

**A SUSTAINABLE FUTURE WITH ADVANCED TECHNOLOGY**

**IS POSSIBLE WITH VESTEL**



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# IT IS POSSIBLE WITH VESTEL WHY NOT?


With our deep-rooted experience and strong presence in the industry, and a staff of nearly 20 thousand expert employees, we are one of the first brands that come to mind when it comes to reliable products and service.

At Vestel we integrate the power of technology into the entire value chain, carry out product transformations focused on people, and provide next generation products equipped with state-of-the-art technology to our customers to attain a sustainable future. Owing to our strategy centered on the nexus of hardware, design, and software, we attained a steady increase in our brand value and became one of the three most valuable brands in our country. As the top exporter in our industry for a quarter century, we reach more than 160 countries across the world with the technology we produce. We play an important role in Türkiye's economy thanks to our manufacturing capability and contributions to our country's exports. As our accomplishments proliferate, in light of technological advances, we proclaim **"A better future is possible with Vestel. Why not?"** with our new products, investments, and projects, and we continue our initiatives at full speed.

**SUSTAINABLE FUTURE  
IS POSSIBLE  
WITH VESTEL**







**Reaching the world with the technology we produce at Vestel City, we play an active role in the proliferation of electric vehicle charging stations in Türkiye and in Europe.**

Thanks to our manufacturing capability at our electronics factory, we are adapting to the rapidly changing world and focusing on new areas of production. We position the electric vehicle industry at the top of these areas. We aim to have a say in the future of smart life with our electric vehicle charging stations, battery solutions, mobility and software capabilities. Our new business lines facilitate major reduction in carbon emissions and enable our business partners to support the circular economy.



# **ENVIRONMENTALLY FRIENDLY TECHNOLOGY IS POSSIBLE WITH VESTEL**

**We shape all our activities on the basis of sustainability. To this end, we develop solutions geared to more efficient utilization of natural resources.**

We integrate our EV chargers with solar panel systems, enabling electric vehicles to be charged with 100% renewable energy. In the short term, we aim to manufacture batteries which are used as backup energy storage. In the medium and long term, we plan to focus on residential, commercial, industrial, and utility-scale energy storage systems. At Vestel, we will continue to work for a sustainable world with our energy efficient products and innovative battery storage solutions.









Start/Stop butonu basın  
Aksi takdirde otomatik olarak  
kullanımı için lütfen önce araçta  
sistem kapalıdır

13:51

29°C

10.10.2023

START  
STOP


1-Order

Top

1-Order

Top






# INVESTMENTS BEYOND THIS AGE ARE POSSIBLE WITH VESTEL

**We offer our customers comprehensive automotive solutions, encompassing R&D, design, and manufacturing of in-vehicle displays, electronic control units, power electronics and connected vehicle solutions.**

All the necessary software and interface designs for our automotive solutions are developed by our expert engineers. Within this scope, we implemented our in-vehicle display solutions for the first time at Togg. We successfully passed the tests on Togg's digital instrument and information displays. Further, we enabled users to control their electronic devices at home through our VeeZy application.



# DIGITAL TRANSFORMATION IS POSSIBLE WITH VESTEL

**While using the state-of-the-art technologies such as artificial intelligence, internet of things, and autonomous systems in our factories, we continue our digital transformation efforts at full speed.**

In line with our Smart Life 2030 sustainability strategy, we develop human-oriented ecosystems and innovative business models while undertaking pioneering initiatives. Combining our sustainability approach with the IoT strategy, we proclaim **“Smarter life for everyone is possible with Vestel.”** We provide our customers with a much more comprehensive smart life experience with our Evin Akı and VeeZy applications.





## VESTEL IN A NUTSHELL

**Having one of the most extensive sales and after-sales service networks in Türkiye, Vestel is able to reach a wide range of consumers through its “multi-brand and omni-channel strategy.”**

**25**

Companies

**~20 THOUSAND**  
Employees

**160+**

Countries of  
operation

**Vestel is a technology company guiding the market both in Türkiye and in global markets with its manufacturing, R&D and innovation capabilities.**

Vestel Elektronik Sanayi ve Ticaret AŞ (“Vestel,” “Vestel Elektronik,” “Vestel Group of Companies” or “Company”) is a global group of companies operating in the fields of electronics, home appliances, digital products, and mobility electronics, comprising a total of 25 companies, 16 of which are abroad. Vestel offers a wide range of products based on its competencies in technology-design development and product customization to consumers in more than 160 countries. With its nearly 20,000 employees, production capabilities supported by technological superiority, and contributions to the country’s exports, Vestel represents a significant force for the Turkish economy.

As one of the world’s leading original design manufacturers (ODM) in consumer electronics and major domestic appliances, Vestel is one of the top three players in the European LCD TV market and one of the top five manufacturers in the home appliances market. Vestel is also one of the most well-known brands in Türkiye, being the largest producer in the Turkish TV market and one of the top three producers in the home appliance market.

As one of Türkiye’s and the world’s leading technology companies, Vestel is working towards completing its Industry 4.0 transformation and transitioning to fully automated smart factories. Vestel also plays a pioneering role in smart city and smart home platforms with its competencies in artificial intelligence (AI) software and the Internet of Things (IoT).

In the global market, Vestel not only conducts sales on an ODM basis but also engages in branded sales through acquired regional brands and licensed global brands. Vestel’s collaborations with strong brands, for which it holds the production and sales licenses for the European market, include Sharp in home appliances, Toshiba in television sets, and Daewoo in both home appliances and televisions. These partnerships enhance Vestel’s market position.

Vestel has one of the most extensive sales and after-sales service networks in Türkiye, reaching a wide range of consumers with its “multi-brand and omni-channel strategy.” The Company accounts for 90% of Türkiye’s TV exports and about 40% of major domestic appliances exports, and has been the export champion of the electronics sector for 25 years.



## A total area of 1.3 million sqm

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



### VESTEL CITY

Vestel, with Vestel City, is the first electronics and home appliances company in the world and the first brand and industrial facility in Türkiye to be featured in the "Mega Factories" documentary series by National Geographic Channel, which showcases world-renowned brands.



## SUMMARY FINANCIAL AND OPERATIONAL INDICATORS

**Vestel demonstrated sustainable growth in 2023 by strengthening its financial structure with its strong product range and extensive manufacturing capacity.**

<b>Summary Income Statement (TL million)</b>	<b>2022</b>	<b>2023</b>
Net Sales Revenues	111,125	<b>112,216</b>
Export Ratio	69%	<b>63%</b>
Gross Profit	18,890	<b>24,973</b>
<i>Gross Profit Margin</i>	17.0%	<b>22.3%</b>
Operating Profit*	1,776	<b>6,100</b>
<i>Operating Profit Margin</i>	1.6%	<b>5.4%</b>
EBITDA*	5,554	<b>10,406</b>
<i>EBITDA Margin</i>	5.0%	<b>9.3%</b>
Net Profit	191	<b>2,331</b>
<i>Net Profit Margin</i>	0.2%	<b>2.1%</b>

\*Excludes other income and expenses from operating activities

<b>Summary Balance Sheet (TL million)</b>	<b>2022</b>	<b>2023</b>
Cash and Cash Equivalents	2,558	<b>2,295</b>
Trade Receivables	18,082	<b>17,826</b>
Inventories	22,556	<b>23,511</b>
Current Assets	49,223	<b>48,105</b>
Fixed Assets	25,060	<b>34,641</b>
Total Assets	112,101	<b>125,181</b>
Current Liabilities	77,458	<b>78,138</b>
Non-Current Liabilities	4,415	<b>6,183</b>
Equity	30,227	<b>40,860</b>
Net Financial Debt*	32,762	<b>28,642</b>

\*Including other financial liabilities and excluding blocked deposits

<b>Summary Cash Flow Statement (TL million)</b>	<b>2022</b>	<b>2023</b>
Net Cash Flows from Operating Activities	-4,000	<b>7,061</b>
Net Cash Flows from Investment Activities	-7,455	<b>-7,705</b>
Net Cash Flows from Financing Activities	10,570	<b>1,387</b>

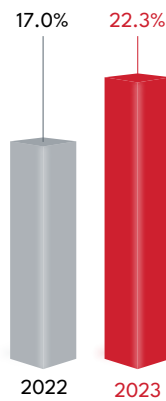
### Net Sales (TL million)

In 2023, inflation-adjusted consolidated sales revenues amounted to TL 112 billion.

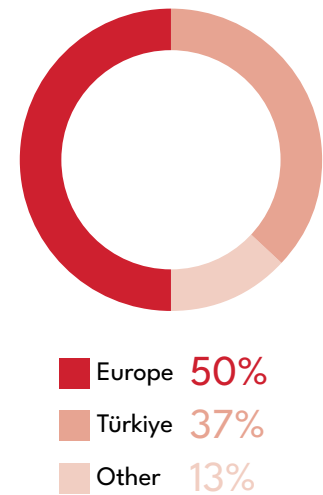


### Gross Profit Margin (%)

Gross profit margin in the household appliances segment increased from 17.0% to 22.3% driven by lower raw material costs, positive impact of FX rates and strong growth in domestic sales.

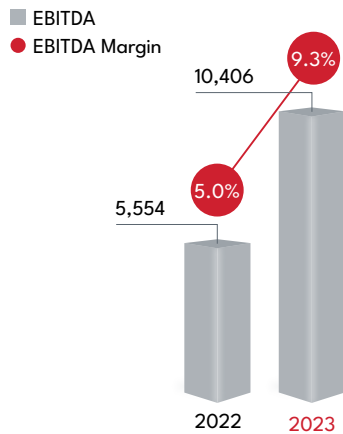


### Geographical Distribution of Sales (%)



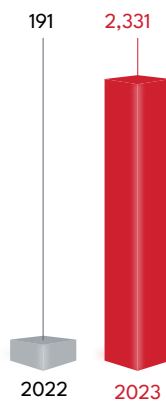
### EBITDA\* and EBITDA Margin (TL million), (%)

EBITDA increased by 87% in real terms to TL 10.4 billion, while EBITDA margin rose to 9.3%.

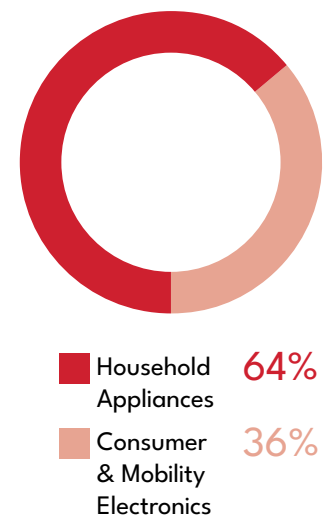


### Net Profit (TL million)

Net profit materialized as TL 2.3 billion, with a net profit margin of 2.1%.



### Distribution of Sales by Segment (%)



\*Excludes other income and expenses from operating activities

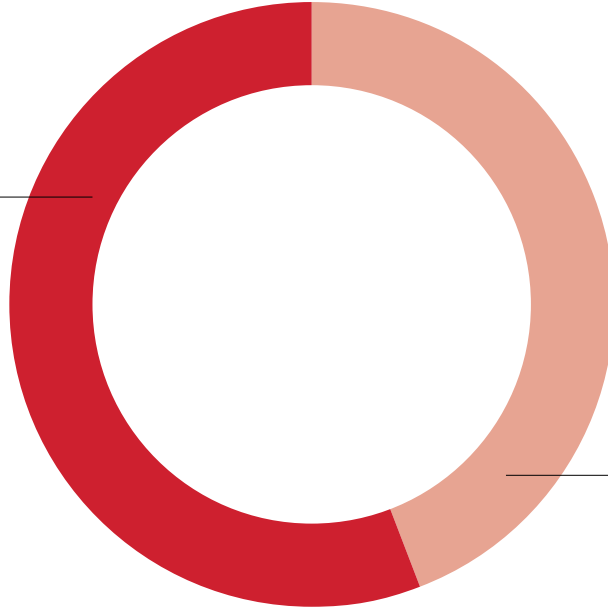
## SHAREHOLDING STRUCTURE OF VESTEL ELEKTRONİK

Shareholders	Nominal Value of Shares (TL)	Share in Capital (%)
Zorlu Holding AŞ	186,818,792	55.69
Other Shareholders (Publicly Held)	148,637,483	44.31
<b>Total</b>	<b>335,456,275</b>	<b>100.00</b>

Vestel Elektronik's issued capital is TL 335,456,275.00, consisting of 33,545,627,500 shares, each with a nominal value of 1 kuruş. The Company does not have any privileged shares in its capital.

Zorlu Holding AŞ's share in Vestel Elektronik declined from 60.95% to 55.69% as a result of share sales to institutional investors through special orders on Borsa İstanbul in 2023.

**55.69%**  
Zorlu Holding AŞ



**44.31%**  
Other Shareholders  
(Publicly Held)



# COMPETITIVE ADVANTAGES OF VESTEL ELEKTRONİK

## Innovation

- Creating new value for customers with its strong R&D structure, manufacturing capabilities and highly-competent human resources, responding to consumer needs swiftly with its technological solutions and rendering innovation fast and accessible to everyone.

## Scalable Production Model, Flexibility in Manufacturing 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 numerous different models for various customers thanks to its flexible production capability.

## Customer Commitment and Experience

- Providing a seamless ODM service 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,
- Extensive sales and after-sales service network across Türkiye,
- After-sales customer experience that makes a difference.

## Cost Advantages

- Benefiting from economies of scale in procurements, particularly in purchases of raw materials/components, which constitute the most important cost item, leveraging its strong manufacturer identity,
- Efficiency, effectiveness and cost advantages offered by manufacturing within a single complex at Vestel City, one of the largest manufacturing complexes in Europe built over a single site,
- Advantages in transportation cost and delivery times against Far Eastern competitors thanks to the proximity of its manufacturing plants to the European market,
- The existence of a well-developed supplier base in Manisa especially for household appliances along with the proximity to suppliers and distribution and logistical cost advantages facilitated by the production facilities being close to the İzmir ports,
- 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 against the manufacturers of countries that do not have Free Trade Agreements in place in exports to countries with which Türkiye has signed a Free Trade Agreement.

## A Pioneer in Digital Transformation

- Adopting technology and innovation as a corporate culture building upon its innovative spirit since its establishment,
- Extensive technological capabilities and vision,
- Industry 4.0 transformation,
- Digitalized business processes,
- Customer experience strengthened by digitalization,
- Leading digital transformation of Türkiye 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 WHOLE WORLD...

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.



**>160**

Export Countries

**11**Foreign Trade  
Offices**1,363**Domestic Vestel  
Stores**~2,500**Overseas Stores  
and Sales  
Outlets

## Vestel in Türkiye

All marketing and sales activities of Vestel in Türkiye are carried out by its wholly-owned subsidiary, Vestel Ticaret AŞ (Vestel Ticaret). Vestel's wide product mix of advanced technology and quality and its experience in the multi-brand concept are complemented by Vestel Ticaret's strong distribution network.

Under its omni-channel marketing strategy, Vestel reaches a wide variety of consumers through dealers, sales points and sales outlets as well as household stores, hypermarkets, discount stores, electronics retail chains and e-commerce websites.



## Sales Organization in Türkiye

- 1,363 Vestel Stores (including 186 Vestel Ekspres and 34 Vestel Corporate Stores)
- 10 VsOutlet Stores
- 1,235 Regal Stores (382 Regal Showrooms, 375 Regal Mixed Stores, 478 Regal Dowry Stores)
- 186 Ekspres Stores
- [vestel.com.tr](http://vestel.com.tr)
- [vsoutlet.com.tr](http://vsoutlet.com.tr)
- [regal-tr.com](http://regal-tr.com)



## After-Sales Services

- Call Center
- 366 Authorized Service Providers
- 6 Central Services
- 1 Small Domestic Appliances Base
- 3 Recovery and Repair Centers



## Vestel's Global Operation Network

Vestel structures its sales strategy in international markets around two axes: sales as an ODM provider to A-brand manufacturers, distributors, and retail chains, and branded sales through regional brands owned and global brands licensed by the Vestel Group.

In addition to enlarging its customer portfolio to which ODM services are offered, Vestel also aims to increase its brand penetration and market share in foreign markets with the regional brands it has acquired and added to its portfolio in Europe as well as its licensed global brands.

Vestel carries out its international marketing and sales activities through the local sales and distribution network of foreign trade companies owned by its subsidiary Vestel Ticaret. Vestel's sales-distribution network consists of foreign trade offices in the United Kingdom, France, Germany, Spain, the Netherlands, Poland, Romania, Russia, Kazakhstan, the United Arab Emirates and the United States of America. Sales and marketing activities in other international markets are carried out directly by Vestel Ticaret.

## MESSAGE FROM THE CHAIRMAN

**Vestel announced its commitment under the Science Based Targets Initiative (SBTi) and took a major step toward achieving net zero emissions.**

**While working for a sustainable world, Vestel fulfills its share of the responsibility to leave a more inhabitable world to the future generations with environmental impact reduction technologies.**

Esteemed Stakeholders,

This past year was a proud and meaningful one as 2023 was the 100<sup>th</sup> anniversary of the Republic. We are working tirelessly to protect and sustain our Republic with our shared values as a nation. With our world-class production approach, innovative and quality products, and broad vision, we proudly represent our country in technology exports to the world as a strong company that pioneers the market not just in Türkiye, but also in the global markets.

On the other hand, the major earthquake disasters that occurred in Kahramanmaraş on February 6, 2023, and subsequently, have plunged us all into mourning. We have been trying to assist the efforts to heal the wounds in the earthquake region since the first day of the disaster. In addition to the deep social and economic effects, the earthquake disaster also served as another reminder of the value of our unity, solidarity, and national cooperation spirit. Our country started the year with a devastating disaster, then entered an election period, and had to grapple with difficulties and uncertainties throughout the year.

Regional geopolitical tensions such as the Israel-Palestine conflict and the Russia-Ukraine war weighed on the global economy and increased fragility. Disruptions in the supply chain clearly demonstrated the need for reorganization and investment for the elimination of various risks. Efforts were made to combat the effects of high inflation experienced in 2022, and measures were taken to manage and mitigate these impacts. Despite these challenges, the global economy grew by 3% while Türkiye's economy outpaced expectations and grew by 4.5%. The growth was fueled by domestic consumption despite the monetary tightening measures taken. Contrary to the downturn in overseas markets, the Turkish white goods market showed strong growth in 2023 despite tightening monetary policy, elections, earthquake disasters, and an inflationary environment.

In a year of uncertainties in 2023, Vestel continued on its successful journey on the back of its flexible and agile organization, and digital transformation and technology-oriented business model, and ranked in the top three in 2023 in the "Türkiye's Most Valuable Brands" survey.

Record temperatures were also among the important events in 2023. Influenced by the El Nino episode, 2023 went in the records as the hottest year in the history of humanity and the same effect is expected to linger in 2024. Paralleling the climate crisis, extreme weather events increased both in number and in severity.





**AHMET NAZİF ZORLU**  
Chairman of the Board

In the Global Risks Report published at the beginning of each year by the World Economic Forum, “extreme weather events” were identified as the top risk for the next 10 years, which reminds us that we need to implement our goals and commitments faster and more resolutely. Vestel announced its commitment under the Science Based Targets Initiative (SBTi) and took a major step toward achieving net zero emissions. Once its targets are verified by the SBTi, Vestel will begin implementing its decarbonization roadmap and rolling out its investments. Vestel will also continue with its existing emission reduction initiatives at full speed in the coming period. In addition to emission reduction initiatives, Vestel developed and accelerated efforts to identify the effects of climate risks. The Company determined climate risks and opportunities this year based on the recommendations from the TCFD. Further, within the scope of a centralized risk management framework, Vestel adopted the Zorlu Holding Enterprise Risk Management Policy and the Enterprise Risk Management Directive which were prepared by Zorlu Holding and published at the end of 2023.

While working for a sustainable world, we fulfill our share of the responsibility to leave a more inhabitable world to the future generations with environmental impact reduction technologies. Under its all-encompassing sustainability approach from products and services to factories, Vestel strives to reduce its environmental impact and create social benefit. As a member of Zorlu Holding, it is actively engaged in carrying out the Holding’s sustainability vision which is memorialized as Smart Life 2030. Within this scope, it supports the United Nations Global Compact (UNGC) and the Women’s Empowerment Principles (WEPs) and is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD).

Additionally, Vestel has committed to reducing its plastic usage and promoting recycling and reuse of plastics through its participation in the Business Plastic Initiative (İş Dünyası Plastik Girişimi or İPG). As a result of its work and efforts, Vestel is included in a number of sustainability indices with its successful sustainability performance.

I would like to thank our colleagues, customers, shareholders, business partners, and social stakeholders once again for contributing to this success, sharing our dreams, and standing with us.

Sincerely,

**AHMET NAZİF ZORLU**  
Chairman of the Board

## BOARD OF DIRECTORS



**AHMET NAZİF ZORLU**  
Chairperson

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 united 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 domestic 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).



**AYŞEGÜL İLDENİZ**  
Vice Chairperson

Ayşegül İldeniz 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. Ms. İldeniz joined Intel Corporation, the leading global microprocessor company, in 1998 where she served respectively, as General Manager for Intel Türkiye, as Director for Middle East, Türkiye and Africa region, covering 67 countries and as a European Board Member before being appointed to the position of Global Vice President in the New Devices Group at Intel Headquarters in Silicon Valley in 2013. In 2016, Ms. İldeniz 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 İldeniz 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 İldeniz 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. Ayşegül İldeniz also serves as a Board Member at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ, Doğan Şirketler Grubu Holding AŞ and Pegasus Hava Taşımacılığı 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 serves as a Board Member at various Zorlu Holding subsidiaries such as Vestel Elektronik, Zorlu Enerji and Vestel Beyaz Eşya. Olgun Zorlu assumed the Vice Chairman position at 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).



**BEKİR CEM KÖKSAL**  
Board Member

Cem Köksal graduated from the Mechanical Engineering Department of Boğaziçi University in 1990 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 and the Chairman of the Sustainability Committee at Zorlu Holding and a Board Member at Zorlu Enerji. Mr. Köksal is also a member of the Board of Directors of UN Global Compact Türkiye and a substitute member of the Board of Directors of the Association for Business and Sustainable Development (SKD). As of March 1, 2024, Cem Köksal has assumed the position of Acting CEO of Zorlu Holding.



**ÖMER YÜNGÜL**  
Board Member

Ömer Yüngül graduated from the Department of Mechanical Engineering at Boğaziçi University in 1978. Commencing his career at the construction company Tekfen İnşaat, Mr. Yüngül held various managerial posts in Metaş, Faz Elektrik, and Merloni Elettrodomestici. Joining Zorlu Holding as the General Manager of Vestel Beyaz Eşya, a white goods manufacturer, in 1997, Ömer Yüngül became Chairman of the Vestel Executive Committee in 2000. Following a successful 15 years in Vestel's management, Ömer Yüngül became the first CEO of Zorlu Holding in 2013. Mr. Yüngül has also been serving as a Board Member of Zorlu Holding since 2022.



**BEKİR AĞIRDİR**  
Board Member

After graduating from the Department of Business Administration at Middle East Technical University in 1979, Bekir Ağırdir served respectively, as Sales Manager and then Assistant General Manager at Bilsan Bilgisayar Malzemeleri AŞ (1980-1984), Sales Coordinator at Meteksam Ltd. (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). Ağırdir, 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 to his board membership at Vestel Elektronik Sanayi ve Ticaret AŞ, Bekir Ağırdir also serves as a Board Member of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ, two of Zorlu Group companies, as well as Anadolu Efes Biracılık ve Malt Sanayii AŞ and Migros Ticaret AŞ. Mr. Ağırdir is a Board Member of Türkiye Economic and Social Studies Foundation (TESEV) and Hrant 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.



**ELMAS MELİH ARAZ**  
Board Member

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 İstanbul, 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 Vestel Elektronik Sanayi ve Ticaret AŞ, Melih Araz is also a Board Member at Vestel Beyaz Eşya 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., İzmir Enternasyonal Otellilik AŞ and Entegre Harç Sanayi ve Ticaret AŞ.

## MESSAGE FROM THE CEO

**We maintained our uninterrupted export championship in the electrical-electronics industry in 2023 with export revenues of USD 2.3 billion, becoming the top exporter in our industry for the 25<sup>th</sup> time.**

**According to White Goods Manufacturers' Association of Türkiye, wholesale white goods sales, covering six main major domestic appliances grew by 14% in 2023. The growth in retail sales was 18% according to GfK.**

Esteemed Stakeholders,

The global-scale crises and fluctuations we have witnessed in the last five years created numerous difficulties for the global economy. The war in Ukraine, sanctions on Russia, political instability in the Middle East, and other similar events created volatility in energy prices and negatively affected global supply chains. The Suez Canal blockage incident created a major disruption in global trade, cost nearly USD 100 billion in losses, and delayed supply chains for weeks. Supply chain disruptions, raw material shortages, and rising energy prices were only a few of the major challenges faced by our industry. However, change and transformation in the industry accelerated along with these challenges. The potential of the electrical-electronics industry grew, particularly with the emergence of sustainability and innovation-oriented new business segments and technologies.

The European white goods market contracted by 7% in 2023, following an 8% contraction in 2022, due to high inflation, increased cost of living, and geopolitical uncertainties negatively impacting consumer confidence. Following strong growth during the pandemic period, the European TV market began to contract in 2021 and the decline continued in 2023 with a 12% contraction.

Unlike the overseas markets, the white goods market in Türkiye recorded strong growth in 2023 despite the earthquake disaster in February, elections, monetary tightening, and high inflation environment. This growth was driven in part by consumers bringing their demand forward. Domestic wholesale white goods

sales, covering six main major domestic appliances as published by the White Goods Manufacturers' Association of Türkiye, grew by 14% in 2023. According to GfK, retail white goods sales grew by 18% during the same period. Vestel's domestic white goods sales in 2023 followed a similar trend to market developments. The Turkish TV market grew by around 4% in 2023. Vestel's domestic wholesale TV shipments registered double-digit growth during the year while its retail TV sales grew in line with the overall market.

In this environment where confidence in the economy and the balance between production and consumption were being reestablished, Vestel continued to outperform the overall industry in the European market in 2023 and continued its expansion into markets outside of Europe. We maintained our uninterrupted export championship in the electrical-electronics industry in 2023 with export revenues of USD 2.3 billion, becoming the top exporter in our industry for the 25<sup>th</sup> time. In addition, we ranked fifth in the country by export revenues.

According to inflation-adjusted financial statements based on TAS 29 Financial Reporting in Hyperinflationary Economies, which took effect at end-2023, our consolidated turnover was flat at TL 112 billion in real terms in 2023 while EBITDA surged by 87% in real terms to TL 10.4 billion due to the improvement in our operating margins. We reported a net profit of TL 2.3 billion in 2023.



**ERGÜN GÜLER**  
CEO

**We aim to grow Vestel in the next three years.**

At Vestel, we aim to grow our market capitalization and turnover, enhance the efficiency of our departments, and expand all of our businesses and processes over the next three years as part of our plans for the upcoming period. To achieve this goal, we have taken necessary steps aligned with our roadmaps determined through country, product, and market share research, focusing on new products, geographies, and partnerships. As part of our strategy of expanding into new regions which comprised an important part of our performance in 2023, we are expanding our operations particularly in Africa, Latin America, North America, and Asia.

**We prioritized aligning our operations and processes across every department of Vestel.**

One of the most critical areas on which we focused in 2023 was improving our business processes. We took a number of innovative steps in every department of Vestel to improve our operations and processes. Specifically, we initiated "harmonization efforts" to ensure seamless collaboration among departments, thereby preventing silos and fostering strategic alignment among our nearly 20,000 employees. As part of our harmonization efforts, each business unit was encouraged to not only focus on its own tasks but also consider and support other operations across Vestel, aiming to create a holistic Vestel approach. In this regard, our efforts in supply chain and human resources have been consolidated and are now managed centrally from our headquarters.

**We expect that mobility initiatives will play an important role in Vestel's future.**

Our upcoming period agenda includes centering our attention on mobility and growth and further advancing our current achievements. With this scope, we aim to achieve significant and strong growth in the mobility sector alongside our conventional businesses. Ten years ago, we made our initial investments in the mobility sector, where the increasing share of electric vehicles has created a significant market for technology-focused companies like us. We view the electric vehicle ecosystem as an exponentially growing area due to its critical position in terms of human life and environmental impacts. Leveraging our expertise in electronics, we are capitalizing on opportunities in this sector. Since our first steps into electric vehicle charging stations in 2017, we have installed over 180,000 charging sockets in Türkiye and across nearly 30 countries in Europe.



## MESSAGE FROM THE CEO

**At Vestel, we aim to increase our market capitalization and revenues, enhance the efficiency of our departments, and expand all of our operations and processes over the next three years as part of our plans for the upcoming period.**

**In line with our vision of being a technology company that creates social and environmental benefits, we embrace work models which enhance our employees' skills and increase their adaptation to innovation and change.**

In our Electric Vehicle Charging (EVC) product group, which serves both global and domestic customers, we will continue our investments and efforts in the upcoming period. Particularly, we will introduce new products, especially in ultra-fast charging stations, as we continue to expand our offerings.

The Automotive New Technologies Group, which is part of our automotive business line, focuses on medium and long-term projects in automotive electronics. Within this scope, our initiatives related to image processing, driving support, autonomous driving systems, connectivity, automotive cloud systems, interface designs, and mobile platform projects in automotive are continuing. We are both a shareholder of and a major supplier to the Togg project. In 2023 we began delivering the in-vehicle displays using mini LED technology, which is not commonly used in other electric vehicles, and the units controlling these displays for Togg vehicles.

**We increase the exports of our own brands and we feed on new business lines.**

In the upcoming period, one of our primary goals is to increase the share of our own brands in our exports by 50%. To achieve this, we are focusing on developing new products and exploring new business areas within our expertise. For example, combining our expertise in display manufacturing, which we have successfully pioneered for years, with our goals in the mobility sector, we supplied the in-car displays for Türkiye's first domestic electric vehicle, Togg.

**We continue to expand our R&D and innovation capability in a human-focused manner.**

At Vestel, we have been conducting R&D activities with successful partnerships for 36 years. The R&D team of 1,821 people is continuously supported with the training they need to adapt to the requirements of the age and to improve their competencies.

We are continuously enhancing our R&D and innovation capability through human-focused approaches. We adapt state-of-the-art technologies to our production facilities, and we play a pioneering role in such areas as artificial intelligence (AI), the Internet of Things (IoT), and autonomous systems. Leveraging Industry 4.0 tools, we integrate smart robotic systems and autonomous systems into our factories, and we optimize our manufacturing processes. We improve product development and manufacturing processes using such technologies as artificial intelligence aided image processing, 3D printing, virtual reality, and augmented reality, which generate cost savings and increase quality.

**Our employees are the focal point of our innovative projects.**

In line with our vision of being a technology company that creates social and environmental benefits, we embrace work models which enhance our employees' skills and increase their adaptation to innovation and change. In order to address the talent shortage, which is one of the most significant challenges companies face in the 21<sup>st</sup> century, Vestel Elektronik is implementing efforts to adopt and apply modern and agile methods across all its operations. This includes a focus on human-centered practices, systemic perspectives, and strategic management approaches.

**At Vestel, in keeping with the global agenda, we aim to reach net zero emissions by 2050, first in our own operations and then across our entire value chain.**

As part of our effective human resource management, we implement internal rotations among Vestel Group of Companies' employees as a means to diversify their knowledge, skills and experiences, and to support their career planning by enabling them to gain diverse job and company experiences. We strengthen inter-company communication and cooperation through our rotation practice, which has been in effect since 2018, and we leverage our annual training budgets to support the holistic development of each employee. Based on our focus on employee development approach, we aim to increase training per employee to more than 20 hours per year. In line with this vision, we believe talent development is crucial for achieving equality and diversity. Therefore, we continue our efforts to increase our female workforce representation to 40%.

**We carry out quality and sustainability-oriented initiatives focused on innovation.**

We received a number of awards in 2023 thanks to our innovation and quality-oriented initiatives. Among our achievements in innovation, we received the first place in the 'Innovation Cycle' category of InovaLIG and a Special Mention Award for our microfiber-filtered washing machine at the German Innovation Award. Additionally, in the S&P Global sustainability survey we responded to in 2023, Vestel Elektronik was recognized as the 3<sup>rd</sup> highest-rated company in our sector, reaffirming our commitment to sustainability once again.

