186 of the 2022 Integrated Annual Report, is as follows for the year ended December 31, 2022:

SOCIAL INDICATORS

- Employees by Gender (#)
- Employees by Category (#)
- Employees by Working Duration (#)
- Employees by Gender and Age (#)
- Number of Managerial Employees in Revenue-Generating Functions (#)
- Share of Women in Management Positions in Revenue-Generating Functions (%)
- Number of Employees in Top Management Positions (#)
- Share of Female Employees (%)
- Number of Employees with Disabilities (#)
- Managers by Gender and Age (#)
- Number of People Working in R&D Department (#)
- Number of Employees in STEM Positions (#)
- Share of Female Employees in STEM Positions (%)
- Newly-Hired Employees by Gender and Age (#)
- Employee Turnover Rate (%)
- Turnover Rate for Employees Voluntarily Leaving Their Jobs (%)
- Ratio of Vacant Positions Filled with In-house Candidates (%)
- Number of Employees Who Took Parental Leave (#)
- Employees Returning from Parental Leave (#)
- Performance Appraisal
- Contractor Employees by Gender (#)
- Training Hours for Employees (hours)
- Training Hours for Contractor Employees (hours)
- OHS Trainings (Contractors) (hours)
- OHS Trainings (Employees) (hours)
- Hours of Environmental Training Provided to Employees (hours)
- Number of Fatalities (#)
- Injury Frequency Rate (IFR)
- Accident Severity Rate (ASR)
- Occupational Disease



ENVIRONMENTAL INDICATORS

- **Energy Consumption (MWh)**
 - » Natural Gas (MWh)
 - » Diesel (MWh)
 - » Electricity (MWh)
 - » Hot Water (MWh)
 - » Renewable Energy (MWh)
- **Scope 1 Emissions (tCO₂e)**
- **Scope 2 Emissions (tCO₂e)**
- **Scope 3 Emissions (tCO₂e)**
- **Water Consumption (m³)**
 - » Tap Water (m³)
 - » Groundwater (m³)
 - » Rain Water (m³)
 - » Wastewater Discharged to Network (m³)
- **Air Emissions (kg)**
 - » NO_x (kg)
 - » SO_x (kg)
 - » Volatile organic compounds (VOC) (kg)
 - » Particulate matter (PM) (kg)
- **Water Emissions**
 - » Chemical Oxygen Demand (COD) (tonnes)
 - » Total Suspended Solids (TSS) (tonnes)
- **Total Hazardous Waste (tonnes)**
 - » Hazardous Waste Recovered for Energy Generation (tonnes)
 - » Recovered Hazardous Waste (tonnes)
 - » Hazardous Waste Sent to Landfill/Solid Waste Site (tonnes)
- **Total Non-Hazardous Waste (tonnes)**
 - » Non-hazardous Waste Recovered for Energy Generation (tonnes)
 - » Recycled Non-Hazardous Waste (tonnes)
 - » Non-Hazardous Waste Sent to Landfill (tonnes)
- **Total Waste (tonnes)**
 - » Total Recycled Waste (tonnes)
 - » Total Waste Disposed (tonnes)
 - » Total Waste Sent to Landfill (tonnes)
 - » Recyclability Rate of Waste (%)

APPENDICES



Our independent assurance report has been prepared solely for the Selected Information marked with ✓ in the 2022 Integrated Annual Report. We have not performed any procedures on any other information disclosed in the previous periods other information not marked with ✓ in the 2022 Integrated Activity Report. Accordingly, we express no conclusions.

Criterion

In preparing the Selected Information, the principles set out in the Vestel Beyaz Eşya 2022 Integrated Annual Report – Reporting Guideline (“Reporting Guideline”) on pages 187-197 of the 2022 Integrated Annual Report were used.

Responsibilities of the Company

The Company is responsible for the content of the 2022 Integrated Annual Report and for ensuring that the Selected Information is prepared in accordance with the Reporting Guideline. The Company is also responsible for designing, implementing and maintaining internal controls to ensure that the information used in the preparation of the Selected Information does not contain any material misstatements, whether due to fraud or error.

Limitations

Given the nature of the subject matter and the methods used to identify such information, non-financial information is subject to more inherent limitations than financial information. The lack of established practices by an organization may result in significantly different measurements and the selection of different, but acceptable, measurement techniques, which may affect comparability. The precision of different measurement techniques may also vary. In addition, the nature of the information in question and the methods used to determine it, as well as the measurement criteria and their precision, may vary over time. Therefore, it is important to read and analyze the Selected Information in accordance with the Reporting Guideline.

Conversion factors to MWh for the consumption of energy source fuels and calculations related to carbon emissions in particular, are dependent, among other things, on information and factors obtained internally and/or information and factors provided by independent third parties, as set out in the Reporting Guideline section. These different factors and information provided by third parties were not included in our study.

Independence and Quality Control

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants (“IESBA”), which sets out the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

We apply International Standard 1 on Quality Control and accordingly maintain a system of quality control that includes documented policies and processes that comply with relevant ethical and professional standards and legal or regulatory requirements.

Responsibilities of the Independent Auditor

Our responsibility is to express a conclusion on whether, based on the limited assurance engagement we have performed, anything has come to our attention that causes us to believe that the Selected Information has not been prepared, in all material respects, in accordance with the Reporting Guideline. We have performed our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 - “Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” (“ISAE 3000” Revised) and International Standard on Assurance Engagements 3410 - “Standard on Assurance Engagements on Greenhouse Gas Statements” (“ISAE 3410”) issued by the International Auditing and Assurance Standards Board.

The scope of the limited assurance we have performed in accordance with ISAE 3000 (Revised) and ISAE 3410 is significantly narrower than the scope of reasonable assurance. In a limited assurance engagement, the nature, timing and scope of procedures performed to gather sufficient and appropriate audit evidence are much narrower than in a reasonable assurance engagement.



Our procedures are based on our professional judgment and consist of investigations, observation of processes performed, review of documentation, analytical procedures, assessment of the appropriateness of measurement methods and reporting policies, and reconciliation of the underlying records.

The limited assurance procedures we have performed include the following:

- Interviews were held with the Company management and the persons responsible for the relevant Selected Information;
- The process for gathering and reporting Selected Information was understood. This procedure includes an assessment of the processes and controls that are important for managing and reporting Selected Information;
- The source data used for the preparation of Selected Information was evaluated and certain selected examples of calculations were redone;
- Limited tests were performed on a sample basis for the compilation and preparation of the Selected Information prepared by the Company;
- Analytical procedures were performed on the Reported Selected Information.

Limited Assurance Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended December 31, 2022 included in the Company's 2022 Integrated Annual Report has not been prepared, in all material respects, in accordance with the Reporting Guideline.

Usage Restriction

This report, including its conclusion, has been prepared for the Company's Board of Directors to assist in reporting on the Company's sustainability performance and activities. To enable the Company's Board of Directors to demonstrate that it has fulfilled its responsibilities in relation to the Selected Information by commissioning a limited independent assurance report, we consent to its inclusion in the Integrated Annual Report 2022 for the year ended December 31, 2022. Except to the extent permitted by law and to the extent the terms and conditions are expressly agreed upon with our prior written consent, we do not accept any liability to any person or organization other than Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. and Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. in relation to our work or report.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Karakurt, SMMM
Sorumlu Denetçi

İstanbul, 1 Mart 2023

APPENDICES

APPENDIX 7: UN GLOBAL COMPACT (UNGC) PROGRESS TABLE

| Area | Principles | Relevant Department |
|-----------------|---|--|
| Human Rights | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights | Gender Equality, Human Rights and Inclusion |
| | Principle 2: Businesses should make sure that they are not complicit in human rights abuses | Ethical Principles |
| Labor Standards | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining | Vestel Beyaz Eşya does not have any employee employed under any Collective Bargaining Agreement. All employee rights and benefits are protected and enshrined under the Labor Law No. 4857. There are a total of 120 employee representatives elected from each department. Employees are informed by their managers about the decisions that may affect them. |
| | Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor | Gender Equality, Human Rights and Inclusion Ethical Principles |
| | Principle 5: Businesses should uphold the effective abolition of child labor | Supply Chain |
| | Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation | Gender Equality, Human Rights and Inclusion |
| | Principle 7: Businesses should support a precautionary approach to environmental challenges | A Net Zero Company Appendix 4: Integrated Management Systems and Environmental Management Environmental Performance Indicators |
| Environment | Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility | A Net Zero Company Appendix 2: Stakeholder Relations Appendix 4: Integrated Management Systems and Environmental Management |
| | Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies | A Net Zero Company Products and Solutions Creating Benefits |
| | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery | Ethical Principles |

APPENDIX 8: STATEMENT OF COMPLIANCE WITH CMB SUSTAINABILITY PRINCIPLES

Vestel Beyaz Eşya places sustainability at the center of its activities with the vision of becoming a technology company that creates social and environmental benefits with its accessible and smart products that make life easier. The Company closely monitors best practices in the field of sustainability and carries out its activities with the aim of complying with generally accepted best practices in this field.

Many of Vestel Beyaz Eşya's sustainability activities are in line with the principles set out in the "Sustainability Principles Compliance Framework" put into effect by the CMB in 2020. Within this framework, Vestel Beyaz Eşya complied with most of the principles set out in the non-mandatory "Sustainability Principles Compliance Framework" prepared by the CMB with a "comply or explain" approach. Some of these principles have not yet been fully complied with due to challenges in implementation, uncertainties in the national and international arena, the fact that some principles do not fully align with the current structure of the Company, and the fact that compliance principles will be determined according to the findings of ongoing studies. The Company aims to review the sustainability targets and key performance indicators for the principles that require improvement on a regular basis every year.

Practices regarding the principles within the scope of the Compliance with CMB Sustainability Principles Framework are presented in the "Strategic Approach", "A Net Zero Company", "Products and Solutions Creating Benefits" and "Technology and Human-Oriented Transformation" sections of the Vestel Beyaz Eşya Integrated Annual Report. Explanations on the principles to be improved within the scope of the information shared are as follows:

Regarding principle B.14, the Company continues to work on establishing and publicly disclosing programs or procedures to prevent or minimize the potential negative impact of products and/or services on the environment. Vestel Beyaz Eşya is upgrading its existing installed energy monitoring systems. In addition, within the scope of the goal of achieving net zero in the entire value chain by 2050, a supplier evaluation system has been put into operation and more suppliers are planned to be evaluated in this system in the coming period.

Regarding Principle B.21, in terms of water consumption and the amount of water withdrawn, recycled and discharged from underground or above ground sources, if any, Vestel Beyaz Eşya continues its projects and studies for improvement. It has set targets for water management and the use of recycled water, and continues improvement efforts with project teams and working groups to achieve these targets.

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| PRINCIPLE | | STATUS OF COMPLIANCE | | | | DESCRIPTION | REPORT INFORMATION/LINK |
|------------------------------------|---|----------------------|----|-----------|------------|---|---|
| | | YES | NO | PARTIALLY | IRRELEVANT | | |
| A. General Principles | | | | | | | |
| A1. Strategies, Policies and Goals | | | | | | | |
| A1.1 | The Board of Directors identifies material issues, risks and opportunities for ESG and establishes appropriate ESG policies. | x | | | | Global Trends, Risks and Opportunities | Integrated Report Page 42 |
| | | | | | | Risks and the Evaluation of the Board of Directors | Integrated Report Page 142 |
| | The Board of Directors issues ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy) and discloses them. | x | | | | Quality and Product Safety | Management Systems Policy Integrated Report Page 125 |
| A1.2 | Short and long term targets set within the scope of ESG policies are disclosed. | x | | | | Strategic Approach | Integrated Report Page 32 |
| | | | | | | Targets and Results: | Integrated Report Page 36 |
| A2. Implementation/Monitoring | | | | | | | |
| A2.1 | Committees and/or units responsible for the execution of ESG policies and the highest level responsible persons in the company related to ESG issues and their duties are identified and disclosed. | x | | | | Sustainability Management | Integrated Report Page 38 |
| | The activities carried out by the responsible committee and/or unit within the scope of the policies are reported to the board of directors at least once a year. | x | | | | Sustainability Management | Integrated Report Page 38 |
| A2.2 | Implementation and action plans are created in line with ESG objectives and disclosed. | x | | | | Strategic Approach | Integrated Report Page 32 |
| A2.3 | ESG Key Performance Indicators (KPIs) and the level of achievement in relation to these indicators on an annual basis are disclosed. | x | | | | Shared throughout the Report. Appendix 6: Performance Indicators | Integrated Report Page 182 |

| PRINCIPLE | STATUS OF COMPLIANCE | | | | DESCRIPTION | REPORT INFORMATION/LINK |
|--|----------------------|----|-----------|------------|--|---|
| | YES | NO | PARTIALLY | IRRELEVANT | | |
| A2.4 Activities to improve the sustainability performance of business processes or products and services are disclosed. | x | | | | Production and Innovation Power A Net Zero Company Accessible and Smart Products That Make Life Easier | Integrated Report Page 73 Integrated Report Page 106 Integrated Report Page 115 |
| A3. Reporting | | | | | | |
| A3.1 Information on the Company's sustainability performance, targets and actions is provided in the annual reports in an understandable, accurate and sufficient manner. | x | | | | Under the integrated report, the approach, performance, goals and actions on material issues are shared transparently with the stakeholders. | Integrated Report Page 36 |
| A3.2 The Company publicly shares information on which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to. | x | | | | The report states to which targets the projects launched contribute under each Sustainable Development Goal. Strategic Approach | Integrated Report Page 32 |
| A3.3 Lawsuits filed against and/or finalized on ESG issues, which are important in terms of ESG policies and/or which may significantly affect operations, are disclosed. | x | | | | Ethical Principles | Integrated Report Page 40 |

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| PRINCIPLE | | STATUS OF COMPLIANCE | | | | DESCRIPTION | REPORT INFORMATION/LINK |
|-----------------------------|---|----------------------|----|-----------|------------|--|--|
| | | YES | NO | PARTIALLY | IRRELEVANT | | |
| A4. Verification | | | | | | | |
| A4.1 | ESG Key Performance Measures of the Company are verified by an independent third party and disclosed. | x | | | | Environmental performance indicators, social performance indicators, carbon and water footprint are verified by independent third parties. | Integrated Report Page 182 |
| B. Environmental Principles | | | | | | | |
| B1 | The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs of the Company in the field of environmental management are disclosed. | x | | | | Appendix 4: Integrated Management Systems and Environmental Management | Integrated Report Page 178 |
| B2 | Restrictions on the scope of the report, reporting period, reporting date and reporting conditions regarding the environmental reports prepared to provide information on environmental management are disclosed. | x | | | | About the Report Appendix 4: Integrated Management Systems and Environmental Management Appendix 6: Performance Indicators | Integrated Report Page 174 Integrated Report Page 178 Integrated Report Page 182 |
| B3 | Details are provided in A2.1. | x | | | | Sustainability Management | Integrated Report Page 38 |
| B4 | Environmental targets included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as board members, managers and employees) are disclosed. | x | | | | The Journey to Net Zero (Climate Crisis Action at Vestel Beyaz Eşya) | Integrated Report Page 107 |
| B5 | The means of integration of identified environmental issues into business objectives and strategies are disclosed. | x | | | | A Net Zero Company | Integrated Report Page 106 |

| PRINCIPLE | STATUS OF COMPLIANCE | | | | DESCRIPTION | REPORT INFORMATION/LINK |
|--|----------------------|----|-----------|------------|---|--|
| | YES | NO | PARTIALLY | IRRELEVANT | | |
| B6 Details are provided in A2.4. | x | | | | Production and Innovation Power A Net Zero Company Accessible and Smart Products That Make Life Easier | Integrated Report Page 73 Integrated Report Page 106 Integrated Report Page 115 |
| B7 The management of environmental issues, including suppliers and customers across the value chain throughout the operational process, and their means of integration into business objectives and strategies are disclosed. | x | | | | Supply Chain | Integrated Report Page 103 |
| B8 Whether relevant organizations and civil society organizations were involved in policy-making processes on environmental issues, and collaborations with these institutions are disclosed. | x | | | | A Net Zero Company Appendix 2: Stakeholder Relations Appendix 3: Association Memberships and Supported Initiatives | Integrated Report Page 106 Integrated Report Page 175 Integrated Report Page 177 |
| B9 In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), the Company discloses to the public information on its environmental impacts in a comparable manner. | x | | | | A Net Zero Company Appendix 4: Integrated Management Systems and Environmental Management Environmental Performance Indicators | Integrated Report Page 106 Integrated Report Page 178 |

