

MOODY'S

RATINGS

Rating Action: Moody's Ratings downgrades Vestel to Ca; outlook negative

01 Oct 2026

Paris, October 01, 2026 -- Moody's Ratings (Moody's) has today downgraded the long-term corporate family rating (CFR) of Vestel Elektronik Sanayi Ve Ticaret A.S. (Vestel or the company) to Ca from Caa3 and downgraded the instrument rating on the \$500 million guaranteed senior unsecured notes due 2029 issued by Vestel to C from Caa3. We have also affirmed the Caa3-PD probability of default rating (PDR) and the outlook remains negative.

RATINGS RATIONALE

Today's rating action reflects the company's entry into a standstill on its \$500 million international bond as a result of bondholders approving a temporary waiver on specific events of default and suspension of certain covenants. This will allow the company to negotiate a more comprehensive restructuring plan ahead of the 15 November 2026 bond coupon date. Bondholders have also approved amendments permitting up to \$900 million of indebtedness and liens securing up to \$900 million of obligations, providing flexibility for existing and future financing and security arrangements.

We have lowered our recovery expectations for creditors because of the company's ongoing operating challenges and the high uncertainty surrounding its path to restoring sustainable profitability and cash flow generation. In addition, the covenant amendments provide capacity for substantial additional indebtedness and security. The company may need to use a portion of this capacity to support ongoing operating and liquidity requirements, which could further dilute recoveries for existing creditors.

Although a going-concern restructuring may preserve more enterprise value than a liquidation, continued operating losses and the potential incurrence of additional secured debt during the restructuring could reduce the value ultimately available to unsecured creditors. Any incremental secured debt would further structurally subordinate the bondholders' claims and increase bondholders' reliance on uncertain recoveries from the company's TRY62.7 billion (\$1.4 billion) related-party receivables.

Apart from being subordinated to new secured debt, bondholders are structurally subordinated to approximately TRY27 billion (\$579 million) of debt at Vestel Beyaz Esya Sanayi VE Ticaret Anonim Sirketi (Vestel Beyaz), which is not a guarantor of the international bond. As a result, creditors at Vestel Beyaz have priority claims over that entity's assets.

Vestel Beyaz has also provided guarantees of TRY17.9 billion (\$401 million) in support of certain Vestel obligations. As these guarantees do not benefit bondholders, they may effectively enhance recoveries for a portion of the TRY57.3 billion (\$1.2 billion) bank debt outstanding at the Vestel standalone level as of 30 June 2026. Bondholders are materially subordinated to other creditors and, therefore, we expect recovery prospects for the bond to be weaker than the average recovery on the company's consolidated debt, absent substantial collections from related-party receivables, which remain subject to considerable uncertainty.

RATING OUTLOOK

The negative outlook reflects downside risk to our recovery expectations for Vestel's debt. Uncertainty remains regarding both the magnitude of debt reduction required to restore a sustainable capital structure and the company's ability to maintain a viable operating model following a restructuring. We expect

operating conditions to remain challenging over the next 12-18 months and anticipate that the company will require additional funding to support its operations during this period.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Given the negative outlook, an upgrade is unlikely in the near term. We could revise the outlook to stable if Vestel's operating performance and debt position stabilize. An upgrade would likely require the successful completion of the restructuring negotiations, a return to the timely servicing of debt obligations, and a material reduction in debt. In addition, we would need greater confidence that the company can restore a sustainable operating model and, over time, generate positive free cash flow.

We could downgrade the ratings if our recovery expectations for the company's total debt materially weaken against our current expectation.

The principal methodology used in these ratings was Consumer Durables published in December 2025 and available at <https://ratings.moody.com/rmc-documents/456266>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

Vestel's Ca rating is three notches below the scorecard-indicated outcome of Caa1. This reflects the fact that the company has entered restructuring negotiations. Given the significant credit challenges the company is facing, there is a high degree of uncertainty regarding losses for creditors in the near future, a risk that is not fully captured by the scorecard outcome.

The local market analyst for this rating is Lisa Jaeger, +971 (423) 796-59.

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