**We are making rapid progress toward our goal of becoming a net zero company.**

The private sector has a critical role in attaining the net zero goals declared by countries. At Vestel, in keeping with the global agenda, we aim to reach net zero emissions by 2050, first in our own operations and then across our entire value chain. As an important step to attain our goals, we submitted our Science

Based Targets initiative (SBTi) application this year. In light of our SBTi target, we are working on our decarbonization strategy in an attempt to reach net zero greenhouse gas emissions as quickly as possible by 2050. In order to enhance our performance in these areas, we are focusing on waste heat recovery systems, electrification, fleet transformation, and life-cycle-based design practices. In the period ahead, we will increase our renewable energy investments while prioritizing areas such as the adoption of low-carbon technologies and the production of products with low environmental impact. In 2023 we updated our Task Force on Climate-related Financial Disclosures (TCFD) declaration and approached climate risks more comprehensively. In the coming period, we will continue to assess climate risks and opportunities and their financial impacts in greater depth in accordance with the Turkish Sustainability Reporting Standards.

I would like to sincerely thank all stakeholders who contributed to these significant steps, especially my valued colleagues. Our efforts to strengthen our R&D and innovation capacity, reduce our environmental impact, and contribute to a carbon-neutral future are not just important for our company but also for the entire world. The vision and determination we have demonstrated in this process will propel us forward in leaving a more sustainable world for future generations. I am fully confident that we will continue these valuable efforts with the same determination and perseverance in the future.

**ERGÜN GÜLER**  
**CEO**

## SENIOR MANAGEMENT



### **ERGÜN GÜLER** **Chairman of the Executive Committee**

Ergün Güler, who holds an undergraduate degree in Business Administration from Dokuz Eylül University and an MBA degree from Bilkent University, started his career at Vestel in 1999 as Finance Specialist and served as the Deputy General Manager in charge of Financial Affairs and Treasury between 2006 and 2012. Mr. Güler, who was appointed as the Corporate Risk & Treasury Coordinator at Zorlu Holding in May 2012, served as the General Manager responsible for Domestic Sales and Marketing at Vestel Ticaret AŞ from October 2012 to September 2023. Since September 1, 2023, Mr. Güler has been serving as the CEO of Vestel Group of Companies.



### **BEKİR 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. Having served in the banking industry between 1990 and 2001, Mr. Köksal was appointed as Deputy General Manager at Denizbank in 1997. Cem Köksal joined Vestel as Chief Financial Officer in 2002. Cem Köksal, who continues to serve as a Member of the Executive Committee at Vestel Group of Companies, is also the CFO of Zorlu Holding, the Chairman of the Sustainability Committee at Zorlu Holding, and a Board Member at Zorlu Enerji. Mr. Köksal is also a Board Member of UN Global Compact Türkiye and an Alternate Board Member of the Business Council for Sustainable Development Türkiye (BCSD Türkiye). As of March 1, 2024, Cem Köksal has assumed the position of Acting CEO of Zorlu Holding.



### **NECMİ KAVUŞTURAN** **Executive Committee Member**

Necmi Kavuşturan graduated from the Faculty of Political Sciences at Ankara University in 1979. Mr. Kavuşturan began his professional career as a specialist at Türkiye İş Bankası in 1979 and became Deputy General Manager at İnterbank in 1985. Necmi Kavuşturan, who led initiatives such as Management Trainee programs, open performance systems, and total quality management at İnterbank, served as the Deputy General Manager of Management Services at Denizbank from 1997 to 2003. He has managed the Advertising, Public Relations, Construction, and Procurement Departments of Denizbank during this period. Mr. Kavuşturan became the Head of Human Resources Group at Zorlu Holding in 2003. He has been serving as the Executive Committee Member at Vestel Group of Companies since 2005.



**ALP DAYI**  
**Chief Financial Officer**

Alp Dayı graduated from the Department of Industrial Engineering at Dokuz Eylül University in 1985 and received a degree in Finance from the University of California, UC Berkeley in 2006. He has worked as a senior executive responsible for financial affairs at various industrial companies since 1987. Mr. Dayı joined Vestel Group in 1999 and since 2012 he has served as the Chief Financial Officer (CFO) of Vestel Group of Companies, responsible for both domestic and international subsidiaries, until his recent appointment as the Chief Financial Officer (CFO) of Zorlu Holding, effective March 1, 2024.



**ENDER YÜKSEL**  
**General Manager of Vestel Elektronik Sanayi ve Ticaret AŞ**

Ender Yüksel graduated from the Electrical and Electronics Engineering Department of Middle East Technical University in 1995. Mr. Ender Yüksel started his career at Vestel Group of Companies in 1995 and served as Purchasing Specialist between 1995 and 1997, Project Manager at R&D Department between 1997 and 2000 and Purchasing Manager between 2000 and 2005 at Vestel Elektronik, respectively. Mr. Yüksel was appointed as Deputy General Manager responsible for Purchasing at Vestel Elektronik in 2005. In 2014, he changed his position as Deputy General Manager responsible for Planning and Logistics at Vestel Elektronik. Since September 30, 2023, Mr. Yüksel has been serving as the General Manager of Vestel Elektronik Sanayi ve Ticaret AŞ.



**HASAN UĞUR**  
**General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ**

Hasan Uğur graduated from the Department of Mechanical Engineering at Middle East Technical University in 2004. He began his professional career at Vestel Beyaz Eşya as Design Engineer in the R&D Department of the Dishwasher Production Plant in 2005 and later served as the Mechanical Hydraulic System Design Supervisor and Senior Design Architect, respectively. Mr. Uğur served as an R&D Manager at the Refrigerator Plants from 2013 to 2019. He was the Deputy General Manager Responsible for the Refrigerator Plants from February 2019 to September 2023. Since September 1, 2023, Mr. Uğur has been serving as the General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ.

## SENIOR MANAGEMENT



**ÖMER HAKAN KUTLU**  
**General Manager of Vestel E-Mobility**

Ömer Hakan Kutlu graduated from the Electrical and Electronics Engineering Department of Bilkent University in 1991 and received his MBA degree from Middle East Technical University and MSC Quality Management degree from Sunderland University in the UK. Having worked as a Research Assistant at Middle East Technical University between 1992 and 1994, Mr. Kutlu started his private sector career in 1994 at Cementir Holding where he worked as Marketing & Planning Assistant, Product Manager and Maintenance Chief, respectively. Mr. Kutlu joined Vestel Group of Companies in 2000 as Product Manager and served as Deputy General Manager responsible for Product Management & Marketing between 2006 and 2020. In January 2020, he changed his position as R&D Deputy General Manager responsible for TV, VS, STB and Telecom product groups at Vestel Elektronik. Mr. Kutlu was appointed as General Manager responsible for Vestel E-Mobility as of September 30, 2023.



**NEZİHE DUYGU BADEM UYLUKÇUOĞLU**  
**Chief Marketing Officer**

Duygu Badem Uylukçuoğlu holds undergraduate and master's degrees (MBA) from Boğaziçi University. She began her professional journey at Vestel in 2010 as a part of the first Management Trainee program, completing it with top honors. Subsequently she took on the role of Marketing Specialist. She became Marketing Manager in 2012 and served as Marketing Group Manager from 2016 to 2019. Later in November 2019, she was appointed as Deputy General Manager of Marketing at Vestel. As of December 1, 2023, she was named the Chief Marketing Officer, taking on expanded responsibilities encompassing product management and industrial design.



**SEÇKİN MAZLUM GENÇOĞLU**  
**Chief Commercial Officer for Europe, Middle East, Africa and Americas**

Seçkin Gençoğlu obtained his bachelor's degree in Mechanical Engineering from Boğaziçi University in 1992 and his master's degree in Business Administration from Koç University in 2000. He joined Vestel Group in 2000 in the Foreign Trade Product Management Department and has served as the Deputy General Manager of White Goods Products since 2017. As of December 1, 2023, he was named the Chief Commercial Officer for Europe, Middle East, Africa and Americas regions.





**TARIK LELOĞLU**  
**Chief Commercial Officer for**  
**Türkiye, Central Asia, Iran, Iraq,**  
**Syria and North Cyprus**

Tarik Leloğlu, who holds a bachelor's degree in Economics from the Department of Economics and Business Administration at Anadolu University and a master's degree from the Department of Management and Organization at Çukurova University, began his career at Vestel in 1997 as a Sales Specialist in Ankara. Promoted to the position of Sales Manager in 2000, Leloğlu served as Regional Manager between 2008 and 2016 and as Deputy General Manager from 2016 to 2023. As of December 1, 2023, he was named the Chief Commercial Officer for Türkiye, Central Asia, Iran, Iraq, Syria, and Northern Cyprus regions.



**ULAŞ ÖZCAN**  
**General Manager of Asia**  
**Operations**

Ulaş Özcan holds an undergraduate degree in Economics from Boğaziçi University and has completed Stanford University's LEAD Executive Program in 2022. Mr. Özcan began his career at Vestel in 1998 as the Taiwan Office Manager, establishing Vestel's first office in the Far East. He subsequently served as the Purchasing and Sourcing Manager in Hong Kong from 2001 to 2003, and as the Purchasing and Sourcing Director in Shanghai from 2004 to 2008. In 2008, he became the Deputy General Manager responsible for Product Procurements. As of December 2018, Mr. Özcan was appointed as General Manager of Asia Operations, overseeing sourcing, purchasing, and engineering services in Asia. As of December 1, 2023, Ulaş Özcan has also taken on responsibility for Vestel's sales in the Asia-Pacific region in addition to his current role.



**ÖZGÜR YILMAZ**  
**General Manager Responsible for**  
**Customer Services**

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, R&D Manager, Deputy General Manager of the Washing Machine and Tumble Dryer Plant and Deputy General Manager of Purchasing, respectively. Mr. Özgür Yılmaz was appointed as the General Manager Responsible for Customer Services at Vestel as of September 30, 2023.

## HIGHLIGHTS OF 2023

**Vestel crowned its achievements in 2023 by receiving international awards in numerous different categories.**



### Vestel is among the Top 3 of Türkiye's Most Valuable Brands

As per the 2023 results of the "Türkiye's Most Valuable Brands" survey conducted by Brand Finance, an international brand valuation organization, Vestel ranked in the top 3 with a value of USD 927 million, achieving its highest brand value and brand ranking to date.

### Vestel's Science Based Targets are at the Approval Stage

Vestel made a commitment to set a Science Based Target (within the scope of the Science Based Targets Initiative - SBTi). The target is currently at the approval stage.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



### Sustainability Meets Data Science

All sustainability indicators and targets monitored within the scope of environmental, social and governance started to be monitored and reported through MAP which is a digital data platform.

## Innovation Award for Vestel Washing Machine with Microfiber Filter

Vestel's washing machine with microfiber filter received the Special Mention award in the Excellence in Business to Consumer - Household Appliances category of the German Innovation Award 2023 competition.



## Award in the "Innovation Cycle" Category at InovaLIG

Vestel Beyaz Eşya won the first prize in the "Innovation Cycle" category at the InovaLIG, organized by the Türkiye Exporters Assembly, where innovation champions of Türkiye are recognized.

## One Gold and One Silver Award to Vestel by Globee Awards

Vestel was awarded with one Gold and one Silver prize at Globee Sales, where the top companies in customer service and marketing practices are recognized on a global scale.

## Vestel, the Export Champion of the Electrical-Electronics Sector for a Quarter of Century

Vestel maintained its uninterrupted export championship in the electrical-electronics sector in 2023 with export revenues of 2.3 billion dollars. As the export leader in its sector for the 25<sup>th</sup> time, Vestel also ranked as the 6<sup>th</sup> largest exporter nationwide.

## Success in S&P Global Corporate Sustainability Assessment Survey

Vestel Elektronik participated in the S&P Global Sustainability Survey and became the third highest scoring company in its sector with 65 points.

## Vestel Receives One Gold and One Silver Prize at Türkiye Customer Experience Awards

Vestel Customer Services was awarded Gold Prize in the "Best Use of Customer Insight and Feedback Strategy" category and Silver Prize in the "Best Product or Service Development" category at the Türkiye Customer Experience Awards (TCXA'23) organized by Awards International.

## Vestel Received an Award at the Sustainable Business Awards

At the 10<sup>th</sup> Sustainable Business Awards organized this year, Vestel's Customer Services won award in the "Employee Engagement" category with its "Open Kitchen" team.

## Vestel Ventures and Tacirler Portföy Future Impact Fund

Vestel Ventures, a well-established corporate venture capital company in the Turkish entrepreneurship ecosystem, and Tacirler Portföy, a leading asset management company in Türkiye, have joined forces to launch the "Tacirler Portföy Future Impact Fund GSYF" for the entrepreneurship ecosystem.

# VESTEL INTEGRATED BUSINESS MODEL

## Inputs

### Financial Capital

- Total capital and assets
- Strong and sustainable liquidity position
- Use of different financing instruments (domestic/ foreign bank loans, capital market products, etc.)

### Human Capital

- A competent senior management and board of directors
- 19,304 competent employees
- 886 subcontracted employees, 4,373 authorized service provider employees
- Ratio of female board members: 14%

### Intellectual Capital

- R&D team of 1,821 people
- Over 30 years of sectoral knowledge and innovation capacity
- R&D expenditures of TL 2,264 million

### Manufactured Capital

- A total of 14 factories, including nine factories located in Vestel City, with an area of 1.3 million sqm
- 1,363 Vestel stores, 1,235 Regal stores and 10 VsOutlets
- TL 1.6 billion of investments in plant, machinery and equipment

### Social and Relational Capital

- Collaborations with 50 sectoral associations and initiatives
- A significant network of collaborations with over 70 industrial partners
- Over 1 million individual customers in Türkiye and more than 2,300 corporate customers globally
- 3,515 total suppliers; 2,725 local suppliers; 281 critical suppliers, 366 authorized service providers
- Transparent and accountable investor relations
- Strong brand identity and perception

### Natural Capital

- 670,155 tons of raw material input
- 387,868 MWh of energy use
- 1,328,960 m<sup>3</sup> of water withdrawal

To design innovative and digital products & services that address customer needs

To realize flexible and agile production in large-scale and smart plants

Evolving socio-economic conditions and supply chains

Changing geopolitical dynamics and affected trade relations due to conflicts

## GLOBAL TRENDS AND DEVELOPMENTS

## Strategic Approach

**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

Delivering sales and after-sales services with a focus on the ideal customer experience

Accelerating trend of digitalization and changing customer expectations

Global environmental challenges such as climate crisis, diminishing resources and loss of biodiversity

**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

- TV Sets
- Digital Display Solutions
- Set Top Boxes
- Mobile Products
- Electric Vehicle Chargers
- In-Vehicle Displays and Electronic/Telematics Control Units (Automotive Electronics)
- LED Lighting
- Battery Solutions
- Electronic Boards
- Refrigerators
- Deep Freezers
- Dishwashers
- Tumble Dryers
- Cooking Appliances
- Air-conditioners
- Water Heaters
- Vaccine Storage Cabinets
- Small Domestic Appliances

### Services

- Smart and digital solutions
- Customer services
- Hygiene solutions

### Waste and Emissions

- 131,797 tons of scope 1&2 carbon emissions
- 68,361 tons of waste

## Impact Created

### Financial Capital

- Market capitalization of TL 15.5 billion as of December 29, 2023
- Net profit of TL 2.3 billion
- Revenues of TL 112.2 billion with a 1% yoy increase in real terms
- EBITDA of TL 10.4 billion, up by 87% yoy in real terms
- TL 482 million of savings through innovation efforts in processes
- TL 76.2 billion of export revenues
- 2.75x Net financial debt/EBITDA ratio

### Human Capital

- Female workforce ratio of 35%
- A high performance employee turnover rate of 4.61%
- Lost-time injury frequency rate of 23.14%
- 18 hours of training per employee per year

### Intellectual Capital

- 56 awards in R&D, digitalization and technology
- 153 patent applications
- 150 patents registered
- 193 active R&D projects
- Vestel is one of Türkiye's top three most valuable brands with a brand value of USD 927 million

### Social and Relational Capital

- Customer satisfaction score of 89 in Türkiye
- Vstar customer satisfaction score of 96 in Türkiye
- Total investment of TL 125 million
- 3,334 hours of volunteering activities
- Cooperation with 20 universities under open innovation
- 4,441 hours of training for suppliers

### Natural Capital

- 19% reduction in greenhouse gas intensity compared to 2021
- 3,693 tons of carbon emission reduction with 7,693 MWh of energy savings
- 3% reduction in the energy amount per unit product compared to 2021
- 170 MWh of renewable energy use
- 15% reduction in the water amount per unit of product compared to 2021
- Waste recycling at 93%
- 87,934 products renewed within the scope of circular economy
- Reduction of unprocessed plastics by 6,383 tons
- Preventing 351,339 trees from being cut down by using 20,667 tons of recycled cardboards














## STRATEGIC APPROACH

Vestel aims to add value both to the environment and society with its strong technological capital.

### VISION:

Being a technology company creating social and environmental benefits through accessible and smart products that render 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"> <li>Achieving human-oriented transformation in the entire value chain with the power of technology</li> <li>Spreading the transformation culture driven by technology and digitalization to the entire company and increasing the Company's share in the global market</li> <li>Applying to the value chain the technological innovations adding value to human life</li> <li>Focusing on diversity, inclusion and social benefit</li> </ul>	<ul style="list-style-type: none"> <li>Applying innovative business models and adopting the circular economy for transition to an economy based on net zero emissions</li> <li>Achieving net zero emissions, first in the Company's operations and then in the entire value chain</li> <li>Implementing circular models that improve the Company's impact on natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Developing solutions that meet the needs of the future and make life easier by creating environmental and social benefits</li> <li>Developing new ideas and business models</li> <li>Developing digital service platforms by understanding customer needs</li> <li>Offering products and services that create environmental and social benefits</li> </ul>
Relevant Material Issue	<ul style="list-style-type: none"> <li>R&amp;D and Innovation</li> <li>Digitalization</li> <li>Talent Management and Employee Engagement</li> <li>Responsible Supply Chain</li> </ul>	<ul style="list-style-type: none"> <li>Climate Crisis and Transition to a Zero Carbon Economy</li> <li>Circular Economy and Waste</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D and Innovation</li> <li>Digitalization and Consumer Experience</li> <li>Products Creating Environmental and Social Benefits</li> <li>Customer Satisfaction and Communication</li> </ul>
Target	<ul style="list-style-type: none"> <li>Achieving a female employee share of 40% by 2030</li> <li>Ensuring 100% compliance of all critical suppliers with the Supplier Code of Conduct by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Being a net zero company in the entire value chain by 2050</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the online turnover rate in Türkiye to 25% by 2030</li> </ul>
Relevant Sustainable Development Goals (SDGs)	 	 	 
	 	 	

## Vestel aims to transform its corporate culture in a human-oriented manner by leveraging the power of technology and digitalization.

### Technology and Human-Oriented Transformation

Vestel aims to transform its corporate culture in a human-oriented manner by leveraging the power of technology and digitalization. Vestel 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 implements technological innovations that add value to people's lives, and expands its global impact by increasing its share in the world market with the power of its transformation culture.

#### Major Capital Areas

Financial Capital
Intellectual Capital
Social and Relational Capital
Human Capital

### Net Zero Company

Vestel 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. In line with this responsibility, Vestel invests in innovative business models for the transition to a net zero emission economy and works to implement circular models in both its products and operations.

#### Major Capital Areas

Financial Capital
Natural Capital

### Accessible and Smart Solutions That Make Life Easier

Vestel believes that the products and services it offers will play a key role in the construction of a sustainable society. According to the Company, one of its main goals is to deliver solutions that meet the future needs by creating environmental and social benefits, make life easier and are accessible to everyone. Focusing on identifying emerging needs and responding to them with new ideas and business models, Vestel prioritizes customer experience and invests in digital service platforms.

#### Major Capital Areas

Financial Capital
Intellectual Capital
Manufactured Capital
Social and Relational Capital

## STRATEGIC APPROACH

**Vestel set its priorities in environmental, social and governance areas based on a double materiality approach, taking into account stakeholder views and expectations.**

## MATERIALITY ANALYSIS

During the materiality analysis process, a long list of topics including issues relevant to the sector in which the Company operates was first developed through an extensive literature review. A comprehensive stakeholder analysis was conducted in 2021 by consulting a total of 2,372 stakeholders, and different stakeholder groups prioritized the list of issues through online surveys. 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.

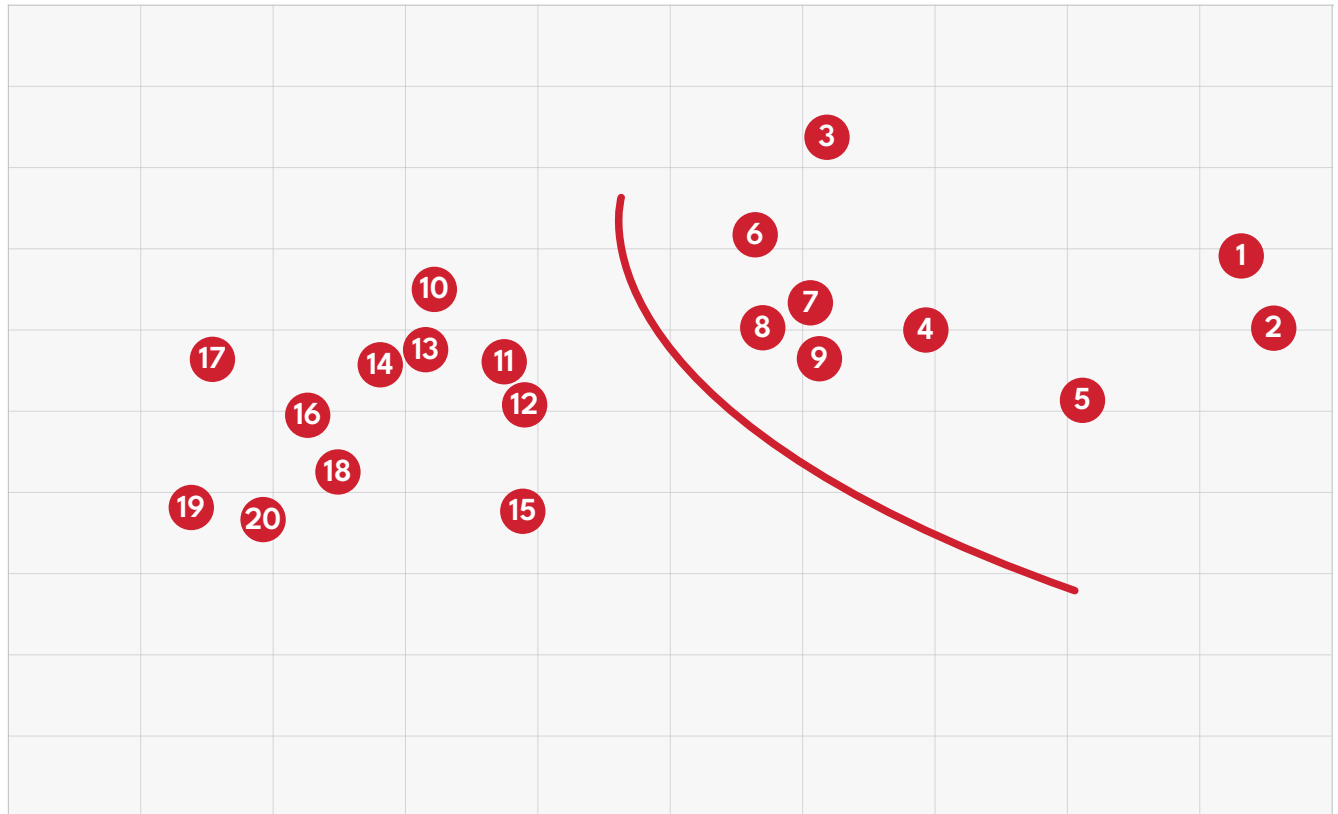
External trend analysis and stakeholder opinions helped with the identification of the priorities of stakeholders while Vestel's business strategy, opinions of executives, four-stage impact analysis and Zorlu Holding's Smart Life 2030 strategy contributed to setting Vestel's priorities. Common issues that stand out in both areas formed the material issues. While 12 general managers and one 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.

In 2024, Vestel updated its material issues in line with the double materiality approach, taking into account stakeholder expectations, executive opinions and global trends. While assessing global

trends, the expectations of current standards and indices, particularly the United Nations Sustainable Development Goals (SDGs), the World Economic Forum Global Risks Report (WEF), MSCI and S&P Global Corporate Sustainability Assessment (CSA) were reviewed. In order to determine Vestel's financial impact, interviews were conducted in detail with five managers and two investors and their opinions were compiled. The impact assessment, which is carried out within the framework of the double materiality approach, enables a comprehensive assessment of the issues that may have an impact on Vestel's financial performance, as well as of the impacts on society, the environment and the economy. In the impact assessment, the impact of each topic was analyzed on the basis of whether the impact was positive and/or negative, the size, scope and likelihood of the impact. As a result of the analysis updated in 2024;

- Digitalization and Consumer Experience were identified as the top priority
- The number of very high priority topics rose to 9 with the inclusion of Data Security and Cyber Risks.
- The number of topics decreased by two topics to 20, compared to the analysis in 2021.
- The topic of Employee Engagement and Satisfaction was combined with Talent Management and included in the joint evaluation.
- Stakeholder Interaction and Collaboration topics were removed from the list of prioritized topics.

## Impact on Society, Environment and Economy



## Impact on Vestel

## Top Priority Issues

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

## High Priority Issues

- 10 Product Quality and Safety
- 11 Corporate Governance
- 12 Equal Opportunities, Diversity and Inclusion
- 13 Occupational Health and Safety
- 14 Water and Waste Water
- 15 Integrated Risk Management
- 16 Ethics, Compliance and Transparency
- 17 Human Rights
- 18 Responsible Raw Material Management and Conflict Affected and High-Risk Area Minerals

## Medium Priority Issues

- 19 Biodiversity
- 20 Community Investment Programs



## STRATEGIC APPROACH

**Vestel clearly and transparently presented its material issues that are of strategic importance and were carefully identified in line with the expectations of stakeholders.**

### MATERIAL TOPICS












Material Topic	Significance	Relevant Stakeholders	Relevant Department
<b>Digitalization and Consumer Experience</b>	In parallel with digitalization, customers demand digital products and services equipped with bleeding-edge technology. Developing digital products responding to customer needs by closely following the 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
<b>R&amp;D and Innovation</b>	As a technology company, R&D and innovation are critical for Vestel in terms of both developing new products and transforming operations.	Employees, customers	Technology and Human-Oriented Transformation
<b>Climate Crisis and Transition to a Zero Carbon Economy</b>	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	Net Zero Company
<b>Talent Management and Employee Engagement</b>	With the rapid increase in digitalization, especially due to COVID-19, many jobs and job descriptions have to transform recently. In a constantly-transforming environment, existing capabilities need to be continuously developed and adapted to current 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
<b>Customer Satisfaction and Communication</b>	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
<b>Circular Economy and Waste</b>	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 such phenomena and maintain the continuity of production, the adoption of cyclical models which alters the perspective on resources and waste, and through which products are designed to be reintroduced to the economy, becomes prominent.	All stakeholders/society	Net Zero Company
<b>Responsible Supply Chain</b>	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
<b>Products Creating Environmental and Social Benefits</b>	Various low-carbon products and services that reduce water consumption and pollution and target disadvantaged groups, will play an important role in building a sustainable society.	Customers, society	Accessible and Smart Solutions That Make Life Easier
<b>Data Security and Cyber Risks</b>	The digitalization of business processes, products and services leads to cyber risks.	Employees, customers	Technology and Human-Oriented Transformation














	Climate Crisis and Transition to a Zero Carbon Economy	R&D and Innovation	Equal Opportunities, Diversity and Inclusion
<b>Impact on Vestel</b>	<p>Transition to a zero-carbon economy has become a strategic priority for Vestel to enhance its competitiveness and strengthen its long-term growth potential.</p> <p>Around the world, particularly in Europe, demand for low-carbon products is on the rise. Besides, companies face growing pressure to reduce their emissions. It poses an important challenge for future reputation and sales of Vestel.</p> <p>Detailed information can be found in the <b>Global Trends, Risks and Opportunities</b> section of the report.</p>	<p>As a technology company and a company operating in an innovation-oriented sector, R&amp;D and innovation play a critical role in both developing new products and transforming operations. Vestel's inability to ensure the continuity of its R&amp;D activities may affect the Company's competitiveness in the market and its financial performance.</p>	<p>Embracing the principles of equal opportunities, diversity and inclusion positively affects Vestel's corporate culture. Lack of diverse perspectives and experiences may lead to a decline in innovation and efficiency. This could have a negative impact on Vestel's reputation, resulting in loss of market share and challenges in attracting potential talent.</p>
<b>Impact on Environment, Society and Economy</b>	<p>Record-breaking high temperatures make the impacts of the climate crisis more and more evident. Furthermore, disasters and extreme weather events occur more frequently.</p> <p>Actions taken to combat climate change have a significant impact on the Company's Scope 3 emissions, especially with an eye on Vestel's wide range of products. It is therefore a significant field for Vestel to manage its impact on climate and contribute to the goal of Paris Agreement for limiting global warming to 1.5 C.</p>	<p>The innovative products developed through R&amp;D activities of Vestel have the potential to make a significant difference in the daily lives and environmental impact of people by touching a wide range of audiences and households. Such solutions not only support the mitigation of environmental impacts and improve the welfare of society, but also contribute to economic growth by elevating the Company's competitiveness.</p>	<p>By investing in a diverse workforce, Vestel improves the quality of life of its 19,304 employees and their families, while also contributing to social transformation. Building a more just and equitable structure in society supports social welfare and economic growth.</p>
<b>Stakeholders Affected</b>	All stakeholders/society	Employees, customers	Employees
<b>Impact on Value Chain</b>	Whole value chain	Whole value chain / Operations	Operations
<b>Strategy</b>	<p>Vestel begins to implement its "Decarbonization Strategy." In this regard, actions include transitioning to technologies that result in less greenhouse gas emissions from production, increasing renewable energy investments, improving energy efficiency and manufacturing products with high energy efficiency, less water consumption, less carbon emissions and low environmental impact.</p>	<p>Vestel increases its production capacity in a smart and responsible manner with the power of R&amp;D and innovation. With a team of 1,821 employees, Vestel has been carrying out R&amp;D and innovation activities for 36 years.</p>	<p>Vestel established the Gender Equality Group within Vestel in order to develop volunteering projects that raise awareness with the motto "An Equal Life is Possible for All."</p> <p>The Company encourages efforts to ensure gender equality throughout the Company, including in recruitment practices. Zorlu Holding's Eşit Bi'Hayat (An Equal Life) Gender Equality Manifesto is adopted.</p>
<b>Goals</b>	<ul style="list-style-type: none"> <li>• Net zero emissions in the value chain by 2050</li> <li>• Scope 1 and 2 greenhouse gas emissions are aimed to be mitigated by 42% in 2030 compared to the base year (2021). Scope 3 Category 11 emissions are targeted to be reduced by 25% in 2030 compared to the base year (2021).</li> </ul>	<p>In 2024, Vestel R&amp;D centers aim to undertake 221 projects.</p>	<ul style="list-style-type: none"> <li>• Boosting Vestel's share of female employees to 40% by 2030</li> <li>• Increasing the share of female employees in STEM positions to 36%</li> </ul>
<b>Performance</b>	<p>Vestel took a significant step towards achieving net zero by making a commitment under the Science Based Targets Initiative (SBTi). In 2023, a 14% reduction in Scope 1 and 2 emissions was realized compared to the base year of 2021.</p>	<p>In 2023, the number of projects undertaken by Vestel R&amp;D centers was 215.</p>	<p>In 2023, while the share of female employees at Vestel was 35%, the share of female employees in STEM positions corresponded to 27%.</p>

## STRATEGIC APPROACH

The importance Vestel attaches to sustainability and the progress it has made within the scope of the material issues identified in 2023, combined with transformative results, strengthened sustainability performance of the Company.