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| PRINCIPLE | STATUS OF COMPLIANCE | | | | DESCRIPTION | REPORT INFORMATION/LINK |
|------------|----------------------|----|-----------|------------|--|----------------------------|
| | YES | NO | PARTIALLY | IRRELEVANT | | |
| B10 | | | | | Appendix 4: Integrated Management Systems and Environmental Management | Integrated Report Page 178 |
| B11 | | | | | Environmental Performance Indicators | Integrated Report Page 185 |
| | | | | | Targets and Results: | Integrated Report Page 36 |
| B12 | | | | | The Journey to Net Zero | Integrated Report Page 107 |
| | | | | | Environmental Performance Indicators | Integrated Report Page 185 |
| | | | | | Targets and Results: | Integrated Report Page 36 |
| B13 | | | | | The Journey to Net Zero | Integrated Report Page 107 |
| | | | | | Environmental Performance Indicators | Integrated Report Page 185 |
| B14 | | | | | Products and Solutions Creating Benefits | Integrated Report Page 116 |
| | | | | | Supply Chain | Integrated Report Page 103 |
| B15 | | | | | A Net Zero Company | Integrated Report Page 106 |
| B16 | | | | | Environmental Performance Indicators | Integrated Report Page 185 |

| PRINCIPLE | STATUS OF COMPLIANCE | | | | DESCRIPTION | REPORT INFORMATION/LINK |
|------------|--|----|-----------|------------|--|--|
| | YES | NO | PARTIALLY | IRRELEVANT | | |
| B17 | Disclosures are made to the public on electricity, heat, steam and cooling generated in the reporting year. | x | | | Environmental Performance Indicators | Integrated Report Page 185 |
| B18 | Efforts are made to increase the use of renewable energy and transition to zero or low-carbon electricity and disclosed. | x | | | The Journey to Net Zero | Integrated Report Page 107 |
| B19 | Renewable energy production and utilization data are disclosed. | x | | | The Journey to Net Zero Environmental Performance Indicators | Integrated Report Page 107 Integrated Report Page 185 |
| B20 | Energy efficiency projects are carried out and the amount of energy consumption and emission reductions achieved through energy efficiency projects are disclosed. | x | | | Energy Efficiency | Integrated Report Page 108 |
| B21 | Water consumption, the amount of water withdrawn from underground or above ground, if any, recycled and discharged, sources and procedures are disclosed. | x | | | Environmental Performance Indicators | Integrated Report Page 185 |
| B22 | Whether any operations or activities are included in any carbon pricing systems (Emissions Trading System, Cap & Trade or Carbon Tax) is disclosed. | x | | | Vestel Beyaz Eşya is not included in the carbon pricing system. | |
| B23 | Information on the carbon credit accumulated or purchased during the reporting period is disclosed. | x | | | There is no carbon credit purchased. | |
| B24 | If carbon pricing is applied in partnership with certain institutions, the details are disclosed. | x | | | Carbon pricing is not applied. | |
| B25 | All platforms where environmental information is presented is disclosed. | x | | | A Net Zero Company Appendix 4: Integrated Management Systems and Environmental Management | Integrated Report Page 106 Integrated Report Page 178 |

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| PRINCIPLE | STATUS OF COMPLIANCE | | | | DESCRIPTION | REPORT INFORMATION/LINK |
|--------------------------------------|---|----|-----------|------------|---|---|
| | YES | NO | PARTIALLY | IRRELEVANT | | |
| C. Social Principles | | | | | | |
| C1. Human Rights and Employee Rights | | | | | | |
| C1.1 | A Corporate Human Rights and Employee Rights Policy is created, in which full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye, and the legal framework and legislation regulating human rights and work life in Türkiye is committed. The policy in question and the roles and responsibilities associated with its implementation are disclosed. | x | | | Gender Equality, Human Rights and Inclusion | Ethical Principles Eşit Bi’ Hayat (An Equal Life) Gender Equality Manifesto Integrated Report Page 87-88 |
| C1.2 | Considering supply and value chain impacts, fair labor, improvement of labor standards, women’s employment and inclusion issues (such as non-discrimination based on gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc.) are included in the employee rights policy. | x | | | Gender Equality, Human Rights and Inclusion | Integrated Report Page 87-88 |
| C1.3 | Measures taken along the value chain to protect the rights of groups (low-income groups, women, etc.) that are sensitive to certain economic, environmental and social factors as well as the protection of minority rights/ equal opportunities are disclosed. | x | | | Gender Equality, Human Rights and Inclusion Supply Chain | Integrated Report Page 87-88 Integrated Report Page 103 |
| C1.4 | Developments regarding the preventive and corrective practices of discrimination, inequality, human rights violations and forced labor and child labor are disclosed. | x | | | Gender Equality, Human Rights and Inclusion Supply Chain | Integrated Report Page 87-88 Integrated Report Page 103 |

| PRINCIPLE | STATUS OF COMPLIANCE | | | | DESCRIPTION | REPORT INFORMATION/LINK |
|--------------|--|----|-----------|------------|--|--|
| | YES | NO | PARTIALLY | IRRELEVANT | | |
| C1.5 | Investments made in employees (training, development policies), compensation, fringe benefits, right to unionize, solution for work/life balance, and talent management issues are included in the Company's policy regarding employee rights. | x | | | Employees | Integrated Report Page 86 |
| | Mechanisms are established for resolving employee complaints and disputes and dispute resolution processes are identified. | x | | | Employees | Integrated Report Page 86 |
| | Activities carried out during the reporting period to ensure employee satisfaction are disclosed to the public. | x | | | Employees | Integrated Report Page 86 |
| C1.6 | The Company creates and discloses occupational health and safety policies. | x | | | Occupational Health and Safety Social Performance Indicators | Integrated Report Page 98 |
| | Measures taken to prevent occupational accidents and protect health, as well as accident statistics are disclosed. | x | | | Occupational Health and Safety Social Performance Indicators | Integrated Report Page 98 |
| C1.7 | Personal data protection and data security policies are established and disclosed. | x | | | Data Security and Cyber Risks | Privacy Policy and Clarification Text Integrated Report Page 84 |
| C1.8 | Ethics policy has been established and disclosed to the public. | x | | | Ethical Principles | Ethical Principles Integrated Report Page 40 |
| C1.9 | | | | | | |
| C1.10 | Information meetings and training programs are organized for employees on ESG policies and practices. | x | | | Sustainability Management Ethical Principles Employees | Integrated Report Page 38 |
| | | | | | Appendix 4: Integrated Management Systems and Environmental Management | Integrated Report Page 40 Integrated Report Page 86 Integrated Report Page 178 |

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| PRINCIPLE | | STATUS OF COMPLIANCE | | | | DESCRIPTION | REPORT INFORMATION/LINK |
|---|---|----------------------|----|-----------|------------|---|----------------------------|
| | | YES | NO | PARTIALLY | IRRELEVANT | | |
| C2. Stakeholders, International Standards and Initiatives | | | | | | | |
| C2.1 | A customer satisfaction policy on the management and resolution of customer complaints is prepared and disclosed. | x | | | | Customer Experience | Integrated Report Page 127 |
| C2.2 | Information on communication with stakeholders (stakeholder, topic and frequency) is disclosed. | x | | | | Appendix 2: Stakeholder Relations | Integrated Report Page 175 |
| C2.3 | International reporting standards adopted in reporting are explained. | x | | | | About the Report | Integrated Report Page 174 |
| | | | | | | The Journey to Net Zero | Integrated Report Page 107 |
| C2.4 | Principles adopted in relation to sustainability, international organizations, committees and principles of which the Company is a signatory or member are disclosed to the public. | x | | | | Appendix 3: Association Memberships and Supported Initiatives | Integrated Report Page 177 |
| C2.5 | Efforts are undertaken and work is carried out to be included in the sustainability indices of Borsa Istanbul and/or international index providers. | x | | | | Sustainability Management | Integrated Report Page 38 |
| D. Corporate Governance Principles | | | | | | | |
| D1 | Stakeholders’ opinions are sought in determining the measures and strategies in the field of sustainability. | x | | | | Materiality Analysis | Integrated Report Page 34 |
| | | | | | | Appendix 2: Stakeholder Relations | Integrated Report Page 175 |
| D2 | Social responsibility projects, awareness-raising events and trainings are carried out to raise awareness on sustainability and its importance. | x | | | | Ethical Principles | Integrated Report Page 40 |
| | | | | | | Employees | Integrated Report Page 86 |
| | | | | | | Corporate Citizenship | Integrated Report Page 100 |

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL REPORT

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS NO. II-14.1

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF THE ANNUAL REPORT

RESOLUTION DATE: 01.03.2023

RESOLUTION NUMBER: 2023/8

We hereby declare that the annual report for the year 2022 prepared by our Company in accordance with the Capital Markets Board's Communiqué on the "Principles of Financial Reporting in Capital Markets" No. II-14.1 ("Communiqué") and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

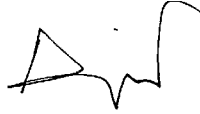
- Has been reviewed by us in line with the Capital Markets Board regulations,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the annual report does not contain any incorrect statement or any omission of material facts which may result in a misleading conclusion as of the date of issuance,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the annual report prepared in accordance with the applicable financial reporting standards presents fairly the progress and the performance of the business and the financial position of the Company along with the material risks and uncertainties the Company is exposed to.

Sincerely,



Chairman of the Audit Committee

Elmas Melih Araz



Member of the Audit Committee

Bekir Ağırdir



Financial Affairs Coordinator

Alp Dayı

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT

To the Shareholders of Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Opinion

We have audited the annual report of Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi (the “Company”) for the period between 1 January 2022 and 31 December 2022, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) (“Standards on Auditing issued by POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Annual Report section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) (POA’s Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA’s Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor’s Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2022 and 31 December 2022 on 17 February 2023.

Board of Directors’ Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 (“TCC”) and Communiqué on the Principles of Financial Reporting In Capital Markets numbered II – 14.1 (the “Communiqué”), the Company’s management is responsible for the following regarding the annual report:

- a) The Company’s management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) The Company’s management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company’s financial statements. The annual report shall also clearly indicates the details about the Company’s development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- c) The annual report also includes the matters below:
 - Significant events occurred in the Company after the reporting period,
 - The Company’s research and development activities.
 - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

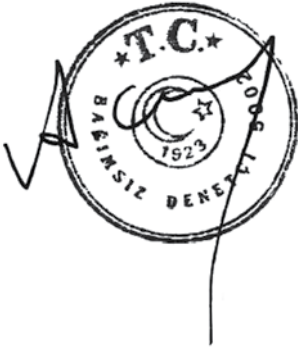
When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ahmet Hamdi Cura, SMMM
Engagement Partner

1 March 2023
İzmir, Türkiye

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS NO. II-14.1

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS

RESOLUTION DATE: 17.02.2023

RESOLUTION NUMBER: 2023/5

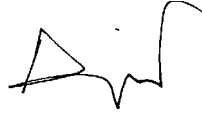
We hereby declare that the financial statements for the fiscal year 2022 prepared by our Company in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards pursuant to the Capital Markets Board's Communiqué on the "Principles of Financial Reporting in Capital Markets" No. II-14.1 ("Communiqué") and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

- Have been reviewed by us in line with the Capital Markets Board regulations,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the financial statements do not contain any incorrect statement or any omission of material facts which may result in a misleading conclusion as of the date of issuance,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the financial statements prepared in accordance with the applicable financial reporting standards present fairly the assets, liabilities, financial position and the results of operations of the Company and we are responsible for the announcement made.

Sincerely,



Chairman of the Audit Committee
Elmas Melih Araz



Member of the Audit Committee
Bekir Ağırdir



Financial Affairs Coordinator
Alp Dayı

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

(Originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

A) AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value Measurement of Tangible Assets

Refer to Note 2.5.3 and Note 11 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for fair value measurement of tangible assets.

| The key audit matter | How the matter was addressed in our audit |
|--|---|
| <p>The Company has applied the accounting policy to measure its land, buildings and land improvements at fair value in its financial statements in accordance with TAS 16, "Property, Plant and Equipment". As a result of the revaluation in 2022, the Company recognized TL 1.552.587 thousand fair value increase on tangible assets.</p> <p>Fair values of the Company's revaluated tangible assets are determined by professional independent valuation expert authorized by the Capital Markets Board of Turkey ("CMB").</p> <p>Fair value measurement of tangible assets is determined as a key audit matter, since the amount of fair value increase recognized in the financial statements as of 31 December 2022 is material to the financial statements of the Company and the inputs and calculations used in valuation methods are complex and includes significant estimates and judgements.</p> | <p>Audit procedures that are applied in this matter involves below:</p> <ul style="list-style-type: none">- The evaluation of the competence, capabilities and objectivity of the independent professional valuation experts to determine the fair value of tangible assets,- Evaluating the valuation methods and inputs used for fair value measurement of tangible assets with the participation of our valuation experts,- Evaluating the appropriateness of key estimates and inputs used in valuation methods, including comparison of current precedent values in the market and preceding values with the participation of our valuation experts,- Checking the appropriateness and adequacy of financial statement disclosures, including the explanations of the key estimates and assumptions regarding the fair value measurement of tangible assets, in accordance with TFRS. |

Revenue recognition

Refer to Note 2.5.1 and Note 20 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

The key audit matters

The Company's revenue is primarily generated from sales of produced refrigerators, room air conditioning units, washing machines, cookers, dishwashers and water heaters and tumble dryer products.

Revenue recognized in the financial statements when the Company fulfils its performance obligation by delivering control of the produced products to its customers.

Due to complication of the sales agreements, significant assessments should be performed when determining each of the recognition basis specifically. Thus, there is a risk that the revenue is not recognized in the correct accounting period or correct amount due to risk of goods produced and invoiced to the customers, but not delivered and therefore the control over the goods are not transferred.

Regarding the nature and huge size of Company's operations, revenue recognition has been identified as a key audit matter since revenue recognition requires significant management judgment to recognize revenue in the financial statements in the relevant reporting period and at correct amount.

We have performed the following audit procedures in this topic:

- Testing the effectiveness of the design, implementation and operating effectiveness of application controls and general IT controls over revenue process with the assistance of IT specialists,
- Evaluating the compliance of accounting policies of revenue recognized in the current period with TFRS 15 and appropriateness of the disclosures related to revenue recognized by analyzing the current customer contracts,
- Evaluation of the journal entries made by the Company related to revenue in the reporting period.
- Checking the existence and accuracy of trade receivables by confirmation letters obtained directly for selected customers via sampling method.
- Evaluating whether the control of the invoiced products is transferred to the customers with obtaining sales documents selected via sampling method and testing whether the revenue recognized in the reporting period.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

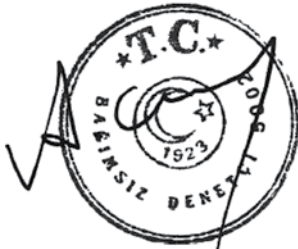
B) OTHER LEGAL AND REGULATORY REQUIREMENTS

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 17 February 2023.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2022 and 31 December 2022, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ahmet Hamdi Cura, ŞMMM

Engagement Partner

17 February 2023

İzmir, Türkiye

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STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | Footnotes | Audited 31 December 2022 | Audited 31 December 2021 |
|---|-----------|-----------------------------|-----------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 4 | 578.775 | 112.837 |
| Financial Investment | | 40.097 | - |
| Trade Receivables | | 8.631.742 | 5.153.747 |
| Trade Receivables Due From Related Parties | 6,7 | 8.422.256 | 5.123.913 |
| Trade Receivables Due From Third Parties | 7 | 209.486 | 29.834 |
| Other Receivables | | 3.157.662 | 1.859.666 |
| Other Receivables Due From Related Parties | 6,8 | 2.403.161 | 1.445.270 |
| Other Receivables Due From Third Parties | 8 | 754.501 | 414.396 |
| Derivative Financial Instruments | | 5.745 | 193.125 |
| Derivative Financial Instruments Held for Trading | 27 | 1.203 | 3.793 |
| Derivative Financial Instruments Held for Hedging | 27 | 4.542 | 189.332 |
| Inventories | 9 | 4.420.387 | 2.649.388 |
| Prepayments | | 135.801 | 148.518 |
| Prepayments to Third Parties | 10 | 135.801 | 148.518 |
| Current Tax Assets | 25 | 47 | - |
| Other Current Assets | | 38.948 | 3.344 |
| Other Current Assets Due From Third Parties | 18 | 38.948 | 3.344 |
| TOTAL CURRENT ASSETS | | 17.009.204 | 10.120.625 |

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | Footnotes | Audited 31 December 2022 | Audited 31 December 2021 |
|--|-----------|-----------------------------|-----------------------------|
| NON-CURRENT ASSETS | | | |
| Other Receivables | | 25.068 | 17.901 |
| Other Receivables Due From Third Parties | 8 | 25.068 | 17.901 |
| Property, Plant and Equipments | | 7.422.854 | 3.274.859 |
| Land and Premises | 11 | 1.800.350 | 755.907 |
| Land Improvements | 11 | 95.466 | 64.057 |
| Buildings | 11 | 2.228.891 | 1.123.688 |
| Machinery and Equipment | 11 | 1.782.196 | 1.205.534 |
| Vehicles | 11 | 595 | 236 |
| Fixtures and Fittings | 11 | 69.512 | 49.319 |
| Leasehold Improvements | 11 | 26 | 4.700 |
| Construction in Progress | 11 | 1.445.818 | 71.418 |
| Right of Use Assets | 12 | 83.917 | 132.955 |
| Intangible Assets | | 408.882 | 271.950 |
| Other Rights | 13 | 138 | 158 |
| Capitalized Development Costs | 13 | 372.645 | 249.183 |
| Other Intangible Assets | 13 | 36.099 | 22.609 |
| Prepayments | | 325.791 | 238.345 |
| Prepayments to Third Parties | 10 | 325.791 | 238.345 |
| Deferred Tax Asset | 25 | 254.646 | 132.778 |
| TOTAL NON-CURRENT ASSETS | | 8.521.158 | 4.068.788 |
| TOTAL ASSETS | | 25.530.362 | 14.189.413 |

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | Footnotes | Audited 31 December 2022 | Audited 31 December 2021 |
|--|-----------|-----------------------------|-----------------------------|
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Current Borrowings | | 5,459.534 | 623.480 |
| Current Borrowings from Related Parties | | 1.582 | 2.399 |
| Lease Liabilities | 5, 6 | 1.582 | 2.399 |
| Current Borrowings From Third Parties | | 5,457.952 | 621.081 |
| Bank Loans | 5 | 5,447.259 | 597.237 |
| Lease Liabilities | 5,6 | 10.693 | 23.844 |
| Current Portion of Non-current Borrowings | | 680.972 | 311.896 |
| Current Portion of Non-current Borrowings from Third Parties | | 680.972 | 311.896 |
| Bank Loans | 5 | 10.072 | 308.458 |
| Issued Debt Instruments | 5 | 670.900 | 3.438 |
| Trade Payables | | 10.627.792 | 5.842.718 |
| Trade Payables to Related Parties | 6,7 | 628.981 | 273.646 |
| Trade Payables to Third Parties | 7 | 9.998.811 | 5.569.072 |
| Employee Benefit Obligations | 17 | 170.013 | 68.864 |
| Other Payables | | 744.815 | 1.431.678 |
| Other Payables to Related Parties | 6 | 744.815 | 1.431.678 |
| Derivative Financial Liabilities | | 355.945 | 233.435 |
| Derivative Financial Liabilities Held for Trading | 27 | 197.961 | 233.435 |
| Derivative Financial Liabilities Held for Hedging | 27 | 157.984 | - |
| Deferred Income | | 240.831 | - |
| Deferred Income from Related Parties | 8 | 7.737 | - |
| Deferred Income from Third Parties | 8 | 233.094 | - |
| Current Tax Liabilities, Current | 25 | - | 939 |
| Current Provisions | | 11.377 | 9.724 |
| Other Current Provisions | 15 | 11.377 | 9.724 |
| Other Current Liabilities | | 137.162 | 39.302 |
| Other Current Liabilities to Third Parties | 18 | 137.162 | 39.302 |
| TOTAL CURRENT LIABILITIES | | 18.428.441 | 8.562.036 |

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | Footnotes | Audited 31 December 2022 | Audited 31 December 2021 |
|--|-----------|-----------------------------|-----------------------------|
| NON-CURRENT LIABILITIES | | | |
| Long Term Borrowings | | 77.009 | 399.464 |
| Long Term Borrowings From Related Parties | | 68.773 | 120.472 |
| Lease Liabilities | 5,6 | 68.773 | 120.472 |
| Long Term Borrowings From Third Parties | | 8.236 | 278.992 |
| Bank Loans | 5 | 1.917 | 9.922 |
| Lease Liabilities | 5,6 | 6.319 | 4.070 |
| Issued Debt Instruments | 5 | - | 265.000 |
| Trade Payables | | 182.877 | 181.003 |
| Trade Payables to Third Parties | 7 | 182.877 | 181.003 |
| Non-current Provisions | | 518.760 | 151.875 |
| Non-current Provisions for Employee Benefits | 17 | 518.760 | 151.875 |
| Other Non-Current Liabilities | | 3.859 | 2.380 |
| Other Non-Current Liabilities to Third Parties | | 3.859 | 2.380 |
| TOTAL NON-CURRENT LIABILITIES | | 782.505 | 734.772 |
| TOTAL LIABILITIES | | 19.210.946 | 9.296.758 |

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | Footnotes | Audited 31 December 2022 | Audited 31 December 2021 |
|---|-----------|-----------------------------|-----------------------------|
| EQUITY | | | |
| Equity Attributable to Owners of the Company | | 6.319.416 | 4.892.655 |
| Issued Capital | 19 | 1.600.000 | 1.600.000 |
| Inflation Adjustments on Capital | 19 | 9.734 | 9.734 |
| Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss | | 2.302.744 | 1.400.337 |
| Gains (Losses) on Revaluation and Remeasurement | | 2.302.744 | 1.400.337 |
| Increases (Decreases) on Revaluation of Property, Plant and Equipment | | 2.636.307 | 1.467.974 |
| Gains (Losses) on Remeasurements of Defined Benefit Plans | | (333.563) | (67.637) |
| Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss | | (110.105) | 141.999 |
| Gains (Losses) on Hedge | | (110.105) | 141.999 |
| Gains (Losses) on Cash Flow Hedges | | (110.105) | 141.999 |
| Restricted Reserves Appropriated From Profits | | 233.843 | 98.506 |
| Legal Reserves | 19 | 233.843 | 98.506 |
| Prior Years' Profits | 19 | 858.734 | 123.487 |
| Current Period Net Profit Or Loss | | 1.424.466 | 1.518.592 |
| TOTAL EQUITY | | 6.319.416 | 4.892.655 |
| TOTAL LIABILITIES AND EQUITY | | 25.530.362 | 14.189.413 |

Financial statements for the period 1 January - 31 December 2022 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 17 February 2023. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

The accompanying notes are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | Notes | Audited 1 January - 31 December 2022 | Audited 1 January - 31 December 2021 |
|--|-------|--|--|
| PROFIT OR LOSS | | | |
| Revenue | 20 | 31.386.969 | 16.178.009 |
| Cost of Sales | 20 | (26.475.579) | (13.613.315) |
| GROSS PROFIT FROM COMMERCIAL OPERATIONS | | 4.911.390 | 2.564.694 |
| GROSS PROFIT | | 4.911.390 | 2.564.694 |
| General Administrative Expenses | 22 | (305.252) | (150.602) |
| Marketing Expenses | 22 | (2.006.634) | (196.323) |
| Research and Development Expense | 22 | (210.472) | (114.203) |
| Other Income from Operating Activities | 23 | 1.625.962 | 1.912.448 |
| Other Expenses from Operating Activities | 23 | (2.611.447) | (2.169.236) |
| PROFIT FROM OPERATING ACTIVITIES | | 1.403.547 | 1.846.778 |
| PROFIT BEFORE FINANCING INCOME (EXPENSE) | | 1.403.547 | 1.846.778 |
| Finance Income | 24 | 2.628.062 | 1.528.225 |
| Finance Costs | 24 | (2.930.547) | (2.158.151) |
| PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX | | 1.101.062 | 1.216.852 |
| Tax (Expense) Income, Continuing Operations | | 323.404 | 301.740 |
| Current Period Tax Expense | 25 | (2.909) | (5.803) |
| Deferred Tax Income | 25 | 326.313 | 307.543 |
| PROFIT FROM CONTINUING OPERATIONS | | 1.424.466 | 1.518.592 |
| PROFIT FOR THE YEAR | | 1.424.466 | 1.518.592 |
| Earnings Per Share with a TL 1 of Par Value | 26 | 0,89 | 0,95 |
| OTHER COMPREHENSIVE INCOME | | | |
| Other Comprehensive Income that will not be Reclassified to Profit or Loss | | 952.709 | 640.852 |
| Gains on Revaluation of Property, Plant and Equipment | 11 | 1.552.587 | 755.528 |
| Losses on Remeasurements of Defined Benefit Plans | 17 | (332.407) | (48.904) |
| Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss | | (267.471) | (65.772) |
| Taxes Relating to Gains on Revaluation of Property, Plant and Equipment | | (333.952) | (75.553) |
| Taxes Relating to Remeasurements of Defined Benefit Plans | | 66.481 | 9.781 |
| Other Comprehensive Income that will be Reclassified to Profit or Loss | | (252.104) | 171.446 |
| Other Comprehensive Income (Loss) Related with Cash Flow Hedges | | (315.130) | 226.140 |
| Gains (Losses) on Cash Flow Hedges | | (315.130) | 226.140 |
| Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss | | 63.026 | (54.694) |
| Loss | | 63.026 | (54.694) |
| Taxes Relating to Cash Flow Hedges | 25 | 63.026 | (54.694) |
| OTHER COMPREHENSIVE INCOME | | 700.605 | 812.298 |
| TOTAL COMPREHENSIVE INCOME | | 2.125.071 | 2.330.890 |

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | Issued Capital | Inflation Adjustments on Capital | Share Premiums or Discounts | | | | Other Accumulated Comprehensive Income that will not be Reclassified in Profit or Loss | |
|-----------------------------------|----------------|----------------------------------|-----------------------------|---|---|---|--|--|
| | | | | | | | | |
| | | | | Increases (Decreases) on Revaluation of Property, Plant and Equipment | Gains (Losses) on Remeasurements of Defined Benefit Plans | Gains (Losses) on Revaluations and Remeasurements | | |
| Previous Period | | | | | | | | |
| 1 January -31 December 2021 | | | | | | | | |
| Balance at Beginning of Period | 190.000 | 9.734 | 109.031 | 800.187 | (28.514) | 771.673 | 771.673 | |
| Transfers | - | - | - | (12.188) | - | (12.188) | (12.188) | |
| Total Comprehensive Income (Loss) | - | - | - | 679.975 | (39.123) | 640.852 | 640.852 | |
| Profit (Loss) | - | - | - | - | - | - | - | |
| Other Comprehensive Income (Loss) | - | - | - | 679.975 | (39.123) | 640.852 | 640.852 | |
| Capital Increase | 1.410.000 | - | (37.945) | - | - | - | - | |
| Dividends Paid | - | - | (71.086) | - | - | - | - | |
| Balance at End of Period | 1.600.000 | 9.734 | - | 1.467.974 | (67.637) | 1.400.337 | 1.400.337 | |
| Current Period | | | | | | | | |
| 1 January -31 December 2022 | | | | | | | | |
| Balance at Beginning of Period | 1.600.000 | 9.734 | - | 1.467.974 | (67.637) | 1.400.337 | 1.400.337 | |
| Transfers | - | - | - | (50.302) | - | (50.302) | (50.302) | |
| Total Comprehensive Income (Loss) | - | - | - | 1.218.635 | (265.926) | 952.709 | 952.709 | |
| Profit (Loss) | - | - | - | - | - | - | - | |
| Other Comprehensive Income (Loss) | - | - | - | 1.218.635 | (265.926) | 952.709 | 952.709 | |
| Dividends Paid | - | - | - | - | - | - | - | |
| Balance at End of Period | 1.600.000 | 9.734 | - | 2.636.307 | (333.563) | 2.302.744 | 2.302.744 | |

The accompanying notes are an integral part of these financial statements.

[illegible]

STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | | Audited 1 January - 31 December 2022 | Audited 1 January - 31 December 2021 |
|---|------------------|---|---|
| | Footnotes | | |
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | 2.040.272 | 1.560.550 |
| Profit For The Period | | 1.424.466 | 1.518.592 |
| Adjustments to Reconcile Profit (Loss) | | 1.097.168 | 806.328 |
| Adjustments for Depreciation and Amortisation Expense | 11,12,13 | 511.275 | 384.518 |
| Adjustments for Impairment Loss | | 22.585 | 2.921 |
| Adjustments for Impairment Loss of Inventories | 9 | 22.585 | 2.921 |
| Adjustments for Provisions | | 60.030 | 28.939 |
| Adjustments for Provisions Related with Employee Benefits | 17 | 58.377 | 28.889 |
| Adjustments for Lawsuit and/or Penalty Provisions | 15 | 1.653 | 50 |
| Adjustments for Interest (Income) and Expenses | | 619.177 | 263.557 |
| Adjustments for Interest Income | 24 | (223.159) | (73.383) |
| Adjustments for Interest Expense | 24 | 842.336 | 336.940 |
| Adjustments for Unrealised Foreign Exchange Translation Differences | | 218.071 | 167.180 |
| Adjustments for Fair Value Losses (Gains) | | (5.240) | 236.441 |
| Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments | | (5.240) | 236.441 |
| Adjustments for Tax (Income) Expenses | 25 | (323.404) | (301.740) |
| Adjustments for Losses (Gains) on Disposal of Non-Current Assets | | (5.326) | (4.341) |
| Adjustments for Gains Arised From Sale of Tangible Assets | | (5.326) | (4.341) |
| Other Adjustments to Reconcile Profit (Loss) | 4 | - | 28.853 |

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | | Audited 1 January - 31 December 2022 | Audited 1 January - 31 December 2021 |
|--|------------------|---|---|
| | Footnotes | | |
| Changes in Working Capital | | (453.568) | (745.422) |
| Decrease (Increase) in Financial Investments | | (40.097) | - |
| Adjustments for Decrease (Increase) in Trade Accounts Receivable | | (3.477.995) | (1.867.752) |
| Decrease (Increase) in Trade Accounts Receivables from Related Parties | 6 | (3.298.343) | (1.842.926) |
| Decrease (Increase) in Trade Accounts Receivables from Third Parties | 7 | (179.652) | (24.826) |
| Adjustments for Decrease (Increase) in Other Receivables Related with Operations | | (347.272) | (197.582) |
| Decrease (Increase) in Other Third Party Receivables Related with Operations | 8 | (347.272) | (197.582) |
| Adjustments for Decrease (Increase) in Inventories | 9 | (1.793.584) | (1.699.757) |
| Decrease (Increase) in Prepaid Expenses | 10 | 12.717 | (95.096) |
| Adjustments for Increase (Decrease) in Trade Accounts Payable | | 4.786.948 | 3.086.993 |
| Increase (Decrease) in Trade Accounts Payables to Related Parties | 6 | 355.335 | 85.504 |
| Increase (Decrease) in Trade Accounts Payables to Third Parties | 7 | 4.431.613 | 3.001.489 |
| Increase (Decrease) in Employee Benefit Liabilities | 17 | 101.149 | 14.698 |
| Increase (Decrease) in Deffered Income | | 240.831 | - |
| Other Adjustments for Other Increase (Decrease) in Working Capital | | 63.735 | 13.074 |
| Decrease (Increase) in Other Assets Related with Operations | 18 | (35.604) | 467 |
| Increase (Decrease) in Other Payables Related with Operations | 18 | 99.339 | 12.607 |
| Cash Flows from (used in) Operations | | 2.068.066 | 1.579.498 |
| Payments Related with Provisions for Employee Benefits | 17 | (23.899) | (11.652) |
| Income Taxes Refund (Paid) | 25 | (3.895) | (7.296) |

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE PERIOD

1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | | Audited 1 January - 31 December 2022 | Audited 1 January - 31 December 2021 |
|--|------------------|---|---|
| | Footnotes | | |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | (4.122.908) | (1.502.381) |
| Cash Inflows from Sales of Property, Plant, Equipment and Intangible Assets | | 44.358 | 31.505 |
| Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets | | 44.358 | 31.505 |
| Cash Outflows Purchase of Property, Plant, Equipment and Intangible Assets | | (3.245.979) | (759.262) |
| Cash Outflows from Purchase of Property, Plant and Equipment | 11 | (3.015.736) | (634.046) |
| Cash Outflows of Intangible Assets | 13 | (230.243) | (125.216) |
| Cash Advances and Loans Made | | (921.287) | (774.624) |
| Cash Advances and Loans Made to Related Parties | | (833.841) | (589.335) |
| Cash Advances and Loans Made to Third Parties | 10 | (87.446) | (185.289) |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | 2.548.574 | (132.490) |
| Proceeds from Borrowings | | 5.902.811 | 1.564.022 |
| Proceeds from Loans | 5 | 5.508.811 | 1.299.022 |
| Cash Proceeds from Issued Bonds | 5 | 394.000 | 265.000 |
| Repayments of Borrowings | | (1.356.569) | (1.865.900) |
| Loan Repayments | 5 | (1.314.260) | (1.835.329) |
| Issued Bonds Repayments | 5 | (42.309) | (30.571) |
| Decrease in Other Payables to Related Parties | 6 | (686.263) | 1.225.393 |
| Payments of Lease Liabilities | 5 | (30.909) | (27.802) |
| Dividends Paid | 6 | (698.310) | (800.000) |
| Interest Paid | | (805.345) | (301.586) |
| Interest Received | 24 | 223.159 | 73.383 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES | | 465.938 | (74.321) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 5 | 465.938 | (74.321) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 4 | 112.815 | 187.136 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 4 | 578.753 | 112.815 |

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - COMPANY'S ORGANISATION AND NATURE OF OPERATIONS

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (the "Company" or "Vestel Beyaz Eşya") was incorporated in 1997 under the Turkish Commercial Code and its head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli/İstanbul.

The Company started its operations in 1999 and produces refrigerators, room air conditioning units, washing machines, cookers, dishwashers and water heaters. The Company's production facilities occupy 410 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 657 square meters.