### TARGETS AND RESULTS

Material Topic	Target	Unit	Target Year	Base Year 2021 Results	2023 Results	Change Compared to Base Year	Related SDG
Climate Crisis and Transition to a Zero Carbon Economy	42% reduction in Scope 1 and 2 greenhouse gas emissions	tCO <sub>2</sub> e	2030	153,170	131,797	14% ↓	
	30% reduction in energy intensity (per unit product)	Energy (kWh)/unit product (units)	2030	18	17.5	2.8% ↓	 
Water and Waste Water	Reducing the amount of water withdrawn per unit of production by 35%	Withdrawn water liter/unit product (units)	2030	70.84	60.12	15% ↓	
	Using 50% recovered and recycled water	Recovered and recycled water (m <sup>3</sup> )/Total water withdrawal (m <sup>3</sup> )	2030	0.03%	8.3%	8.3% ↑	
Circular Economy and Waste	Zeroing the amount of hazardous waste sent to landfill	Amount of waste (Tons)	2025	84	0.9	98.9% ↓	 
Talent Management/ Equal Opportunity, Diversity and Inclusion	Achieving a female employee share of 40% in the total workforce	Share of female employees	2030	34%	35%	1% ↑	 
	Increasing the share of female employees in managerial (Supervisor and above) positions to 28%	%	2030	23%	25%	2% ↑	 

Material Topic	Target	Unit	Target Year	Base Year 2021 Results	2023 Results	Change Compared to Base Year	Related SDG
<b>Talent Management/ Equal Opportunity, Diversity and Inclusion</b>	Increasing the share of women working at the first level of management (Supervisor) to 34%	%	2030	30%	30%	0% –	 
	Increasing the share of women working at middle level of management (Manager) to 21%	%	2030	16%	18%	2% ↑	 
	Increasing the share of women working at senior level of management (DGM, GM, Executive Committee) to 26%	%	2030	14%	16%	2% ↑	 
	Raising the share of female employees at management level in revenue-generating positions to 33%	%	2030	26%	27%	1% ↑	 
	Increasing the share of female employees in STEM positions to 36%	%	2030	27%	27%	0%	 
<b>Talent Management</b>	Boosting the average annual training hours per employee (including OHS) to over 20 hours	Hours	2030	17	18	6% ↑	
<b>Community Investment Programs</b>	Increasing the share of social investments in EBITDA to 1%	Annual %	2030	0.3%	1.2%	0.9% ↑	 



## STRATEGIC APPROACH

**In 2023, Vestel Elektronik scored 65 points in the S&P Global Sustainability Survey and became the third highest rated company in its sector.**

**Vestel Elektronik ranked in the top 10% of the companies with the highest score in the S&P Global Sustainability Yearbook-2024.**

### VESTEL'S PARTICIPATION IN INITIATIVES AND SUSTAINABILITY INDICES

Vestel Elektronik	Score for 2022	Score for 2023
LSEG ESG Score	75	78
S&P Global CSA	65	65
Sustainalytics	25.6 medium risk	17.5 low risk
CDP Climate Change	B	B
CDP Water	C	C
EcoVadis	59- Bronze	57- Bronze

Vestel believes in the significance of cooperating with different stakeholders and that participating in multi-stakeholder initiatives is the key to improving performance on its material issues and driving sectoral transformation. Vestel stands by the United Nations Global Compact (UNGC) and Women's Empowerment Principles (WEPs) and is among the supporters of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, as a signatory to the Business World Plastics Initiative (IPG), the Company made a commitment to reduce the plastic use and to recycle and reuse plastics.

Vestel aims to achieve net zero emissions by 2050, first in its own operations and then in its entire value chain. A significant step towards achieving net zero was taken by committing to set a Science Based Target initiative (SBTi). In 2023, carbon emission reduction targets for Scopes 1-2 and 3 of the Science Based Targets initiative were shared and the verification process is underway. With the verification of the targets by SBTi, the mitigation

plan and investments will begin to be implemented and the current work will continue at full speed.

Besides supporting different initiatives, Vestel is included in various indices due to its outstanding performance in environmental, social and governance (ESG) issues.

Vestel Elektronik has been included in the Borsa Istanbul Sustainability Index since 2016. It ranks 10<sup>th</sup> among 124 companies in the sector on a global basis with a score of 78 in the ESG assessment by the LSEG rating agency. Vestel Elektronik's risk score on the Sustainalytics platform declined from 25.6 medium risk to 17.5 low risk. With this rating, the Company climbed to 4<sup>th</sup> place among the companies in its sector.

EcoVadis score of Vestel Elektronik is Bronze.

## ASSOCIATION MEMBERSHIPS AND SUPPORTED INITIATIVES



**United Nations**  
Global Compact



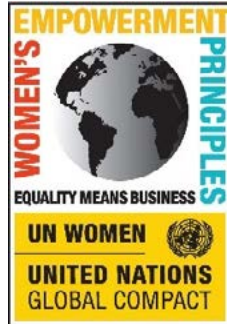
TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES



SCIENCE  
BASED  
TARGETS



İŞ DÜNYASI  
**PLASTİK GİRİŞİMİ**



## STRATEGIC APPROACH

**Vestel Elektronik manages sustainability issues, risks and opportunities at the highest level through the Sustainability Committee established at the Board of Directors level.**

## SUSTAINABILITY MANAGEMENT

Acting with the vision of becoming a technology company that generates social and environmental benefits with its accessible and smart products facilitating life, an effective governance structure is of great importance for Vestel in integrating environmental, social and governance (ESG) issues across the Company.

Vestel Elektronik manages sustainability issues, risks and opportunities at the highest level through the Sustainability Committee established at the Board of Directors (BoD) level. Established in 2023, this committee consists of Vestel Elektronik's Chief Executive Officer and one Board member. The decisions of the Committee are reported to the BoD and also provide input to other committees at the BoD level. In addition, sustainability issues are managed by the Sustainability Department reporting to the CEO. Committee meets at least four times a year, at least every three months. Frequency of meetings is decided annually upon the proposal of the Committee members and the approval of the Chairman of the Committee.

The Sustainability Committee also ensures the effective management of issues, risks and opportunities related to climate change. Climate change issues are the responsibility of the CEO at the highest level. The BoD is responsible for reviewing and approving the decisions and strategies. Other climate-related issues are regularly included on the agenda of the Sustainability Committee.

Committee decisions are disseminated to relevant departments through all Vestel general managers, thus ensuring that climate, environment, business continuity, reputation, and sustainability issues are effectively brought to the company agenda in top-level decision-making processes in line with committee decisions.

Performance indicators in the sustainability domain are included in the performance score cards of executives at the level of General Manager and Deputy General Manager, in line with the approval of the CEO and other senior management officials within Vestel. The performance targets of the Sustainability Manager, Energy Efficiency Managers, and relevant team members also contain annual indicators and goals aligned with sustainability objectives.

The duties and responsibilities of the Sustainability Committee, which was established to set sustainability strategy, goals, risks and opportunities of Vestel Elektronik in the context of sustainability, as well as to integrate all sustainability efforts into the whole Company, are as follows:

### **1. Monitoring sustainability efforts:**

- 1.1. Reviewing the sustainability strategy, goals and policies, including climate change, and submitting recommendations to the Board of Directors.
- 1.2. Following current developments in the field of sustainability and advising the Board of Directors accordingly on how to improve existing strategies, policies and practices.



## 2. Coordination of sustainability efforts:

- 2.1. Taking preventive/remedial measures to ensure the implementation of sustainability principles and informing the Board of Directors.

## 3. Overall assessment, recommendations and other activities:

- 3.1. Submission of proposals on the necessary management and organizational structure in line with the sustainability strategy and goals.
- 3.2. Submission of proposals on sustainability-related issues assigned by the Board of Directors.
- 3.3. Proposing local and international memberships and collaborations to support the success of the sustainability strategy and goals.
- 3.4. Providing evaluation and feedback to Vestel Elektronik Sanayi ve Ticaret AŞ regarding the "Smart Life 2030 Strategy Framework and Long-Term Strategic Targets," which constitute Zorlu Group's sustainability vision, and the "Sustainability Action Steps" established by Zorlu Holding AŞ to achieve these targets, monitoring Vestel Elektronik Sanayi ve Ticaret AŞ's targets, determining performance criteria and ensuring the accurate and consistent measurement of performance.

- 3.5. Following national and international sustainability issues.
- 3.6. Ensuring representation on platforms where sustainability-related issues are addressed, where necessary.
- 3.7. Gaining insight into the activities of sub-working groups on sustainability issues, evaluating them, and reviewing them before presenting to the Board of Directors.

## 4. Reporting and Communication

- 4.1 The preparation of meeting minutes by Secretary of the Board and submission for approval by the Committee members.
- 4.2 Submission of information about the committee's activities and meeting results by the Committee Chairman to the Board of Directors at the first meeting following each committee session.

Vestel Elektronik, as part of Zorlu Holding, actively participates in and contributes to the Smart Life 2030 activities included in the sustainability vision of the Holding. Under the main strategies of preparing for the future with an innovative business model approach and developing people-oriented ecosystems, the Company set sustainability targets in environmental, social and governance (ESG) areas. Vestel Elektronik aligns its sustainability goals with the Smart Life 2030 vision, thereby contributing to Zorlu Holding's overall objectives. You can access the details of the Smart Life 2030 vision and the activities of Vestel Elektronik [here](#).



## STRATEGIC APPROACH

**Vestel Sustainability Working Groups apply a meticulous and systematic approach in environmental, social and governance areas.**

**Under the leadership of the Sustainability Committee, Vestel Sustainability practices are being developed and implemented in line with the new road maps prepared by the Sustainability Working Groups.**

### **Sustainability Working Groups**

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 convene 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 works continued in 2023.

Duties and responsibilities of Sustainability Working Groups are as follows:

- Ensuring that all activities of the Sustainability Working Groups align with corporate strategy, policies and sustainability principles,
- Implementing the decisions of the Sustainability Committee,
- Applying 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.

## 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 and Employee Engagement
- Occupational Health and Safety
- Equal Opportunities, Diversity and Inclusion
- Human Rights
- Community Investment Programs

### **Governance**

- Corporate Governance
- Integrated Risk Management
- Ethics, Compliance and Transparency

### **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



**Since 2023, Vestel has monitored all environmental, social and governance sustainability indicators and targets through a digital platform and started reporting them internally.**

#### **Sustainability Data Management at Vestel**

At Vestel, all sustainability indicators and targets monitored within the scope of environmental, social and governance issues started to be monitored and reported internally through a digital data platform as of 2023.

With the cooperation with MAP360, a sustainability-focused data science platform that operates to help organizations use modern data science technologies to drive value-oriented transformation throughout their operations, all Vestel Sustainability targets can be easily reported and monitored.

Quarterly reports are submitted to the Sustainability Committee, consisting of the CEO and General Managers, and annual sustainability data obtained from many different units of Vestel are easily collected through MAP360. This way, Vestel is able to expand, make visible and monitor all of its environmental, social and governance targets at all levels within the Company.

## STRATEGIC APPROACH

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

### ETHICAL PRINCIPLES

Vestel adopts an ethical business manner on the basis of 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 conduct into the entire institution, Vestel aims to ensure compliance of all stakeholders with the Ethical Principles. In the fight against all kinds of corruption, including bribery, the Company makes use of tools such as Zorlu Holding’s internal audit mechanism, independent company audits, and information management systems as well as the Ethical Principles.

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

#### **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 +90 212 456 23 23 or +90 850 226 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 (complaints, denunciations and claims) submitted to the Ethical Principles Hotline are reviewed, prioritized, listed and reported to the Ethics Committee by Zorlu Holding’s Audit Group that report directly to the Board of Directors. Identity of the employee/ persons who notify the breach shall be kept confidential within the framework of legal/legal and administrative requirements. Employees shall not be retaliated against for their notifications.



**Our Ethics Hotline, available for all situations such as violations of ethical principles, corruption, etc., is independently audited and controlled in a confidential manner.**

The necessary activities, examinations or investigations regarding the complaints, claims and denunciations received by the Ethics Hotlines are carried out by the Internal Audit Review Department under the Zorlu Holding Audit Group Presidency, an independent department, in accordance with the principles of impartiality and confidentiality. In the event that any transaction or action in violation of the Ethical Principles is identified, either a report on this situation or the result of the investigation that no behavior in violation of Ethical Principles was identified is submitted by the Internal Audit Review Department to the General Manager, Sector Head, members of the Ethics Committee and the Board of Directors as well as the CEO of the relevant company.

In 2023, Vestel received 21 notifications regarding Ethical Principles, 10 of which were resolved, while the audit and action process for the others goes on. Among the notifications received, sanctions were imposed on 16 employees upon 18 notifications of alleged corruption and the termination of employment was decided.

There are nine lawsuits finalized on social issues for Vestel Elektronik Sanayi ve Ticaret AŞ and two corruption lawsuits filed by Vestel under corporate governance.

As a Zorlu Group company, Vestel offers Ethical Principles e-training through the Zorlu Academy online training platform. These training courses, 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 held under the roof of Smart Life 2030. It is prepared and implemented in coordination with the Audit Department and Human Resources Department as part of the Holding's Corporate Governance Working Group activities. In 2023, a total of 1,407 employees received one-hour Ethical Principles training.



## GLOBAL TRENDS, RISKS AND OPPORTUNITIES

**In order to maintain its resilience in financial and ESG terms, Vestel is committed to managing global and local developments and related risks in a proactive manner, while focusing on seizing emerging opportunities.**

**Vestel maintains its sustainability success by evaluating international developments, sectoral trends, risks and opportunities.**

During 2023, political, economic, social, technological and environmental changes at the global level continued to characterize risks and opportunities around the world. Climate change and extremely high temperatures, rising inflation and the cost of living crisis, geopolitical tensions, artificial intelligence and demographic changes are among the major issues affecting the world. In the post-pandemic period, there have been major breakthroughs in technology, and artificial intelligence has emerged not only as a trend in technology, but also as a tool for social and cultural change. As societies try to adapt to this complex and dynamic environment, global leaders and companies need to adopt a careful risk management and opportunity assessment strategy.

Throughout the year, Vestel focuses on proactively managing global and local developments and related risks, and seizing emerging opportunities in order to maintain its resilience on the financial and ESG areas.

### **RISK MANAGEMENT AT VESTEL**

Vestel offers a holistic management approach with an enterprise risk management perspective that ensures the identification of potential consequences of the situations which threaten the continuity of its operations. In this way, it aims to foresee and evaluate the incidents that may pose barriers to its goals, and to allocate resources for possible preventive measures, and to establish a structure for continuous monitoring of the relevant risks.

Vestel defined its risk management approach as defining 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 are systematically reviewed and updated. Each department and function of the Company monitors and evaluates the risks that it faces/may face and implements actions.

As a critical part of risk management at Vestel, when identifying the Company's risk appetite and tolerance, not only financial considerations but also the impacts on reputation, innovation, sustainability, occupational health and safety, human rights, environment, productivity, employee and customer satisfaction and the Company's uncompromisable Ethical Principles, are meticulously assessed.

By structuring the enterprise risk management framework in compliance with the ISO 31000 international standard and the COSO framework, and in an integrated manner with company strategies and corporate culture, it is aimed that the framework is adopted and implemented by all employees as a substantial component of corporate sustainability. Zorlu Group embraced an effective organizational structure for the continuity of Corporate Risk Management, which will lead to a cultural change. Enterprise Risk Management Departments are established within the sectors where publicly traded companies, Vestel and Zorlu Energy operate. These departments will report to the Holding Enterprise Risk Management Department and the Sector Upper Management in a matrix structure.



The Sustainability Department actively participates in monitoring sustainability risks and opportunities within Vestel and prioritizing them under the Company's risks and opportunities in a comprehensive manner together with the Enterprise Risk Management Department. This enables consolidated and comprehensive company-wide monitoring and prioritization of risks, including sustainability risks and opportunities, and the integration of sustainability risks into the overall risk management processes. At Vestel, climate risks and opportunities are identified by taking the TCFD (Task Force on Climate-related Financial Disclosures) recommendations as a reference. These risks and opportunities have a direct impact on the strategic decisions of senior management through the Sustainability Committee, working groups, the ISM Committee and corporate risk management processes.

Within the scope of centralized risk management, Vestel adopted the Zorlu Holding Enterprise Risk Management Policy and Enterprise Risk Management Regulation, which were prepared within Zorlu Holding and published by the end of 2023. One of the basic characteristics of a corporate risk management system is that it is carried out by people and decisions are taken at every business step. Therefore, all Group managers and employees have the duty and responsibility to implement and maintain an effective corporate risk management system. An extensive online training was prepared on the Zorlu

Academy online training platform in 2023 to raise the awareness of Enterprise Risk Management and to provide information on duties and responsibilities. It was also introduced as mandatory training for all employees in 2024.

#### **CORPORATE RISK MANAGEMENT ACTIVITIES AT VESTEL**

Zorlu Holding and Group companies and their main activities are within the scope of the corporate risk management activities. The Enterprise Risk Management Department aims to identify the potential consequences of the situations which threaten the continuity of the Group's activities, to envisage the incidents that may pose barriers to its goals, to allocate resources for the measures that can be taken by evaluating them, and to establish and develop a structure for continuous monitoring of the relevant risks.

Zorlu Group's corporate risk management system considers the following standards. However, the framework is developed and reviewed annually, based on the main needs of the Group.

- ISO 31000 (2018), international standard principles, framework and risk management process from ISO
- The COSO CRM integrated framework (2017 and 2022), an internationally recognized framework that defines the ideal typical organizational structure and process of enterprise-wide risk management

Risk Management process is composed of six sub-processes:

#### **Enterprise Risk Management Model**

#### **Risk Assessment**

#### **Risk Management Strategies**

#### **Communication and Counseling**

#### **Monitoring and Review**

#### **Reporting**

## GLOBAL TRENDS, RISKS AND OPPORTUNITIES

CUSTOMER EXPERIENCE AND DIGITALIZATION		Impact	Term
<b>Risk Definition</b>	<p>To respond to fast-changing sector and consumer needs due to the pandemic, all processes need to be restructured within the scope of digital transformation. As digital technologies such as Industry 4.0, Internet of Things, Smart Home Systems, Big Data and Artificial Intelligence become more common, they improve customer experience and provide competitive advantage. A significant risk is the inability to provide solutions for new technologies and innovations that are major and impactful enough to create new sectors that change existing ways of doing business and the entire dynamics of the industry.</p>	Medium	Short-medium
<b>Potential impact of the risk</b>	<p>Artificial intelligence chatbots have emerged with the rapid development of artificial intelligence and these technologies continue to become increasingly popular. According to the World Economic Forum's Global Risks Report for 2024, misinformation and disinformation generated by artificial intelligence are considered to be the most significant global risk in the next two years.</p> <ul style="list-style-type: none"> <li>Declined efficiency and performance of the Company due to Vestel's ineffective use of tools such as data analytics, Customer Relationship Management (CRM) and artificial intelligence</li> <li>Loss of turnover and market due to failure to provide fast, connected and smart products and services demanded in the sector to customers in a timely manner and at sufficient performance</li> <li>Increased costs in comparison to competitors due to failure to integrate digitalization into processes</li> <li>Missing out on sales and marketing opportunities as a result of the ineffective use of digital channels and platforms by Vestel in customer interaction</li> </ul>		
<b>Risk prevention/mitigation activities</b>	<ul style="list-style-type: none"> <li>At Vestel, work is underway to establish the Data Science Department and to design a new process.</li> <li>Under the roof of Evin Akli, Vestel has identified the Internet of Things (IoT) approach as one of its main strategies. In line with IoT data, the process of developing after-sales services got started and projects were carried out with IoT teams.</li> <li>Vestel Customer Services improves customer experience using digital tools such as Vestel Has a Solution and e-appointments. The Vestel Digital Assistant project, which was launched in 2023, provides 24/7 artificial intelligence-based support to customers. In addition, digital applications specific to new generation retailing are used in Ekipres stores.</li> <li>VeeZy provides services such as energy management, smart life and after-sales support. AI-based projects such as veeChef, veeAssist and Vestel AI offer various digital services to improve the customer experience.</li> </ul>		
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>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</li> <li>Ensuring growth and increasing market share through innovative digital products and services offered to customers (IoT, connected and smart products with AI systems, products with the most advanced technology, digital assistant, etc.)</li> <li>Achieving efficiency, speed and cost advantage with the integration of digital transformation in production</li> </ul>		

CYBER RISKS		Impact	Term
<b>Definition of the Risk</b>	<p>The Global Risks Report 2024 published by the World Economic Forum lists cyber risks among the top 10 global risks in the short and long term. While the digitalization of business processes and products and services offers opportunities such as efficiency and higher performance in the working environment, it also poses cyber risks, especially data security and privacy. Failure to prevent external and internal attacks and unauthorized access to confidential/critical information and documents on information systems, corruption, damage, viruses, etc., failure to prevent security vulnerabilities, failure to prevent necessary measures related to the system, process or organization, network damage due to attacks, viruses, etc., loss, theft or leaking of confidential/critical information and documents are considered as a significant risk.</p>	High	Short-medium
<b>Potential impact of the risk</b>	<ul style="list-style-type: none"> <li>• Cyber-attacks linked to extensive phishing and spamming activity, malicious external activities, phishing<sup>1</sup> and social engineering cause financial and reputational losses to Vestel</li> <li>• Decreased performance and efficiency for Vestel due to risks related to the use of risky software and applications, online payment processors, connected database technologies, industrial control systems and communication tools</li> <li>• Exposure to financial loss, loss of reputation, loss of customers and criminal sanctions by Vestel due to incidents such as data leakage, interruptions and cyber-attacks</li> </ul>		
<b>Risk prevention/mitigation activities</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Access to critical data is isolated by implementing multiple authentication services and security architectures.</li> <li>• 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. Vestel's Cyber Security Action Plan 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 go on.</li> </ul>		
<b>Opportunities</b>	<p>Strengthened corporate reputation through a strong cyber security structure Creating new business areas by developing products against cyber risks</p>		

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



## GLOBAL TRENDS, RISKS AND OPPORTUNITIES

PLASTIC AND WASTE POLLUTION		Impact	Term
Risk Definition	Ineffective management of waste generated throughout the product life cycle, lack of recycling and inefficient use of natural resources pose risks.	Medium	Medium-long
	While rising plastic consumption and microplastics turned plastic pollution into an urgent environmental problem, rapidly developing technology and consumer habits caused electronic waste to be one of the fastest growing waste types in the world. Due to the hazardous substances they contain, these wastes pose a threat to the environment, human health and biodiversity like plastic waste does when improperly disposed. Growing number of regulations for both plastics and circular economy entail various risks.		
Potential impact of the risk	<ul style="list-style-type: none"> <li>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 would result in cost increases and have a negative impact on Vestel's financials</li> <li>Rising costs of recycled plastics with the increasing demand for recycled plastic raw materials for reduction of plastics</li> <li>Quality and durability problems that may arise in products depending on recycled plastics may cause disruptions in Vestel's production and trade cycle</li> <li>If Vestel fails to develop products and business models addressing the circular economy and plastic pollution, it may fall behind its competitors</li> <li>Due to the Waste from Electrical and Electronic Equipment (WEEE) Directive in force in the European Union, additional taxes that may arise from practices based on a life cycle approach, taking into account factors such as durability, repairability, reusability, recyclability and the presence of hazardous substances in products, may have a negative impact on the financial performance of Vestel and its ODM customers</li> <li>Mandatory microfiber filters in washing machines, which is expected to be introduced by the EU Commission by December 2025, will increase Vestel's compliance costs</li> </ul>		

PLASTIC AND WASTE POLLUTION	Impact	Term
Risk prevention/mitigation activities	<ul style="list-style-type: none"> <li>• Vestel adopts the most efficient production practices and reduces the amount of waste through Industry 4.0 efforts.</li> <li>• Vestel continues to work on zero waste factories.</li> <li>• The objective is that as from 2021, a total of 4,344 tons of recycled plastics will be used by the end of 2022 and 7,081 tons by the end of 2023. It is also aimed to reduce plastic use by 1,000 tons until the end of 2023 compared to the base year 2020.</li> <li>• 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.</li> <li>• Vestel developed a range of products that benefit the environment through the use of recycled and biologically sourced plastics. These products were approved in 2023.</li> <li>• Obtaining tax reductions through practices within the scope of the Waste from Electrical and Electronic Equipment (WEEE) Directive in force in the European Union</li> <li>• Vestel completed the design and productization phases of washing machines with microfiber filters and launched the products to comply with EU regulations and to contribute to reducing plastic pollution.</li> </ul>	
Opportunities	<ul style="list-style-type: none"> <li>• Accessing various Horizon funds for circular economy R&amp;D projects within the scope of the EU Green Deal</li> <li>• Ensuring quick compliance with new regulations, reducing the cost of compliance and possible additional financial burdens, and eliminating the risk of penalties</li> <li>• Providing cost advantages through reusable, repairable, durable products with a high level of recycled content and appealing to customers who are conscious of these issues, as well as developing new business areas through second-hand and rental models</li> <li>• Reducing raw material costs in production by reusing raw materials</li> <li>• Creating growth areas with innovative products that address circular economy, e-waste and plastic pollution</li> </ul>	

## GLOBAL TRENDS, RISKS AND OPPORTUNITIES

TALENT	Impact	Term
<b>Definition of the Risk</b>	High	Short-medium
<b>Potential impact of the risk</b>		
<b>Risk prevention/mitigation activities</b>		
<b>Opportunities</b>		

While digitalization leads to an increasing demand for talent in the business world, this demand is especially evident in the engineering and technology sectors. However, the concentration of tech talent in specific markets exposes companies to the risk of a significant talent gap. Therefore, companies, particularly those operating in engineering and technology, should attach great importance to attracting new talent, retaining existing talent, upskilling and reskilling. In addition, in the post-pandemic period, the rise of agile working culture, such as flexible working hours and locations, adaptation to new technologies and encouragement of innovation, poses a risk for companies that fail to adapt to this change.

- Inability to adapt to the agile and flexible working culture, causing Vestel to lose its existing talents or failing to attract new talents
- Falling employee loyalty and satisfaction and climbing employee turnover due to inadequacy of Vestel in the areas such as wages, fringe benefits, training and career planning
- Due to the emergence of an HR structure at Vestel that fails to meet the competency needs, positions remain vacant for long periods of time and failure to assign the relevant talent to the right position
- Weakening of the talent pool at Vestel due to a lack of training to upskill existing roles to meet changing requirements or to learn new skills for a new job (reskilling)
- Weakening of the new product development and innovation capacity at Vestel due to the inability to access the new skills required for digitalization and innovation

- Employee satisfaction is supported by Vestel Employer Brand and Employee Loyalty Projects (Heartfelt Conversations, Seniority Plaques and Awards, New Year's Eve Sweepstakes, Welcome Package, etc.).
- Besides shortening/improving recruitment processes, employee satisfaction is increased through the rotation system.
- Hybrid working is practiced in departments where possible.
- The focus is on effective talent management using the outputs of the White-Collar Talent and Career Management project.
- Development-based training projects are organized for employees. Besides, upskilling and reskilling training sessions are offered on a department and company basis.

- Competitiveness in offering digital, smart products and developing innovation capacity
- Strengthening productivity and financial performance of Vestel with a talented workforce that fully realizes its potential
- Reduced employee turnover, falling costs for Vestel and enhanced Company reputation

SUPPLY CHAIN RISKS	Impact	Term
	<p>The pandemic, geopolitical tensions, climate change and rising inflation have clearly demonstrated the vulnerabilities and risks in the global supply chain. The global supply shortage of an important input such as semiconductors highlighted that the management of risks in this area has become even more critical. The security crisis in the Suez Canal following the Russia-Ukraine war has prompted route changes in maritime transportation, posing a threat to global supply chains. With the extension of sea voyage times, it is expected that there will be cost increases and disruptions in the supply chain.</p> <p>To prevent potential violations of human rights and the environment in supply chains, regulations such as the German Supply Chain Act and the EU Corporate Sustainability Due Diligence Directive (CSDDD) impose certain obligations on the business world. Supply chain risks are addressed in the following main categories.</p>	
<b>Definition of the Risk</b>	<p><b>Supply risk:</b> 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><b>Demand risk:</b> 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><b>Environmental risks:</b> Risks such as cost increases, production disruptions, etc. in the Vestel supply chain due to the climate crisis and environmental problems</p> <p><b>Business and financial risks:</b> 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><b>Compliance risks:</b> Risks arising in the supply chain due to non-compliance with legal regulations related to human rights (such as the prohibition of child labor and forced labor), conflict minerals (Tin, Tungsten, Tantalum, Gold (3TG)), ethical and environmental issues</p>	<p>High</p> <p>Short-medium</p>
<b>Potential impact of the risk</b>	<ul style="list-style-type: none"> <li>• Potential disruptions in the supply chain and inability to procure timely/critical products from suppliers, resulting in impact on operations and production</li> <li>• Negative impact on Vestel's reputation due to possible human rights, environmental and ethical violations in operations and the value chain</li> <li>• Fines imposed on suppliers for non-compliance with legal regulations</li> </ul>	
<b>Risk prevention/mitigation activities</b>	<ul style="list-style-type: none"> <li>• Vestel conducts alternative material studies for the materials it procures and cooperates with more than one supplier.</li> <li>• The Vestel Supplier Monitoring and Development Program is implemented to identify and improve the ESG performance of suppliers.</li> <li>• In cases where the risk increases in the short term, the focus is on faster procurement strategies.</li> <li>• In cases of sudden shock, supplies are diverted to alternative uses. Safety stocks approach is adopted in case of uncertainties that may arise in the supply of goods.</li> </ul>	
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Increased ESG performance and competitiveness in the sector by adopting responsible and sustainable procurement principles in the Vestel supply chain</li> <li>• Contribution of an effective supply chain management to Vestel's financial performance</li> <li>• Good relations with suppliers and effective management enhancing Vestel's reputation and facilitating the establishment of new business relationships</li> </ul>	

## GLOBAL TRENDS, RISKS AND OPPORTUNITIES

### Climate Risks

As per the World Economic Forum (WEF) Global Risks Report 2024, extreme weather conditions and critical changes in nature are among the most threatening risks in the 10-year period. Climate risks increase vulnerability to catastrophic climate change-induced disasters and changing weather patterns. Based on studies conducted by the Intergovernmental Panel on Climate Change (IPCC), the impact of climate change on humans and ecosystems is much more extensive and severe than expected. Moreover, these impacts are expected to increase even more as temperatures rise.

Published with the aim of mandating companies to disclose climate-related risks and opportunities to all stakeholders, the International Financial Reporting Standards (IFRS) S2 Climate-Related Disclosures Standard requires companies to disclose their risks and opportunities in the context of transition and physical risks. In this regard, Vestel's climate-related risks were identified as follows.

Term	Time period
Short term	0-3 years
Medium term	3-10 years
Long term	10-20 years

Transition Risks					
Main Risk Factor	Definition of the Risk	Description of the Impact	Impact	Term	Vestel's Response
<b>Policy Risk</b>	Several regulations and policies are quickly being introduced with the aim of limiting activities that contribute to climate change and/or to promote adaptation to climate change.	<ul style="list-style-type: none"> <li>New rules introduced by the EU, such as eco-design frameworks for household appliances such as washing machines and refrigerators and the Sustainable Products Regulation, requires energy efficiency to reduce the environmental impact of products and improve their energy efficiency.</li> <li>Within this framework, Vestel, which exports 80% of its products to European countries, is at risk of losing market share or facing fines in the event of a failure to comply with regulations.</li> </ul>	Medium	Short-Medium	<ul style="list-style-type: none"> <li>In line with its Science Based Targets initiative (SBTi) commitment, Vestel is also committed to reducing product emissions, which constitute the highest portion of Scope 3 emissions.</li> <li>Vestel designs products in the highest energy efficiency class, and offers resource-efficient and user-friendly refrigerators, washing machines, dryers, dishwashers, cookers and air conditioners to the market using the technologies it has developed. Vestel designs its products to align with high energy efficiency classes.</li> </ul> <p>More information is available in the <b>Accessible and Smart Solutions that Make Life Easier</b> section of the report.</p>



Transition Risks					
Main Risk Factor	Definition of the Risk	Description of the Impact	Impact	Term	Vestel's Response
Legal Risk	Tightening legal regulations or the introduction of new regulations on climate change pose legal risks. Failure to meet commitments and targets related to combating climate change can lead to penalties, sanctions, and lawsuits.	<ul style="list-style-type: none"> <li>Climate-related legal risks stem from factors such as changes or tightening of environmental regulations and the introduction of new legal regulations such as carbon taxes or emission quotas. Such risks can increase production costs for companies and lead to negative impacts such as penalties, loss of reputation, and business continuity issues.</li> <li>In addition, Vestel may also face financial and reputational damages in the event of lawsuits by consumers or other stakeholders for making false climate change statements and causing climate change.</li> </ul>	Low	Medium	<ul style="list-style-type: none"> <li>Vestel continuously monitors regulations and allocates necessary resources to swiftly comply with not only national legislation but also EU regulations and international legal frameworks to mitigate potential impacts. In this regard, Vestel takes measures across a wide range of areas, from product design to production processes, waste management, and energy efficiency.</li> </ul>
Market Risk	Changes in consumer behavior and shifts in supply and demand for certain goods, products, and services create risks in market share and competition. In addition, factors such as imbalances in supply and demand related to climate-related risks in procurement processes and raw material sources, as well as disruptions in the supply chain, also affect the market.	<ul style="list-style-type: none"> <li>The decarbonization initiatives, especially in sectors with high emission intensity such as aluminum and iron-steel, and the introduction of financial obligations that will arise from the CBAM (Carbon Border Adjustment Mechanism) by 2026 poses a financial risk as they may lead to an increase in Vestel's input costs.</li> <li>Alongside this, there is a growing trend towards low-carbon and environmentally-friendly products in line with new consumer preferences. There is a risk of losing market share for Vestel if it falls behind these trends.</li> </ul>	Medium	Medium	<ul style="list-style-type: none"> <li>Vestel prioritizes reducing environmental impact and making life easier for its customers with the products it produces by listening to consumer expectations within the framework of its focus area of "Accessible and Smart Solutions that Make Life Easier."</li> <li>The carbon emissions of inputs related to Iron-Steel, Aluminum are closely monitored and efforts are underway to develop programs to calculate the carbon footprint of products and monitor indirect emissions in order to comply with the CBAM scope that will expand in the future.</li> </ul>

## GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Transition Risks					
Main Risk Factor	Definition of the Risk	Description of the Impact	Impact	Term	Vestel's Response
<b>Technology Risk</b>	Technological advancements are among the most significant tools in transitioning to a low-carbon and energy-efficient economic model. Competitiveness, production and distribution costs, and demand for products and services from end-users are shaped by technological advancements.	<ul style="list-style-type: none"> <li>As a technology company, R&amp;D and innovation are critical for Vestel in terms of both developing new products and transforming operations. Moreover, inadequate energy and resource efficient product technologies or production efficiency technologies can increase operational costs and lead to market loss.</li> </ul>	Medium	Medium	<ul style="list-style-type: none"> <li>Vestel benefits from the power of Industry 4.0 and automation and considers them as one of its focus areas. Through innovative products, it supports the reduction of energy consumption and resource efficiency.</li> <li>Through Vestel Ventures, the Company contributes to studies on innovative devices, advanced materials, smart urbanism, smart homes and smart factories.</li> </ul>
<b>Reputation Risk</b>	Reputation Risk includes the impact on stakeholders and company image caused by the insufficient contribution made by companies to the transition to a low-carbon economy and/or the failure of climate targets.	<ul style="list-style-type: none"> <li>Vestel's failure in achieving climate change-related targets and its inability to adapt to global and sectoral developments may lead to a negative impact on the Company's reputation and loss of market share.</li> </ul>	Low	Medium-Long	<ul style="list-style-type: none"> <li>In connection with climate risk, Vestel continues to work on numerous R&amp;D and innovation projects that will reduce carbon emissions.</li> <li>Vestel aims to achieve net zero emissions by 2050. In addition, Vestel is working on a decarbonization plan as part of its Science Based Targets initiative (SBTi) commitment.</li> </ul> <p>Detailed information is available in the <b>Net Zero Company</b> section of the report.</p>

Physical Risks					
Main Risk Factor	Definition of the Risk	Description of the Impact	Impact	Term	Vestel's Response
<b>Chronic Physical</b>					
<b>Water Stress</b>	Water risk includes insufficient water resources, drought or problems with water quality in the region where the Company operates.	According to the World Resources Institute (WRI) Aqueduct <b>Water Risk Atlas</b> , Vestel City has a high water risk due to its location. Any problems related to water access at Vestel City, which was chosen as one of the largest factories in Europe, may lead to interruptions in operations, especially in the dyeing operations due to water shortages. However, costs may increase during periods of high water stress.	Low	Medium	<ul style="list-style-type: none"> <li>Vestel implements rainwater collection and wastewater recycling projects.</li> <li>Working towards purchasing recycled water from the advanced water treatment plant in the Manisa Organized Industrial Zone, Vestel conducts periodic water quality analyses.</li> </ul>
<b>Acute Physical</b>					
<b>Extreme Weather Temperatures</b>	With the climate crisis, temperatures are rising steadily. Extreme weather conditions severely affect both man-made and natural systems.	<ul style="list-style-type: none"> <li>Extreme temperatures may cause damage to production facilities, storage areas and transportation processes. Sensitive equipment that is used in the manufacturing of electronic products may perform poorly or malfunction when exposed to high temperatures. Malfunctions and breakdowns in Vestel products may adversely affect the brand reputation and result in additional financial burden.</li> <li>Costs of cooling may increase due to the heat waves.</li> </ul>	Medium	Medium	<ul style="list-style-type: none"> <li>Vestel systematically tests each product in its product portfolio in terms of the highest and lowest heat levels to which it can be exposed.</li> <li>Vestel carries out R&amp;D activities to ensure that the product designs are more suitable for the current weather conditions. During high temperatures, the Company carries out activities to mitigate risks such as reduced performance, breakdown and malfunctioning of products.</li> </ul>
<b>Floods, Wildfires, Extreme Weather Conditions</b>	Extreme weather conditions such as wildfires, floods, tornadoes and hailstorms are expected to be more frequent due to global climate change.	<ul style="list-style-type: none"> <li>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.</li> <li>Disruptions in operations due to production facilities being damaged by floods or wildfires, interruptions in supply and logistics processes when purchasing, logistics, and dealer operations are affected by extreme weather events, increased insurance costs, and delays in delivering products to customers can create additional financial burdens as a result of extreme weather events.</li> </ul>	Low	Medium-Long	<ul style="list-style-type: none"> <li>Detailed measures to be taken for any possible natural emergencies are included in the Emergency Action Plan. The plan includes what needs to be done before and after an emergency. Actions such as regular cleaning of roof gutters, installation of new rain manholes, regular cleaning of manholes are carried out to avoid the adverse effects of extreme rain conditions.</li> </ul>

## GLOBAL TRENDS, RISKS AND OPPORTUNITIES

### Vestel Climate Opportunities

While climate change poses significant risks, it also presents significant opportunities for companies that are able to adapt accordingly. Sustainability-oriented business models provide a competitive advantage and create new markets for companies. These opportunities also have the potential to deliver more efficient and innovative products and services, reduce costs and promote long-term sustainable growth. Therefore, Vestel is assessing climate opportunities in addition to the risks associated with climate change.

Opportunities	Description of Opportunity	Vestel's Actions
<b>Energy Source</b>	Renewable energy sources, which play a critical role in emission reduction strategies, reduce energy costs in the long term and heighten the Company's resilience to global energy crises.	<ul style="list-style-type: none"> <li>Vestel invests in renewable energy as part of its strategy to reach the 2050 net zero target. In this regard, the Company has been working to purchase or generate renewable energy.</li> </ul>
<b>Products and Services</b>	As consumer preferences shift towards low and/or zero-emission products, investing in this area provides companies with market and revenue growth.	<ul style="list-style-type: none"> <li>Vestel also invests in the development of new products and services that mitigate and adapt to climate change, including air conditioning solutions, renewable energy solutions, energy and water efficient products, electric vehicle chargers and batteries.</li> </ul>
<b>Resilient Supply Chain</b>	Increased focus on sustainability principles and high performance in this field attracts the attention of customers and investors, improves brand reputation and provides competitive advantage. Additionally, a resilient supply chain enables companies to mitigate risks and become more durable in times of crisis.	<ul style="list-style-type: none"> <li>By supporting suppliers to make investments to mitigate climate change risks, we build resilience against possible business interruptions and price/supply fluctuations along the supply chain.</li> <li>We aim to reduce carbon costs by providing a competitive advantage in terms of performance regarding climate change.</li> </ul>



### Refinitiv:

According to Refinitiv's 2023 assessment, **Vestel Beyaz Eşya** is in the industry's **top three**, while **Vestel Elektronik** is in its industry's **top ten**.

### S&P Global:

On S&P Global's 2023 list, **Vestel Beyaz Eşya** became the company with the **second-highest score**, while **Vestel Elektronik** became **the third** in their respective industries.

VESTEL IS RANKING HIGH IN ESG INDICES

By opting for cardboard boxes instead of EPS in packaging, Vestel has prevented the use of **28 tons** of **plastic**.

Under the Zero Waste framework, **93%** of production waste at Vestel Elektronik and **95%** at Vestel Beyaz Eşya is recycled.

In Sustainalytics' ESG risk rating, both Vestel Elektronik and Vestel Beyaz Eşya were assessed to be at **low risk category**.

Vestel Beyaz Eşya and Vestel Elektronik have been reporting to the **Carbon Disclosure Project (CDP)** since 2012 and 2013, respectively.

**VESTEL**



## EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2023

**Vestel aims to sustain its strong and sustainable growth in non-European regions through projects developed for both its own brands and its customers.**



### MAJOR DOMESTIC APPLIANCES

Demand in Europe, Vestel's primary export market, continued to remain under pressure in 2023. Based on GfK data covering 24 European countries (EU24), the European household appliance market contracted by 7% in 2023, following an 8% decline in 2022, due to the ongoing high interest rate environment, increased living costs and geopolitical uncertainties. Among the EU5 countries, Germany and France experienced the largest contractions at 8% and 6%, respectively, while Spain and Italy showed limited declines of around 1%. Vestel managed to maintain a performance in line with the sector in the European market in 2023, particularly increasing its business volume with A-brand customers.

As part of its market diversification and sustainable growth strategy, Vestel continued to develop and introduce products suitable for non-European markets in 2023, achieving significant growth particularly in Africa and North America. However, the growth rate in these regions slowed notably compared to 2023 due to adverse macroeconomic and geopolitical developments in some key markets, coupled with a high base effect from 2022.

According to data from the White Goods Manufacturers' Association of Türkiye (TÜRKBEŞD), exports of the Turkish white goods sector declined by 10% yoy to 23.2 million units in 2023, reflecting reduced demand in international markets.

In 2023, Vestel continued to increase its share in Türkiye's total white goods exports, driven by its performance in the European market and its focused strategy on non-European markets.

Despite the contraction in international markets, Türkiye's domestic white goods market showed robust growth throughout 2023, despite challenges such as the earthquake disaster in February, elections, tightened monetary policy, and high inflation. This growth was mainly driven by consumers bringing their demand forward. According to data from the White Goods Manufacturers' Association of Türkiye covering six main product categories, domestic wholesale white goods sales grew by 14% in 2023. According to GfK, retail sales also grew by 18% during the year. Vestel's domestic white goods sales increased in line with the market in 2023.

In 2023, the share of smart and IoT-enabled products in total sales continued to increase. Throughout the year, Vestel introduced several innovations to the market, including the "Cold Hygiene Program" in washing machines, which ensures hygiene even at low temperatures, thus promoting energy savings. The Company also launched the market's most energy-efficient drying machine with A+++ -20% energy class using Multi-Inverter+ technology. Products using bio-based materials instead of plastics, recyclable packaging elements, and a product line featuring SelfHeating technology that recycles energy, consuming 10% less energy than A-class in solo dishwashers, were also introduced to the market. Additionally, Vestel introduced user-friendly products such as the Auto Clean Filter technology, which automatically cleans the filter after each use. These



**131**  
**EUR million**  
Total amount of  
investments made  
under the capacity  
expansion  
program

innovations highlight Vestel's commitment to sustainability and technological advancement in its product offerings.

Vestel continues to enhance its sales not only in the entry and mid-range segments but also in the premium segment by leveraging competitive products and new technologies, aiming to create new segments for its customers. The Company dedicates a significant portion of its R&D efforts to developing technologies and products that achieve the highest levels of energy and water efficiency, continuously revising its energy efficiency goals.

In response to the increasing importance of plastic waste on the environment and human health, Vestel has started using bioplastic materials and recyclable components in its products and packaging. These materials are designed to degrade more easily in nature and leave behind fewer toxic residues. Vestel plans to further increase the use of bioplastics and recyclable components in its products in 2024.

As part of the capacity expansion program initiated for household appliances in 2021, Vestel completed the construction of a new dishwasher factory and the installation of production lines in 2023. All production lines in the factory, including those transferred from the old facility, have been commissioned as of April 1, 2024. As a result, the first stage investments under

the capacity expansion program have been completed and Vestel's production capacity in household appliances has increased by 29% compared to the end of 2020.

Only the first phase of the planned investments was completed due to adverse macroeconomic and geopolitical developments in key markets and constraints in the global supply chain during the investment period. The evaluation process for the second phase investments is currently ongoing.

A total EUR 131 million of investment has been made under the capacity expansion program. Vestel benefited from investment incentives such as tax breaks, customs duty exemption, and VAT exemption for this investment.

In line with its target to expand its footprint in Asia, Africa and America, Vestel will continue to develop new projects specific to these regions in 2024. The Company aims to sustain its strong and sustainable growth in non-European regions by developing projects for both its own brands and its customers.

## EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2023

**Vestel's domestic wholesale TV shipments grew by double-digits, while retail TV sales increased in line with the overall market.**

**In 2023, the Turkish TV market grew by approximately 4%, reaching a sales volume of 2.76 million units.**

### TELEVISION SETS

The decline in the European TV market, which began to contract from 2021 following the strong growth during the pandemic period, continued in 2023. According to GfK data covering 24 European countries (EU24), the European TV market, which is the main export market for Turkish television manufacturers, contracted by 12% in 2023 due to weak consumer demand and ongoing macroeconomic and geopolitical uncertainties. Thus, the market has been shrinking for the past three years, with TV sales decreasing by 28% to 29 million units compared to 2020. Among the top 5 European countries (EU5), Italy experienced the highest contraction with a 30% decline due to the high base effect created by the last year's system transition. Despite these challenges, Vestel managed to improve its performance in Europe in 2023, increasing its TV exports compared to 2022 levels.

In 2023, the TV market in Türkiye grew by approximately 4% yoy, with TV sales reaching 2.76 million units. Vestel's domestic wholesale TV sales saw double-digit growth, while retail TV sales exhibited parallel growth to the overall market.

In 2023, consumer demand kept migrating towards larger screens and higher quality products in both Europe and Türkiye. The upcoming European Cup and Olympic Games scheduled for the second quarter of 2024 are expected to have a positive impact on TV sales.

Vestel will continue to expand its premium TV product range in the upcoming period, while also launching new competitive entry-level product projects. Continuing to develop customized products with new concepts and slim and stylish designs, Vestel is also working on new operating systems to meet different market and customer demands.

### DIGITAL DISPLAY SOLUTIONS

Due to the ongoing Russia-Ukraine war as well as postponed projects and government incentives caused by the inflation in Europe, Vestel's largest market, Europe, contracted by 18% in 2023. Despite the decline in the market, shipments of Vestel branded products to Europe remained at similar levels to the previous year.

In 2023, the number of countries to which professional display exports are made increased to 109 with the first export to Togo in this product category.

During the year, while new customers were added to the portfolio in Europe, the Middle East and Africa, production started for a major brand in North America and the USA became the second largest export country in this product category.

Thanks to increased sales through Vestel's distributor in India, India has become one of the top four shipment countries. Additionally, in 2023, Vestel completed the installation of information screens at four different airports in Vietnam. Similar projects are planned to be carried out in other countries in 2024.



**Vestel continues to expand its automotive technologies with both In-Vehicle Infotainment (IVI) systems and end-to-end vehicle cockpit display solutions and display control units.**

#### **AUTOMOTIVE ELECTRONICS**

The automotive industry is undergoing a radical change and is moving towards a whole new ecosystem. The transformation in the industry can be summarized under four main headings ("CASE"): Connected, Autonomous, Shared and Electric Vehicles. These trends are transforming today's vehicles into high-tech devices on wheels. In the coming period, product groups and technologies such as electronics, software, batteries, charging equipment, digital display screens, cameras, and sensors, which will constitute a significant portion of the cost of the electric vehicles, will be critically important for the sustainable competitiveness of the automotive industry's development. Vehicles with internal combustion engines are gradually transforming into smart devices, with electronics and software-based vehicles replacing vehicles which are predominantly mechanical. Currently, electronic components in internal combustion engine vehicles make up about 10% of the total vehicle cost, while in electric vehicles, this ratio exceeds 50%. By 2030, it is expected to surpass 60%. A significant portion of the electronic components will be made up of batteries and power electronics, while another significant portion will include control units (DCU), infotainment (IVI - In Vehicle Infotainment) and digital driver information displays (Instrument Cluster).

In-vehicle driver, infotainment and control display screen technologies are the key focus areas for major automotive manufacturers (OEMs). As the technology has advanced, other capabilities such as satellite, wireless communication systems and in-vehicle communication protocol applications have been included in these systems. There is a transition in vehicles from mechanical instrumentation to digital displays, and from conventional radios to large-screen infotainment systems. In this context, an important window of opportunity has emerged for Vestel, which has long-standing expertise and experience in the field of consumer electronics in Türkiye, particularly in displays, in order to reduce foreign dependency, to develop local expertise and to ensure that the added value remains in Türkiye.

Vestel continues to enhance its automotive technologies with both IVI and end-to-end vehicle cockpit display solutions and display control units. The Company offers a range of LCD and OLED display solutions in various sizes, from 8-inch small screens to 29-inch wide screens, to automotive manufacturers.

Vestel continues to guide major automotive manufacturers as a Tier-1 supplier with the new technologies, including multi-core ARM processors, Android and QNX operating systems, GMSL2 and Gigabit Multimedia Serial Link communication protocols, etc., it offers in these projects. Vestel has achieved a significant milestone in the industry by designing and beginning mass production in 2023 of 12.3-inch + 29-inch large screen cockpit technologies for Togg, Türkiye's first domestic electric vehicle manufacturer, a technology not implemented in other vehicles before.

In the field of automotive electronics, besides infotainment systems and digital instrument clusters, Vestel also continues its activities and efforts in the development and production of electronic components for the automotive industry such as electronic control units, vehicle body control units (BCU - Body Control Unit), in-vehicle wireless charging units (WCU - Wireless Charger Unit) and telematics control units (TCU - Telematics Control Unit).



## EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2023

**Vestel is completing the necessary developments in both home and commercial type chargers in order to comply with the regulations of the relevant countries for electric vehicle charging stations in foreign markets.**



The Company is expanding its activities in automotive electronics to include power electronics control units such as On-board charger-OBC, Inverter and Power Electronics Unit-PEU, which are the most important and critical parts of electric vehicles. The newly acquired projects are set to enter mass production in 2025, with significant growth targets in this area.

Vestel continues its efforts to develop products that comply with automotive standards such as functional security, cyber security, Automotive Security Integrity Levels (ASIL), ISO and IATF, and to adapt its processes to the standards and requirements of the automotive industry such as AUTOSAR, ASpice, ALM and PLM.

Vestel, which owns one of Europe's largest and most technologically advanced PCBA (Printed Circuit Board Assembly) production and module assembly facilities, provides high-quality services to leading OEMs in the automotive industry and first-tier supplier companies that manufacture directly for them.

The boards and modules produced by the Company are used by leading automotive companies operating in the Turkish, European and American markets.

In 2023, Vestel demonstrated its commitment to this sector by showcasing new screen technologies, vehicle electronic control units, head-up displays, and automotive connectivity system technologies at the IFA fair and at IZB and IAA Mobility Munich fairs, which were attended by the world's leading automotive manufacturers.

As part of its strategic plans for 2024, Vestel will continue its collaborations with global automotive manufacturers and global automotive suppliers.

### **ELECTRIC VEHICLE CHARGING SOLUTIONS**

Vestel continuously develops its product portfolio by closely following industry and market trends in electric vehicle charging solutions.

The Company continues to develop new models in addition to its current offerings in the market, which include single socket EVC04 and dual socket EVC05 AC type charging devices ranging from 7.4 kW to 22 kW in power. In 2023, Vestel introduced two new generation AC type chargers: the EVC01 for home use and the EVC10 for professional applications.

Additionally, the development of the new generation version of the existing EVC04 AC charger is in progress and is planned to be launched in 2024. Vestel is completing the necessary developments in both home and commercial type chargers in order to comply with the regulations of the relevant countries for electric vehicle charging stations in foreign markets.

To this end;

- The adaptation processes for the smart charging and cybersecurity requirements, which have become mandatory in the UK, were completed.
- Integration with the Linky electricity meters used in homes in France was completed and sales of the "Linky" certified EVC04 AC charger started. Vestel's AC type charger has become the first charger in the world to receive the "Linky" certification.
- The certification process for the "Eichrecht" meter and measurement application, which is mandatory for use in public areas in Germany, has been completed for the EVC04 AC type product and sales have begun. Certification for other products is planned to be completed in 2024.
- The "UL" certification process required for the US market was completed and sales have started in the market.
- The features offered in Vestel's "Drive Green Next" mobile application, developed to facilitate ease of use for end users of AC type charging stations and enable them to monitor charging processes, have been integrated into the domestically used "Evin Akli" mobile application.





**Vestel's EV chargers are compatible with electricity grid load management systems, which have become even more important as electric vehicles become more widespread and the number of charging stations increases and include remote management and other smart management technologies.**

Vestel has completed the ISO 15118 requirements in new generation charging stations, which support comprehensive smart load management, vehicle recognition, and bi-directional power transfer from vehicle to grid.

Vestel's EV chargers are compatible with electricity grid load management systems, which are becoming increasingly crucial with the proliferation of electric vehicles and the increasing number of charging stations, and include remote management and other smart management technologies. By integrating AC charging stations with solar panel systems, electric vehicles can be charged with 100% renewable energy.

With the advancement of vehicle charging technologies, there is an increasing demand for faster charging stations. In order to meet this need, Vestel is continuing its product development processes for fast charging stations with power outputs of 240 kW and 320 kW. Additionally, the Company has started work to launch its 640 kW ultra-fast DC charging station in 2024.

### **BATTERY SOLUTIONS**

Vestel continues its project-based and long-term business development activities in the field of electric bicycle batteries, which is one of its new business areas. The Company approaches these projects on a customized basis, collaborating with bicycle manufacturers from the outset to deliver battery solutions that provide users with the best experience at quality standards that exceed market expectations and incorporate the latest technological features developed by Vestel engineers.

Following a rapid growth in electric bicycle sales during the pandemic period, the sector experienced a sharp decline in demand, resulting in an excess inventory. However, it is expected that this situation will normalize by 2024.

### **Projects with Leading Bicycle Manufacturers and Drive System Providers**

Within the scope of its business development strategies with major electric bicycle brands and drive-system manufacturers, Vestel has been selected by a major manufacturer in the sector as a battery supplier for electric bicycle projects in 2023. Upon completion of the project development process, electric bicycles equipped with Vestel batteries are planned to be launched in Europe and North America in early 2025. Additionally, in 2023, a preliminary agreement was signed with a major bicycle manufacturer in the Netherlands and production of the battery packs for this project is set to begin in the first quarter of 2024.

### **Energy Storage Systems**

The rapid proliferation of renewable energy applications, increasing energy efficiency, and the need to store excess energy for later use, as well as for backup during grid interruptions, have led to a rapidly growing demand for energy storage systems. Vestel carries on its efforts in the field of energy storage with the aim of becoming one of the leading players in this market, which is growing rapidly due to the increase in energy prices, sustainability goals of countries and companies, and additional incentives provided by governments.

## EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2023

**Starting with the smart home concept, Vestel takes effective steps forward in its smart life journey and continues to be a trailblazer in this field.**



**Vestel is included in the IFTTT (If This Then That) automation ecosystem, enabling end users to create scenarios with more than 700 services.**

### **Battery Solutions for the Telecommunication Sector**

In 2023, Vestel has initiated the mass production of a specially designed battery solution intended to serve as backup energy storage in base stations in the telecommunications sector.

Designed by Vestel engineers to meet all the requirements of telecom operators, this smart li-ion battery pack features fast charging capability, reaching 80% charge in just two hours. Equipped with a smart heating system to operate effectively even at low temperatures, this product can complement gel batteries currently used in base stations. With the onset of the 5G transformation in the coming period, it is expected that the existing gel batteries used in base stations will be replaced with lithium-ion batteries that require less maintenance, offer longer lifespans, and have higher energy density.

### **SMART LIFE SOLUTIONS**

Vestel engages in interactive communication with end users at all times with its mobile applications of Evin Akli in Türkiye and VeeZy abroad, enhancing consumers' lives with its digital services. It provides digital channels for Battery solutions with Ionia, for Electric Chargers with Drive Green and for Smart TVs with Smart Center.

Through the Smart Life Idea Pool project, Vestel transforms the ideas of its employees on smart life ecosystems into projects and offers them to customers.

By participating in the IFTTT (If This Then That) automation ecosystem, Vestel offers end-users the ability to create scenarios using over 700 services. In this way, self-running scenarios can be designed, such as running appliances during off-peak electricity hours, turning on a smart lamp when the washing at the washing machine is completed, or playing a favorite song on a music app when the food in the oven is ready.

One of the biggest problems for users in the smart living ecosystem is different brands providing services through different applications. As a board member of the Home Connectivity Alliance (HCA) which sets communication infrastructure standards among different companies, Vestel has achieved, through the HCA standard compliant integration with Samsung, the broadest product control options between two companies for the first time in the world.



**Vestel ensures that its products and digital services can communicate with different product groups and industries on the same infrastructure and continues its projects to effectively use IoT technologies in the field of sustainability.**

Accordingly, all Vestel smart home appliances can be controlled through the Samsung SmartThings application, and all Samsung smart home appliances can be controlled through the Vestel VeeZy application. Vestel continues its integration efforts with other HCA member companies. In 2023, HCA set the interoperability standards worldwide and in January 2024, it published the energy management specifications among different companies, which will contribute to sustainability by supporting energy management. In addition, Vestel is also part of the Connectivity Standards Alliance (CSA), which eliminates communication infrastructure barriers between different manufacturers and ecosystems. Vestel is also part of the Matter Working Group, which aims to benefit end-users by removing barriers between smart products and ecosystems, and develops its products to make them Matter compatible. Vestel ensures that its products and digital services can communicate with different product groups and industries on the same infrastructure and continues its projects to effectively use IoT technologies in the field of sustainability. The Company continues its efforts to take part in energy management scenarios.

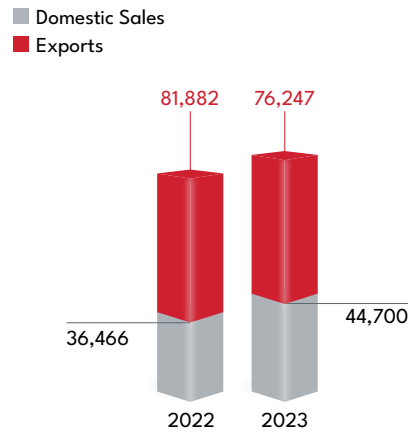
Vestel is integrating its Vestel IoT ecosystem, which focuses on the smart living concept, into the screens of Togg vehicles, marking its first collaboration with the automotive industry. This integration allows Vestel smart products to be actively controlled from within the vehicle screens. Through its cloud infrastructure, Vestel can offer similar solutions to all automotive companies with which it has an agreement. Vestel won the Best Cloud Project award for this project among more than 200 applicants in the Cloud Awards competition organized by Future of Consultancy in collaboration with CXO Media.

## FINANCIAL PERFORMANCE

**Vestel demonstrated sustainable growth in 2023, by strengthening its financial structure with its strong product range and extensive manufacturing capacity.**

**Vestel realized 50% of its total sales to European countries, 37% to domestic market and 13% to other countries.**

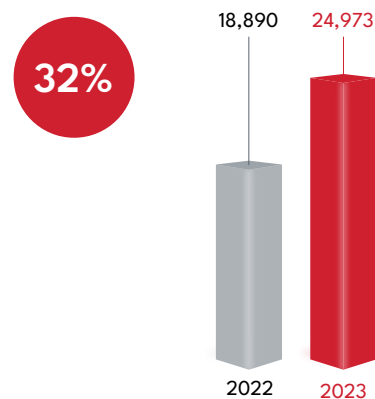
### Gross Sales Revenues (TL million)



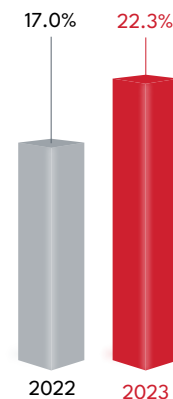
In 2023, gross sales revenues amounted to TL 121 billion, with TL 76 billion (63%) coming from international sales. 50% of total sales were made to European countries, 37% to the domestic market, and 13% to other countries.

Net sales revenues were TL 112 billion, which remained at similar levels in real terms with the previous year.

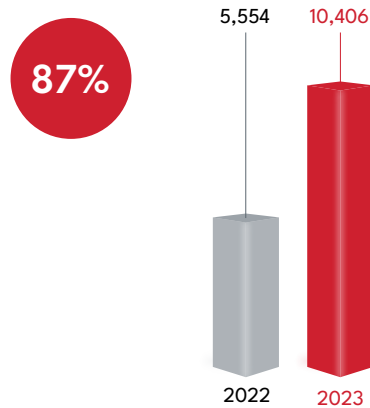
### Gross Profit (TL million)



### Gross Profit Margin (%)

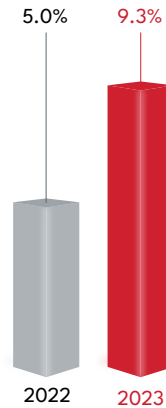


Gross profit margin in the household appliances segment increased from 17.0% to 22.3% driven by lower raw material costs, positive currency impact and strong growth in domestic sales.

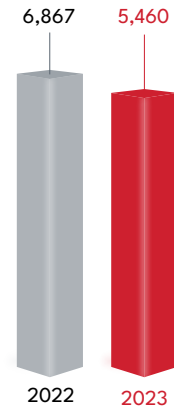
**EBITDA (TL million)\***

\*Excludes other income and expenses from operating activities

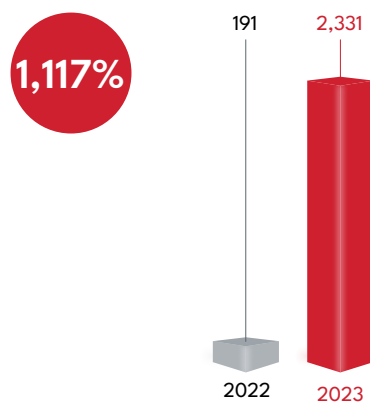
EBITDA increased by 87% in real terms to TL 10.4 billion, while EBITDA margin improved to 9.3%.

**EBITDA Margin\* (%)**

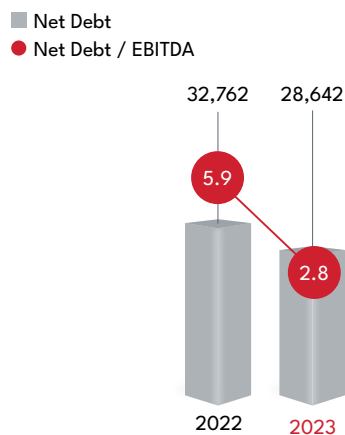
\*Excludes other income and expenses from operating activities

**Capital Expenditures (TL Million)**

Capital expenditures are composed of building investments (27%), research and development activities (23%), machinery and equipment purchases (20%), mold investments (18%) and other investments (13%).

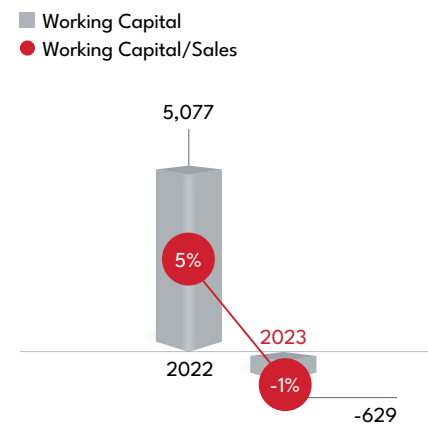
**Net Profit\* (TL million)**

Net profit amounted to TL 2.3 billion, with a net profit margin of 2.1%.

**Net Debt (TL million) and Net Debt/EBITDA\* (%)**

\*Excludes other income and expenses from operating activities

Net Debt/EBITDA ratio stood at 2.8x in 2023.

**Net Working Capital (TL million) and Net Working Capital/Sales (%)**



## FINANCIAL PERFORMANCE

**Vestel generated 170 MWh of energy in 2023 with the solar panel installed on the roof of the facility that distributes energy to the refrigerator and washing machine factories.**

### Key Points

#### 1. Export-Driven Growth

International sales account for 60-65% of total sales revenues. While the majority of sales is directed to Western Europe, the Company continues to grow in the Middle East, Africa, Asia and America markets, especially in major domestic appliances.

#### 2. Risk Balancing

An active hedging strategy, which includes balance sheet, cash flow and strategic risk balancing, and a high share of foreign currency denominated export revenues, protect the Company against currency fluctuations.

#### 3. Solar Panel Installation on Plant Roofs

Vestel makes a contribution to combating the climate crisis through renewable energy generation and energy efficiency investments to transition to a zero-carbon economy. In line with the investments carried out, the Company plans to reach an annual electricity generation of 11,882 MWh with 8,200 kWp of solar panels and accordingly, reduce its carbon emissions by 5,430 tons. This investment is planned to be realized in 2024. Vestel generated 170 MWh of energy in 2023 with the solar panel installed on the roof of the facility that distributes energy to the refrigerator and washing machine factories.

#### Working Capital and Cash Management

Effective working capital management is crucial for minimizing the necessary financing while expanding a company's business volume. In capital management, Vestel aims to ensure the continuity of its operations while efficiently maintaining the debt-equity balance to enhance profitability.