The Company is a member of Vestel Group of Companies which are under the control of Zorlu Family. The Company performs its export sales and domestic sales via Vestel Ticaret A.Ş. which is also a member of Vestel Group of Companies.

The Company is registered to Capital Market Board and its shares have been quoted to Borsa İstanbul ("BİST") since 21 April 2006.

As of 31 December 2022, the number of personnel employed was 10.607 (31 December 2021: 9.416).

As of balance sheet dates, the shareholders of the Company and their percentage shareholdings were as follows:

| | Shareholding % |
|--|----------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. | 80,66 |
| Other shareholders | 19,34 |
| | 100,00 |

As of 31 December 2022, 503.578.534 shares of the Company have been quoted at the Borsa İstanbul ("BİST") (31,47% of its share capital; 31 December 2021: 31,47%).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

The accompanying financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, "Principals of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Board. TAS contains Turkish Accounting standards, Turkish Financial Reporting standards ("TFRS") and its addendum and interpretations ("TFRS").

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.1 Basis of presentation (Cont'd)

2.1.1 Statement of compliance (Cont'd)

The Company maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL. These financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TFRS.

The financial statements are presented in accordance with the specified format in "TFRS Taxonomy Announcement", issued on 15 April, 2019 by the Public Oversight Authority (POA), and "the Financial Statements Examples and Guidelines for Use", published by the CMB of Türkiye.

With the decision 11/367 taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" issued by the TASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

In the announcement made by POA on 20 January 2022, companies that apply TFRS should not adjust financial statements for the year ended 31 December 2021 for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TMS 29 application and no adjustment was made to the financial statements as of 31 December 2022 in accordance with TAS 29.

2.2 Comparative information and restatement of prior period financial statements

Financial statements of the Company have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the financial statements.

2.3 Restatement and errors in the accounting estimates

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.4. Amendments in Turkey Financial Reporting Standards

New standards, amendments and interpretations issued and effective for the financial year beginning 31 December 2022

Amendment to TFRS 16, "Leases" - Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021); As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the TASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the TASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in Turkey Financial Reporting Standards (Cont'd)

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from annual periods beginning on or after 1 January 2022.

- **Amendments to TFRS 3**, "Business combinations" update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to TAS 16**, "Property, plant and equipment" prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37**, "Provisions, contingent liabilities and contingent assets" specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, "First-time Adoption of TFRS", TFRS 9, "Financial Instruments", TAS 41, "Agriculture" and the Illustrative Examples accompanying TFRS 16, "Leases".

Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to TFRS 16 - Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024.** These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to TAS 1 - Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

It is expected that these changes will not be material effect on financial situation and performance of the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies

2.5.1 Revenue

The Company recognizes revenue in accordance with TFRS 15 "Revenue from contracts with customers" standard by applying the following five step model:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all of the following conditions are satisfied:

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- (b) Company can identify each party's rights regarding the goods or services to be transferred,
- (c) Company can identify the payment terms for the goods or services to be transferred,
- (d) The contract has commercial substance,
- (e) It is probable that Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

2.5.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Company uses moving weighted average method for costing.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2022.

Property, plant and equipment except for land, land improvements and buildings acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements and buildings is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

Land is not depreciated. Machinery and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Useful lives of property, plant and equipment is as follows:

| | Useful life |
|------------------------|--------------|
| Land improvements | 5 - 35 years |
| Buildings | 20-50 years |
| Leasehold improvements | 5 years |
| Plant and machinery | 3-15 years |
| Motor vehicles | 5 years |
| Furniture and fixtures | 5 - 10 years |
| Leasehold improvements | 1-5 years |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

Subsequent costs such as repairs and maintenance or part replacement of plant and equipment are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

Leases

The Company - as a lessee

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Company assess whether:

- a) The contract involved the use of an identified asset - this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.
- c) The Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Company has the right to direct use of the asset, The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
 - i. The Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Leases (Con't)

At the actual commencement date of the contract, the Company reflects a right-of-use asset and a lease liability in its financial statements.

The Company rents various buildings, warehouses, forklifts and machinery. The duration of the leasing contracts for machine and equipment is usually 4 years; for building and warehouses is usually fixed from 1 to 20 years.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Vestel Group Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewable period if the Company is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Company is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- Increasing the carrying amount to reflect interest on lease liability,
- Reducing the carrying amount to reflect the lease payments made and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The duration of the contracts, which constitute the lease obligation of the company, varies between 1 - 20 years.

The Company - as a lessor

The Company's activities as a lessor are not material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Right of use assets:

Right of use is recognized with cost method at first and includes items below:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Company

To apply the cost model, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Company applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

2.5.4 Intangible assets

a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. An intangible asset arising from development (or from the development phase of an internal project) if and only if an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

Other development costs are recognized as expense as incurred. If it is not possible to distinguish the research phase from the development phase of an internal project, the entity treats the expenditure on that project as if it were incurred in the research phase only.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.4 Intangible assets (Cont'd)

b) Rights and other intangible fixed assets

Rights and other intangible assets consist acquired computer software, computer software development costs and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and are amortized on a straight line basis over their expected useful lives which are less than fifteen years.

Useful lives of intangible assets are as follows:

| | Useful life |
|------------------|--------------|
| Rights | 3 - 15 years |
| Development cost | 2 - 10 years |
| Other | 2 - 15 years |

2.5.5 Financial instruments

a) Financial assets

The Company classifies its financial assets into three categories: financial assets measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. The classification depends on the basis of the business model determined according to utilization purposes and expected cash outflows. The Company classifies its financial assets at the time of initial recognition.

Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Company's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position.

Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value.

Impairment of financial assets

Impairment of the financial and contractual assets measured by using "Expected credit loss model". The impairment model applies for amortized financial and contractual assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.5 Financial instruments (Cont'd)

a) Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

The Company has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 1 year). In accordance with the simplified approach, Company measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

b) Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

c) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The derivative instruments of the Company mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under risk accounting, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognised in the profit or loss statement.

The hedging transactions of the Company that qualify for hedge accounting are accounted in accordance with TFRS 9. TFRS 9 does not create any changes in hedge accounting principles. It is considered TFRS 9 has significant effect on financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.5 Financial instruments (Cont'd)

Cash flow hedges:

As long as a cash flow hedge meets the qualifying criteria, the hedging relationship shall be accounted for as follows:

- (a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):
 - (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - (ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.
- (b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income.
- (c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss.

2.5.6 Foreign currency transactions

Transactions in foreign currencies during the period are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are translated to TL at the rates prevailing on the balance sheet date. Exchange differences on foreign currency denominated monetary assets and liabilities are recognized in profit or loss in the period in which they arise except for the effective portion of the foreign currency hedge of net investments in foreign operations. On-monetary items which are denominated in foreign currency and measured with historical costs are translated using the exchange rates at the dates of initial transactions.

2.5.7 Provisions, contingent assets and liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company are not included in the financial statements and treated as contingent assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.8 Related parties

Shareholders, key management personnel and board members, their close family members and companies controlled, jointly controlled or significantly influenced by them and Zorlu Holding Company companies are considered and referred to as related parties.

2.5.9 Taxation on income

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items directly recognized in equity. In that case, tax is recognized in shareholders' equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Investment incentives that are conducive to payment of corporate taxes at reduced rates are subject to deferred tax calculation when there is reasonable assurance that the Company will benefit from the related incentive.

Deferred tax liabilities are recognized for taxable temporary differences except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.9 Taxation on income (Cont'd)

Transfer pricing

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing, dated 18 November 2007 sets the implementation procedures of the law. If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arms' length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible items for corporate income tax purposes.

Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.5.10 Employee benefits

Employment termination benefits, as required by the Turkish Labor Law, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision for employment termination benefits as of 31 December 2022 is calculated in accordance with the assumptions used by the independent actuarial firm and is recorded in the financial statements at its net present value. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in statements of income.

2.5.11 Government grants

Government grants, including non-monetary grants at fair value, are recognized in financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received.

Incentives for research and development activities are recognized in financial statements when they are authorized by the related institutions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.12 Earnings per share

Earnings per share disclosed in the statement of income is determined by dividing net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

2.5.13 Statement of cash flows

In the statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipments and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.5.14 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

2.5.15 Events after the balance sheet date

Events after the balance sheet date, announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue.

In the case that events require a correction to be made on the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.5.16 Going concern

The Company prepared financial statements in accordance with the going concern assumption.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.6. Critical accounting estimates and judgments

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Company management are as follows:

i. Revaluation of lands, buildings and land improvements

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2022 by professional independent valuer firm. (Note 11).

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of market approach whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach and based on the following valuation techniques and assumptions:

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m² sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.
- In the cost approach method, fair value of the buildings and land improvements was calculated by considering depreciation on the reconstruction costs. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Company performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the TAS 36 "Impairment of Assets", and no impairment indicator is identified.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 - SEGMENT REPORTING

Operating segments are identified on the same basis as financial information is reported internally to the Company's chief operating decision maker. The Company's Board of Directors has been identified as the Company's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Company management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions.

The Management believes that the Company operates in a single industry sector as the risks and returns for the activities do not show any material difference because the scope of activity covers only the production of white goods and the production processes and classes of customers are similar. As a result all information related to the industrial segment has been fully presented in the attached financial statements.

The Management has decided to use geographical segments for segment reporting considering the fact that risks and returns are affected by the differences in geographical regions.

Geographical segments

| Segment Revenue | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|------------------|---------------------------------|---------------------------------|
| Turkey | 8.291.879 | 3.568.771 |
| Europe | 16.074.733 | 9.288.037 |
| Other | 7.100.397 | 3.426.420 |
| Gross Sales | 31.467.009 | 16.283.228 |
| Discounts (-) | (80.040) | (105.219) |
| Net Sales | 31.386.969 | 16.178.009 |

Other segment sales mainly comprise of sales to Asian and African countries.

The amount of export is TL 23.175.730 for the period ended 31 December 2022. (1 January-31 December 2021: TL 12.714.457). Export sales are denominated in EURO, USD and other currencies as 88,1%, 9,8% and 2,1% of total export respectively.

The carrying value of segment assets and costs incurred in order to obtain these assets are not separately disclosed since all assets of the Company are located in Turkey.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - CASH AND CASH EQUIVALENTS

| | 31 December 2022 | 31 December 2021 |
|----------------------------------|------------------|------------------|
| Cash | 641 | 449 |
| Bank deposits | | |
| - Demand deposits | 426.627 | 33.434 |
| - Time deposits | 151.485 | 78.932 |
| | 578.753 | 112.815 |
| Blocked deposits | 22 | 22 |
| Cash and cash equivalents | 578.775 | 112.837 |

The effective interest rates for time deposits are as below:

| | 31 December 2022 | 31 December 2021 |
|-----|------------------|------------------|
| TL | 18,00% | 15,50% |
| EUR | 0,01% | 0,07% |
| USD | 0,01% | 0,23% |

NOTE 5 - FINANCIAL LIABILITIES

| | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Short - term financial liabilities | | |
| Short term bank loans | 5.447.259 | 597.237 |
| Short term portion of long term bank loans | 10.072 | 308.458 |
| Lease liabilities | 12.275 | 26.243 |
| Issued debt instruments ⁽¹⁾ | 670.900 | 3.438 |
| | 6.140.506 | 935.376 |
| Long- term financial liabilities | | |
| Long term bank loans | 1.917 | 9.922 |
| Lease liabilities | 75.092 | 124.542 |
| Issued debt instruments ⁽¹⁾ | - | 265.000 |
| | 77.009 | 399.464 |

⁽¹⁾ The sale of corporate bonds to qualified investors with a maturity of 174 days and variable coupon payments amounting to TL 394.000 was completed on 2 December 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 5 - FINANCIAL LIABILITIES (Cont'd)

Details of the Company's short term bank loans are given below:

| Currency | 31 December 2022 | | | 31 December 2021 | | |
|----------|--|----------------------|------------------|--|----------------------|------------------|
| | Weighted average of effective interest rates per annum | Original currency | TL Equivalent | Weighted average of effective interest rates per annum | Original currency | TL Equivalent |
| - USD | 7,76% | 72.515 | 1.358.351 | - | - | - |
| - EUR | - | - | - | 3,82% | 38.620 | 567.025 |
| - TL | 15,19% | 4.088.908 | 4.088.908 | 21,50% | 30.212 | 30.212 |
| | | | 5.447.259 | | | 597.237 |

Details of the Company's long term bank loans are given below:

| Currency | 31 December 2022 | | | 31 December 2021 | | |
|---------------------------|--|----------------------|------------------|--|----------------------|------------------|
| | Weighted average of effective interest rates per annum | Original currency | TL Equivalent | Weighted average of effective interest rates per annum | Original currency | TL Equivalent |
| - EUR | - | - | - | 2,57% | 6.679 | 98.062 |
| - TL | 20,33% | 10.072 | 10.072 | 20,89% | 210.396 | 210.396 |
| Short term portion | | | 10.072 | | | 308.458 |
| - TL | 18,17% | 1.917 | 1.917 | 20,67% | 9.922 | 9.922 |
| Long term portion | | | 1.917 | | | 9.922 |
| | | | 11.989 | | | 318.380 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 5 - FINANCIAL LIABILITIES (Cont'd)

The redemption schedule of the Company's long term bank loans are given below:

| | 31 December 2022 | 31 December 2021 |
|--------------------|------------------|------------------|
| One to two years | 1.917 | 8.300 |
| Two to three years | - | 1.622 |
| | 1.917 | 9.922 |

Fair value of short term bank borrowings are considered to approximate their carrying values due to immateriality of discounting. Fair values are determined using average effective annual interest rates.

Collaterals and pledges given for the bank loans obtained are disclosed in note 15. As of 31 December 2022, there are no guarantee against for the loans.

As of 31 December 2022 and 31 December 2021, reconciliation of net financial debt is as below:

| | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Net financial debt as of 1 January | 1.222.025 | 1.253.858 |
| Cash inflows from loans | 5.508.811 | 1.299.022 |
| Cash outflows from loan payments | (1.314.260) | (1.835.329) |
| Payments of lease liabilities | 394.000 | 265.000 |
| Issued debt instruments | (42.309) | (30.571) |
| Cash inflow/outflow from other financial debts | (30.909) | (27.802) |
| Unrealized Fx gain/loss | 338.931 | 167.180 |
| Accrued interest | 28.411 | 56.346 |
| Change in cash and cash equivalents | (465.938) | 74.321 |
| Net financial debt at the end of the period | 5.638.762 | 1.222.025 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 6 - RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

| | 31 December 2022 | 31 December 2021 |
|------------------------------------|------------------|------------------|
| Vestel Ticaret A.Ş. ⁽¹⁾ | 8.421.222 | 5.123.891 |
| Other related parties | 1.034 | 22 |
| | 8.422.256 | 5.123.913 |

The receivables result from the Company's foreign and domestic sales performed via Vestel Ticaret A.Ş. which is also a member of Vestel Group Companies.

b) Short term trade payables to related parties

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾ | 106.170 | 196.214 |
| Vestel Ticaret A.Ş. ⁽¹⁾ | 459.401 | 10.195 |
| Vestel Holland B.V. ⁽¹⁾ | 49.349 | 60.155 |
| Other related parties | 15.658 | 7.822 |
| | 630.578 | 274.386 |
| Unearned interest on payables (-) | (1.597) | (740) |
| | 628.981 | 273.646 |

The short term payables to related parties consist of goods and service purchases.

c) Other short term receivables from related parties

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾ | 2.403.161 | 1.445.270 |

As of 31 December 2022 the Company's interest rate of other receivables in EUR 5% and in USD 7% respectively (As of 31 December 2021 the Company's interest rate of other receivables in EUR 5% and in USD 7% respectively).

d) Other short term liabilities to related parties

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾ | 744.815 | 1.431.678 |

The Company's interest rate of other payables in TL is 25% (As of 31 December 2021 the Company's interest rate of other payables in TL is 20%).

⁽¹⁾ Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, ⁽²⁾ Parent

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 6 - RELATED PARTY DISCLOSURES (Cont'd)

e) Lease liabilities to related parties

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾ | 70.355 | 122.871 |

As of 31 December 2022, short term lease liabilities to related parties is TL 1.582, long term lease liabilities to related parties is TL 68.773 (31 December 2021: short term TL 2.399, long term TL 120.472).

Foreign currency amounts for receivables and payables from related parties are expressed in Note 28.

f) Transactions with related parties

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---------------------------------|---------------------------------|
| Sales | | |
| Vestel Ticaret A.Ş. ⁽¹⁾ | 30.548.606 | 15.934.695 |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾ | 300.335 | 194.704 |
| Other related parties | 27.733 | 324 |
| | 30.876.674 | 16.129.723 |

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---------------------------------|---------------------------------|
| Purchases and operating expenses | | |
| Vestel Holland B.V. ⁽¹⁾ | 24.076 | 510.591 |
| Vestel Ticaret A.Ş. ⁽¹⁾ | 470.909 | - |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾ | 32.282 | 873.316 |
| Other related parties | 85.789 | 109.489 |
| | 613.056 | 1.493.396 |

The sales and purchases and operating transactions to related parties consist of goods and service purchases.