In line with the targets set, inventory levels exhibited an improvement at the end of the year compared to the high levels seen during the year, while average collection and payment terms decreased, compared to the previous year. In 2023, net working capital/net sales ratio was realized as -0.6%.

Cash management consists of processes such as controlling, planning and optimizing the cash flow of an enterprise. These processes are implemented to safeguard liquidity, maintain financial health, and enhance operational efficiency of businesses.

The objectives of cash management include:

- Ensuring the right amount of cash is available at the right time and place,
- Making payments timely and efficiently,
- Optimizing available liquidity,
- Aligning the timing of cash inflows and outflows,
- Minimizing borrowing and borrowing costs,
- Reducing transaction costs,
- Identifying and revising any deviations between planned and actual cash flows,
- Forecasting cash flows,
- Reporting annual cash program and end-of-day liquidity to management on a daily basis.

In financial management, Vestel aims to maintain its working capital needs at an optimal level with solutions that benefit all stakeholders in the supply chain.



### Trade Finance Practices

Vestel aims to preserve its suppliers' cash flow by offering supplier financing programs through various banks. These programs provide flexible financial methods and emergency cash flow to companies. In its simplest form, this involves providing financing to suppliers at competitive prices and without collateral, against invoices approved by the buyer, without the need for a credit process. Vestel's payment performance also provides a financial assurance for its suppliers.

At the same time, Vestel aims to increase the diversity of corporate finance solutions used for financing both domestic and international trade receivables, and to facilitate working capital management through technological solutions. To achieve this, Vestel is implementing system and process improvements and maintaining regular discussions with banks. Discussions with stakeholders and business partners regarding supplier finance systems aim to protect all stakeholders in the supply chain against fluctuations.

## Financial Risk Management

### a. Foreign Exchange Risk

Vestel's main principle in managing foreign exchange rate risk arising from transactions in foreign currencies is to maintain the foreign exchange position at a level that will be least affected by fluctuations in the exchange rate, particularly at the net profit level. Exchange rate risk is minimized with forward foreign exchange contracts. In addition to derivative transactions, Vestel continuously assesses balance sheet positions under natural hedge considerations and takes appropriate actions as needed.

Market conditions are constantly monitored, and cost planning is updated by adopting a proactive management approach based on expectations, and necessary actions are taken to address external source risks.

### b. Interest Rate Risk

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.

Within this framework, the main goal is to proactively monitor the potential impact of interest rate risk and keep borrowing costs at low levels.

### c. Liquidity Risk

Actual and planned cash flows are regularly monitored to identify potential liquidity risks in advance and to develop solutions.

The continuity of cash position is maintained by aligning the maturities of financial assets and liabilities.

## FINANCIAL PERFORMANCE

**Since 2015, Vestel Elektronik has been listed in the Borsa Istanbul (BIST) Sustainability Index, which encompasses the shares of companies traded on Borsa Istanbul with a high level of corporate sustainability performance.**

**As of December 29, 2023, Vestel Elektronik's market capitalization is TL 15.5 billion.**

### VESTEL ELEKTRONİK SHARES

#### Dividend Distribution

As its Dividend Distribution Policy, Vestel Elektronik has adopted the practice of distributing at least 25% of its distributable profit in cash and/or in the form of bonus shares.

At the Annual General Meeting for the year 2022, it was decided not to distribute the distributable profit for the year 2022 and to transfer it to extraordinary reserves after setting aside the general legal reserves, considering the current economic conjuncture, the Company's long-term strategies, investment, liquidity and financing policies as well as the long-term interests of shareholders, the Company and its employees, in order to strengthen the financial structure and to avoid creating a new financing need.

#### Vestel Elektronik Shares

Shares of Vestel Elektronik Sanayi ve Ticaret AŞ have been traded on the Borsa Istanbul ("BIST") under the ticker symbol VESTL since 1990. As of January 3, 2011, Vestel Global Depository Receipts, which have been traded on the London Stock

Exchange since 2000, began to be traded on the London Over-the-Counter Market (OTC market). The shares of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ ("Vestel Beyaz Eşya"), a subsidiary of Vestel Elektronik, have been trading on the BIST under the ticker "VESBE" since 2006.

As of the end of 2023, Vestel Elektronik, which is traded on the Stars Market, is included in the BIST 50, BIST 100, BIST 500, BIST All Shares, BIST 100-30, BIST Stars, BIST Corporate Governance, BIST Metal Products Machinery, BIST Manisa, BIST Industrials, BIST Sustainability, BIST Sustainability Participation, BIST Participation 30, BIST Participation 50, BIST Participation 100, BIST Participation All Shares and BIST Sustainability 25 indices.

Since 2015, Vestel Elektronik has been included in the Borsa Istanbul (BIST) Sustainability Index, which comprises the shares of companies listed on Borsa Istanbul with high levels of corporate sustainability performance.

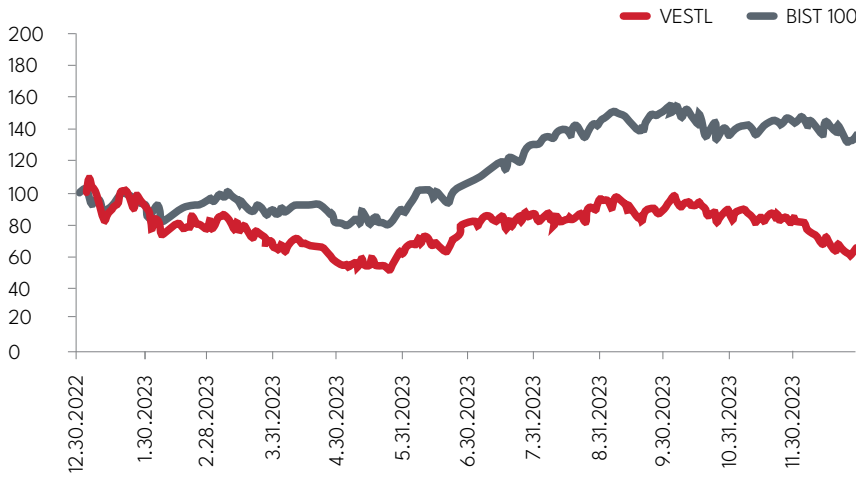
### SUMMARY PRICE INFORMATION FOR 2023

Number of Shares	33,545,627,500
Number of Publicly Traded Shares	14,863,748,314
Highest Price During the Year (TL)	78.50
Lowest Price During the Year (TL)	37.98
Year-End Price (TL)	46.24
Market Capitalization* (TL Million)	15,511

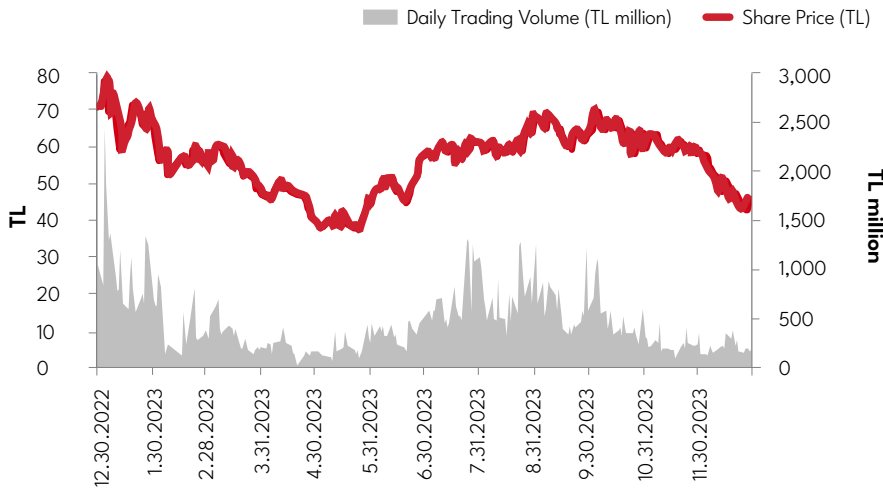
\* As of December 29, 2023

## VESTEL ELEKTRONİK SHARE PERFORMANCE AND RELATIVE PERFORMANCE

### Vestel Elektronik - Relative Performance



### Vestel Elektronik - Share Performance and Trading Volume



As of the end of 2023, Vestel Elektronik has a market capitalization of TL 15.5 billion.

The average daily trading volume of the Company's shares was approximately TL 485 million.

### Tax Practices

Vestel operates in compliance with the local and/or international tax and other fiscal legislation in the countries in which it operates. Within this framework, transactions involving the purchase and sale of goods and services between related parties within the Vestel Group of Companies are priced in accordance with the principle of comparability to benchmarks, and evidence of this commitment is provided through transfer pricing reports submitted to tax authorities in the respective countries of operation.

While conducting its operations, Vestel avoids shifting the transfer price of goods and services to low-tax jurisdictions for purposes such as profit transfer and tax planning. The Company does not consider tax haven jurisdictions in its commercial and investment decisions. Moreover, a significant portion of the Company's income consists of active income sources, and the Company refrains from engaging in practices that are economically, commercially, or technically inconsistent from a tax perspective during its operations.

Additionally, the balance sheet and income statement accounts used in tax reporting undergo analysis and verification according to the Unified Chart of Accounts rules and tax laws. This verification process is conducted by the Tax Audit Directorate within Zorlu Holding, and reports prepared based on the findings from these audits are shared with the Company executives and senior management.

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

With global trends such as the climate crisis, talent shortage, digitalization and evolving consumer expectations, it is important for companies to adapt to these trends in order to maintain their competitive advantage. Vestel prioritizes technology and human-oriented transformation by closely following global and local trends, technological developments and the work required by digital transformation.

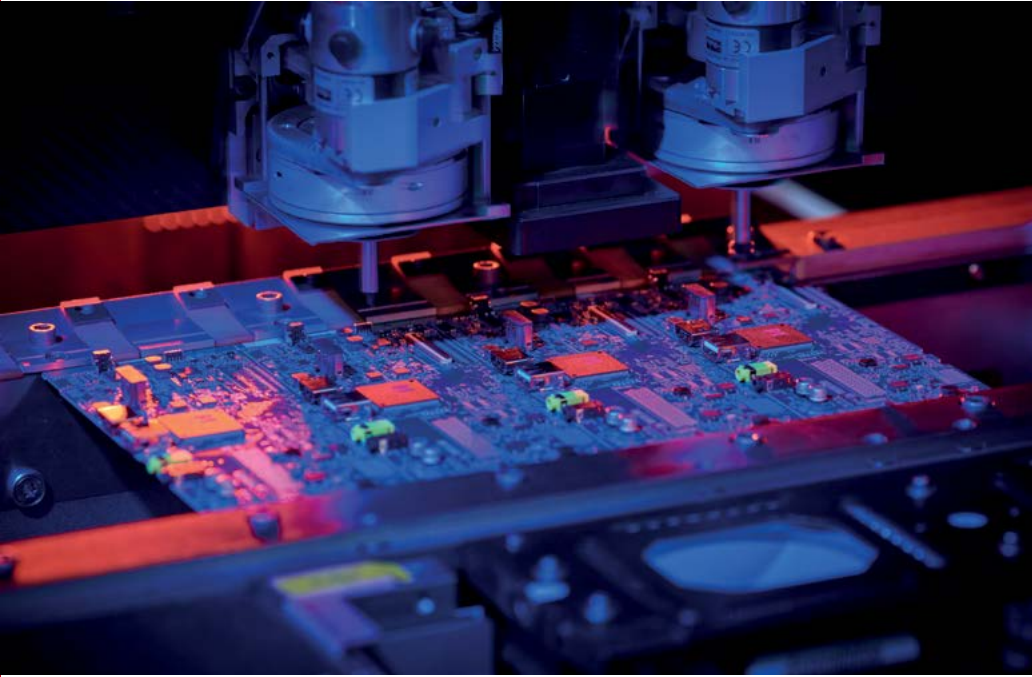
Seeking to spread the culture of transformation driven by technology and digitalization to the entire company, starting with its employees, and not limited to its own organization, Vestel adopts diversity, inclusiveness and social benefit as its core principles throughout its value chain and integrates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

R&D team of  
**1,821**  
people

**2.3**  
**TL billion**  
Total R&D spending

**153**  
Number of patent  
applications





## PRODUCTION AND INNOVATION POWER

As global trends and customer demands evolve, it is important to integrate innovative solutions into both products and production processes. In this regard, Vestel transforms its operations in parallel with technological developments, digitalization and automation.

Vestel increases its production capacity in a smart and responsible manner through the power of R&D and innovation. By closely monitoring the evolving consumer behaviors and developing innovative production processes that meet consumer needs and reduce environmental impact, Vestel adapts today's technologies such as artificial intelligence (AI), the Internet of Things (IoT) and autonomous systems to its production facilities.

For 36 years, Vestel has been undertaking R&D activities through successful collaborations. The Company's R&D team comprised by 1,821 employees is provided with the training and support they need to adapt to constantly changing global trends and to develop their competencies in this direction.

### INDUSTRY 4.0

Due to changing global trends and emerging technologies, companies need to change their production methods in their operations to adapt to innovations. In this regard, Industry 4.0 transformation is one of the most important issues for achieving competitiveness and advantage in local and global markets, ensuring profitability and industry continuity. Thanks to R&D studies and investments and the intellectual capital on which they are based, Vestel implements Industry 4.0 practices and aims to contribute to the transformation of the consumer electronics and major household appliances sectors in Türkiye.

Committed to leading the industry in Industry 4.0 and digitalization practices, Vestel's digital transformation teams work in various fields. These teams are working on artificial intelligence software for horizontal-vertical value chain integration, Internet of Things (IoT) technologies, smart automation, automated guided material handling vehicles (AGV) and autonomous mobile robot (AMR) applications. Vestel also focuses on Total Productive Maintenance (TPM) efforts to achieve operational excellence in production.

### INDUSTRY 4.0 ACTIVITIES IN ELECTRONICS FACTORIES

With its vision of continuous improvement and digitalization, Vestel 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. Digital Transformation relies upon the principle of incorporating every single process in the value chain into automation systems. Transformation of all these systems into an integrated structure based on intelligent and self-managed machine-to-machine interactions through real-time communication is defined as the Smart Factory. Vestel Elektronik's Industry 4.0 practices continue to evolve with the physical presence of smart factories and robots in addition to digital components. With the investments it made, Vestel has completed its transformation to a great extent since 2015.

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Vestel adopts an innovative approach by following international production technologies with its specialized staff.**



**Vestel Elektronik aims for excellence in operational processes through lean production principles.**

### Automation Activities

The Automation Department at Vestel Elektronik implements Industry 4.0 and automation applications to integrate innovations into production processes and render them more efficient by considering developing technologies and changing needs. The Company aims to develop automation system designs, software and projects as well as digital transformation and advanced automation, quality and human-oriented production technologies at Vestel factories. Accordingly, while there are facilities developing towards the autonomous factory model, there are also facilities where humans and robots work together in the hybrid production model. Energy efficiency, ease of adaptability and flexibility in production are also considered in the design process of the realized systems.

The Automation Department team comprises 12 engineers specialized in system design and software and 25 technicians specialized in manufacturing, installation and service. 2D/3D design, 3D simulation/analysis, robotics and programming and online service support are the fields of activity of the Automation Group. With the help of the automation systems it has launched, Vestel Elektronik reduces its costs and stocks by developing error-free, high-quality and efficient production methods with sensitive and challenging tolerance values, and creates ergonomic working environments for its employees.

In 2023, the Automation Department completed the installation of a total of 54 projects with 26 industrial robots, 25 machines and three camera automation systems.

### Vestel Electronics Production System (VEPS)

Vestel Elektronik aims for excellence in operational processes through lean production principles. Within the Company, digital transformation teams composed of expert engineers are working to ensure digital transformation in all processes from suppliers to customers. In these processes, Vestel integrated digital transformation and lean production structures and implemented the Sustainable Production System called VEPS. By creating the "VEPS maturity level" indicator, the current status of all factories was identified and road maps were created for each factory.

The VEPS vision is to become the most competitive smart production base in the sector, producing products of the quality demanded by global markets, employing



**VEPS Academy is a training program in which blue-collar employees are primarily involved, with the aim of increasing efficiency in production lines and minimizing losses.**

common sense and having a transparent management approach, with competent employees and innovative production technologies developed in safe working environments created by Vestel in line with its human-oriented and sustainability principles.

Under the VEPS activities, Vestel supports talents within the Company through the VEPS Academy, which contributes to the development of its employees. VEPS Academy is a training program in which blue-collar employees are primarily involved, with the aim of increasing efficiency in production lines and minimizing losses. Vestel supports the development of employees, who directly contribute to the digital transformation vision in the production areas, by organizing planned training in three main categories: basic, professional and personal training.

Along with the employee training, Vestel also incorporates measures for employee health and safety into VEPS. Vestel implements VEPS HSE (Health - Safety - Environment) practices in order to maximize employee health and safety and to minimize environmental impacts regarding production activities in its factories. Via these practices, through which the Company aims to go beyond legal obligations, Vestel raises awareness of employees by organizing training and

conferences in order to achieve zero occupational diseases, zero accidents and zero environmental pollution conditions. Employees are also encouraged to proactively recognize risks in production sites and provide feedback.

#### **Manufacturing Execution System (MES)**

The Manufacturing Execution System (MES) enables the entire production process to be monitored instantaneously in a digital environment, starting from the production planning phase. Vestel stands out as the first company in Türkiye to implement the Production Management (ME) module under MES structure of SAP. Vestel Elektronik has significantly improved its decision-making processes thanks to the Production Management module, which includes a total of 91 machines in its two factories.

Along with production monitoring, a Model Change Parameter Management System using big data and analysis methods was developed. Through this management system, Vestel Elektronik records the parameters and variables at every stage of production in its database. It increases its efficiency day by day by developing an accurate, fast, error-free, loss-free and lean production system that reduces human intervention by optimization, automatic installation and error prediction with MES.



## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Vestel Elektronik uses Traceability Systems to monitor the entire process from the design to production of its products in every detail and to maximize customer satisfaction.**

### **Manufacturing Operations Management (MOM)**

Manufacturing Operations Management (MOM) is a production management system that enables real-time monitoring and monitoring of production data by providing a connection between machinery in factories with Machine-to-Machine (M2M) connectivity. Vestel Elektronik launched the smart factory transformation with the MOM system integration, ensuring that data are actively obtained from a total of 750 machines in its five factories.

MOM allows for collecting a lot of data with the aim of performing performance analysis, quality, material and order tracking on production lines. Vestel Elektronik analyzes the collected data within the scope of digitalization steps and performs web-based instant monitoring and reporting. Furthermore, by including production planning and material consumption data in the MOM system, the loss of materials is prevented to a great extent. Besides a systematic production management system that reduces costs and improves product quality and efficiency, prediction and recommendation applications are developed by incorporating machine learning and artificial intelligence algorithms into the MOM system.

### **Traceability Systems**

Vestel Elektronik uses Traceability Systems to monitor the entire process from the design to production of its products in every detail and to maximize customer satisfaction. Under the traceability system, a separate code is created for each part produced, and these codes are used during assembly to ensure that the right parts are used correctly and at the right time.

In addition to increasing product quality thanks to the traceability system, the Company significantly reduced production-related errors, repetitive work and the number of scraps, thereby reducing costs and waste.

### **Game Plan Project**

Vestel Elektronik serves 900 customers with a product range that can reach up to 850 different models of televisions per month, and with a high production capacity. The Game Plan Project was developed in order to manage the complexity created by this diversity in the television product family in the most efficient way.

Developed by Vestel and running over a mathematical model, this program ensures that the tasks that must be fulfilled in the television production process are assigned to the employees in a balanced and efficient manner. Within this dynamic work structure, employees can follow the tasks assigned to them with the Game Plan on the screens in front of them together with respective visuals. This facilitates the integration of lean production and digitalization practices into production lines and increases flexible production capacity in TV product groups.

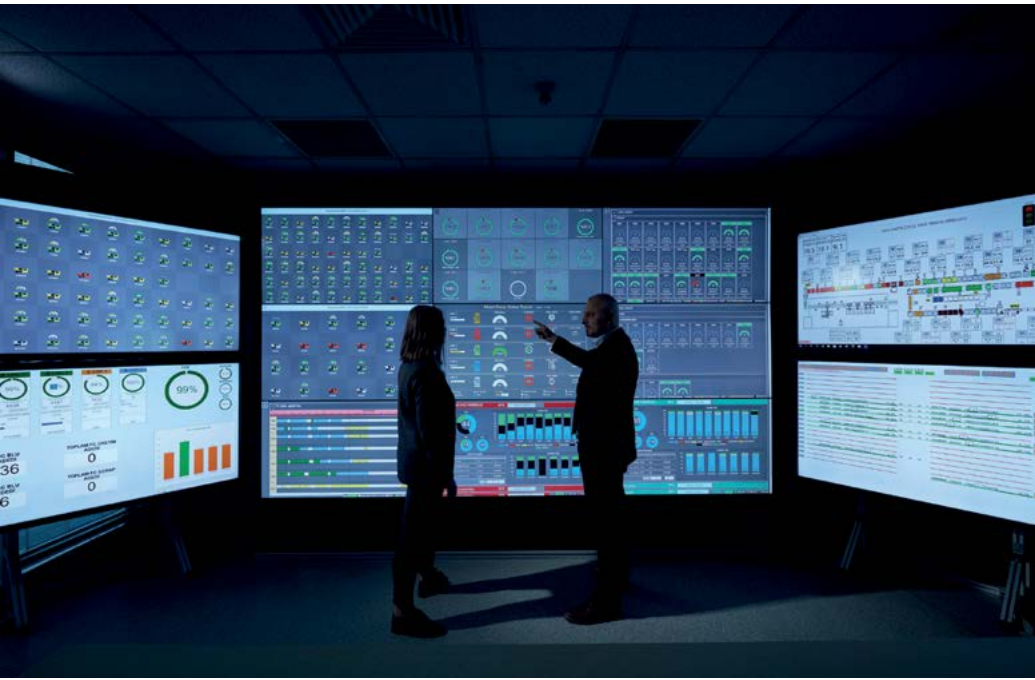
### **Smart Maintenance**

Vestel's Smart Maintenance practices enable that maintenance activities are undertaken correctly and adequately without disrupting the production line. As part of these practices, many data obtained from the machines used in production processes, including operating values, production details of the machine, maintenance information and operating conditions, are evaluated with machine learning and data analysis methods.

Through Vestel Smart Maintenance practices, the Company aims reduce the costs of maintenance operations, digitalize planned maintenance processes, and carry out maintenance practices with the help of artificial intelligence, ensuring that its machinery operates at high efficiency in all its factories.

### **INDUSTRY 4.0 ACTIVITIES IN WHITE GOODS FACTORIES**

To ensure the best and most efficient production processes in six different factories, Vestel Beyaz Eşya invests in digital transformation by utilizing Industry 4.0 tools. Vestel Beyaz Eşya carries out digital transformation projects in a fast and cost-effective manner with its expert and qualified staff and robotic and autonomous systems equipped with advanced software, mechanical design, automation, simulation, maintenance and investment infrastructure. This has enabled the Company to design and manufacture its own production lines and machines, obtain patent rights for designed machines, and invest in production technology as well as product development.



**Autonomous systems:** Smart robotic systems supporting autonomous infrastructure are in operation in more than 150 production lines. Over 120 Automated Guided Vehicles (AGVs) were integrated into production lines and material-product transfer processes across warehouses, providing a human-free, autonomous and remotely controlled structure. Rather than using conventional AGV technologies following routes defined by lines and metal strips, an autonomous logistics solution has been developed by utilizing in-house AGV technologies with natural navigation that can be guided remotely via a single traffic software. This solution, a first for the sector in Türkiye in terms of quantity and function, helps to reduce internal logistics costs and transportation-related damages, while increasing production efficiency and quality.

**Automated warehouses:** Due to accelerating and increasing production with Industry 4.0 investments, storage processes also need to be improved. In this regard, the Company invests in smart warehouse solutions such as the Automated Storage and Retrieval System (ASRS) and shuttles that can fulfill the requirements of both autonomy and capacity-speed. With the smart storage systems put into operation, stocking costs and errors are minimized and traceability in the storage process is increased.

#### **Automated packaging systems:**

Packaging of the manufactured and assembled end product and attachment of barcoded labels are carried out by automated systems. This system has been established to ensure packaging quality, which is of great importance in terms of brand quality and customer satisfaction. With this system, packaging processes such as screen printing, cardboard, packaging and labels are implemented in 100% control.

**3D printing:** Various simulated and designed manufacturing parts are prototyped with three-dimensional printers. Fast prototyping enables the commissioning of the systems to be completed in a short time, thereby reducing the risk of unforeseen malfunctions, errors and possible production shutdowns.

**Virtual and augmented reality:** Through research in the virtual and augmented reality domain, it is aimed to improve production standards, accelerate operator training and increase quality standards. By documenting the usage data of all machines used in production and making use of virtual reality technologies, new employees are provided with the necessary information, their mistakes are avoided and the quality of training is improved.

#### **AI-supported image processing:**

AI-supported software applications are used throughout factories in automation systems and assembly lines. Vestel Beyaz Eşya also develops AI-based algorithms for path finding, mapping and traffic software for automated guided vehicles. Additionally, artificial intelligence algorithms integrated into two- and three-dimensional cameras and sensor technologies are used for specific measurements and detections of products, and ergonomic measurement systems that are crucial for occupational health and safety are continuously being developed.

#### **Machine-to-machine communication:**

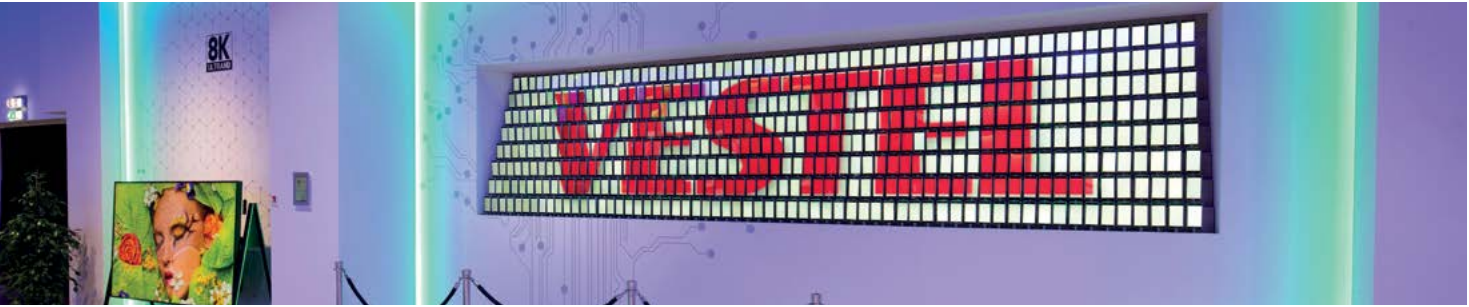
In the context of real-time monitoring of machine data, screens and mobile devices are used in the cloud environment, and AI-supported systems are utilized to manage all factory machines. Vestel Beyaz Eşya aims to achieve full integration both horizontally and vertically within a few years. In line with this target, it is planned to establish an infrastructure that will facilitate communication between machines and robots, and to integrate the entire internal ecosystem with subcontractors. This way, it is aimed to digitalize quality and monitoring systems and to obtain production reports with an accuracy of 99.9%.

**Next-generation batteries:** Non-flammable, lightweight, and high-capacity lithium iron phosphate batteries are used in electric vehicles utilized in internal logistics processes for occupational health and safety. This ensures a faster, safer and human error-free logistics process and the necessary infrastructure is created for the transition to a fully autonomous structure.



## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

Training courses are held for R&D teams to make them adapt to the requirements of the current times and to raise their competencies, thereby ensuring that the Company continuously aligns with technological developments, maintains its competitive advantage and adopts an innovation-oriented approach.



**2.3**  
**TL billion**  
Total R&D  
spending

**2.0%**  
Ratio of R&D  
expenditure to  
turnover

### R&D AND INNOVATION

The Company derives its innovation power from the studies conducted at R&D centers and its R&D team consisting of 1,821 people. R&D teams continue to work on the development or application of new technologies, new product designs, product development, productivity improvement and cost reduction.

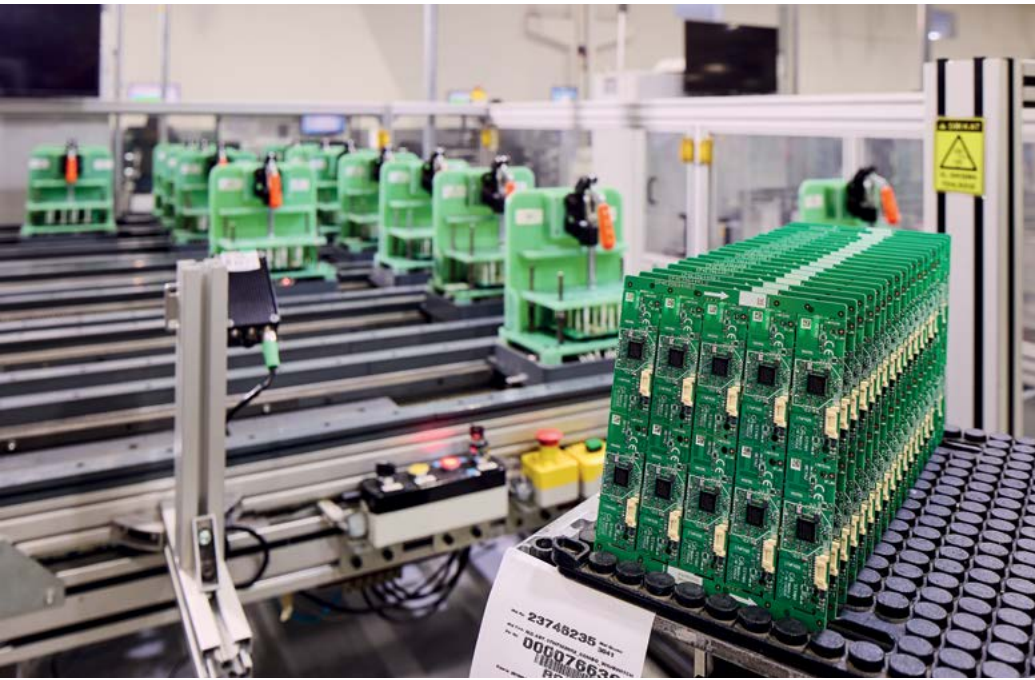
Vestel Elektronik was awarded in prestigious design competitions for many innovative projects designed at its R&D centers. The Company received 12 design awards as of the end of 2023.

Training courses are held for R&D teams to make them adapt to the requirements of the current times and to raise their competencies, thereby ensuring that the Company continuously aligns with technological developments, maintains its competitive advantage and adopts an innovation-oriented approach.

Vestel allocates R&D and Innovation budget for the development of low carbon products and services. In 2023, the budget allocated by Vestel for low carbon product development amounts to TL 1,030,650,502.

As a result of the innovation studies in processes within 2023, the Company achieved a savings amount of TL 482 million.

	2022	2023
Number of employees in R&D departments	1,799	1,821
Total R&D expenditure (TL thousand)	1,563,869	2,264,231
Ratio of R&D expenditure to turnover	1.4%	2.0%



**In order to develop its production and R&D strategy under the guidance of global trends, Vestel combines innovative perspectives in different sub-sectors and fields with its existing experience.**

#### **R&D STUDIES**

Aiming to spread technology and people-oriented transformation throughout the Company, Vestel combines its innovative approach with its experience in different sub-sectors and fields in order to develop its production and R&D strategy in line with global trends. In this regard, Vestel emphasizes innovation and efficiency through the projects it designs and implements, and with the success of these projects, it also participates in the events held by the ministry.

- The Republic of Türkiye Ministry of Industry and Technology General Directorate of Strategic Research and Productivity organizes the "Productivity Project Awards" annually with the aim of promoting the projects conducted in the field of productivity to the public, introducing the benefits of the projects and encouraging new ones in this field. As part of the Ministry's Efficiency Project Awards, Vestel Elektronik participated in the Technology Development Zones and R&D Centers Awards event in 2023.
- In addition to receiving the Efficiency Project Awards, Vestel also qualified for the finals in the 2023 Project Awards with its Remote Software Upload Project.

- Automotive Display and Connectivity Products and Professional Displays projects of Vestel were accepted into the **"Technology-Oriented Industry Initiative"** incentive program led by the Ministry of Industry and Technology of the Republic of Türkiye in 2023. This program aims to support the production of value-added and high-tech products using local resources.