⁽¹⁾ Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, ⁽²⁾ Parent

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 6 - RELATED PARTY DISCLOSURES (Cont'd)**f) Transactions with related parties (Cont'd)**

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---------------------------------|---------------------------------|
| Other operating income | | |
| Vestel Ticaret A.Ş. ⁽¹⁾ | 1.266.892 | 1.509.664 |
| Other related parties | 34.076 | 15.713 |
| | 1.300.968 | 1.525.377 |
| | | |
| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
| Other operating expense | | |
| Vestel Ticaret A.Ş. ⁽¹⁾ | 189.568 | 213.481 |
| Other related parties | 22.926 | 36.521 |
| | 212.494 | 250.002 |
| | | |
| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
| Dividend paid | | |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾ | 563.257 | 681.329 |
| Public shares | 135.053 | 118.671 |
| | 698.310 | 800.000 |
| | | |
| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
| Financial income | | |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾ | 1.151.572 | 707.739 |
| | 1.151.572 | 707.739 |
| | | |
| Financial expense | | |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾ | 312.446 | 181.145 |
| | 312.446 | 181.145 |

⁽¹⁾ Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, ⁽²⁾ Parent

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 6 - RELATED PARTY DISCLOSURES (Cont'd)

f) Transactions with related parties (Cont'd)

Fixed asset purchases from related parties

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾ | 674.000 | - |

Building rented from Vestel Elektronik Sanayi ve Ticaret A.Ş. located in Manisa Organized Industrial Zone 3307 land section with the parcel of 34 has been purchased with the building via the board decision taken on 16 December 2022 with the amount of TL 674.000.

g) Guarantees received from and given to related parties are disclosed in note 15.

h) Compensation paid to key management including directors, the Chairman of Board of Directors, general managers and assistant general managers.

Compensation paid to key management for the twelve months period ended 31 December 2022 is TL 20.003 thousand (1 January -31 December 2021: TL 15.437).

⁽¹⁾ Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, ⁽²⁾ Parent

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Short - term trade receivables | | |
| Trade receivables | | |
| - Related parties (note 6) | 8.422.256 | 5.123.913 |
| - Other parties | 210.608 | 30.677 |
| | 8.632.864 | 5.154.590 |
| Unearned interest expense (-) | | |
| Allowance for doubtful receivables (-) | (1.122) | (843) |
| Total short - term trade receivables | 8.631.742 | 5.153.747 |

The Company provides allowance for doubtful receivables based on historical experience.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Cont'd)

| | 31 December 2022 | 31 December 2021 |
|--|-------------------|------------------|
| Short term trade payables | | |
| Trade receivables | | |
| - Related parties (note 6) | 630.578 | 274.386 |
| - Other parties | 10.036.746 | 5.581.178 |
| | 10.667.324 | 5.855.564 |
| Unearned interest expense (-) | | |
| - Related parties (note 6) | (1.597) | (740) |
| - Other parties | (37.935) | (12.106) |
| Total short term trade payables | 10.627.792 | 5.842.718 |
| Long term trade payables | | |
| Trade payables | | |
| - Other parties | 182.877 | 181.003 |
| Total long term trade payables | 182.877 | 181.003 |

NOTE 8 - OTHER RECEIVABLES

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Short - term other receivables | | |
| Other receivables from related parties (note 6) | 2.403.161 | 1.445.270 |
| Receivables from government agencies | 736.750 | 403.190 |
| Deposits and guarantees given | 13.970 | 9.222 |
| Other receivables | 3.781 | 1.984 |
| | 3.157.662 | 1.859.666 |
| Long - term other receivables | | |
| Deposits and guarantees given | 25.068 | 17.901 |
| | 25.068 | 17.901 |
| Deferred Income | | |
| - Related parties | 7.737 | - |
| - Other parties | 233.094 | - |
| | 240.831 | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 9 - INVENTORIES

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Raw materials | 2.440.442 | 1.883.450 |
| Work in process | 97.859 | 42.363 |
| Finished goods | 1.909.247 | 728.151 |
| | 4.447.548 | 2.653.964 |
| Provision for impairment on inventories (-) | (27.161) | (4.576) |
| | 4.420.387 | 2.649.388 |

As of 31 December 2022 the Company does not have inventories pledged as security for liabilities (31 December 2021: None).

Cost of the inventory included in the cost of sales for the current period amounts to TL 23.620.286 thousand (1 January - 31 December 2021: TL 12.117.424).

NOTE 10 - PREPAID EXPENSES

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Prepaid expenses in current assets | | |
| Order advances given | 103.693 | 136.086 |
| Prepaid expenses | 32.108 | 12.432 |
| | 135.801 | 148.518 |
| Prepaid expenses in non-current assets | | |
| Advances given for fixed asset purchases ⁽¹⁾ | 325.407 | 237.586 |
| Prepaid expenses | 384 | 759 |
| | 325.791 | 238.345 |

⁽¹⁾ A significant part of it consists of fixed asset advances regarding the dishwasher investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

| | 1 January 2022 | Additions | Disposals | Transfer | Net off Accumulated Depreciation Before Revaluation | Fair Value increase | 31 December 2022 |
|---|-------------------|------------------|-----------------|-----------|---|------------------------|---------------------|
| Cost or revaluation | | | | | | | |
| Land | 755.907 | 338.857 | - | - | - | 705.586 | 1.800.350 |
| Land improvements | 64.057 | 96 | - | - | (6.225) | 37.538 | 95.466 |
| Buildings | 1.123.688 | 357.196 | - | 6.141 | (67.597) | 809.463 | 2.228.891 |
| Leasehold improvements | 13.784 | 2.072 | - | (4.867) | - | - | 10.989 |
| Plant and machinery | 2.647.355 | 681.171 | (18.204) | 221.924 | - | - | 3.532.246 |
| Motor vehicles | 834 | 526 | (43) | - | - | - | 1.317 |
| Furniture and fixtures | 121.975 | 24.113 | (388) | 14.107 | - | - | 159.807 |
| Construction in progress ⁽¹⁾ | 71.418 | 1.611.705 | - | (237.305) | - | - | 1.445.818 |
| | 4.799.018 | 3.015.736 | (18.635) | - | (73.822) | 1.552.587 | 9.274.884 |
| Accumulated depreciation | | | | | | | |
| Land improvements | - | 6.225 | - | - | (6.225) | - | - |
| Buildings | - | 67.597 | - | - | (67.597) | - | - |
| Leasehold improvements | 9.084 | 1.879 | - | - | - | - | 10.963 |
| Plant and machinery | 1.441.821 | 325.838 | (17.609) | - | - | - | 1.750.050 |
| Motor vehicles | 598 | 167 | (43) | - | - | - | 722 |
| Furniture and fixtures | 72.656 | 18.021 | (382) | - | - | - | 90.295 |
| | 1.524.159 | 419.727 | (18.034) | - | (73.822) | - | 1.852.030 |
| Net book value | 3.274.859 | | | | | | 7.422.854 |

⁽¹⁾ A significant part of construction in progress is consists of fixed asset advances regarding the dishwasher investment.

According to the material event disclosure dated 19 December 2022, land and building currently in used by Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. as a tenant, has been purchased from Vestel Elektronik Sanayi ve Ticaret AŞ's, the controlling shareholder of the Company, for 674,000 TL. The transaction price has been determined by two independent professional valuation company by considering current situation and conditions at the date of the first lease. The additional development investments made by the Company while it was a tenant, were not taken into account in the valuation process for the determination of sales price.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| | 1 January 2021 | Additions | Disposals | Transfer | Net off Accumulated Depreciation Before Revaluation | Fair Value increase | 31 December 2021 |
|---------------------------------|-------------------|----------------|-----------------|-----------|---|------------------------|---------------------|
| Cost or revaluation | | | | | | | |
| Land | 503.898 | - | - | - | - | 252.009 | 755.907 |
| Land improvements | 49.957 | 84 | - | (3) | (1.835) | 15.854 | 64.057 |
| Buildings | 643.223 | 9.721 | (2) | 1.826 | (18.745) | 487.665 | 1.123.688 |
| Leasehold improvements | 12.014 | 935 | (4) | 839 | - | - | 13.784 |
| Plant and machinery | 2.111.681 | 426.395 | (19.535) | 128.814 | - | - | 2.647.355 |
| Motor vehicles | 862 | - | (28) | - | - | - | 834 |
| Furniture and fixtures | 96.533 | 19.503 | (724) | 6.663 | - | - | 121.975 |
| Construction in progress | 32.149 | 177.408 | - | (138.139) | - | - | 71.418 |
| | 3.450.317 | 634.046 | (20.293) | - | (20.580) | 755.528 | 4.799.018 |
| Accumulated depreciation | | | | | | | |
| Land improvements | - | 1.835 | - | - | (1.835) | - | - |
| Buildings | - | 18.745 | - | - | (18.745) | - | - |
| Leasehold improvements | 7.326 | 1.762 | (4) | - | - | - | 9.084 |
| Plant and machinery | 1.192.071 | 269.030 | (19.280) | - | - | - | 1.441.821 |
| Motor vehicles | 496 | 127 | (25) | - | - | - | 598 |
| Furniture and fixtures | 60.120 | 13.233 | (697) | - | - | - | 72.656 |
| | 1.260.013 | 304.732 | (20.006) | - | (20.580) | - | 1.524.159 |
| Net book value | 2.190.304 | | | | | | 3.274.859 |

As of 31 December 2022, there are no pledges against the property, plant and equipment. (31 December 2021: None)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Allocation of period depreciation and amortization expenses is as follows:

| | 1 January- 31 December 2022 | 1 January- 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Cost of sales | 419.128 | 314.958 |
| Research and development expenses | 86.286 | 52.195 |
| Marketing, selling and distribution expenses | 2.028 | 14.109 |
| General administrative expenses | 3.833 | 3.256 |
| | 511.275 | 384.518 |

| 31 December 2022 | Level 1 | Level 2 | Level 3 |
|---------------------------------|---------|-----------|---------|
| Tangible Assets | | | |
| Lands | - | 1.800.350 | - |
| Buildings and land improvements | - | 2.324.357 | - |

| 31 December 2021 | Seviye 1 | Seviye 2 | Seviye 3 |
|---------------------------------|----------|-----------|----------|
| Tangible Assets | | | |
| Lands | - | 755.907 | - |
| Buildings and land improvements | - | 1.187.745 | - |

Cost and accumulated depreciation of land, land improvements and buildings before revaluation are as follows:

| 31 December 2022 | Land | Land improvements and buildings |
|------------------------------|----------------|------------------------------------|
| Cost | 490.895 | 579.071 |
| Accumulated depreciation (-) | - | (64.127) |
| Net book value | 490.895 | 514.944 |

| 31 December 2021 | Land | Land improvements and buildings |
|------------------------------|----------------|------------------------------------|
| Cost | 152.038 | 213.761 |
| Accumulated depreciation (-) | - | (51.491) |
| Net book value | 152.038 | 162.270 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 12 - RIGHT OF USE ASSETS

| | 1 January 2022 | Additions | Disposals ⁽¹⁾ | 31 December 2022 |
|-----------------------------------|----------------|---------------|--------------------------|------------------|
| Cost | | | | |
| Land and buildings ⁽¹⁾ | 159.115 | 61.807 | (83.166) | 137.756 |
| Machinery | 44.035 | 7.350 | (694) | 50.691 |
| | 203.150 | 69.157 | (83.860) | 188.447 |
| Accumulated amortization | | | | |
| Land and buildings | 37.674 | 26.478 | (2.321) | 61.831 |
| Machinery | 32.521 | 10.190 | (12) | 42.699 |
| | 70.195 | 36.668 | (2.333) | 104.530 |
| Net book value | 132.955 | | | 83.917 |
| | 1 January 2021 | Additions | Disposals ⁽¹⁾ | 31 December 2021 |
| Cost | | | | |
| Land and buildings | 143.046 | 16.069 | - | 159.115 |
| Machinery | 39.111 | 4.924 | - | 44.035 |
| | 182.157 | 20.993 | - | 203.150 |
| Accumulated amortization | | | | |
| Land and buildings | 13.507 | 24.167 | - | 37.674 |
| Machinery | 19.730 | 12.791 | - | 32.521 |
| | 33.237 | 36.958 | - | 70.195 |
| Net book value | 148.920 | | | 132.955 |

⁽¹⁾ The land and building has been used as a lessee has been purchased from Vestel Elektronik Sanayi ve Ticaret A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 13 - INTANGIBLE ASSETS

| | 1 January 2022 | Additions | Disposals | 31 December 2022 |
|---------------------------------|----------------|----------------|-----------------|------------------|
| Cost | | | | |
| Rights | 6.568 | - | (1) | 6.567 |
| Development cost | 452.565 | 212.538 | (42.445) | 622.658 |
| Other intangible assets | 34.816 | 17.705 | - | 52.521 |
| | 493.949 | 230.243 | (42.446) | 681.746 |
| Accumulated amortization | | | | |
| Rights | 6.410 | 19 | - | 6.429 |
| Development cost | 203.382 | 50.646 | (4.015) | 250.013 |
| Other intangible assets | 12.207 | 4.215 | - | 16.422 |
| | 221.999 | 54.880 | (4.015) | 272.864 |
| Net book value | 271.950 | | | 408.882 |
| | 1 January 2021 | Additions | Disposals | 31 December 2021 |
| Cost | | | | |
| Rights | 6.568 | - | - | 6.568 |
| Development cost | 366.325 | 113.977 | (27.737) | 452.565 |
| Other intangible assets | 23.577 | 11.239 | - | 34.816 |
| | 396.470 | 125.216 | (27.737) | 493.949 |
| Accumulated amortization | | | | |
| Rights | 6.388 | 22 | - | 6.410 |
| Development cost | 163.901 | 40.341 | (860) | 203.382 |
| Other intangible assets | 9.742 | 2.465 | - | 12.207 |
| | 180.031 | 42.828 | (860) | 221.999 |
| Net book value | 216.439 | | | 271.950 |

Development costs, incurred by the Company on development projects relating to refrigerators, split air conditioners, washing machines, cookers and dish washers are capitalized as intangible assets since it is highly probable that it will derive economic benefit from these projects and the economic benefits and expenditures made during the development process can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 14 - GOVERNMENT GRANTS

There are investment incentive certificates to which the Company has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Company in nature are as follows:

- i) Exemption from customs duty on machinery and equipment to be imported,
- ii) Value-added tax exemption with respect to purchases of investment goods both from domestic and export markets,
- iii) Incentives under jurisdiction of the research and development law
- iv) Inward processing permission certificates,
- v) Cash refund from Tübitak-Teydeb for research and development expenses,
- vi) Discounted corporate tax incentive,
- vii) Insurance premium employer share incentive,

Research and development incentive premium from Tübitak Teknoloji ve Yenilik Destek Programları Başkanlığı ("TEYDEB") amounts to TL 247 for the period 1 January - 31 December 2022 (1 January - 31 December 2021: TL 1.656).

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

| | 31 December 2022 | 31 December 2021 |
|--------------------------------|------------------|------------------|
| Short - term provisions | | |
| Provision for lawsuit risks | 11.377 | 9.724 |
| | 11.377 | 9.724 |

b) Guarantees received by the Company

| | 31 December 2022 | 31 December 2021 |
|-------------------------|-------------------|-------------------|
| Guarantee letters | 351.382 | 318.126 |
| Cheques and notes | 740 | 1.714 |
| Collaterals and pledges | 26.010.366 | 16.623.134 |
| | 26.362.488 | 16.942.974 |

Vestel Elektronik Sanayi ve Ticaret A.Ş., Vestel Komünikasyon Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given guarantees to various banks on behalf of the Company for its forward contracts and bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

c) Collaterals, pledges and mortgages ("CPM's") given by the Company are as follows:

| CPM's given by the Group | USD (‘000) | EUR (‘000) | TL | TL Equivalent |
|--|----------------|---------------|----------------|-------------------|
| 31 December 2022 | | | | |
| A. CPM's given on behalf of its own legal entity | 21.500 | 2.000 | 51.414 | 494.094 |
| B. CPM's given on behalf of fully consolidated subsidiaries ⁽¹⁾ | - | - | - | - |
| C. CPM's given on behalf of third parties for ordinary course of business | - | - | - | - |
| D. Total amount of other CPM's given | 501.042 | - | 714.412 | 10.099.931 |
| i. Total amount of CPM's given on behalf of the parent company | 380.820 | - | 589.049 | 7.722.569 |
| ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C. | 120.222 | - | 125.363 | 2.377.362 |
| iii. Total amount of CPM's given on behalf of third parties which are not in scope of C. | - | - | - | - |
| Total | 522.542 | 2.000 | 765.826 | 10.594.025 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)**c) Collaterals, pledges and mortgages ("CPM's") given by the Company are as follows: (Cont'd)**

| CPM's given by the Group | USD (‘000) | EUR (‘000) | TL | TL Equivalent |
|--|----------------|---------------|----------------|------------------|
| 31 December 2021 | | | | |
| A. CPM's given on behalf of its own legal entity | - | 2.000 | 55.557 | 84.922 |
| B. CPM's given on behalf of fully consolidated subsidiaries ⁽¹⁾ | - | - | - | - |
| C. CPM's given on behalf of third parties for ordinary course of business | - | - | - | - |
| D. Total amount of other CPM's given | 501.542 | - | 711.412 | 7.220.173 |
| i. Total amount of CPM's given on behalf of the parent company | 380.820 | - | 589.049 | 5.531.141 |
| ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C. | 120.722 | - | 122.363 | 1.689.033 |
| iii. Total amount of CPM's given on behalf of third parties which are not in scope of C. | - | - | - | - |
| Total | 501.542 | 2.000 | 766.969 | 7.305.095 |

The Company has given collaterals to various banks on behalf of Vestel Elektronik Sanayi and Ticaret A.Ş. Vestel Ticaret A.Ş. and Vestel Holland BV for their forward contracts and bank loans obtained.

Proportion of other CPM's given by the Company to its equity was 160% as of 31 December 2022 (31 December 2021: 148%).

NOTE 16 - COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to USD 1.164.855 (31 December 2021: USD 1.108.914) due to the export and investment incentive certificates obtained.

As of 31 December 2022 the Company has forward foreign currency purchase contract that amounts to TL 1.169.111, EUR 14.668, PLN 14.097 GBP 13.139 and USD 495.366 against forward foreign currency sales contract that amounts to EUR 383.372, USD GBP 4.500, PLN 49.806, USD 70.145 and TL 2.123.273 (31 December 2021: TL 1.544.300, EUR 15.499 and USD 472.835 against forward foreign currency sales contract that amounts to EUR 462.472, USD 74.605, GBP 7.000 and TL 27.332 sales contracts).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 17 - EMPLOYEE BENEFITS

Liabilities for employee benefits:

| | 31 December 2022 | 31 December 2021 |
|--------------------------|------------------|------------------|
| Due to personnel | 116.402 | 47.465 |
| Social security payables | 53.611 | 21.399 |
| | 170.013 | 68.864 |

Long term provisions for employee benefits:

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Provision for employment termination benefits | 518.760 | 151.875 |

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No. 506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No. 2422 and 25 August 1999, No. 4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's gross salary for each year of service and is limited to a maximum of full TL 15.371,40 TL/year as of 31 December 2022 (31 December 2021: 8.284,51 TL/year).

The provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. Turkish Accounting Standards No: 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which is described below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as at 31 December 2022 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 31 December 2022 provision is calculated based on real discount rate of 9,16% (31 December 2021: annual inflation rate; 15,8%, discount rate; 20,9% and real discount rate; 4,44%) assuming 7,02% annual inflation rate and 2,00% discount rate.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 19.982,83 which is effective from 1 January 2023 (1 January 2022: TL 10.848,59) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

NOTE 17 - EMPLOYEE BENEFITS (Cont'd)

The movements in the provision for employment termination benefit are as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|-------------------------------|---------------------------------|---------------------------------|
| Balance at 1 January | 151.875 | 85.734 |
| Increase during the year | 28.015 | 17.063 |
| Payments during the year | (23.899) | (11.652) |
| Actuarial (gain)/loss | 332.407 | 48.904 |
| Interest expense | 30.362 | 11.826 |
| Balance at 31 December | 518.760 | 151.875 |

NOTE 18 - OTHER ASSETS AND LIABILITIES

| | 31 December 2022 | 31 December 2021 |
|----------------------------------|------------------|------------------|
| Other current assets | | |
| VAT carried forward | 931 | 254 |
| Income and discount accruals | 38.017 | 3.090 |
| | 38.948 | 3.344 |
| Other current liabilities | | |
| Taxes and dues payable | 134.766 | 38.369 |
| Other | 2.396 | 933 |
| | 137.162 | 39.302 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

| | 31 December 2022 | 31 December 2021 |
|-------------------------------|------------------|------------------|
| Shares of par value TL 1 each | | |
| Issued share capital | 1.600.000 | 1.600.000 |

As of 31 December 2022 and 31 December 2021 the shareholding structure is as follows:

| | Shareholding | | Amount | |
|--|------------------|------------------|------------------|------------------|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. | 80,66% | 82,53% | 1.290.560 | 1.320.552 |
| Shares held by public | 19,34% | 17,47% | 309.440 | 279.448 |
| | 100% | 100% | 1.600.000 | 1.600.000 |

Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 30.000.000 shares of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. at Borsa İstanbul on 20 September 2022. Following these transactions, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya decreased to 80,66%.

b) Adjustments to share capital

Adjustment to share capital is the difference between the share capital recalculated to adjust the effects of hyperinflation until 31 December 2004 and historical share capital.

| | 31 December 2022 | 31 December 2021 |
|-----------------------------|------------------|------------------|
| Adjustment to share capital | 9.734 | 9.734 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

c) Restricted reserves ("Legal reserves")

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. Under TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

| | 31 December 2022 | 31 December 2021 |
|----------------|------------------|------------------|
| Legal reserves | 233.843 | 98.506 |

d) Retained earnings

| | 31 December 2022 | 31 December 2021 |
|-------------------------|------------------|------------------|
| Extraordinary reserves | 533.014 | 1.185 |
| Previous year's profits | 325.720 | 122.302 |
| | 858.734 | 123.487 |

e) Dividend distribution

For listed companies dividends are distributed in accordance with the Communiqué Serial II -19.1 on "Principals Regarding Distribution of Interim Dividends" issued by the CMB effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, dividend can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of redeemed share right certificates, to members of board of directors or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

e) Dividend distribution (Cont'd)

On the other hand, in accordance with the Articles of Association of the Company, up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors or used for certain reasons designated by the Board of Directors when necessary.

- Based on the approval of the General Assembly, up to 3% of retained earnings after dividend distribution could be allocated to plant investments designated in accordance with article of 468 in TCC,
- Up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors as necessary,
- Up to 5% of retained earnings after dividend distribution could be allocated to donations, bonuses etc.

The distribution of the Company's net profit for the year 2021 was approved at the Ordinary General Assembly meeting held on 11 May 2022. As of 31 December 2021, the company has been prepared its Financial statements in accordance with the Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TMS/TFRS") and the formats determined by the CMB, in accordance with the Capital Markets Board's Communiqué No. II.14.1 on "Principles of Financial Reporting in the Capital Markets". According to the financial statements, The Company has net profit of TL 1.518.592. According to the financial statements prepared within the framework of the relevant provisions of the Turkish Commercial Code No. 6102 (TCC) and the Tax Procedure Law No. 213 (TPL), it has earned a net profit of TL 1.470.124. According to the decision taken, net distributable profit for the period is calculated as 1.396.618 TL, as a result of deducting the general legal reserves amounting to 73.506 TL, which was allocated in accordance with the first paragraph of the 519th article of the Turkish Commercial Code, over the net period profit of TL 1.470.124 for the 2021 accounting period. Net distributable profit for the period is calculated as TL 1.445.086 as a result of deducting the general legal reserves amounting to TL 73.506 from the TL 1.518.592 net profit for the period included in the financial statements prepared in accordance with the Capital Markets Law and the Capital Markets Board regulations. The remaining resource after the general legal reserve has been set aside, has been paid in cash to the shareholders of the Company's shareholders of the dividend amounting to TL 698.310.

The Company has TL 1.424.466 net profit as of 31 December 2022 (2021: 1.518.592). As of 31 December 2022, the net profit in the legal books kept by the Company in accordance with the Tax Procedure Law is TL 860.370 and there is no previous year's profits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 20 - SALES

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---------------------------|---------------------------------|---------------------------------|
| Domestic sales | 8.291.879 | 3.568.771 |
| Export sales | 23.175.130 | 12.714.457 |
| Gross sales | 31.467.009 | 16.283.228 |
| Less: Sales discounts (-) | (80.040) | (105.219) |
| Net sales | 31.386.969 | 16.178.009 |
| Cost of sales | (26.475.579) | (13.613.315) |
| Gross profit | 4.911.390 | 2.564.694 |

NOTE 21 - EXPENSES BY NATURE

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|--|---------------------------------|---------------------------------|
| Raw materials, supplies and finished goods | 24.856.878 | 12.555.863 |
| Changes in finished goods, work in process and trade goods | (1.236.592) | (438.439) |
| Personnel expenses | 1.878.559 | 983.411 |
| Depreciation and amortization | 511.275 | 384.518 |
| Repair and maintenance expenses | 1.827.876 | 95.871 |
| Other | 1.159.941 | 493.219 |
| | 28.997.937 | 14.074.443 |

Fees for Services Received from Independent Audit Firm

The fees related to the services received by the Company from the Independent Audit Firm are as follows:

| | 31 December 2022 | 31 December 2021 |
|------------------------------------|------------------|------------------|
| Audit fee for the reporting period | 925 | 276 |
| | 925 | 276 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---------------------------------|---------------------------------|
| Personnel expenses | 75.447 | 34.880 |
| Consultancy Expenses | 119.394 | 66.596 |
| Rent and office expenses | 8.885 | 7.140 |
| Travelling expenses | 3.592 | 1.861 |
| Energy expenses | 4.503 | 1.200 |
| Depreciation and amortization | 3.833 | 3.256 |
| Benefits and services provided externally | 968 | 1.113 |
| Other | 88.630 | 34.556 |
| | 305.252 | 150.602 |

b) Marketing expenses:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---------------------------------|---------------------------------|
| Personnel expenses | 95.808 | 48.198 |
| Transportation, distribution and storage expenses | 1.787.484 | 79.937 |
| Taxes and duties | 50.093 | 27.720 |
| Insurance expenses | 30.431 | 5.249 |
| Depreciation and amortization | 2.028 | 14.109 |
| Other | 40.790 | 21.110 |
| | 2.006.634 | 196.323 |

c) Research and development expenses:

| | | |
|-------------------------------|----------------|----------------|
| Depreciation and amortization | 86.286 | 52.195 |
| Personnel expenses | 78.992 | 36.489 |
| Other | 45.194 | 25.519 |
| | 210.472 | 114.203 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 23 - OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|--|---------------------------------|---------------------------------|
| Credit finance gains arising from trading activities | 71.509 | 6.117 |
| Foreign exchange gains arising from trading activities | 1.475.335 | 1.882.268 |
| Other income | 79.118 | 24.063 |
| | 1.625.962 | 1.912.448 |

b) Other operating expense

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---------------------------------|---------------------------------|
| Debit finance charges arising from trading activities | 88.008 | 5.073 |
| Foreign exchange expenses arising from trading activities | 2.487.045 | 2.131.416 |
| Other expenses | 36.394 | 32.747 |
| | 2.611.447 | 2.169.236 |

NOTE 24 - FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---------------------------------|---------------------------------|
| Foreign exchange gains | 1.005.759 | 781.167 |
| Gains on derivative financial instruments | 1.399.144 | 673.675 |
| Interest income | 223.159 | 73.383 |
| | 2.628.062 | 1.528.225 |

b) Financial expense:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|--|---------------------------------|---------------------------------|
| Foreign exchange losses | 563.632 | 521.185 |
| Losses on derivative financial instruments | 1.521.548 | 1.295.762 |
| Interest and commission expense | 842.336 | 336.940 |
| Other finance expenses | 3.031 | 4.264 |
| | 2.930.547 | 2.158.151 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 25 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

| | 31 December 2022 | 31 December 2021 |
|----------------------------|------------------|------------------|
| Corporate tax | 2.909 | 5.803 |
| Prepaid taxes | (2.956) | (4.864) |
| Corporate tax | (47) | 939 |
| Deferred tax liabilities | - | - |
| Deferred tax assets | 254.646 | 132.778 |
| Deferred tax assets | 254.646 | 132.778 |

In Turkey, advance tax returns are filed on a quarterly basis at the rate of 23%, until the 17th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and 75% of sale of investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Losses cannot be carried back.

There is no obligation that taxed to be paid should be confirmed with tax authority. Corporate tax declarations are given to tax authority in following 4th month of 30th day of the period end. Tax authorization may examine accounting transactions for 5 years. In case of detection of a mistake, the tax amount to be paid may change.

Corporate tax rate will be applied as 23% for 2022 profit. This rate will be applied as 20% in 2023.

As of 1 January - 31 December 2022 and 2021 tax expense in the statement of comprehensive income is as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|----------------------------|---------------------------------|---------------------------------|
| Current period tax expense | (2.909) | (5.803) |
| Deferred tax benefit | 326.313 | 307.543 |
| Total tax income | 323.404 | 301.740 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 25 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Total tax benefit for the year can be reconciled to the accounting profit as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---------------------------------|---------------------------------|
| Profit before tax | 1.101.062 | 1.216.852 |
| Local tax rate | 23% | 25% |
| Tax income calculated using local tax rate | (253.244) | (304.213) |
| Non-deductible expenses | (46.796) | (30.477) |
| Discounts and exemptions | 92.589 | 42.575 |
| Effect of reduced tax rate | 536.108 | 599.945 |
| Effect of legal tax rate change on deferred tax | 1.622 | (1.226) |
| Other | (6.875) | (4.864) |
| | 323.404 | 301.740 |

Due to modernization, plant extension and investments incentive documents in Manisa Organized Industrial Zone, the Company has tax incentive giving right to use reduced rate of corporate tax.

Deferred tax assets and liabilities

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided using principal tax rate as of the balance sheet dates is as follows:

| | Cumulative temporary | | Deferred Tax | |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Deferred tax assets and liabilities | | | | |
| Employment termination benefits | (518.760) | (151.875) | 103.752 | 30.375 |
| Investment incentive ⁽¹⁾ | - | - | 532.965 | 228.430 |
| Net difference between book values and tax bases of tangible and intangible assets | (138.270) | (100.000) | 27.654 | 20.000 |
| Net difference in between booked value of inventories and tax basis | (27.161) | (4.576) | 5.432 | 1.144 |
| Derivative financial instruments | (350.200) | (40.310) | 70.040 | 10.078 |
| Revaluation of tangible fixed assets | 3.127.939 | 1.575.352 | (491.632) | (157.680) |
| Other | (32.175) | (2.155) | 6.435 | 431 |
| | 254.646 | 132.778 | | |

⁽¹⁾ Gains arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that investment reaches the contribution amount. In this context, as of 31 December 2022 the tax advantage of TL 532.965 from which the Company predicts to benefit in the foreseeable future is recognized as deferred tax asset in the financial statements. The Company did not recognize deferred tax assets amounting to amounting to TL 2.244.262 arising from investment incentives on the basis of conservative approach of accounting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 25 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

The movement of net deferred tax assets and liabilities is as follows:

| | 1 January- 31 December 2022 | 1 January- 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Opening balance, 1 January | 132.778 | (54.299) |
| Tax expense recognized in income statement | 326.313 | 307.543 |
| Recognized in shareholders' equity | (204.445) | (120.466) |
| Deferred tax assets/liabilities at the end of the period, net | 254.646 | 132.778 |

NOTE 26- EARNINGS PER SHARE

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---------------------------------|---------------------------------|
| Net profit attributable to shareholders | 1.424.466 | 1.518.592 |
| Weighted number of ordinary shares with a TL 1 of par value (thousand shares) | 1.600.000 | 1.600.000 |
| | 0,89 | 0,95 |

NOTE 27 - DERIVATIVE INSTRUMENTS

| | 31 December 2022 | | 31 December 2021 | |
|--|--------------------|--------------------------|--------------------|--------------------------|
| | Fair Value | | Fair Value | |
| | Contract amount | Assets/ (Liabilities) | Contract amount | Assets/ (Liabilities) |
| Derivative financial assets: | | | | |
| Held for trading | | | | |
| Forward foreign currency transactions | 274.636 | 1.203 | 96.988 | 3.793 |
| | | | - | - |
| Cash flow hedge | | | | |
| Forward foreign currency transactions | 2.410.394 | 4.542 | 4.797.224 | 189.332 |
| Derivative financial liabilities: | | | | |
| Held for trading | | | | |
| Forward foreign currency transactions | 2.232.370 | (197.961) | 3.013.866 | (233.435) |
| Cash flow hedge | | | | |
| Forward foreign currency transactions | 5.168.108 | (157.984) | - | - |
| | | (350.200) | | (40.310) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Capital risk management:

The Company manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through optimization of the debt and equity balance.

The management considers the cost of capital and the risks associated with each class of capital. The management aims to balance its overall capital structure through the payment of dividends, share issues and proceeds from or repayments of debt.