#### **Automotive Innovative Technologies Group**

In order to strengthen its research-oriented activities in addition to the basic R&D groups at Vestel Elektronik, the Company established the Research Group consisting of researchers with doctoral degrees and working on advanced research subjects in 2016. The group continues its activities under the IoT Deputy General Management. Reporting to the Vestel Mobility Electronics General Directorate, it began to develop automotive technology-focused software projects under the name Automotive New Technologies Group (AutoTech). Automotive New Technologies Group develops projects focusing on medium to long-term areas in automotive electronics. There are three different sub-team leaderships in this scope. The first group, Advanced Driver Assistance Systems (ADAS)/ Driver Monitoring System (DMS), is mainly concerned with automotive image processing, driving assistance and autonomous driving systems. Second team works on connectivity automotive cloud services, interface designs and mobile platform projects. The last team focuses on incentivized projects.

At the same time, Vestel's Research, Develop and Design (ArGeTa) laboratory, established in collaboration with Manisa Celal Bayar University Technology Development Zone and supported by the Zafer Development Agency, has fast prototyping and hardware acceleration functions. In addition to its research activities, the Company also applies to national and international EU projects such as Horizon and Eureka, and continues its efforts to expand its automotive electronics expertise through international consortium partnerships and to receive support from incentivized projects.

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

### Vestel Elektronik and Vestel Beyaz Eşya make patent applications to various institutions for their inventions.

#### Patent Activities

Vestel Elektronik and Vestel Beyaz Eşya make patent applications to various institutions for their inventions. In 2023, Vestel Elektronik submitted a total of 20 patent applications, including five European Patent (EP) applications to the European Patent Office (EPO), five PCT patent applications to the World Intellectual Property Organization (WIPO) and 10 TR patent applications to the Turkish Patent and Trademark Office (TÜRKPATENT) for 10 inventions meeting the criteria. Besides, 64 patents were granted registration. In 2023, Vestel Beyaz Eşya submitted 133 patent applications and 86 patents were registered. Thus, the number of patents owned by Vestel Group of Companies, from which commercial revenues are generated, reached 119.

Vestel conducts commercial evaluation activities to identify the value of its current patent portfolio and to ensure that its patent pool consists of valuable patents. For patent applications deemed valuable as a result of commercial evaluation, more detailed infringement evaluations are carried out, within the scope of this study, products in the technology of the relevant patent are investigated and reports are prepared on whether the patents are infringed.

	2020	2021	2022	2023
Number of Patent Applications by Vestel Elektronik	148	205	182	153
Number of Patents Obtained by Vestel Elektronik	122	60	180	150

#### R&D Collaborations and Open Innovation at Vestel Elektronik

Within the Company, there are open innovation practices in line with the efforts of Zorlu Holding. Vestel's employees also play an active role in the A Bright Idea program executed by the Holding. A shared space was created within Vestel Elektronik to encourage brainstorming workshops in a collaborative environment. Furthermore, an employee acts as a bridge for the evaluation of ideas and monitoring of the process, especially for external R&D ideas and for forwarding these ideas both to senior management and to the relevant unit within R&D. In addition, the ideas of the Project Management Office (PMO) within the R&D department, which collaborates with customers, are closely monitored by senior management.

As part of the activities of its R&D units, Vestel establishes strong collaborations with many national and international institutions and organizations, particularly universities. Vestel continues to develop collaborative projects within four active Horizon 2020 programs that continued in 2023. In addition, proposals were submitted through the Digital Europe platform on issues related to the domain of Vestel Elektronik in EU policies.

#### University-Industry Collaboration:

The Company supports highly-qualified Vestel R&D employees, who graduated from Türkiye's leading universities, to establish project-based collaborations with academics from Türkiye's most distinguished universities. In addition, joint academic publications and career days held with universities, consultative committees, student clubs and promotion of their projects are the significant collaborations that Vestel regards as the opportunities for development.

The knowledge generated in universities is transformed into technology by expert teams in Vestel's R&D units, and the developed software and hardware are used in new designs. Vestel also supports universities' Industry-Oriented Dissertation studies. It cooperates with the successful Technology Transfer Offices in the Aegean Region as well as Technology Transfer Offices throughout Türkiye, making academic studies and emerging technologies developed in universities available to the industry in order to respond to the needs of the industry and to add value to national development of the country.



## As of end-2023, Vestel had four active Horizon 2020 projects, two Erasmus+ projects and one project under the Bilateral Cooperation Call.

Since 2021, Vestel Elektronik has been leading project activities under the Erasmus+ program in collaboration with Vestel Beyaz Eşya and Vestel Ticaret, focusing on Vocational Education through the Erasmus Accreditation. Within this scope, university-industry collaborations are made with numerous institutions abroad.

As part of project-based cooperation efforts, collaborations were also developed in Medical Technologies, Battery Technologies, Automotive Electronics and Green Transformation. In 2023, we kept working on TÜBİTAK projects that have been underway for a long time. Vestel Elektronik currently works on two projects in collaboration with Özyeğin University and Koç University within the scope of TÜBİTAK's Industrial PhD Fellowship Program, 2244.

Vestel - Optical Design Group has a longstanding strategic partnership with Bilkent University - National Nanotechnology Research Center (UNAM) as part of its Technology Research and Development Projects. Several projects were carried out in line with this partnership, and the cooperation continues on the "Strategic R&D Alliance for Advanced Materials High Technology Platforms and Electronic and Optical Component Production" platform, which received support under the TÜBİTAK 1004 Center of Excellence Support program.

In addition, Vestel started a collaboration with Nanome and became a stakeholder by investing in the Company. Through these strategic partnerships, Vestel continues to work on the development of Quantum Dot (QD) nanocrystals and their implementation in advanced display technologies. Through the collaborations established with UNAM and Nanome, Vestel made significant progress in the transfer of advanced technologies, conveyance of academic studies to industry as products, and the domestic and mass production of high value-added products.

### International Technology Platforms:

As Europe's largest Original Design Manufacturer (ODM) in TV product groups, Vestel takes part in R&D projects with international partners in European Technology Platforms such as Horizon 2020, Electronics Components and Systems for European Leadership (ECSEL), Eureka, International Test and Evaluation Association (ITEA), Celtic and Catrene. Participating in projects with European partners, Vestel is among the top three companies in its scale and sector in the European Commission's ranking. As of 2023 year-end, Vestel had four active Horizon 2020 projects, two Erasmus+ projects and one project under the Bilateral Cooperation Call. Two projects based on IoT and AI are underway in the CELTIC-Next and Xecs cluster of the EUREKA technology platform. At the same time, the project submitted under EUROGIA, a sustainable energy technology cluster, received the EUREKA label and its national assessment goes on.

In 2020, Vestel was awarded funding from Horizon 2020, the European Union's most comprehensive R&D and innovation program, with the KYKLOS 4.0 project, which covers smart and flexible production activities for personalized consumer needs. In 2021, as part of the project, Vestel started to develop solutions to improve user experience and data security through Distributed Artificial Intelligence Systems (DAIS) studies with 49 project partners from 11 countries. Vestel was also funded with two more projects involving battery technologies and electric vehicle charging stations. By participating in multi-partner technical meetings of Horizon projects, network is extended and project applications for the new Horizon Europe calls go on.



## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Vestel has professional collaborations with companies across the world in the technological fields of operation.**



**Vestel Ventures R&D AŞ contributes to studies on innovative devices, advanced materials, smart urbanism, smart homes and smart factories.**

**Associations and Initiatives:** Vestel contributes to non-governmental organizations such as DEİK (Foreign Economic Relations Board), TÜBİSAD (Informatics Industry Association), Turkish Industry and Business Association (TÜSİAD), Telecommunication Satellite and Electronic Industrialists Business People Association (TÜYAD), Technology Development Foundation of Türkiye (TTGV), Electronic Devices Manufacturers Association (ECİD), Turkish Electronics Manufacturers Association (TESİD), White Goods Manufacturers' Association of Türkiye (TÜRKBEŞD), Automotive Suppliers Association of Türkiye (TAYSAD) and R&D Centers Platforms at different levels to improve the global competitiveness of IT, electronics and major household appliances sectors in Türkiye and to mobilize their innovation potential.

In addition to serving as the chairman of the Manisa R&D and Design Cooperation Platform (MATİP), Vestel also participates in the sector councils of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB), where it expresses its opinions on legislation and standardization efforts in its fields of activity, and closely monitors processes and developments.

In 2023, Vestel Elektronik continued to actively work within the scope of the TÜBİTAK 1601 - Support Program for Capacity Building in Innovation and Entrepreneurship - 1512 Techno-Entrepreneurship Capital Support Program Stage 1 Call for Implementing Organizations, which was accepted in 2022. With this call, TÜBİTAK aims to support the activities of entrepreneurs from the idea stage to the market in order to transform their technology and innovation-oriented business ideas into enterprises with high potential to create added value and qualified employment, and expects the Implementing Institutions identified as a result of the call to create and execute original, effective and applicable mechanisms to transform entrepreneurs' business ideas into qualified business plans.

**Industrial Partners:** Vestel cooperates professionally with companies around the world in the technological fields in which it operates, building a network of significant collaborations with more than 80 industrial partners, including Google, Amazon, Vidaa, Xperi, Roku, Sky, Netflix, Disney, Digiturk, Mediatek, Novatek, Realtek, Broadcom, Qualcomm, Viaccess, Irdeto and Nagra.



### R&D Support Under Vestel Ventures:

Through its 100% owned subsidiary Vestel Ventures Ar-Ge AŞ, which was established to support entrepreneurs engaged in R&D activities in order to introduce emerging technologies within Vestel, the Company continues to contribute to the activities performed on innovative devices, advanced materials, smart cities, smart homes and smart factories. In this context, it makes Vestel's know-how and plants available to entrepreneurs at all stages of product development, such as product design, industrial design, multi-screen interface design, prototyping, testing, certification and production.

### Collaborations with Zorlu Group:

Vestel also cooperates with Zorlu Group companies operating in the textile, energy and real estate sectors. With the mainstreaming of wearable technology, sensors that can be integrated into textiles and information technologies stand out as the Company's prominent fields of activity. It carries out joint activities with Zorlu Enerji in the areas such as energy storage systems, solar panels, and energy-oriented international projects.

### R&D Collaborations and Open Innovation at Vestel Beyaz Eşya

Vestel Beyaz Eşya carries out R&D collaborations and open innovation activities in line with the advantages of open innovation such as competitive advantage, low R&D costs, and the ability to discover different ideas by coming together with experts within and outside the Company.

### University Collaborations

Meetings are held with faculty members at universities, who are important stakeholders in collaborations. To provide solutions to Vestel projects, these projects are included in thesis research together with students under the supervision of faculty members and many R&D Center projects are carried out as graduation theses. In 2023, a total of 15 projects selected at İzmir Institute of Technology (IYTE), Ege University, Celal Bayar University and Dokuz Eylül University were undertaken as graduation theses.

These projects are carried out with the participation of faculty members and several industry stakeholders, and are also featured in congresses, conferences and symposiums. These activities bring a different perspective to the projects,



increase collaborations and interactions, and allow us to observe both in-sector and out-of-sector activities. Outputs of papers and articles are presented in different platforms and journals where many scientists, academicians and industry participants are present, and the interactions are increased each year to improve the academic aspect of the employees and the Company with feedback. Within the framework of such collaborations, which bring Vestel Beyaz Eşya R&D Department and academics together, the aim is to convey Vestel's expertise in technology, innovation, digital transformation and Industry 4.0 to university students, as well as workshops on the localization of imported products in the sector. Other collaborations with universities are as follows:

- A protocol was signed with Dokuz Eylül University Science and Technology Application and Research Center for the Sustainable Production of Consumables in Major Household Appliances and Home Electronics Sector and potential common projects are discussed.
- As part of the Co-Op (Cooperative Education Program) courses carried out with the İzmir Institute of Technology, Vestel Beyaz Eşya's undergraduate students also take part in R&D Center projects and activities. Eight students had the opportunity to work with Vestel Beyaz Eşya in 2023 under this program.

- As part of the Vestel - Ege University Business Seminar lectures aimed at final-year students of the Department of Business Administration at the Faculty of Economics and Administrative Sciences, theoretical knowledge and applications, including Vestel company culture, are shared with students by expert company employees serving as instructors. These seminars, which have been held continuously since 2018, consist of 13 lectures per year, transferring industry experience to 40 students in 2023.
- Vestel Beyaz Eşya participates in the annual USIMP (University-Industry Collaboration Centers Platform) event. At the same time, in order to develop and raise its activities in this field, the Company closely follows the relevant legislation, regulations, standards and organizations.
- Two TÜBİTAK 2244 projects under the Industrial PhD Program are in progress.
- Dokuz Eylül University Technology Transfer Office (DETTO), as part of the TÜBİTAK 1601 BIGG Implementing Institution Support Program for Capacity Building in Innovation and Entrepreneurship, keeps providing mentorship and support to entrepreneurs through innovative projects in collaboration with consortium partners from various sectors.

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**In addition to collaborations with universities, Vestel Beyaz Eşya also undertakes various activities with other stakeholders on international platforms.**



**Vestel Beyaz Eşya formed a consortium with many stakeholders on international platforms and applied for three projects.**

### Other Collaborations

In addition to collaborations with universities, Vestel Beyaz Eşya also undertakes various activities with other stakeholders on international platforms. The projects executed through consortium are also among these works. Vestel Beyaz Eşya formed a consortium with many stakeholders on international platforms and applied for three projects.

The company was accepted with the project "Biotechnological Anti Freezing Coating (BioAFC)" in the "M-ERA. NET Call 2020," aiming to coordinate national research strategies in the field of advanced material technologies and to increase competitiveness in this field. Thus, the project was entitled to receive support from the TÜBİTAK 1071 Support Program for Increasing the Capacity to Benefit from International Research Funds and Participation in International R&D Collaborations. Other project partners are Sabancı University Nanotechnology and Research Center, Kansai Altan Boya Sanayi ve Ticaret AŞ (Türkiye) and Kaunas University of Technology (Lithuania). With 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.

The project "E-health Services with Digital Biomarker Ecosystem" was accepted for the EUREKA - Xecs 2021 call and studies are underway. In the Türkiye phase of the project, it is planned to develop a health monitoring platform where health data collected from smart devices will be integrated into a common platform and presented to both doctors and patients on a single screen.

In addition to the projects undertaken within consortium on international platforms, the aim of hosting learners from stakeholder companies as part of the "KA121-VET - Accredited projects for mobility of learners and staff in vocational education and training" is to enable these learners to observe and experience the working environments of their counterparts abroad, thereby enhancing their business manners. At the same time, the aim is to flexibly adapt the knowledge, expertise and professional activities of the institutions participating in the mobility program in member countries to Vestel Beyaz Eşya, and to ensure the development of technical staff.

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

## Intrapreneurship: A Bright Idea

As part of Zorlu Holding's Smart Life 2030 strategy, Vestel companies also attend A Bright Idea, an intrapreneurship program. Launched with the aim of developing an innovation culture and an entrepreneurship spirit within companies, generating permanent solutions for problems, blending these solutions with technology and developing their area of impact and access, the program encourages the Zorlu Group employees, who have "a bright idea," to bring their ideas into life by receiving funding from Zorlu Holding after going through various assessments.

The teams that were entitled to receive investment established a start-up where Zorlu Holding was a partner with 25%. In the first stage of the investment, which is planned to be made in two phases, each team received an investment of TL 500,000. Within the scope of the partnership, startups can also receive support from Zorlu Holding in areas such as law, accounting, human resources, finance, and communication.

Abilitypool, Be Right Back, Conectohub, Geliver and Ne Ekersen were the startups that stepped into the entrepreneurial journey by receiving investments from the two cycles implemented under Parlak Bi'Fikir (A Bright Idea). Following the second cycle of the program, Selffix, which was decided to continue its entrepreneurial journey as an internal project within Vestel, also keeps working on its activities.

### ABILITYPOOL

Starting in 2020, Abilitypool, a digital platform that enables organizations to discover the different talents of their employees and conduct volunteering management more effectively, continues its activities diligently. Bringing employees or members of organizations together with non-governmental organizations in a single environment through the volunteering projects organized by employees or members of organizations, Abilitypool enhanced its social impact by adding many new organizations to its customer portfolio also in 2023. It also launched new products to make donations to NGOs through its website and enable NGOs to generate income with the products purchased from the Kindness Store.

### CONECTOHUB

Conectohub is an application that enables teams to work collaboratively in a goal-oriented manner and to carry out and track numerous different tasks at the same time. Having three different functions consisting of Project Management, Social Intranet and Internal Communication Application, Conectohub carried on its activities in 2023 and contributed to the training of new entrepreneurs by providing mentorship on various platforms.

### BRB

The tech startup BeRightBack (BRB) 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 the owners of powerful computers the opportunity to generate income by sharing their computers.

### GELIVER

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 addition to improving the product to integrate customers easily into the system, Geliver also managed to grow its turnover steadily, build high customer loyalty and raise the number of daily shipments in 2023.

### NE EKERSEN

The startup, which aims to render agriculture more efficient by allowing all stakeholders in the agricultural sector to access the services they need, from a single mobile platform, was awarded the best early-stage startup award in the agricultural technologies category at the Pre Take Off event organized as part of Teknofest in 2023. Besides, the Company launched its mobile application for farmers.

### SELFPIX

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. While extending the lifespan of electronic products with these services, Selffix, which improves efficiency, has been showcased at international fairs and events.

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Vestel Digital Transformation Office strives to maintain coordination at all stages of the digital transformation journey, design data-driven and appropriate methods/processes and promote them throughout the organization.**



**Vestel carries on its activities with 66 projects, 20 different transformation processes and methods, 491 employees and 103 transformation ambassadors.**

### DIGITAL TRANSFORMATION

In line with its vision of being a technology company creating social and environmental benefits, Vestel integrates digitalization into both its production processes and working culture, and the products and services it offers. Transformation and digitalization in production processes are implemented within the scope of Industry 4.0. Other efforts and ongoing investments include proactively managing cyber security risks to provide customers with a better product experience, manage supply chain processes more effectively and protect data privacy.

Digital Transformation Office strives to maintain coordination at all stages of the digital transformation journey, design data-driven and appropriate methods/processes and promote them throughout the organization. The Company strives to adopt and introduce modern and agile methods in all of its operations through human-oriented working, systemic perspective and strategic management approaches. Vestel carries on its activities with 66 projects, 20 different transformation processes and methods, 491 employees and 103 transformation ambassadors.

	Number of Digitalization Department Employees	Total Budget Allocated for Digitalization (TL)
Vestel Beyaz Eşya	69	51,818,133
Vestel Elektronik	75	63,608,799



### Data Management

Today, "intensive data generation" and "interpretation of these data" that emerged with developing technologies is an increasingly important field of study. Collecting, sorting, normalizing, accurately and securely storing, processing, interpreting and visualizing the data needed for industrial workflow processes with appropriate methods are of great importance for industrial enterprises in terms of the benefits they can obtain from this data. Reducing the losses of production teams with Production Line Work Planning and Line Balancing contributes to increase in productivity. Special software systems developed to prevent human error in business processes that require "Sensitive Information and Verification" are used.

### Digital Transformation in Customer Experience

Vestel keeps producing end-to-end digital solutions in customer experience. Data science is utilized in after-sales services to improve customer experience and in the management of dealer processes. New functions and solutions were added to the website "Çözümü Var," offering customers a digital experience with fresh solutions such as the ability to conduct transactions, manage smart products with the Evin Akli application and Vestel Digital Assistant. Furthermore, feedback from users on their experience is collected digitally from all contact points and actions to enhance the experience are developed.

**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.

**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).

**Digital Labels:** With digital labels that enable price information to be automatically changed on the product, employee workload is reduced and customers are given the most accurate prices and campaigns. Infrastructure activities continue to ensure that digital labels, which contribute to omni-channel transformation by allowing physical and online stores to update their prices at the same time, will be available at all corporate stores in 2024.

**Veslink:** Authorized service centers can quickly resolve software-related issues in products by uploading the necessary software to their electronic boards using Veslink software installation devices, without the need for spare parts. 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. By updating the software, 6,640 electronic board replacements are prevented annually.

**Voice Bot and Video Call Support:** Feasibility studies for the Voice Bot and Video Remote Assistance applications are being conducted, and their use is planned to commence in the upcoming period. Thanks to the application, customer requests will be resolved without waiting through voice bot technology, and video call support will enable a better understanding of customer requests and facilitate remote resolution.

**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.

### 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 were submitted to the Digital Transformation Office with the opening of the BiGDES system, which is referred in the Guide, in February 2023. The BiGDES system has already completed its preparations, compliance and auditing obligations.

In 2023, Vestel provided a total of 3,621 hours of information security training to 3,602 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. Necessary disclosures are made to individuals whose



## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Vestel initiated compliance efforts across all its products, taking measures that go beyond the requirements of these regulations.**

personal data are processed in accordance with the PDPL, and their explicit consent is obtained when required. The necessary information is clearly provided to all individuals through the Vestel Privacy Policy available on the website.

Vestel Privacy Policy covers all operations, including suppliers. The Zorlu Holding Data Protection Directorate is responsible for the protection and privacy of personal data. 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 2023. Accordingly, there is no data breach reported to the Personal Data Protection Board.

**Measures taken against cyber risks in operations:** External access to company systems is only permitted through 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.

**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. Numerous security regulations are introduced, especially in Europe and the United Kingdom. Vestel triggered compliance efforts across all its products, taking measures that go beyond the requirements of these regulations. In this regard, Vestel ensures compliance with personal data protection laws, cybersecurity regulations, as well as regulations from the EU and the United Kingdom.

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 breaches 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 this software used in Vestel solutions are performed together with testing groups.

Numerous security regulations are introduced, especially in Europe and the United Kingdom. Vestel triggered compliance efforts across all its products, taking measures that go beyond the requirements of these regulations. An online platform is being prepared where end-users and cybersecurity researchers can provide feedback. 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 creation of the National IoT Security Standards.



## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

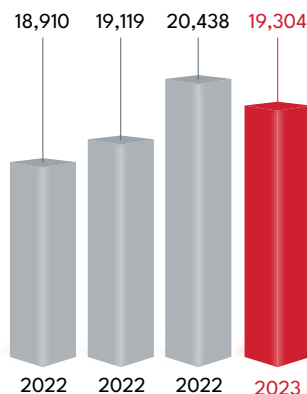
**Vestel focuses on providing and developing the most ideal working environment for the health, safety, rights and personal development of its employees.**

### EMPLOYEES

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

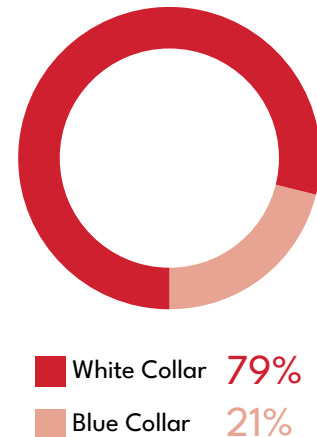
#### Total Number of Employees



#### 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) Equal Life Gender Equality Manifesto** and being a signatory to the **United Nations Women's Empowerment Principles**, the Company assumes the responsibility to contribute to gender equality in society, in the electronics and major household appliances sectors, and among Vestel's employees at all levels.

#### Share of Employees by Category







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

Launching the Female Technician Training Project within the Vestel Service Academy in 2019, Vestel provides technician training to customer representatives who work in authorized service centers and offers them the opportunity to work in after-sales technical support teams. By the end of 2023, 43 of the 88 female technician candidates who successfully completed their practical technical training actively work in the field.

### Ratio of Employees by Gender



Male 65%  
Female 35%

Vestel established the Gender Equality Group within Vestel in order to develop volunteering projects that raise awareness with the motto “An Equal Life is Possible for All.” In this regard, a **Domestic Violence Prevention Policy** was published for all Zorlu Holding Group companies, including Vestel, which aims to ensure more equal working conditions for working mothers through the Happy Mother Project. In 2023, 10,133 people received 5,221 hours of gender equality training.

Women Entrepreneurs Association of Türkiye (KAGİDER) Equal Opportunity Model Certificate was obtained in 2023. 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 our language. It brought together alternative discourses that can be used from an equal and inclusive perspective in the dictionary, which can be accessed by all stakeholders via the **Smart Life 2030 website**.

A total of 273 female and 566 male employees benefited from maternity and parental leave in 2023. Of these female employees, 36% returned to work and involved in working life again. There are breastfeeding rooms accessible to all female employees in the Company’s Manisa production facilities.

### Share of Managers by Gender



Male 66%  
Female 34%

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Vestel offers a decent, respectful, equitable and fair working environment that guarantees human dignity.**

**A total of 21 people with mental disabilities, 11 at Vestel Elektronik and 10 at Vestel Beyaz Eşya, were employed at the Sheltered Workplace for People With Mental Disabilities (Z.E.K.İ. Life Center), the first of its kind in Türkiye, established in the Manisa Organized Industrial Zone since 2019.**

### FEMALE/MALE WAGE RATES

Breakdown	Base Wage			Base Salary + Cash Incentives		
	2021	2022	2023	2021	2022	2023
Senior	103%	102%	103%	105%	97%	100%
Management	92%	92%	94%	90%	92%	93%
Non-executive white collar	95%	97%	92%			
Non-executive blue collar	90%	87%	85%			
Non-executive total	91%	91%	87%			
All employees	84%	85%	83%			

\* For base salary; Total Actual Wages are taken as basis.

\* For cash incentives; Wage Differential (Net) is based on Gross.

\* Calculation: (Female wage average / Male wage average)\*100

Average Salary Differences by Gender	2021	2022	2023
Average gender pay gap	21%	18%	20%
Median gender pay gap	16%	15%	17%
Average bonus difference	20%	17%	17%
Median bonus difference	3%	4%	7%

\* Bonuses are based on gross wage difference (net).

\* Calculations excluding bonuses are based on total gross wages.

\* Calculation:  $[1 - (\text{female wage average} / \text{male wage average})] * 100$

### 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. For this purpose, people with hearing and speech impairment are provided with training and encouraged to actively participate in business life. Under the project kicked off in 2015, 461 people with disabilities were employed by Vestel in cooperation with 17 special education vocational high schools for the deaf in Türkiye. As part of this project, sign language interpreters were appointed to meet the needs of disabled employees.

To integrate the people with mental disabilities into working life and provide social support to their families, Vestel has employed a total of 21 people with mental disabilities since 2019, including 11 at Vestel Elektronik and 10 at Vestel Beyaz Eşya, at the Sheltered Workplace for People with Mental Disabilities (Z.E.K.İ. Life Center), the first of its kind in Türkiye, established in the Manisa Organized Industrial Zone since 2019. In this context, the Company created sheltered and ergonomic working areas within the production areas of factories.





### Human Rights

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 Labor 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 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 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 on the compliance with human rights.

At Vestel, 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.

In 2023, a Human Rights Committee was established within Vestel Elektronik where complaints and suggestions are evaluated. This committee convenes every three months and evaluates the complaints and suggestions submitted by employees in line with the human rights framework and works on the actions that can be taken.

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 protects personal rights of its employees without tolerating any kind of physical, sexual and psychological harassment. 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's policy on this issue is shared in the **Ethical Principles** and Workplace Regulation. There were no cases of discrimination or harassment identified at Vestel in 2023.

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Vestel cares about maintaining its long-term cooperation by supporting the career planning of its employees with promotions and horizontal promotions.**



**Vestel's performance management system is implemented annually to evaluate and develop the workforce and to ensure that both the organization and the individuals making up the organization move towards their goals.**

### **DEVELOPMENT OF EMPLOYEES AND TALENT MANAGEMENT**

Talent gap or shortage is at the forefront of the problems that companies may face in the 21<sup>st</sup> century. As a company providing services in the fields of engineering and technology, Vestel considers talent management as a significant factor in its success and innovation capacity.

Attracting new and right talents to the Company with the motto "Being where the talent is" forms the basis of Vestel's strategy. One of Vestel's top priorities is to find the right talent to lead technology and digitalization, to retain existing talents, and to enable them to connect with Vestel. Talent management processes at Vestel are handled with a human resources analytics approach.

Considering the personal and professional development of all employees as its most valuable investment for the future, Vestel 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. In this context, Vestel attaches importance to carrying out the career development of its employees through a fair and inclusive process.

### **Performance Management**

Vestel's performance management system is implemented annually to evaluate and develop the workforce and to ensure that both the organization and the individuals making up the organization move towards their goals. All white-collar employees are included in the performance management system. Vestel 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. 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 competency-based performance management system, targets are set at the beginning of the year based on measurable objective indicators, and interim targets and performances are monitored in the middle of the year.



**The training activities conducted at Vestel with both internal and external trainers are designed with the goal of discovering and developing a workforce that thinks, researches, questions, creates, innovates, and produces.**

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 who attended regular performance and career development evaluations at Vestel reached 3,805 in 2023. Vestel 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.

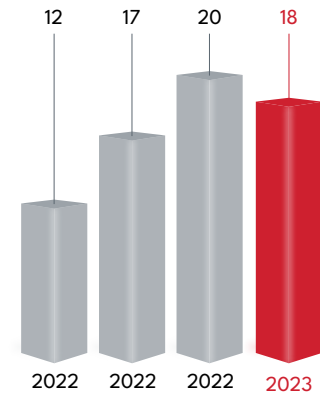
#### **Rotation Practices**

Through effective human resources management, Vestel focuses on making innovative perspectives a part of the corporate culture. It periodically engages in succession planning and essentially covers its human resources needs through its in-house human capital. In 2018, rotation practice was initiated in order to diversify the knowledge, skills and experience of employees, to realize career planning by obtaining different tasks or company experience, and to increase company efficiency and employee motivation. Rotations among Vestel Group employees are considered as an important tool that reinforces inter-company communication and cooperation and leads to significant increases in the performance of employees and companies. In 2023, a total of 269 employees changed positions and departments.

#### **TRAINING**

The training activities conducted at Vestel with both internal and external trainers are designed with the goal of discovering and developing a workforce that thinks, researches, questions, creates, innovates, and produces. Today, where the need for competent human resources constantly increases, Vestel implements its training investments for employees in terms of sections, departments and projects. The investment in development does not limited to Vestel employees. It also includes dealers and service employees. The Company analyzes the training of employees by grouping them by age, gender, seniority and training types. An average of 18 hours of training was provided per employee in 2023, and a training budget of TL 874 was allocated for each employee. The same year, a total of 1,944 hours of training was provided to 11,315 employees under the sustainability topics of "Environment" and "Zero Waste."

#### **Average Training Hours per Employee**



## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Vestel offers various practices as part of the importance it attaches to employee development.**

### Employee Development Training

#### Vestel Technology Academy

Vestel Academy provides training activities in line with the vision and mission of Vestel, which will contribute to progress of the Company towards its success target. All employees within the Vestel Group of Companies are provided with technical and mandatory vocational training programs, as well as personal development and managerial competency training programs. By using hybrid learning methods, an agile education approach continues to contribute to the corporate culture.

#### Vestel Retail Academy

Vestel Retail Academy was established with the vision of training retailers who are well-equipped, improve their knowledge and shape the sector. The Academy offers training on "Sales-Marketing," "Management Skills," "Performance Development," "Personal Development" and "Finance" for head office employees, corporate store employees and dealer business partners.

#### 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 Technology Academy

Developed in collaboration with Vestel Group of Companies and Özyeğin University, Vestel Technology Academy is a long-term postgraduate education program that aims to provide Vestel employees with qualified training that will contribute to their lifelong development and to increase their technical knowledge and experience. Under this training program, employees who wish to pursue postgraduate education are encouraged to obtain master's and doctoral degrees in the engineering fields that Vestel needs.

178 Vestel employees who received 21,564 hours of training as part of the Vestel Technology Academy in 2023 continued their graduate studies in the fields of Computer, Electrical-Electronics, Industrial and Mechanical Engineering, and Data

Science. A total of 400 employees have graduated so far. In addition, 74 academic studies were transformed into industrial practices and 46 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 engineers the opportunity to become in-house academics. Employees, who are assessed 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 2023-2024 academic year.

#### Vestel Retail Academy

In 2023, Vestel Retail Academy (VPA) organized a total of 30 training and development programs with 49 different trainers for head office employees, Vestel store employees, Vestel and Regal dealer business partners and Zorlu Holding employees. A total of 115 classes were opened on 65 different topics in the fields of "Sales-Marketing," "Management Skills," and "Competency Development," and 11,189 person\*hours of training was provided to 2,949 participants. At the end of the training, participants achieved 23% increase in their performance through exams conducted before and after the courses. Based on the participant satisfaction survey results, the satisfaction rate is 96% and the average NPS (Net Promoter Score) is 70.





**The Workshop Leadership Development School, specially designed for blue-collar teams and shift leaders, aims to strengthen lifelong competencies and leadership approaches of the participants through the modules it contains.**

Training programs for Vestel store employees are designed with the objectives of "Managing Yourself," "Managing the Product," "Managing the Customer" and "Being a Team." The "Regional Officer Training Program" was conducted for Regional Officers, the "Top 25 Most Successful Store Officers" program for Store Officers based on the results of the Grading Development System Exam, and the "Top 40 Most Successful Sales Consultants" program for Sales Consultants, again based on the results of the exam. "Sales English" programs were conducted for employees working in stores where foreign customers often visit. The program was later turned into video training and made available to all sales consultants through Zorlu Academy.