As of 31 December 2022 and 2021 the Company's net debt/total equity ratios are as follows:

| | 31 December 2022 | 31 December 2021 |
|--------------------------------------|-------------------|------------------|
| Total financial liabilities (note 5) | 6.217.515 | 1.334.840 |
| Cash and cash equivalents (note 4) | (578.753) | (112.815) |
| Net debt | 5.638.762 | 1.222.025 |
| Total equity | 6.319.416 | 4.892.655 |
| Capital invested | 11.958.178 | 6.114.680 |
| Net debt/capital invested | 0,47 | 0,20 |

b) Financial risk factors:

The Company's activities expose it to a variety of financial risks including the foreign currency exchange rates risk, credit risk and liquidity risk. The Company's overall risk management program on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments in order to protect itself from various financial risks.

b.1) Credit risk:

Credit risk arises from bank deposits, trade receivables and other trade receivables. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of these agreements. The Company sells significant portion of its products to Vestel Ticaret A.Ş. which is a group company. Credit risk is evaluated by considering past experiences and current economic conditions and receivables is presented in the balance sheet after appropriate amount of provision for doubtful receivables is allocated. The company considers that the credit risk is managed effectively. The following statements show the analysis of credit risk as of 31 December 2022 and 31 December 2021:

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

| 31 December 2022 | Receivables | | | | Bank Deposits | Other |
|--|--------------------|------------------|--------------------|------------------|------------------|-------|
| | Trade Receivables | | Other Receivables | | | |
| | Related Parties | Third Parties | Related Parties | Third Parties | | |
| Maximum exposed credit risk as at 31 December 2022 (A+B+C+D+E) | 8.422.256 | 209.486 | 2.403.161 | 779.569 | 578.112 | 663 |
| - Secured portion of the maximum credit risk by guarantees, etc | - | - | - | - | - | - |
| A. Net book value of financial asset either are not due or impaired | 8.422.256 | 209.486 | 2.403.161 | 779.569 | 578.112 | 663 |
| B. Net book value of financial asset with renegotiated conditions, otherwise considered as overdue or impaired | - | - | - | - | - | - |
| C. Net book value of overdue but not impaired financial assets | - | 93.718 | - | - | - | - |
| - Secured portion by guarantees, etc | - | (93.718) | - | - | - | - |
| D. Net book value of the impaired assets | - | - | - | - | - | - |
| - Overdue | - | 1.122 | - | - | - | - |
| - Impairment | - | (1.122) | - | - | - | - |
| - Secured portion of the net value by guarantees, etc | - | - | - | - | - | - |
| E. Off balance sheet items comprised of credit risk | - | - | - | - | - | - |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

| 31 December 2021 | Receivables | | | | Bank Deposits | Other |
|--|--------------------|------------------|--------------------|------------------|------------------|-------|
| | Trade Receivables | | Other Receivables | | | |
| | Related Parties | Third Parties | Related Parties | Third Parties | | |
| Maximum exposed credit risk as at 31 December 2021 (A+B+C+D+E) | 5.123.913 | 32.323 | 1.445.270 | 414.396 | 112.366 | 471 |
| - Secured portion of the maximum credit risk by guarantees, etc | - | - | - | - | - | - |
| A. Net book value of financial asset either are not due or impaired | 5.123.913 | 29.834 | 1.445.270 | 414.396 | 112.366 | 471 |
| B. Net book value of financial asset with renegotiated conditions, otherwise considered as overdue or impaired | - | - | - | - | - | - |
| C. Net book value of overdue but not impaired financial assets | - | 8.489 | - | - | - | - |
| - Secured portion by guarantees, etc | - | (6.000) | - | - | - | - |
| D. Net book value of the impaired assets | - | - | - | - | - | - |
| - Overdue | - | 843 | - | - | - | - |
| - Impairment | - | (843) | - | - | - | - |
| - Secured portion of the net value by guarantees, etc | - | - | - | - | - | - |
| E. Off balance sheet items comprised of credit risk | - | - | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Aging of financial assets which are overdue but not impaired is as follows:

| | 31 December 2022 | 31 December 2021 |
|----------------------------------|------------------|------------------|
| 0 -1 overdue month | 53.114 | 6.393 |
| 1-3 overdue month | 36.732 | 1.887 |
| 3 -12 overdue month | 3.872 | 209 |
| Total overdue receivables | 93.718 | 8.489 |

b.2) Price risk:

Due to the fact that the Company's operating profit and cash flows from operating activities has been affected by competition in the sector and changes in raw material prices, the prices are monitored by the Company management and cost-cutting measures has been taken in order to mitigate cost pressure effect on price level. In addition, the Company reviews market prices for active financial and operational risk management regularly.

Existing risks has been monitored on Audit Committee and Board of Directors meetings and raw material prices in market is reviewed closely.

b.3) Liquidity risk:

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company manages liquidity risk by providing the continuity of sufficient funds and loan reserves by twinning the maturities of financial assets and liabilities by following cash flow regularly.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented by undiscounted net inflows and outflows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2022:

| Contractual Maturities | Book Value | Total contractual cash outflows | Less than 3 months | 3 - 12 months | 1 - 5 years | More than 5 years |
|---|-------------------|---------------------------------|--------------------|------------------|----------------|-------------------|
| Non-derivative financial liabilities | | | | | | |
| Bank borrowings and lease liabilities | 6.217.515 | 6.536.437 | 1.749.278 | 4.776.154 | 11.005 | - |
| Trade payables | 10.810.669 | 10.882.223 | 9.302.853 | 1.330.036 | 179.373 | 69.961 |
| Other payables | 744.815 | 744.815 | 744.815 | - | - | - |
| | 17.772.999 | 18.163.475 | 11.796.946 | 6.106.190 | 190.378 | 69.961 |
| Derivative financial instruments | | | | | | |
| Derivative cash inflows | - | (10.085.508) | (10.085.508) | - | - | - |
| Derivative cash outflows | - | 8.923.444 | 8.923.444 | - | - | - |
| | 350.200 | (1.162.064) | (1.162.064) | - | - | - |

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2021:

| Contractual Maturities | Book Value | Total contractual cash outflows | Less than 3 months | 3 - 12 months | 1 - 5 years | More than 5 years |
|---|------------------|---------------------------------|--------------------|------------------|----------------|-------------------|
| Non-derivative financial liabilities | | | | | | |
| Bank borrowings and lease liabilities | 1.334.840 | 1.546.537 | 413.200 | 578.370 | 369.981 | 184.986 |
| Trade payables | 6.023.721 | 6.053.930 | 4.079.834 | 1.793.093 | 101.814 | 79.189 |
| Other payables | 1.431.678 | 1.431.678 | 1.431.678 | - | - | - |
| | 8.790.239 | 9.032.145 | 5.924.712 | 2.371.463 | 471.795 | 264.175 |
| Derivative financial instruments | | | | | | |
| Derivative cash inflows | - | (7.908.078) | (7.908.078) | - | - | - |
| Derivative cash outflows | - | 7.626.994 | 7.626.994 | - | - | - |
| | 40.310 | (281.084) | (281.084) | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

b.4) Foreign currency risk:

The Company is exposed to exchange rate risk due to its foreign currency denominated transactions. The main principle of foreign currency risk management is to maintain foreign exchange position at the level that minimizes the impact of foreign exchange fluctuations.

Derivative instruments are used in foreign currency risk management where necessary. In this respect the Company mainly prefers using foreign exchange forward contracts.

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

| 31 December 2022 | USD | EUR | Other (TL Equivalent) | TL Equivalent |
|---|------------------|------------------|--------------------------|--------------------|
| 1. Trade receivables | 29.570 | 238.673 | 187.763 | 5.498.594 |
| 2a. Monetary financial assets (including cash and cash equivalents) | 9.764 | 14.193 | 1.221 | 466.727 |
| 2b. Non-monetary financial assets | - | - | - | - |
| 3. Other | 128.489 | 31 | - | 2.403.144 |
| 4. Current assets (1+2+3) | 167.823 | 252.897 | 188.984 | 8.368.465 |
| 5. Trade receivables | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - |
| 6b. Non-monetary financial assets | 1.504 | 9.663 | - | 220.753 |
| 7. Other | - | - | - | - |
| 8. Non-current assets (5+6+7) | 1.504 | 9.663 | - | 220.753 |
| 9. Total assets (4+8) | 169.327 | 262.560 | 188.984 | 8.589.218 |
| 10. Trade payables | 230.100 | 193.495 | 41.743 | 8.216.226 |
| 11. Financial liabilities | 72.515 | - | - | 1.358.351 |
| 12a. Other monetary liabilities | - | 11.265 | - | 224.971 |
| 12b. Other non-monetary liabilities | - | - | - | - |
| 13. Current liabilities (10+11+12) | 302.615 | 204.760 | 41.743 | 9.799.548 |
| 14. Trade payables | - | 9.157 | - | 182.873 |
| 15. Financial liabilities | - | - | - | - |
| 16a. Other monetary liabilities | - | - | - | - |
| 16b. Other non-monetary liabilities | - | - | - | - |
| 17. Non-current liabilities (14+15+16) | - | 9.157 | - | 182.873 |
| 18. Total liabilities (13+17) | 302.615 | 213.917 | 41.743 | 9.982.421 |
| 19. Off-balance sheet derivative instruments net asset/ (liability) position (19a+19b) | 425.221 | (368.704) | 42.017 | 642.849 |
| 19a. Hedged total assets | 495.366 | 14.668 | 355.595 | 9.910.502 |
| 19b. Hedged total liabilities | (70.145) | (383.372) | (313.578) | (9.267.653) |
| 20. Net foreign currency asset/(liability) position (9-18+19) | 291.933 | (320.061) | 189.258 | (750.353) |
| 21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a) | (134.792) | 38.980 | 147.241 | (1.613.956) |
| 22. Fair value of financial instruments used in foreign currency hedging | - | - | - | (350.200) |
| 23. Export | 145.634 | 1.242.590 | 465.822 | 23.175.130 |
| 24. Import | 563.708 | 242.049 | 19.656 | 13.404.762 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

| 31 December 2021 | USD | EUR | Other (TL Equivalent) | TL Equivalent |
|--|------------------|------------------|--------------------------|--------------------|
| 1. Trade receivables | 18.151 | 234.293 | 407 | 3.675.922 |
| 2a. Monetary financial assets (including cash and cash equivalents) | 1.768 | 5.553 | 54 | 104.529 |
| 2b. Non-monetary financial assets | - | - | - | - |
| 3. Other | 49.687 | 54.519 | - | 1.445.270 |
| 4. Current assets (1+2+3) | 69.606 | 294.365 | 461 | 5.225.728 |
| 5. Trade receivables | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - |
| 6b. Non-monetary financial assets | 2.869 | 8.065 | - | 155.645 |
| 7. Other | - | - | - | - |
| 8. Non-current assets (5+6+7) | 2.869 | 8.065 | - | 155.645 |
| 9. Total assets (4+8) | 72.475 | 302.430 | 461 | 5.381.373 |
| 10. Trade payables | 242.059 | 123.435 | 1.794 | 4.955.424 |
| 11. Financial liabilities | - | 45.299 | - | 665.087 |
| 12a. Other monetary liabilities | - | - | - | - |
| 12b. Other non-monetary liabilities | - | - | - | - |
| 13. Current liabilities (10+11+12) | 242.059 | 168.734 | 1.794 | 5.620.511 |
| 14. Trade payables | - | 12.328 | - | 181.003 |
| 15. Financial liabilities | - | - | - | - |
| 16a. Other monetary liabilities | - | - | - | - |
| 16b. Other non-monetary liabilities | - | - | - | - |
| 17. Non-current liabilities (14+15+16) | - | 12.328 | - | 181.003 |
| 18. Total liabilities (13+17) | 242.059 | 181.062 | 1.794 | 5.801.515 |
| 19. Off-balance sheet derivative instruments net asset/(liability) position (19a+19b) | 398.230 | (446.973) | (122.171) | (1.516.733) |
| 19a. Hedged total assets | 472.835 | 15.499 | - | 6.363.777 |
| 19b. Hedged total liabilities | (74.605) | (462.472) | (122.171) | (7.880.510) |
| 20. Net foreign currency asset/(liability) position (9-18+19) | 228.646 | (325.605) | (123.504) | (1.936.875) |
| 21. Net foreign currency monetary asset/(liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a) | (172.453) | 113.303 | (1.333) | (575.793) |
| 22. Fair value of financial instruments used in foreign currency hedging | - | - | - | (40.310) |
| 23. Export | 96.640 | 1.133.142 | 1.499 | 12.714.457 |
| 24. Import | 451.449 | 235.871 | 9.374 | 6.475.270 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022 and 31 December 2021, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

| | Gain/Loss | | Equity | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Foreign exchange appreciation | Foreign exchange depreciation | Foreign exchange appreciation | Foreign exchange depreciation |
| 31 December 2022 | | | | |
| Appreciation of USD against TL by 10% | | | | |
| USD net asset/liability | (250.246) | 250.246 | (250.246) | 250.246 |
| Secured portion from USD risk | 81.374 | (81.374) | 490.845 | (490.845) |
| USD net effect | (168.872) | 168.872 | 240.599 | (240.599) |
| Appreciation of EUR against TL by 10% | | | | |
| EUR net asset/liability | 96.201 | (96.201) | 96.201 | (96.201) |
| Secured portion from EUR risk | (139.565) | 139.565 | (695.871) | 695.871 |
| EUR net effect | (43.364) | 43.364 | (599.670) | 599.670 |
| Appreciation of other currencies against TL by 10% | | | | |
| Other currencies net asset/liability | 14.724 | (14.724) | 14.724 | (14.724) |
| Secured portion from other currency risk | 627 | (627) | 10.679 | (10.679) |
| Other currency net effect | 15.351 | (15.351) | 25.403 | (25.403) |
| Total | (196.885) | 196.885 | (333.668) | 333.668 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

| | Gain/Loss | | Equity | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Foreign exchange appreciation | Foreign exchange depreciation | Foreign exchange appreciation | Foreign exchange depreciation |
| 31 December 2021 | | | | |
| Appreciation of USD against TL by 10% | | | | |
| USD net asset/liability | (223.801) | 223.801 | (223.801) | 223.801 |
| Secured portion from USD risk | 37.208 | (37.208) | 515.777 | (515.777) |
| USD net effect | (186.593) | 186.593 | 291.976 | (291.976) |
| Appreciation of EUR against TL by 10% | | | | |
| EUR net asset/liability | 166.356 | (166.356) | 166.356 | (166.356) |
| Secured portion from EUR risk | (172.244) | 172.244 | (631.879) | 631.879 |
| EUR net effect | (5.888) | 5.888 | (465.523) | 465.523 |
| Appreciation of other currencies against TL by 10% | | | | |
| Other currencies net asset/liability | (133) | 133 | (133) | 133 |
| Secured portion from other currency risk (-) | (12.238) | 12.238 | (12.238) | 12.238 |
| Other currency net effect | (12.371) | 12.371 | (12.371) | 12.371 |
| Total | (204.852) | 204.852 | (185.918) | 185.918 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

b.5) Interest rate risk:

The Company is exposed to interest rate risk as the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate hedge contracts and forward interest rate contracts.

Analysis of financial instruments of the Company which are sensitive to interest rate changes is as follows:

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Financial instruments with fixed interest rates | | |
| Time deposits | 151.485 | 78.932 |
| Financial liabilities | 876.713 | 475.591 |
| Financial instruments with variable interest rates | | |
| Financial liabilities | 5.340.802 | 859.249 |
| Other liabilities | - | - |

On 31 December 2022, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has strengthened/weakened by 100 basis points with all other variables held constant, income before taxes would have been TL 16.979 (2021: TL 1.351) lower/higher as a result of interest expenses.

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Categories of financial instruments and fair values

The Company classifies its financial assets into three categories: financial assets measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. Among Company's financial assets, cash and cash equivalents (note 4), trade receivables (notes 6 and 7) and other receivables (notes 6 and 8), are classified as loans and receivables and are measured at amortized cost using the effective interest method.

Company's financial liabilities consist of financial liabilities (note 5) and trade payables (note 7) are measured at amortized cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Company, using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Monetary assets

The book value of foreign currency denominated balances which are translated to TL using exchange rates prevailing on the date of the balance sheet approximate their fair values. For financial assets measured at cost including cash and cash equivalents, the carrying amounts are the same with fair values due to their short term nature. Carrying amounts of trade receivables net of impairments approximate their fair values.

Monetary liabilities

The fair values of short term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. Fair value is calculated by discounting the cash out flows regarding due dates of financial liabilities considering the changing country risk premium and changes in the market interest rates.

Fair value hierarchy

The Company classifies the fair value measurement of each class of financial instruments according to the source, using the three level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques do not contain observable market inputs

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value hierarchy tables as of 31 December 2022 and 31 December 2021 are as follows:

| 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|--------------|
| Financial assets/(liabilities) | | | | |
| Derivative financial assets/(liabilities) | - | (350.200) | - | (350.200) |
| 31 December 2021 | Level 1 | Level 2 | Level 3 | Total |
| Financial assets/(liabilities) | | | | |
| Derivative financial assets/(liabilities) | - | (40.310) | - | (40.310) |
| 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
| Tangible Assets | | | | |
| Lands | - | 1.800.350 | - | 1.800.350 |
| Land improvements | - | 95.466 | - | 95.466 |
| Buildings | - | 2.228.891 | - | 2.228.891 |
| 31 December 2021 | Level 1 | Level 2 | Level 3 | Total |
| Tangible Assets | | | | |
| Lands | - | 755.907 | - | 755.907 |
| Land improvements | - | 64.057 | - | 64.057 |
| Buildings | - | 1.123.688 | - | 1.123.688 |

NOTE 30 - SUBSEQUENT EVENTS

None.