The "Dealer Owners" program continued with product training, effective management seminars, financial analysis and customer experience training. In 2023, the "2nd Generation Dealer Business Partners" program was developed and training and mentoring meetings were organized for participants. Launched in 2022, the Women Dealera program continued in 2023 with training sessions on management and personal development and was supported by mentoring meetings. The biggest point of contact with dealers was the newly established online training platform, [vpa.com.tr](http://vpa.com.tr) which hosts 130 video content.

The "Dealer Coordinator" program aims to improve dealers in the fields of management and retail. A total of 16 different programs were organized for head office employees. For the target audience of Managers, training sessions were organized to understand Generation Z and build relationships with them. In the "Catalog Program," training on 15 different topics such as omnichannel marketing, sales, time management and presentation skills was delivered.

#### **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 136,142 person\*hours of training to 3,106 employees in 2023 through various training modules and different training approaches that actively utilize digital and live channels. Vestel Service Academy is the first training program in Türkiye to hold TS ISO 10993 Certificate.

Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Vestel Elektronik Sanayi ve Ticaret AŞ and Vestel Ticaret AŞ received accreditation as a consortium of three companies for the Erasmus+ KA121-VET project, which was opened to the application of institutions and organizations operating in the service and production sectors for the first time in 2021 by the National Agency. A total of 24 technicians had training on Electric Vehicle Charging Stations (EVC) in Germany. Moreover, five trainers underwent training on the Germany Dual Vocational Training System under the coordination of Vestel Service Academy in 2023.

#### **Workshop Leadership Development School**

The Workshop Leadership Development School, specially designed for blue-collar teams and shift leaders, aims to strengthen lifelong competencies and leadership approaches of the participants through the modules it contains. The program, which was developed by Vestel's internal resources in terms of design, content, methodology and instructor staff, has an approach focused on experience, games and activities. By creating an environment where senior management and team/shift leaders come together, fast and effective exchange of experience and managerial alignment of the corporate culture are ensured. In 2023, a total of 390 team/shift leaders received 16,793 hours of training under five modules.

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Vestel Academy Training Platform introduced the microlearning model within the Company, especially targeting field workers.**



**The Onboarding Program, implemented to introduce new employees to Vestel culture and facilitate their adaptation process, is revised each year in line with innovations and needs.**

### **Vestel Academy Training Platform**

In 2023, Vestel added a new digital training platform for its employees. Vestel Academy Training Platform introduced the microlearning model within the Company, especially targeting field workers. Specially designed content for field employees includes practical information suitable for daily operations and learning processes are optimized with the micro-learning model. In addition to the training on Gender Equality, Earthquake Preparedness and Living with Earthquake, Environment and Zero Waste, it is aimed to add new training to the platform. Vestel Academy Training Platform provided 9,137 hours of training to 10,882 field employees.

### **Zorlu Academy Training Platform**

Zorlu Academy Online Training Platform offers personal development and technical training content for all Zorlu Group companies. Besides corporate governance and sustainability training, there are also training programs focusing on the professional development of employees. Through the training sessions covering a wide range of topics, it is aimed to ensure compatibility of employees with current developments in business world, their active contribution to corporate culture, improvement of their competencies and optimization of their business performance. In addition to training courses such as Gender Equality, Ethical Principles, Environment, Financial Literacy and Innovation Culture, efforts are underway to add new training courses to the platform. In 2023, 18,050 hours of training were provided to 5,171 office employees through the Zorlu Academy Training Platform.

### **Onboarding Program**

The Onboarding Program, implemented to introduce new employees to Vestel culture and facilitate their adaptation process, is revised each year in line with innovations and needs. Facilitating the onboarding and adaptation process and introducing Vestel culture are the main objectives of the Onboarding Program. Since 2020, the Onboarding Program, which continues to be implemented on an online platform, has been integrated with the Pole Star mentoring application.

With the Pole Star Mentorship program, Pole Stars, who will work voluntarily for three months in parallel with orientation, are selected under the leadership of department managers and participate in a training provided by the Human Resources Department. In 2023, a total of 77 Pole Stars provided guidance to new colleagues.

### Programs for young talents

Vestel carries on its employer brand journey on campuses with the motto "Possible with Vestel, Why Not?". The Company aims to reach qualified candidates on university campuses and ensure the recruitment of talent. For this purpose, Vestel closely cooperates with universities and organizes various projects such as career events and engineering competitions. In 2023, Vestel participated in 64 events with 16 universities, six agencies and two high schools, bringing the employer brand together with a great number of university students. In addition, Vestel also conducts programs such as Vestel Management Trainee and Vestel Internship Programs to attract young talents.

### Vestel Campus Activities

Vestel maintains 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. In 2023, Vestel signed a Co-op project and a graduation thesis agreement with four universities within the scope of university-industry cooperation. In addition, in line with the objective of supporting women engineer student societies through university campus events, in 2023, the Company supported four organizations focusing exclusively on women engineers at four different universities with speeches by women engineers working at Vestel. Vestel attaches importance to coming together with female engineering students, encouraging and supporting them as a company that produces technology.



### Vestel Management Trainee Program

The Vestel Management Trainee (MT) Program is a comprehensive program aimed at training new graduates to be the managers of the future. This four-month process consists of academic courses, theoretical training at Vestel, personal development training and internship stages. Through this program, young management candidates who are familiar with the company culture and have industry knowledge are trained and new projects that will add value to Vestel are developed. In 2023, a total of 15 new graduates from Türkiye's leading universities participated in this program in cooperation with Koç University. The 14<sup>th</sup> Vestel MT Program was completed in 2023 with the participation of 15 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. Young management candidates received 3,525 hours of training in 12 different topics as part of the training program.

**Thanks to its activities, Vestel Campus received the 3<sup>rd</sup> prize in the "Most Desirable Company to Work for" category decided by Youthall.**



## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Attaching importance to the happiness of its employees, Vestel strives to be an accessible employer, to improve the rights of its employees and to create a healthy and peaceful working environment for them.**

**Vestel 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.**

### **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.

### **Employee Engagement and Satisfaction**

Vestel attaches importance to the well-being of its employees, with the belief that employee loyalty will enable the Company to increase its competitiveness, financial performance and reputation as an employer. The Company invests in technological infrastructure and continuously improves 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 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. Additionally, requests and complaints of all employees regarding working conditions are collected anonymously 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 "Heartfelt Conversations" event, attended by employees, aims to promote meeting and cohesion between departments. The online event called "Expert Conversations" is an event where experts in their fields are hosted and employees participate and interact with them. "Agenda & Hello" is an online event organized based on the need for information within the Company. In 2024, activities are planned to continue.

### **Fringe Benefits**

Common fringe benefits offered to employees include transportation, meals, kindergarten and kindergarten shuttle service support, educational scholarships from the Zorlu Holding Mehmet Zorlu Foundation for successful children, marriage, birth and death leaves, cash allowances, four shopping vouchers per year, additional payments for those who complete their master's and doctorate degrees, educational support payments for those who have children in school, monthly financial support for those who have children with disabilities, the right to use the gym in Vestel City and discounts on Vestel branded products. In addition to work-life balance solutions, a hybrid working pattern is implemented in departments where possible.

Vestel has a regulation on working conditions and the use of leave before and after childbirth. It is essential that female employees are not required to work for a total of 16 weeks: eight weeks before the birth and eight weeks after the birth. In the event of multiple pregnancy, two weeks are added to the 8-week period. A female employee may work at the workplace up to three weeks before the birth (37<sup>th</sup> week) provided that a medical report certifies that she is in good health. In this case, the time worked is included in the postnatal period.





**Vestel Group developed various projects to improve the quality of life of its employees in the area of "Corporate Well-being," which is among the Group's sustainability goals.**

#### **Work and Life Balance**

The "Viva!" Project, which was developed to improve the quality of life of employees and ensure that they have a long-lasting corporate life in the area of "Corporate Well-being," which is among the sustainability goals of This project was integrated into the "We Are Good Together" Project and Wellbees application within Zorlu Holding 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 established 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.

#### **Employee Volunteerism and Contribution to the Society**

As part of Vestel's sustainability approach, one of its key goals is to increase corporate volunteering efforts. Launched in 2019, the "Sparks Movement" aims to carry out volunteering activities in five main groups within the Vestel Group of Companies: "environment," "children," "people with disabilities," "material recycling" and "animals-our friends." In 2023, 810 Vestel employees volunteered in these activities for a total of 3,334 hours.

With the participation of Vestel Sparks, events were organized in 2023 in cooperation with surrounding municipalities to clean up glass waste, which is one of the most important causes of forest fires in Türkiye. Additionally, a total of 27 volunteering projects were undertaken across the country, including disaster/relief projects following the February 6 earthquakes, environmental cleaning in Manisa and Foça, feeding stray animals as part of the World Stray Animals Day, the Ebruli Art workshop with Koruncukköy, the Future for Children Workshop, the Knitting for Manisa Nursing Home event and the "My Voice is a Heritage" project, in which Vestel employees contributed to the e-library by recording audio books for the visually impaired in cooperation with GETEM.

At the end of 2023, 30 volunteers were given plaques by the Sparks Movement, marking the 5<sup>th</sup> anniversary of the Movement, by coming together with the voluntary employees who volunteered the most on the basis of hours in 5 years.

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**In changing production processes, Vestel ensures that safety measures are taken at the highest level and provides employees with a safe and healthy working environment.**



**Vestel is sensitive about Occupational Health and Safety (OHS) policies and practices in order to provide a safe and healthy working environment.**

### **OCCUPATIONAL HEALTH AND SAFETY**

Vestel emphasizes Occupational Health and Safety (OHS) policies and practices to ensure a safe and healthy working environment and strives to assess and manage all risks that may result in loss, injury or damage arising from any hazard in the workplace and the potential impacts on employees, subcontractors, sub-industries, visitors, solution partners and other employees in the workplace. Vestel'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 Occupational Health and Safety Policy is available [here](#).

Participation in activities on occupational health and safety is encouraged in the factories and there are employee representatives elected from each department to monitor the activities.

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 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 assessed 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 at the factory fields, specific to their work and at certain standards, and periodic examinations are carried out for all employees.

## Vestel Elektronik continued to provide OHS training to all employees and organized a total of 134,522 hours of basic OHS training during the year.

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. In case of non-compliance, Vestel takes necessary measures. 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 training.

Employees undergo regular periodic health examinations planned according to both their own state of health and the risks in their current area of responsibility. 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 fastest possible solutions are put into practice.

Vestel Elektronik continued to provide OHS training to all employees and organized a total of 134,522 hours of basic OHS training during the year. ISO 45001 Certificate remained valid after the audit carried out in 2023.

### OHS Performance Indicators<sup>2</sup>

Employees	2020	2021	2022	2023
Number of Fatalities	0 ✓	0 ✓	4	0 ✓
Lost-Time Injury Frequency Rate <sup>3</sup>	19.88	24.90	26.48	23.14
Severity of Accidents <sup>4</sup>	0.03	0.20	0.71	0.19
Occupational Disease	0 ✓	0 ✓	1	0 ✓
Injury Frequency Rate	35.64	52.21	51.66	66.77
Number of Accidents	1,382	2,298	2,391	3,030 ✓
Number of Lost Workdays	7,746	11,804	43,705	11,808 ✓

Subcontractors	2020	2021	2022	2023
Number of Fatalities	0 ✓	0 ✓	0 ✓	0 ✓
Lost-Time Injury Frequency Rate <sup>3</sup>	19.29	17.56	11.26	20.04
Severity of Accidents <sup>4</sup>	0.06	0.07	0.09	0.21
Occupational Disease	0 ✓	0 ✓	0 ✓	0 ✓
Injury Frequency Rate	27.49	34.39	50.32	67.17
Number of Accidents	67	96	143	188
Number of Lost Workdays	525	523	360	485

Total	2020	2021	2022	2023
Number of Fatalities	0 ✓	0 ✓	4	0 ✓
Lost-Time Injury Frequency Rate <sup>3</sup>	19.85	24.46	25.59	23.02
Severity of Accidents <sup>4</sup>	0.03	0.19	0.67	0.19
Occupational Disease	0 ✓	0 ✓	1	0 ✓
Injury Frequency Rate	35.16	51.15	51.59	66.79
Number of Accidents	1,449	2,394	2,534	3,218
Number of Lost Workdays	8,270	12,327	44,065	12,293

<sup>2</sup> Represents the consolidated data of Vestel Elektronik, Vestel Beyaz Eşya, Vestel Komünikasyon and Vestel Ticaret companies.

<sup>3</sup> 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

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

\* Data marked between 2020 and 2022 were verified last year. For 2023 data, a separate verification service was received this year.



## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**Out of the Sustainable Development Goals, Vestel organizes various social projects focusing primarily on Quality Education, Gender Equality and Decent Work and Economic Growth.**

### CORPORATE CITIZENSHIP

Vestel 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 contributed a total of TL 125,103,113 to social projects in 2023.

#### **Sponsorships**

Vestel keeps contributing to the sports world with its sponsorships in various sports branches. Organizations to be sponsored and supported are bolstered up by innovative and creative projects aligning with Vestel's marketing strategies. Sponsorship deals are considered based on criteria such as brand awareness, image, loyalty, consumer behavior and sales performance. In this regard, the organizations to be supported are evaluated based on criteria such as the target audience, the relevance of the focused social benefit to the Company's sustainability strategy, the number of people reached, and the utilization of social innovation tools.

Vestel has been a major supporter of the Turkish volleyball in the last seven years and will carry on its support as the main sponsor of the Turkish Volleyball Federation (TVF) in the 2023-2024 season. Vestel will also be the chest sponsor of the Men's National Team and will carry on being the main sponsors of TVF.

Under the terms of the sponsorship agreement, the Burhan Felek Volleyball Hall in Istanbul will be known as the "TVF Burhan Felek Vestel Volleyball Hall" for the next three years and the TVF Atatürk Volleyball Hall in İzmir will be named the "TVF Atatürk Volleyball Hall Vestel Sports Complex."

Communication activities such as the "We Are a Country of Volleyball" campaign continue to support volleyball in Türkiye. Vestel's communications efforts have resulted in a total of 45 awards so far, and have been ranked among the most successful in the sector. In 2022, through the agreement drawn up with the Turkish Gymnastics Federation, Vestel became "Main Sponsor of the Turkish Gymnastics Federation" and "Main Sponsor of the Gymnastics National Teams." The company carried on this sponsorship also in 2023. Additionally, Vestel's sponsorship of Let Your Stance Be Inspiration aims to contribute to the development of Turkish gymnastics, increase the motivation of young athletes and attract interest in gymnastics. The goals of sponsorship include increasing the national and international success of Turkish gymnastics, making gymnastics more well-known and popular in the society, supporting the acceptance and expansion of gymnastics as a fundamental sport. Thanks to Vestel's support, the Turkish Gymnastics Federation expanded from 12 to 81 cities, from 600 athletes to 25,000 competitors, and from 1,200 to 120,000 licensed athletes. Gymnasts won medals at the European, World and Olympic Games.





## Vestel continues to add value to society through its Corporate Social Responsibility projects.

Furthermore, in 2023, Vestel became the Main Sponsor of the Turkish Sports Federation for the Physically Disabled to contribute to the accessibility and democratization of sports for all. This sponsorship covers all branches of the Turkish Physically Disabled Sports Federation.

Ongoing sponsorships in sports 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, Göztepe Spor and sailing racer Okyanus Arkan.

As part of its support for the arts, Vestel is one of the corporate sponsors of Zorlu PSM.

### 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 houses where these women establish an independent life after 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, contribute to their plans to lead an independent life, improve their qualifications through vocational training, integrate them into working life and, thus, ensure equal opportunities and gender equality.

### Do It Yourself Workshops with Vestel

DIY Workshops with Vestel focuses on socio-economically disadvantaged schools. This project was implemented in cooperation with Zafer Development Agency and Uşak University and the first workshop was realized in Uşak. Through the use of waste, zero waste and circular economy practices are encouraged, coding and design skills of children are developed and recycling awareness is promoted. In the workshops, recycled materials are used to create products, and students are taught Robotic Coding and Design Skills while also gaining experience in sustainability and innovation. Students are also encouraged to participate by being offered internship opportunities.

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

**By identifying the risks that pose a threat to the supply chain and the areas where improvements can be made, Vestel carries out various activities to prevent supply chain interruptions.**

### SUPPLY CHAIN

Supply chain risks have an impact on many companies globally and supply chain resilience, sustainability and effective management have become increasingly important issues. Risks arising from logistical and political problems, such as the unavailability of the Suez Canal due to ongoing wars and attacks on merchant ships, cause disruptions in supply chains.

By identifying the risks that pose a threat to the supply chain and the areas where improvements can be made, Vestel carries out various activities to prevent supply chain interruptions. The Company manages supply risks with the diversity of its supply network and flexible production capability. Vestel 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's priorities in the supply chain stand out as quality, cost, safety, logistics and sustainability.

To ensure continuity in supply and production as well as to support local economic development, local suppliers are prioritized in supplier selection.

Operational efficiency projects are designed to involve sub-industries and employees at all levels so as to minimize the reflection of rising supply chain costs on product costs.

To ensure continuity in procurement and production as well as to support local economic development, Vestel prioritizes local suppliers when choosing suppliers and works with its suppliers to ensure that materials purchased from abroad are produced in Türkiye. In 2023, 72% of suppliers were local suppliers and 48% of the payments made to suppliers were made to local suppliers. Vestel identifies suppliers that have a critical impact on business processes. Suppliers that make high volume purchases, suppliers that provide critical materials, suppliers whose products, services and processes cannot be substituted, suppliers identified through Pareto Analysis and Kraljic Matrix, and suppliers that supply materials, services and processes for automotive production are the critical suppliers for Vestel. As of 2023, Vestel Group of Companies has 281 critical suppliers.

	2020	2021	2022	2023
Number of Critical Suppliers at Vestel	244	224	256	281
Vestel Total Number of Suppliers	4,339	4,750	5,178	3,515



## Vestel embraces technology and innovation as a corporate culture and invests in the digitalization of its supply chain.

With its innovative structure, Vestel has adopted technology and innovation as a corporate culture since the day it was founded and invests in the digitalization of its supply chain. Additionally, monitoring the ESG performance of suppliers is among the priorities to increase supply chain resilience.

At Vestel, the supply planning teams of the factories convene regularly to work on the alignment of standard processes at different factories and share best practices in supply chain workshop groups. All steps of the supply chain are analyzed thoroughly and improvements are made.

### Vestel Supplier Summit

Vestel Supplier Summit was held in China as the first supplier organization to bring Vestel's critical suppliers together. The event was attended by 385 participants within 180 suppliers from China, Taiwan, Korea and Vietnam. The future vision, plans, new business lines and targets of Vestel were conveyed to the participants by the CEO of Vestel Group of Companies. Growth, investment and product plans in business lines were presented in detail. Vestel Supplier Summit event is not only important as a platform to provide information flow to suppliers and share expectations, but also as a platform where suppliers are rewarded. At the event, where many suppliers received awards, the most meaningful award in the corporate responsibility field in 2023 was given to the supplier that provided the greatest support to Earthquake Container House Donation Campaign of Vestel.

### Evaluation and Audit in 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 **Procurement Principles** as their primary responsibilities.

Suppliers are required to accept the Procurement Principles which are published publicly on the **Vestel Purchasing Portal** and to register in the Supplier Lifecycle Management (SLC) system, which is a supplier management system. You may access the Procurement Principles, which cover all Zorlu Group companies and include the main principles that Vestel expects from its suppliers, [here](#).

	2020	2021	2022	2023
Vestel Elektronik Supplier Audits	225	414	473	509
Vestel White Goods Supplier Audits	14	35	281	250

## TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

### Vestel monitors the environmental, social and governance (ESG) performance and strategies of its suppliers.

Vestel follows its Supplier Selection and Evaluation Procedure for the selection of suppliers. Different criteria such as the supplier's management systems, technological level, financial strength, supplier relations, compliance with corporate social responsibility policies and principles, environmental practices are taken into consideration. In addition, full compliance is expected on issues such as human rights, legal compliance, non-employment of child labor, equality, and non-discrimination.

Some of the environmental criteria to be considered in supplier selection are having an environmental management system standard and the use of chemicals, while social criteria include the matters such as working conditions and human rights.

#### Quality Audits

In this regard, Vestel provided 4,441 hours of training to 1,499 suppliers in 2023. To monitor quality standards, the Company conducted quality audits for 241 new suppliers and 211 existing suppliers.

	2020	2021	2022	2023
Total Suppliers Trained Number of Employees	2,060	2,045	1,428	1,499
Total Hours of Training Provided to Supplier Employees	6,208	6,168	4,902	4,441

#### Vestel Supplier Monitoring and Development Program

Vestel monitors the environmental, social and governance (ESG) performance and strategies of its suppliers. In this respect, Vestel strives to ensure supply chain sustainability by demanding that its suppliers improve their performance on various aspects such as respecting the human rights of their employees, ensuring their health and safety and developing systems against corruption and bribery. From this point of view, the **Vestel Supplier Monitoring and Development Program** was launched to enable suppliers to effectively participate in sustainability processes, understand and improve their current levels.

This program aims to inform, evaluate and develop Vestel's suppliers regarding sustainability. As part of the program, suppliers are required to share their data on environmental, social and governance issues with Vestel at regular intervals through designated platforms and software, and are expected to participate in the evaluation studies to be carried out by independent evaluation institutions.

Vestel Supplier Monitoring and Development Program consists of two stages as training and audit:

**1. Training:** Vestel aims to boost its quality level through the training it provides under the Supplier Monitoring and Development Program. The training content delivered to suppliers within the scope of ESG includes child labor, working hours, freedom of association, wages and earnings, humane treatment, non-discrimination, occupational safety, emergency, environment, waste, energy consumption, greenhouse gas emissions, intellectual property, responsible procurement, confidentiality, risk assessment, training, employee feedback, supplier responsibility, forced labor, safe and healthy working environment and freedom of expression. In 2023, 20% of critical suppliers participated in these training sessions.

**2. Audit:** An online assessment is conducted for critical suppliers within the scope of business ethics and ESG. On behalf of Vestel, this process is carried out by a third-party independent audit organization. In 2023, 100 critical suppliers of Vestel completed this assessment. Upon completion of the training and audit processes, supplier sustainability scores are calculated and reflected on supplier scorecards.





The average score of the evaluated suppliers corresponds to 86/100. 86% of the supplier companies evaluated successfully completed the evaluation. Open actions of unsuccessful suppliers are monitored and actions are expected to be closed within 90 days. 29.5% of the non-compliance cases identified in 2023 were closed by the suppliers within the specified period.

Vestel aims to carry out the same program with the rest of the critical suppliers in 2024. The Supply Chain Working Group monitors the necessary efforts to extend the scope of ESG audits of all critical suppliers.

#### **ESG Performance in authorized services**

Authorized service centers of Vestel comprise a substantial part of the Company's value chain. Vestel also began to monitor the ESG (environmental, social, governance) performance of authorized service centers and to evaluate their practices for improvement. The project, which started in 2022 as a pilot project and expanded to the general public in 2023, aims to evaluate and improve the sustainability practices of authorized service centers.

At the first stage, environmental practices of authorized services such as energy and resource use and waste management are evaluated. Additionally, gender equality, occupational health and safety and social benefit activities of the services are also evaluated to determine their social sustainability scores. Finally, governance practices of the services are also examined comprehensively within the framework of the specified criteria.

Scores on environmental, social and governance issues are analyzed to identify the topics that authorized services need to improve and the actions that will help them move these topics forward. Vestel also gives the resources and training to increase the knowledge and awareness level of authorized service centers on this matter. In 2023, pilot service centers were selected as part of the project and sustainability training was held. A total of 110 Vestel authorized services completed the training, while 95 authorized services brought ESG assessments to completion.

#### **High Risk and Conflict Zone Minerals**

3TG minerals (tin, tantalum, tungsten, and gold) and cobalt mined in high-risk conflict zones worldwide are used for manufacturing electronics and durable major household appliances. Vestel is committed to complying with the United Nations' guidelines and restrictions regarding these minerals, and not purchasing these essential raw materials from high-risk conflict zones or in a way that financially supports conflict.

In this context, Vestel carries out the following activities concerning conflict minerals:

- Identifying products with a high probability of 3TG use,
- Identifying and evaluating supply sources,
- Ensuring that suppliers adopt policies on conflict minerals in line with Vestel'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.

Contracts with suppliers and restricted material lists outline legal obligations and responsibilities that are expected to be followed regarding conflict minerals. At Vestel Elektronik, raw materials are identified based on material groups, and suppliers of materials containing conflict minerals are identified. Vestel Beyaz Eşya examines raw materials within supplied products and identifies those containing conflict minerals while testing hazardous chemicals. Suppliers using these minerals are contacted and asked to complete the Responsible Minerals Initiative (RMI) Conflict Minerals Reporting Template (CMRT) and to repeat it annually.

In 2023, Vestel Elektronik and Vestel Komünikasyon received commitments from 28 new suppliers and Vestel Beyaz Eşya received commitments from 25 suppliers not to use conflict minerals. In addition, Vestel Elektronik received commitments from 57 suppliers and Vestel Beyaz Eşya from 110 suppliers as part of the Supplier Monitoring and Development Program.

## A NET-ZERO COMPANY

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'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 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.

**19%**

Fall in greenhouse gas emission intensity compared to base year (2021)

**7,693 MWh**

Energy savings

**14%**

Decrease in water intensity compared to base year (2021)



## THE JOURNEY TO NET ZERO

### Climate Crisis and Net Zero Targets

In 2023, the 1.5°C temperature threshold set as the limit for global warming under the Paris Agreement was exceeded for the first time. Extreme temperatures, uncontrollable fires, rising sea levels and floods emphasize the increasing and devastating impacts of the climate crisis. The need for mitigation and adaptation strategies is growing worldwide. In this regard, new technologies, green finance and circular economy practices are becoming more important in the transition to a net zero-carbon economy.

Considering that the carbon budget declines faster than predicted, it is critical to reduce GHG emissions to net zero as soon as possible. For this purpose, net zero targets announced by countries are becoming more common. The implications of these government commitments for the private sector, and the mitigation obligations that these implications bring, necessitate each sector to evaluate its climate strategy with scientific targets and sector-specific actions.

### Science-based Targets

In line with the global agenda, Vestel Group of Companies aims to achieve net zero emissions by 2050, first in its own operations and then in its entire value chain. In this respect, an important step towards achieving net zero was taken by committing to the Science Based Targets Initiative (SBTi).

### By 2030, compared to 2021:

- It is aimed to reduce Scope 1 and 2 emissions by 42%,
- and Scope 3, category 11 emissions by 25%.

Vestel will achieve the reduction targets for Scope 1 and 2 operational emissions with various contributions from the different instruments listed below.

- Energy efficiency measures taken in production facilities, such as waste heat recovery systems, electrification, optimization of processes through energy efficiency improvements, improvement and automation of energy monitoring systems,
- Replacing company fleets with hybrid or fully electric vehicles,
- Shifting the energy portfolio of generation activities from fossil fuel-based to those with lower emission factors,
- Expanding renewable energy generation systems to meet primary energy needs, including electricity and heat,
- Using renewable energy certificates throughout operational activities.



## A NET-ZERO COMPANY

**Vestel strives to achieve net zero emissions by 2050 and the Science Based Targets Initiative (SBTi) approval process is continuing.**



**According to the 2023 CDP report, Vestel Elektronik's Climate Change Score was B, while Vestel Beyaz Eşya's score corresponded to A-.**

Among Vestel's Scope 3 emissions, the largest share is made up by the use of products sold in Category 11. In this regard, the Company concentrates on three main areas with the awareness of the necessity to trigger transformation across the entire value chain.

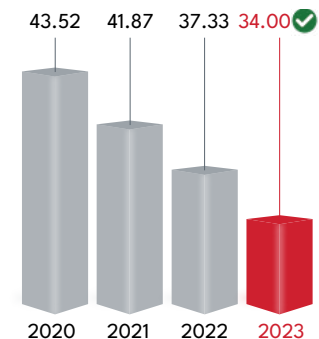
- Accelerating R&D and Innovation efforts to increase the market share of products with low energy labels and develop products beyond compliance levels,
- Designing and manufacturing products with a life-cycle-based approach that will lead to lower energy consumption during the usage phase,
- Generalizing the practices that will lead to behavioral changes in customers through various incentives and communication activities.

Vestel closely monitors actions related to targets undergoing approval process by the SBTi. To minimize the impact of local and international climate developments in the short term, which is considered as 2030, and to seize opportunities optimally, Vestel has begun implementing a "Decarbonization Strategy" aimed at the medium to long term, which is 2050.

Vestel Beyaz Eşya and Vestel Elektronik have been reporting to the Carbon Disclosure Project (CDP) since 2012 and 2013, respectively. For the 2023 CDP reporting, which evaluates the year 2022, Vestel Elektronik's Climate Change score was B and its Water Program score corresponded to C. On the other hand, Vestel Beyaz Eşya got A- as the Climate Change score while its Water Program score corresponded to C.

The CDP reports of Vestel Elektronik can be found [here](#).

### Greenhouse Gas Density\* (tons CO<sub>2</sub>/mUSD)



\*Greenhouse Gas Intensity is calculated based on the sum of Scope 1 and 2 emissions.



**A total of 12 main energy efficiency projects were implemented in Vestel Group of Companies in 2023, which resulted in energy saving of 7,693 MWh and approximately TL 19.2 million.**

#### Renewable Energy Production

Vestel makes a contribution to combating the climate crisis through renewable energy generation and energy efficiency investments to transition to a zero-carbon economy. In line with the investments carried out, the Company plans to reach an annual electricity generation of 11,882 MWh with 8,200 kWp of solar panels and reduce carbon emissions by 5,430 tons. This investment is planned to be realized in 2024. Upon the implementation of the investment, approximately 90% of the electricity consumption of the Vestel Beyaz Eşya tumble dryer plant and 10% of the energy needs of the entire production will be provided using solar power.

#### Energy Efficiency

Energy efficiency constitutes an important step of the net zero roadmap. Monitoring energy consumption and identifying high consumption points through instant data monitoring systems enables the design of effective mitigation projects.

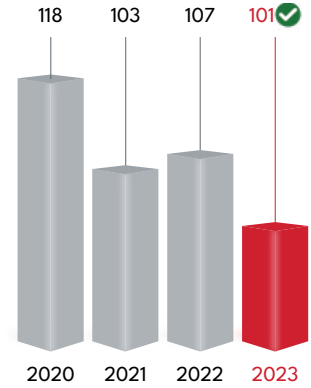


The consumption of all energy points is monitored online at the Data Monitoring and Control Center and actions are taken accordingly.

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. Moreover, data center cooling systems ensure cooling of only the necessary areas. Compared to 2022, the energy consumption of products sold in Türkiye in 2023 improved by 2.8% for tumble dryers, 2.5% for washing machines, 2.4% for cooking appliances, 1.3% for air conditioners and 0.6% for dishwashers.

Vestel employees are provided with "Sustainability, Environment and Energy Training," which covers energy efficiency and energy policy issues. In 2023, 4,068 employees received a total of 2,724 hours of training on energy efficiency.

#### Energy Density (MWh/mUSD)



## A NET-ZERO COMPANY

**As part of its efforts to reduce greenhouse gas emissions, Vestel also complies with regulations, introduces various practices and updates its performance indicators.**



### Logistics

Increasing low-emission transportation and load improvements in logistics operations play an important role towards achieving net zero emissions in the value chain. Packaging optimization efforts help minimize space loss in container, truck and intermodal transfers for shipments from the Far East and Europe.

A **lower emission fuel agreement** was signed with Maersk, one of the largest logistics suppliers. By using lower emission fuel, 8,550 tons of carbon emissions were prevented until the end of 2023.

### Climate Incentives

Vestel Beyaz Eşya implements a reward system for the employees in charge of assembly lines. Employees receive a point for achieving their targets regarding the specified environment, energy and climate change performance indicators and are ranked based on these points 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 catalog later.

### Carbon Border Adjustment Mechanism

Carbon Border Adjustment Mechanism (CBAM) was published on May 16, 2023 as part of the European Union's target to reduce greenhouse gas emissions by 55% until 2030. The CBAM is planned to apply carbon pricing equivalent to the

Emissions Trading System (ETS), which has been in effect in the EU since 2005, to the imports of covered products. Between October 1, 2023 and December 31, 2025, a transitional period, which includes only a reporting obligation with no financial obligation, has started. In this regard, in line with the current requirements of CBAM, the carbon emissions related to inputs such as Cement, Iron-Steel, Aluminum, Hydrogen, and Electricity used in Vestel products are closely monitored. Projects such as the development of programs to calculate the carbon footprint of products to comply with the expanding scope of CBAM in the future, and the establishment of a supply chain management system to monitor indirect emissions, are being implemented.