GRI CONTENT INDEX

| | | |
|--|---|---|
| STATEMENT OF USE | Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. has reported the information cited in this GRI content index for the period 01.01.2022-31.12.2022 with reference to the GRI Standards. | |
| GRI 1 USED | GRI 1: Foundation 2021 | |
| GRI STANDARD | DISCLOSURE | LOCATION |
| GENERAL DISCLOSURES | 2-1 Organizational details | Vestel Beyaz Eşya in a Nutshell, Page: 4-5 From Vestel to the Entire World, Page: 10-11 |
| | 2-2 Entities included in the organization's sustainability reporting | About the Report, Page: 174 |
| | 2-3 Reporting period, frequency and contact point | 01.01.2022-31.12.2022 Annual |
| | 2-4 Restatements of information | There are no restatements of information. |
| | 2-5 External assurance | Limited Assurance Report, Page: 198-201 |
| | 2-6 Activities, value chain and other business relationships | Vestel Beyaz Eşya in a Nutshell, Page: 4-5 From Vestel to the Entire World, Page: 10-11 Vestel Beyaz Eşya Integrated Business Model, Page: 30-31 Activities of the Company and Important Developments Regarding the Activities, Page: 138-139 Company's Organization and Nature of Operations, Page: 233 |
| | 2-7 Employees | Employees, Page: 86-97 Social Performance Indicators, Page: 182-184 |
| | 2-8 Workers who are not employees | Employees, Page: 99 Social Performance Indicators, Page: 182-184 |
| | 2-9 Governance structure and composition | Board of Directors, Page: 16-17 Senior Management, Page: 24-26 Shareholding Structure of Vestel Beyaz Eşya, Page: 134 Board of Directors, Page: 135-137 Corporate Governance Compliance Report, Page: 155-158 Corporate Governance Information Form, Page: 163-166 Structure of the Board of Directors, Page: 167 The Duties and Authorities of the Board of Directors, Page: 168 Board Committees, Page: 169-172 |
| | 2-10 Nomination and selection of the highest governance body | Board of Directors, Page: 135-137 |
| | 2-11 Chair of the highest governance body | Corporate Governance Information Form, Page: 163-164 |
| GRI 2: GENERAL DISCLOSURES 2021 | | |

GRI CONTENT INDEX

| GRI STANDARD | DISCLOSURE | LOCATION |
|----------------------------|--|---|
| GENERAL DISCLOSURES | 2-12 Role of the highest governance body in overseeing the management of impacts | Sustainability Management, Page: 38-39 |
| | 2-13 Delegation of responsibility for managing impacts | Sustainability Management, Page: 38-39 |
| | 2-14 Role of the highest governance body in sustainability reporting | Sustainability Management, Page: 38-39 |
| | 2-15 Conflicts of interest | Statement of Compliance with Corporate Governance Principles, Page: 148 |
| | 2-16 Communication of critical concerns | Risks and Assessment of the Board of Directors, Page: 142-145 |
| | 2-17 Collective knowledge of the highest governance body | Board of Directors, Page: 16-17 Board of Directors, Page: 135-137 |
| | 2-18 Evaluation of the performance of the highest governance body | Corporate Governance Compliance Report, Page: 155-158 |
| | 2-19 Remuneration policies | Employees, Page: 88 Evaluation of the Board of Directors Regarding the Working Principles and Effectiveness of the Board Committees, Page: 173 |
| | | https://www.vestel.com.tr/content/kurumsal-politikalar |
| | 2-20 Process to determine remuneration | Corporate Governance Information Form, Page: 162 |
| | 2-21 Annual total compensation ratio | Corporate Governance Information Form, Page: 162 |
| | 2-22 Statement on sustainable development strategy | Message from the Chairman, Page: 12-14 Message from the CEO, Page: 18-22 Sustainability Management, Page: 38-39 |
| | 2-23 Policy commitments | https://www.vestel.com.tr/content/kurumsal-politikalar |
| | 2-24 Embedding policy commitments | https://www.vestel.com.tr/content/kurumsal-politikalar |
| | 2-25 Processes to remediate negative impacts | Sustainability Management, Page: 38-39 Global Trends, Risks and Opportunities, Page: 42-61 |
| | 2-26 Mechanisms for seeking advice and raising concerns | Employees, Page: 87-88 Customer Experience, Page: 127 |

| GRI STANDARD | DISCLOSURE | LOCATION |
|---|--|---|
| GENERAL DISCLOSURES | | |
| GRI 2: GENERAL DISCLOSURES 2021 | 2-27 Compliance with laws and regulations | Ethical Principles, Page: 40-41 Global Trends, Risks and Opportunities, Page: 42 Risks and Assessment of the Board of Directors, Page: 142-145 |
| | 2-28 Membership associations | Association Memberships and Supported Initiatives, Page: 177 |
| | 2-29 Approach to stakeholder engagement | Stakeholder Relations, Page: 175-176 |
| | 2-30 Collective bargaining agreements | There is no employee under the Collective Bargaining Agreement. All employee rights and benefits are protected and observed under the Labor Law No. 4857. Employees are informed by managers about decisions that may affect employees. |
| MATERIAL TOPICS | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-1 Process to determine material topics | Materiality Analysis, Page: 34 |
| | 3-2 List of material topics | Material Issues, Page: 35 |
| ECONOMIC PERFORMANCE | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 201: ECONOMIC PERFORMANCE 2016 | 201-1 Direct economic value generated and distributed | Summary Financial Statements and Operational Indicators, Page: 6-7 Vestel Beyaz Eşya Integrated Business Model, Page: 30-31 Financial Performance, Page: 64-71 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | Global Trends, Risks and Opportunities, Page: 42-61 |
| | 201-3 Defined benefit plan obligations and other retirement plans | Notes to the Financial Statements, Page: 245, 266-267 |
| | 201-4 Financial assistance received from government | There is no financial assistance received from government. |

GRI CONTENT INDEX

| GRI STANDARD | DISCLOSURE | LOCATION |
|--|---|---|
| GENERAL DISCLOSURES | | |
| INDIRECT ECONOMIC IMPACTS | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 203: INDIRECT ECONOMIC IMPACTS 2016 | 203-1 Infrastructure investments and services supported | Financial Performance, Page: 68 Production and Innovation Power, Page: 74-81 |
| | 203-2 Significant indirect economic impacts | Vestel Beyaz Eşya Integrated Business Model, Page: 30-31 Circular Economy, Page: 109-110 |
| PROCUREMENT PRACTICES | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 204: PROCUREMENT PRACTICES 2016 | 204-1 Proportion of spending on local suppliers | Supply Chain, Page: 103-105 |
| ANTI-CORRUPTION | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 205: ANTI-CORRUPTION 2016 | 205-1 Operations assessed for risks related to corruption | Ethical Principles, Page: 40-41 |
| | 205-3 Confirmed incidents of corruption and actions taken | Ethical Principles, Page: 40-41 |
| ANTI-COMPETITIVE BEHAVIOR | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | There are no legal actions for anti-competitive behavior, anti-trust, and monopoly practices during the reporting period. |

| GRI STANDARD | DISCLOSURE | LOCATION |
|------------------------------------|--|--|
| GENERAL DISCLOSURES | | |
| TAX | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 207: TAX 2019 | 207-1 Approach to tax | Internal Audit Activities and Internal Control System, Page: 146-147 |
| | 207-2 Tax governance, control, and risk management | Internal Audit Activities and Internal Control System, Page: 146-147 |
| | 207-4 Country-by-country reporting | Notes to the Financial Statements, Page: 274-276 |
| MATERIALS | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 301: MATERIALS 2016 | 301-1 Materials used by weight or volume | Vestel Beyaz Eşya Integrated Business Model, Page: 30 Circular Economy, Page: 109-112 Environmental Performance Indicators, Page: 186 |
| | 301-2 Recycled input materials used | Circular Economy, Page: 109-112 |
| | 301-3 Reclaimed products and their packaging materials | Vestel Beyaz Eşya Integrated Business Model, Page: 31 Corporate Citizenship, Page: 102 Circular Economy, Page: 109-112 Products and Solutions Creating Benefits, Page: 121 Environmental Performance Indicators, Page: 186 |
| | | |

GRI CONTENT INDEX

| GRI STANDARD | DISCLOSURE | LOCATION |
|--|--|--|
| GENERAL DISCLOSURES | | |
| ENERGY | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| | 302-1 Energy consumption within the organization | Vestel Beyaz Eşya Integrated Business Model, Page: 30-31 Materiality Analysis, Page: 36 Environmental Performance Indicators, Page: 185 |
| | 302-3 Energy intensity | Materiality Analysis, Page: 36 |
| GRI 302: ENERGY 2016 | 302-4 Reduction of energy consumption | Materiality Analysis, Page: 36 Financial Performance, Page: 68 The Journey to Net Zero, Page: 108 Products and Solutions Creating Benefits, Page: 116-124 |
| | 302-5 Reductions in energy requirements of products and services | Financial Performance, Page: 68 The Journey to Net Zero, Page: 108 Products and Solutions Creating Benefits, Page: 116-124 |
| WATER AND EFFLUENTS | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| | 303-1 Interactions with water as a shared resource | Water Management, Page: 113-114 Products and Solutions Creating Benefits, Page: 116-124 |
| | 303-2 Management of water discharge-related impacts | Water Management, Page: 113-114 Products and Solutions Creating Benefits, Page: 116-124 |
| GRI 303: WATER AND EFFLUENTS 2018 | 303-3 Water withdrawal | Environmental Performance Indicators, Page: 185 |
| | 303-4 Water discharge | Environmental Performance Indicators, Page: 185 |
| | 303-5 Water consumption | Environmental Performance Indicators, Page: 185 |

| GRI STANDARD | DISCLOSURE | LOCATION |
|------------------------------------|---|---|
| GENERAL DISCLOSURES | | |
| BIODIVERSITY | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 304: BIODIVERSITY 2016 | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Appendix 4: Integrated Management Systems and Environmental Management, Page: 179 |
| | 304-2 Significant impacts of activities, products and services on biodiversity | Appendix 4: Integrated Management Systems and Environmental Management, Page: 179 |
| EMISSIONS | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 305: EMISSIONS 2016 | 305-1 Direct (Scope 1) GHG emissions | Environmental Performance Indicators, Page: 185 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Environmental Performance Indicators, Page: 185 |
| | 305-3 Other indirect (Scope 3) GHG emissions | Environmental Performance Indicators, Page: 185 |
| | 305-4 GHG emissions intensity | The Journey to Net Zero, Page: 106 |
| | 305-5 Reduction of GHG emissions | The Journey to Net Zero, Page: 106-108 |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Appendix 4: Integrated Management Systems and Environmental Management, Page: 179 |
| WASTE | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 306: WASTE 2020 | 306-1 Waste generation and significant waste-related impacts | Circular Economy, Page: 110-112 |
| | 306-2 Management of significant waste-related impacts | Circular Economy, Page: 110-112 |
| | 306-3 Waste generated | Environmental Performance Indicators, Page: 186 |
| | 306-4 Waste diverted from disposal | Environmental Performance Indicators, Page: 186 |
| | 306-5 Bertarafa yönlendirilen atıklar | Environmental Performance Indicators, Page: 186 |

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| GRI STANDARD | DISCLOSURE | LOCATION |
|---|---|--|
| GENERAL DISCLOSURES | | |
| SUPPLIER ENVIRONMENTAL ASSESSMENT | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016 | 308-1 New suppliers that were screened using environmental criteria | Supply Chain, Page: 103-105 |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | Supply Chain, Page: 103-105 |
| EMPLOYMENT | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 401: EMPLOYMENT 2016 | 401-1 New employee hires and employee turnover | Social Performance Indicators, Page: 183 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Employees, Page: 95 |
| | 401-3 Parental leave | Employees, Page: 96 |
| | | Social Performance Indicators, Page: 183 |
| OCCUPATIONAL HEALTH AND SAFETY | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | 403-1 Occupational health and safety management system | Employees, Page: 98-99 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Employees, Page: 98-99 |
| | 403-3 Occupational health services | Employees, Page: 98-99 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Employees, Page: 98-99 |
| | 403-5 Worker training on occupational health and safety | Employees, Page: 98-99 Social Performance Indicators, Page: 184 |
| | 403-6 Promotion of worker health | Employees, Page: 98-99 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Employees, Page: 98-99 |
| | 403-8 Workers covered by an occupational health and safety management system | Employees, Page: 98-99 |
| | 403-9 Work-related injuries | Employees, Page: 98-99 |
| | 403-10 Work-related ill health | Employees, Page: 98-99 |

| GRI STANDARD | DISCLOSURE | LOCATION |
|--|--|---|
| GENERAL DISCLOSURES | | |
| TRAINING AND EDUCATION | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 404: TRAINING AND EDUCATION 2016 | 404-1 Average hours of training per year per employee | Employees, Page: 90-91 Social Performance Indicators, Page: 184 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Employees, Page: 90-92 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Employees, Page: 89 Social Performance Indicators, Page: 184 |
| DIVERSITY AND EQUAL OPPORTUNITY | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf |
| GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016 | 405-1 Diversity of governance bodies and employees | Employees, Page: 86-88 Social Performance Indicators, Page: 182-184 |
| | 405-2 Ratio of basic salary and remuneration of women to men | Employees, Page: 87 |
| NON-DISCRIMINATION | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf |
| GRI 406: NON-DISCRIMINATION 2016 | 406-1 Incidents of discrimination and corrective actions taken | Employees, Page: 88 There are no incidents of discrimination and corrective actions taken during the reporting period. |

GRI CONTENT INDEX

| GRI STANDARD | DISCLOSURE | LOCATION |
|---|--|---|
| GENERAL DISCLOSURES | | |
| FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | There is no employee under the Collective Bargaining Agreement. All employee rights and benefits are protected and observed under the Labor Law No. 4857. |
| CHILD LABOR | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf |
| GRI 408: CHILD LABOR 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | Employees, Page: 88 Vestel Beyaz Eşya does not employ child labor. |
| FORCED OR COMPULSORY LABOR | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf |
| GRI 409: FORCED OR COMPULSORY LABOR 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | Employees, Page: 88 There are no incidents of forced or compulsory labor during the reporting period. |
| RIGHTS OF INDIGENOUS PEOPLES | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016 | 411-1 Incidents of violations involving rights of indigenous peoples | There are no incidents of violations involving rights of indigenous peoples during the reporting period. |

| GRI STANDARD | DISCLOSURE | LOCATION |
|---|---|---|
| GENERAL DISCLOSURES | | |
| SUPPLIER SOCIAL ASSESSMENT | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016 | 414-1 New suppliers that were screened using social criteria | Employees, Page: 88 Supply Chain, Page: 103-105 |
| | 414-2 Negative social impacts in the supply chain and actions taken | Supply Chain, Page: 103-105 |
| PUBLIC POLICY | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 415: PUBLIC POLICY 2016 | 415-1 Political contributions | Vestel Beyaz Eşya does not support any political institution. |
| CUSTOMER HEALTH AND SAFETY | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | There are no incidents of non-compliance concerning the health and safety impacts of products and services during the reporting period. |
| MARKETING AND LABELING | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 417: MARKETING AND LABELING 2016 | 417-1 Requirements for product and service information and labeling | Production and Innovation Power, Page: 82 |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | There are no incidents of non-compliance concerning product and service information and labeling during the reporting period. |
| | 417-3 Incidents of non-compliance concerning marketing communications | There are no incidents of non-compliance concerning marketing communications during the reporting period. |
| CUSTOMER PRIVACY | | |
| GRI 3: MATERIAL TOPICS 2021 | 3-3 Management of material topics | Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 |
| GRI 418: CUSTOMER PRIVACY 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Production and Innovation Power, Page: 84-85 Customer Experience, Page: 127 There are no incidents of substantiated complaints concerning breaches of customer privacy and losses of customer data during the reporting period. |

INVESTOR INFORMATION

GENERAL INFORMATION

Reporting Period: 01.01.2022 - 31.12.2022

Trade Name: Vestel Beyaz Eşya Sanayi ve Ticaret AŞ

Trade Registration No: Istanbul Trade Registry Office, No: 380814

Registered Capital Ceiling: TL 2,000,000,000

Paid-in/Issued Capital: TL 1,600,000,000

CONTACT DETAILS FOR HEADQUARTERS/BRANCHES

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Phone: +90 (236) 226 01 31

INDEPENDENT AUDITOR

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

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FINANCIAL DATA AND COMPANY ANNOUNCEMENTS

Financial statements, auditor reports, annual reports and material event disclosures of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ are available on the Company's website at <http://vesbe.vestelinvestorrelations.com>.

Additionally, requests for information can be submitted to the Investor Relations Directorate of the Vestel Group of Companies via phone and e-mail.

INVESTOR RELATIONS

Serap Mutlu

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SUSTAINABILITY

Çağlayan Karataş

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