Small Acts, Big Impact  
**BE SUSTAINABLE**  
VESTEL | naturally cares.



VEHICLE  
S  
EVC01-AC Series

EVC10-AC Series

DECO

## A NET-ZERO COMPANY

**Vestel aims to zero the amount of hazardous waste sent to landfills by 2025.**

### CIRCULAR ECONOMY

Circular economy plays a critical role in tackling the issue of global waste and overuse of resources. It also contributes to the development of new business models that will provide financial benefits. From design to the end-of-life of products, circularity practices encourage principles such as repair, reduction, reuse, recycling and upcycling.

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 after-sales phase, Vestel carries out repair, reuse and renewal activities to extend the service life of its products, facilitate their repairability and ensure that products are ready for reuse. It is aimed to contribute to the circular economy with R&D studies which will reduce costs. Accordingly, to facilitate the repair of products, all parts are designed to ensure their accessibility during repair. Repair and reuse of products are encouraged and efforts are underway in this regard.

### Zero Waste

Committed to the principles of sustainability and zero waste, Vestel aims to minimize the amount of waste by continuing its operational activities in this respect. As part of the Zero Waste Management System, Vestel prioritizes its activities focused on preventing, reducing, recycling and recovering waste generation. The waste generated during the production stages is separated at the source, stored in temporary storage areas and sent to licensed waste companies in line with the Waste Control Regulation. Through regular audits, recycling and recovery of waste are controlled.

At Vestel, 93% of waste is recycled and waste from production is recycled by organizing waste bins. As part of the Zero Waste practice and the vision of circularity, food waste is also utilized. In 2023, 2,004 kg of compost obtained from waste was utilized in Vestel's own green areas and 99.4 tons of food waste was donated to stray animals.

Vestel has started to use FSC-certified, 100% recycled cardboard in the packaging of its refrigerator and dishwasher products. 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. This practice was extended to all Vestel branded major household appliances sold in Türkiye in 2022. In 2023, a total of 20,667 tons of recycled cardboards were utilized.





## In 2022, Vestel participated in the Circular Transition Indicators (CTI) training program to measure its circular economy performance in cooperation with BCSD Türkiye.

In 2022, Vestel participated in the Circular Transition Indicators (CTI) training program to measure its circular economy performance in cooperation with BCSD Türkiye. By using the CTI Tool software, the total circularity performance of Vestel production facilities in 2021 in the categories of materials, energy and water was measured as 27.39%. The analysis revealed that 12% of the raw material inputs used in the production phase are obtained from circular sources, while 39% of the outputs are circular. Within the scope of this program, raw materials and products that will increase circularity the most have been identified. Risk and opportunity analyses were conducted and action plans were subsequently prepared to improve the results of the Circular Transition Indicators.

### Product Recovery and Repair

Vestel ensures the repair and reuse of defective materials and products through the Material Inspection and Recovery Project. While authorized services are in charge of collecting defective parts that are replaced in the field, the Recovery Unit plays a role in repairing the collected defective parts, reusing them as spare parts and bringing them into the system. In 2023, 24,052 spare parts were recovered, resulting in savings of TL 7.7 million.

Unrepairable parts are separated according to their scrap class and recycled. Scrapping process is equivalent to the number of products included in the recycling process. The net income generated by the project in 2023 amounted to TL 527,560. Such practices provide economic gains by recovering parts that are of financial value to the Company, while at the same time reducing environmental impacts by minimizing the amount of electronic waste.

The products that are replaced under warranty are delivered to the Replacement Products Evaluation Center (DÜDEM) in Vestel City and those that can be repaired are refurbished at the Refurbishment Centers, Central Repair and Recovery Centers and offered for sale at Vestel Outlet stores and some dealers. In 2023, a total of 87,934 products were refurbished and returned to the economy, while 1,488 of the refurbished products were donated as part of social support. Non-refurbishable products are recycled through a licensed recycling company.

Within the vision of product recovery and repair, and in line with the EU Waste from Electrical and Electronic Equipment (WEEE) management, Vestel has subjected 10 of its products—TV, air conditioner, dishwasher, refrigerator, washing machine, dryer, electric oven, built-in oven, stove, and kettle—to reuse/recycling assessments in independent laboratories. The recyclability rates of the products selected from these 10 different product groups have been calculated based on these assessments.

**Recycling Rate= (Weight of Recycled Parts / Total Weight of Product) (%)**

Product	Recyclability Rate (%)
Refrigerators	83
Washing Machine	95
Tumble Dryers	86
Dishwashers	81
Built-in Oven	94
Electric Oven	91
January	84
Air-conditioner	80
Water Kettle	95
TV (43")	75

## A NET-ZERO COMPANY

**By focusing on circular economy in its production operations, Vestel strives to significantly reduce its environmental impact.**

**2,353**

Number of products included in the Domestic Recycling Project

**910 tons**

Amount of recycled plastics used in the production process

### Domestic Recycling Project

Through the Domestic Recycling Project, consumers contribute to the recycling of electronic waste. Unused old electronic products and major household appliances are collected from the consumers' houses by Vestel authorized service providers, recycled under appropriate conditions and the proceeds from the sales made to the recycling company are donated to non-governmental organizations for use in environmental projects. Additionally, as part of the project, afforestation is carried out with the seed ball method using a drone in areas that are difficult to afforest through Ecoring company. So far, a total of 500,000 seed balls were dropped. In 2023, customers participated in the Household Transformation process with 2,353 products.

### Second Hand Phone Refurbishing

In accordance with the Regulation on Refurbished Products issued by the Republic of Türkiye Ministry of Trade, Vestel Customer Services refurbishes smartphones and tablets and puts these products on sale. Refurbished products are available for sale on [www.yineyenimarket.com](http://www.yineyenimarket.com). As a new business model, this practice provides financial gains and prevents the generation of e-waste. In 2023, the practice of leasing refurbished products was launched. Consumers can rent refurbished products at [www.yineyenimarket.com](http://www.yineyenimarket.com).

### Plastic Reduction

Carrying out efforts to reduce the consumption of plastic raw materials and plastic waste generated in production processes and offices, Vestel made a commitment to reduce the use of plastics and to reuse it through recycling under the Business World Plastics Initiative, of which it was a signatory in 2021.

Recycling the production and engineering waste and residues generated throughout all processes under the cooperation of Production, R&D and Quality Control teams and reusing them in its products and product components, Vestel Elektronik aimed to use a total of 1,887 tons of recycled plastics, including 629 tons by the end of 2021, 629 tons by the end of 2022 and 629 tons by the end of 2023. By reaching the commitments made in 2023, Vestel Elektronik used 910 tons of recycled plastics and reduced the use of 88 tons of plastics in packaging materials, preventing the use of 998 tons of unprocessed plastics.

Vestel Beyaz Eşya strives to reduce the use of plastics in its products by investing in alternative materials. Use of materials containing bio-based raw materials such as rice husks, orange peels and olive pits in refrigerators is being widely promoted. In 2023, approvals were obtained for the use of recycled and bio-based plastics in the production of some components. For instance, biolive bioplastic material derived from olive pit waste is among the approved components. Utilization of recycled plastics in different parts of machines is also on the rise.

Vestel Beyaz Eşya surpassed the commitments made in 2023 and reduced 26 tons of plastics in packaging materials and 313 tons of plastics in products. By using 5,046 tons of recycled plastics, a total of 5,385 tons of raw plastics was avoided.

## WATER STEWARDSHIP

**Vestel aims to use 50% reclaimed and recycled water in all its operations. In 2023, this rate was 10%.**

Water stress is a phenomenon in which water use is restricted and does not meet supply when water demand exceeds available water resources over a given period of time, or when water quality deteriorates. Türkiye is among the countries which undergo water stress. Manisa, where Vestel facilities are located, has a high water risk level according to the World Resource Institute (WRI). Efficient water management is especially critical in high-risk areas.

Vestel supplies the water used in manufacturing processes from the tap water and well water of Manisa Organized Industrial Zone (Aegean Free Zone for the Vestel Komünikasyon production facility). The Company is aware of the pressure on water resources and accordingly, aims to introduce water recovery models that improve its impact.

Vestel focuses on minimizing water consumption, which it considers as one of the biggest risks in manufacturing processes. In order to achieve this, the Company strives to develop and expand water-efficient projects and to recycle water. Vestel reports all water management processes to CDP, and its water footprint is verified by the independent third parties in accordance with the ISO 14046 Water Footprint Standard. It also discharges the wastewater to the treatment plant of Manisa Organized Industrial Zone (Aegean Free Zone for the Vestel Komünikasyon production facility).



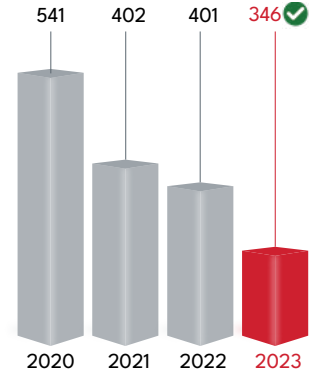
Vestel Elektronik saves 28,800 m<sup>3</sup> of water annually through improvements in water lines and the use of sensor or time-adjustable faucets.

Vestel Beyaz Eşya identified the highest water-consuming processes and focused its water saving projects on four focal points.

- Dyehouse water consumption was reduced from 30,000 tons per year to 6,000 tons per year, saving 80%,
- Tower water recycling system reduced water consumption from 37,000 tons per year to 17,400 tons per year, saving 53%,
- Garden water consumption was reduced from 70,000 tons per year to 9,800 tons per year, saving 86%,
- Additionally, rainwater collection project saved 9,193 m<sup>3</sup> of water per year on a 50,000 sqm area.

At Vestel, "Sustainability, Environment and Energy Training," which covers water management, water use, water footprint and the journey of water in Vestel factories, is organized as part of the awareness-raising program. In this regard, 4,068 employees had a total of 2,724 hours of training in 2023.

### Water Density (m<sup>3</sup>/mUSD)



## ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

Products and solutions of Vestel that reach a great number of people make up the Company's primary areas of impact. Vestel strives to create social benefit by reducing environmental impact through its products, to meet the needs of consumers in the best way possible, and to facilitate life with smart, high quality and safe products and services. Vestel attaches importance to ensuring that all solutions it offers are accessible to all segments of society.

Prioritizing customer experience and investing in digital service platforms, Vestel strives to continuously improve its performance in the electronics and white goods sectors, where it is positioned as an innovative technology company.

**31%**

Ratio of low carbon products to turnover

**90/100**

Customer loyalty score

**71.8%**

Rate of recycled water use





## PRODUCTS AND SOLUTIONS CREATING BENEFITS

As part of its objective to create benefit with its products and solutions, Vestel focuses on energy and water efficiency, mitigating plastic pollution, complying with new regulations, facilitating the lives of consumers and developing products that meet the needs of people with disability. While rendering the lives of consumers easier by developing smart and connected products, Vestel also

continuously improves its performance with the products it develops by accurately analyzing evolving consumer expectations. To achieve its 2050 net zero emission target, Vestel monitors the ratio of revenues from low-carbon, environmentally impact-reducing and energy-efficient certified products to turnover.

Product Category	Ratio in Revenues (%)
Low Carbon Products*	31%
Products Reducing Environmental Impact**	24%
Energy Efficiency Certified Products***	9%

\*: Based on GfK data for Türkiye and Europe, TV products that are below the average energy class (EEI) of total products sold, electric chargers and batteries that use electricity instead of fossil fuels, and LED lighting products that save electricity are defined as sustainable and low-carbon products. In addition, for all products, including products sold in non-European countries, products consuming less energy and water than the sector average are included in this category, based on the average consumption of products sold in the sector in Europe in 2023.

\*\* : As products with reduced environmental impact, products that minimize the use of natural resources and products with technologies that reduce environmental impact are considered. These technologies include washing machines with automatic detergent dosing, dishwashers with water recovery tanks that reuse waste water, refrigerators with bag vacuuming and fermentation features that reduce food waste, and stoves using induction technology.

\*\*\*: Amount of electricity consumed in major household appliances is documented and declared in accordance with the regulations of different countries. Examples of energy labels on major household appliances include ENERGY LABEL (EU) for Europe, ENERGY STAR for the US and Canadian markets, and ENERGY RATING (AUS) for the Australian market.

## ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

**Vestel incorporates innovative technologies in its production and implements projects with positive environmental and social impacts.**



**Vestel offers LED lighting products with high energy efficiency in the road and street lighting category.**

### **VESTEL ELEKTRONİK**

#### **Vestel Elektronik & DVB-I**

The widespread use of the Internet Protocol Television (IPTV) system, which is considered as the future television system, demonstrates the transformation of digital broadcasting systems that will take place in many countries, especially in 2030 and beyond. In this regard, Vestel plays an active role in the trials and conceptual studies of DVB-I, the new broadcasting standard in Europe.

Initially, Vestel started working to launch the first Smart TV compatible with the new European DVB-I standard in Italy, allowing Italian broadcasters to test new Smart TV products in the market.

This new technology will enable viewers to enjoy broadcast channels in higher audio and video quality and to benefit from more free channels. This technology will also complement broadcast networks to ensure watching television even in situations where standard broadcast reception is troublesome. Vestel is also an important partner in the DVB-I Pilot in Germany.

German DVB-I pilot project won the "IBC 2023 Innovation Special Award" at the International Broadcasting Convention (IBC) and the "Best Tool or Product for HbbTV Service Development or Delivery" award at the Hybrid Broadcast Broadband Television Association's (HbbTV) 2023 Hybrid Broadcast Broadband Television Symposium.

### **LED Lighting Products**

Vestel offers LED lighting products with high energy efficiency in the road and street lighting category. These products save up to 40% energy, do not harm the environment and human health thanks to their mercury-free composition, and reduce waste generation as they can be used for over 100 thousand hours.

In addition, thanks to the smart lighting interface, additional energy savings can be achieved by remote control and dimming of lighting. Through LED fixture conversion, Vestel also contributes to boosting traffic and pedestrian safety by achieving required light distribution and luminous flux level along the roads.

**With the mass production of charging units in 2023, the Company contributes to the transformation of electric vehicles and the widespread use of fast charging stations both in domestic and foreign markets.**



Within the scope of the project carried out by the Turkish Electricity Distribution Corporation (TEDAŞ) and the Republic of Türkiye Ministry of Energy and Natural Resources, Vestel is closely following the conversion of traditional street luminaires used in street and avenue lighting in Türkiye to LEDs. Vestel is among the companies whose products were initially approved under the project.

#### **Electric Vehicle Chargers**

Approximately 14% of global greenhouse gas emissions originate from transportation. Therefore, the widespread use of electric vehicles plays a critical role in tackling the climate crisis. As electric vehicles play an important role in the transition to a net-zero economy and become increasingly widespread, the need for charging stations increases. Widespread use of charging stations in public spaces not only meets the needs of existing consumers, but also supports the increased use of electric vehicles. In this context, Vestel Elektronik positions itself as the solution partner of corporate clients with its electric vehicle chargers, and strives to respond to the needs and expectations of consumers in the best way possible. With the mass production of charging units, the Company contributes to the transformation of electric vehicles and the widespread use of fast charging stations both in domestic and foreign markets.

#### **Battery Technologies**

Developed through R&D activities initiated in 2018, the Battery Management System (BMS) hardware and software enabled Vestel to design and produce more efficient and long-lasting Li-ion battery packs in line with customer needs. This step enabled Vestel to be the first domestic electric bicycle battery manufacturer. Along with safety, performance and quality, end-user expectations are also incorporated into the design process. In addition to the mandatory EN62133 certification, the batteries also have EN50604-1 certification, which will be required by the industry in the near future. Moreover, UV-resistant materials were used to increase durability and a Bluetooth module was added for remote after-sales service. As well as electric bicycles, Vestel's Li-ion battery technology is also used in a variety of products such as wireless charging vacuum cleaners and respirators. Battery designs developed for the telecommunication sector also offer energy storage solutions for critical infrastructures such as base stations. Battery technology of Vestel is designed to be compatible with other energy systems and has the flexibility to meet the storage needs in the field of renewable energy. Through these developments, Vestel aims to meet customer needs by offering solutions tailored to the requirements of different sectors.

## ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

**Vestel Beyaz Eşya designs products in the highest energy efficiency class and offers consumers user-friendly products that use resources efficiently thanks to the technologies it develops.**



**Vestel Beyaz Eşya offers products that make life easier for users and minimize environmental impact.**

### VESTEL BEYAZ EŞYA

#### Products that Make Life Easier

Vestel Beyaz Eşya offers products that make life easier for users and minimize environmental impact. Vestel Beyaz Eşya, by listening to consumer needs and demands, developed products accordingly, including:

- Daylight-Pro products with UV-C technology with a special sterilization system,
- Cold Hygiene Program that saves energy by providing hygiene even at low temperatures in washing machines,
- Dose-On technology that eliminates the need to add fabric softener and detergent before each wash,
- AutoDose technology that determines the appropriate amount of detergent by measuring the level of contamination of the dishes and does not need to refill detergent up to 20 times,
- Hydroboost technology that sprays a mixture of water and detergent onto the laundry from 20 different points inside the drum for an effective wash,
- Silent washing machines and dishwashers operating at 38 decibel,
- Low-depth machinery with 7-kg capacity for efficient use in small spaces,
- Pet Hair Shield washing machine that effectively removes pet hair from laundry,
- Washoes washing machine that cleans sneakers gently and efficiently with a specialized attachment and washing program,
- Pyrodry drying technology, which provides efficient results even for plastic utensils compared to traditional drying methods, thanks to its built-in heater,
- Auto Clean Filter technology that automatically cleans the filter after each use,

- Auto Glass Safe technology that can detect the hardness level of water with sensors inside and adjust the salt level to prevent scratches on glassware,
- Vestel Vitamod technology, which resembles sunlight and preserves the vitamin C and antioxidant content of fruits and vegetables,
- 360° Fresh Air technology that ensures homogeneous air distribution in the refrigerator, maintaining food freshness much longer,
- FreshCheck odor sensor that monitors the ripening process of fruits and vegetables and informs users about their freshness,
- The new generation MAYA refrigerator that allows for 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,
- NEFES air conditioner that offers the comfort of an air purifier and air conditioner together,
- (EPS) - Free (Expanded Polystyrene Free) packaging technology that reduces the use of plastic.

#### Energy-Efficient Products

Designing products in the highest energy efficiency class, Vestel Beyaz Eşya offers consumers resource efficient and user-friendly refrigerators, washing machines, tumble dryers, dishwashers, cooking appliances and air-conditioners thanks to the technologies it develops.





**Vestel Beyaz Eşya develops A Class products that consume approximately three times less energy than the best-selling refrigerators in the market.**

Enhancing the energy efficiency of its products continuously, the products Vestel Beyaz Eşya designs and produces are shown below.

- Vestel 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 five different trays evenly, while induction hobs provide much higher heat efficiency than gas hobs.
- The washing machines are 50% more energy efficient than the A energy class due to the Rainfall technology 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.
- Tumble dryers are the products with the lowest energy class in the market with the Multinverter+ technology and an energy value of A+++ -20%.
- The drying machine which has Thermojet technology and an energy value of A++, reduces drying time by approximately 30 minutes compared to products in the same segment.

- Thanks to Sonic Steam technology that reduces creases and provides hygienic results, clothes require 50% less ironing after drying.
- SelfHeating technology and recycled energy enable a range of solo dishwashers that consume 10% less energy than energy class A.
- DuoMode Technology, which transforms the refrigerator compartments based on the needs of the consumer, enables the freezer compartment to be turned off or converted into a cooler when it is not used. Independent functioning of the freezer and cooler compartments thanks to valve routing and parallel cycling ensures energy savings, while the air duct design ensures balanced cooling. The product also stands out for its use of recyclable plastics and mechanical parts.
- Vestel Beyaz Eşya develops A Class products that consume approximately three times less energy than the best-selling refrigerators in the market.
- With the double water tank technology designed and developed for dishwashers, the number of models with A energy class according to the New Energy Regulation (A+++ -33% energy class according to the old regulation) were increased. 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.
- In dishwashers, the "C" energy-class competitive 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.
- Vestel stands out with the high heating and cooling efficiency of its air conditioners, as well as the average energy savings of 30%-40% compared to the equivalent systems. Vestel also carries out projects aimed at optimizing the resources used in its processes and reducing its environmental impact.

## ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

**In addition to energy efficiency, Vestel Beyaz Eşya also focuses on water efficiency, and its products are among those with the lowest water consumption in the market.**

**Vestel continues to develop products that comply with the new regulatory requirements and meet higher technical standards.**

### **Water-Efficient Products**

In addition to energy efficiency, Vestel Beyaz Eşya also focuses on water efficiency, and its products are among those with the lowest water consumption in the market. Vestel produces dishwashers that save up to 45% more water than average products, and washing machines that save up to 35% more water.

- Thanks to its "Waterbox" technology, the Company's product portfolio includes dishwashers that consume 5.4 liters of water per use, resulting in 45% water savings.
- "Aquazone" technology saves up to 3 liters of water per use compared to conventional technologies.
- With "Rainfall" technology, washing machines use up to 32 liters less water per use, saving approximately 35% water.

Introduced in 2022, the water recovery system saves 5.5 liters of water per household for each use and a total of 1,210 liters per year by using the accumulated clean water from the tumble dryer in the washing machine.

### **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. To reduce plastic pollution, Vestel Beyaz Eşya produces washing machines equipped with microfiber filters that prevent microplastics in clothes from entering the water significantly.

Vestel Beyaz Eşya targets reducing water pollution through the washing machines equipped with microfiber filter system developed to prevent microplastics from spreading the environment and for which a patent application was submitted. This product was awarded in the "German Innovation Awards, Excellence in Business to Consumer - Household Appliances" category in addition to the Sustainable Business Awards in 2023.

### **Compliance with New Regulations**

Vestel Beyaz Eşya carries on development activities for products with higher technical standards and in compliance with the new legislative requirements that will soon come into force in different markets. In this way, it is aimed to offer consumers new technology products with low environmental impact at affordable costs. Vestel Beyaz Eşya also undertakes R&D activities to reduce the material usage and improve recyclable material technologies, and develops design solutions that minimize the need for service throughout the life cycle of its products.

In line with the 2030 targets set by the European Union, Vestel Beyaz Eşya has completed product design and production transitions in line with the new energy class regulation defined by the European Union for the post-2021 period in the wet and cold product groups. Besides, the Company made washing machines in the highest energy efficiency class and dishwashers in the A-B energy class ready for mass production. In addition, the Company focused on developing products in the A energy class in the refrigerator product group.



By the end of 2023, Vestel Beyaz Eşya stopped the production of F class products, the lowest energy efficient class for these product groups, and started the production of more efficient classes. The Company has completed the design and productization phases by researching technological solutions that prevent the mixing of microplastics from washing machines into seawater, a priority for the European Union, and launched these products on the market.

In addition to the European market, design and adaptation studies for 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 2023. Furthermore, the Company carries on product development activities in the heating and air conditioning product groups (cookers, ovens, air conditioners, dryers, etc.) in line with the new energy regulations that will come into effect in 2025.

The Company also conducts alternative material studies for chemicals that are planned to be prohibited or restricted in the near future, and investigates the safety and performance effects of these alternative materials on Vestel products.

Meanwhile, instead of the fluorinated gas refrigerant used in refrigerators, dryers and air conditioners, the Company continues to work on a new refrigerant with lower global warming potential and higher energy efficiency.

#### **Products and Services for People with Disabilities**

As a company that values the needs of blind consumers, Vestel launched its collaboration with BlindLook, a 100% voice-oriented application, with the vision of creating a more accessible and equal world for everyone. With the audio world developed by BlindLook, visually impaired people can access Vestel products, services and [vestel.com.tr](http://vestel.com.tr) without any obstacles. The visually impaired 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 by voice. Having become a part of a new solution with this inclusive service, Vestel has become one of the brands holding the EyeBrand Certificate.

#### **Accessible Authorized Service Providers**

Vestel Customer Services opened Türkiye's first Accessible Authorized Service Provider in Istanbul, Avcılar in 2018. It strives to ensure that all authorized service providers throughout the country are "Accessible Service Providers." There are arrangements 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. In this regard, a total of 106 Vestel Authorized After-sales Service Centers were qualified as Accessible Authorized After-sales Service Providers. Of this total figure, 10 authorized services are in the three-star category, 30 authorized services in the two-star category and 66 authorized services in the one-star category. As of 2023, each new authorized service provider will start rendering services at least at the one-star level.



## ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

**Vestel expands the process it initiated with its products through smart city solutions. The Company is involved in joint projects with Togg, the electric car brand of Türkiye.**



**In 2023, 36% of major domestic appliances sales consisted of smart products.**

### SMART AND CONNECTED PRODUCTS

As digitalization becomes a part of everyday life, its use in products is increasing. This accelerates the development of smart and internet-connected technologies and raises their acceptance and demand levels. The focus of key consumer expectations in this area has created an opportunity for smart cities, smart homes, smart devices and new models based on these technologies. All of Vestel's smart products and digital services are coordinated by the IoT and Digital Strategy Department.

Thanks to years of R&D studies on big data, the Company launched internet-based TV products such as Android and Amazon Fire TV. Technologies that can generate new sources of revenue such as displaying targeted advertisements on smart TVs, the dissemination of voice recognition technologies through Vestel products, the analysis and use of data stored on the cloud and offering additional services to consumers through subscription have been added.

Vestel Customer Services informs customers via all signals received from the product and stands by them whenever necessary in order to improve the user experience with 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 continues to develop user-specific product protection measures, usage tips and maintenance information mechanisms.

### Togg

Vestel expands the process it triggered with its products through smart city solutions. The Company is involved in joint projects with Togg, the electric car brand of Türkiye. While it has accelerated its work on data security and analysis with activities to create a big data platform, Vestel focuses on developing an ecosystem that can serve all connected products and works in harmony with current technologies and voice assistants.





## VeeZy Life

The services for controlling smart products through the VeeZy mobile application were combined with VeeZy Life to create the Smart Life mobile application. All digital services offered in this area have been consolidated under a single heading within the VeeZy Life tab. Here, consumers can keep up with the advantages of the digitalizing world and easily benefit from these advantages.

The Digitalized After-Sales Support feature of the VeeZy mobile application provides after-sales support to end-users. With this digital service, technicians are able to detect the issue before going to the customer's home, thus accelerating the solution process and raising customer satisfaction.

VeeZy Energy Management provides various capabilities such as tracking the energy consumption of smart products, offering energy-saving recommendations, comparing consumption with previous months, setting upper limits for energy usage, and observing its impact on the electricity bill.

## AI Projects

Through its mobile applications, Vestel strives to make the lives of end users more convenient, while at the same time working to add artificial intelligence services that create value through digitalization to its services and integrating artificial intelligence technology into its internal projects.

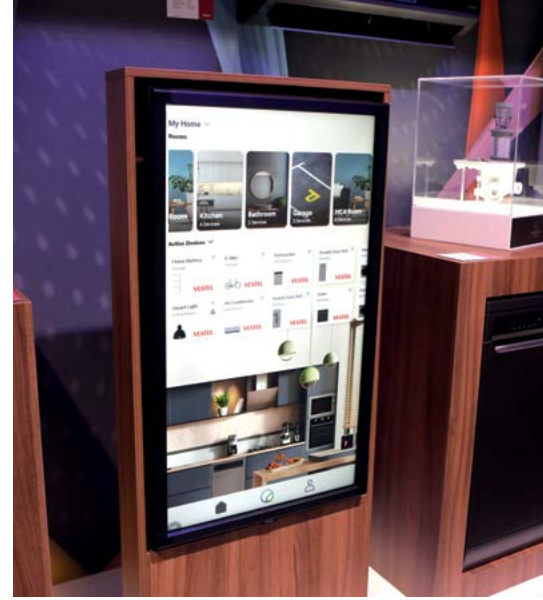
**veeChef:** Developed for gastronomy enthusiasts, veeChef, the Recipe and Food Assistant, aims to enrich the gastronomic experience of everyone around the world. This service, which is powered by AI, offers users recipes and cooking suggestions based on the ingredients they have on hand.

**veeAssist:** Developed to increase the effectiveness of user manuals that collect all product-related information, the veeAssist AI-based digital service aims to interact with end users and respond to their needs in a concise manner. During this process, natural language processing technology is used to provide easy access and use of the user manuals.

**Vestel VFit®:** Through the smart watches, smart scales, smart sleep light products in Vestel VFit® product group and the Vestel VFit+ mobile application to which these devices are connected, users are provided with data such as movement, water consumption, sleep quality and body mass index necessary for a healthier and fitter life.

## Connectivity Standards Alliance and Matter Working Group

Under the Connectivity Standard Alliance (CSA), Vestel is part of more than 600 global companies focused on setting universal standards for smart home technologies and the Internet of Things (IoT). 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 cooperations initiated with technology companies such as Amazon, Google and Innit. In 2022, CSA announced its first "Matter" specifications to establish global safety and reliability standards, facilitating the harmonization of devices from different brands.

Vestel accelerated its efforts to become an important part of the Matter ecosystem by participating in the Seoul and Geneva events in 2023. Matter provides seamless communication between different brands and types of smart devices, allowing users to freely choose and combine their devices. Thus, it makes the IoT technology in homes more efficient and user-friendly.

Vestel's multidisciplinary team work carried out for Matter-supported products continues at full pace. The Company plans to launch these products in 2024. Matter Supported Vestel products not only enable users to control Vestel products from different smart home platforms, but also provide the opportunity to utilize Vestel solutions to control other products of other companies. Users can manage devices of different brands together in their homes.

## ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

**Vestel continuously reviews and optimizes its production processes in line with its goal of providing consumers with accessible, high quality and safe products.**

### QUALITY AND PRODUCT SAFETY

Vestel continuously reviews and optimizes its production processes in line with its goal of providing consumers with accessible, high quality and safe products. The Company works to design products that comply with national and international standards, meet customer expectations, and deliver products that adhere to the standards set through internal assessments.

#### **Quality Management**

At Vestel's production facilities, the products, which respond to customer expectations and comply with the standards set as a result of internal assessments, are designed and offered to consumers in accordance with the national and international standards. Product safety and quality is kept at the highest level by testing products and manufacturing processes regularly. Risks and opportunities that may affect the quality of the product are identified and necessary measures are taken and monitored. ISO 9001 Quality Management System guides Vestel to act in compliance with quality standards in all its processes. Vestel Quality Policy is available [here](#).

All procedures, instructions, and quality plans required to ensure the effectiveness of Quality Management Systems are monitored through an online documentation system and updated regularly. Monthly statistical reports, meeting minutes, evaluations comparing achievements with goals, internal audit results, and corrective actions are regularly monitored through this system in order to achieve the goals of producing high-quality products.

In terms of product quality, products are controlled in compliance with international standards and tested in the factory with the necessary test equipment. Electrical safety tests of the products are conducted continuously by arranging them according to a specified sample rate within the production lines, ensuring that serial productions are constantly monitored. No product has been recalled or withdrawn from the market in the last three years for quality and safety reasons.

Vestel regularly informs employees about product quality and safety, and aims to raise their awareness through training. Quality Day events are organized to raise employee awareness. In order to foster the adoption and improvement of quality standards within the organization, all newly hired employees receive training on quality. In 2023, a total of 2,350 employees underwent 30,834 hours of quality and product safety training.

#### **Regulations and Battery Standards**

Vestel is in full compliance with international standards and regulations in the production of its products. These directives aim to protect the health and safety of consumers while minimizing their impact on the environment.

### Low Voltage Directive (LVD) 2014/35/EU

Under the Low Voltage Directive, electrical equipment designed for use within the range of 75V-1500V for direct current and 50V-1000V for alternating current must ensure high-level health and safety requirements for humans, pets, and property. This equipment must be produced in compliance with the necessary procedures and principles that provide assurance of these requirements. Products manufactured in compliance with the regulations are tested and approved by accredited laboratories that have received the necessary authorizations before being put on sale. The Vestel Product Safety Laboratory was accredited and officially declared as an "Accredited Laboratory" on January 27, 2012.

### Electromagnetic Compatibility Directive (EMCD) 2014/30/EU

Electromagnetic compatibility is the ability of a device to operate without interacting with other equipment that works on similar principles, either through radiation or conduction. Additionally, the device should exhibit immunity to electromagnetic interference in the environment at a level that does not disrupt its intended function.

In accordance with the Electromagnetic Compatibility Regulation, Vestel products are manufactured in an environmentally and human-friendly manner, with high immunity to electromagnetic effects from many different products and external sources, and the noise emitted by the products is minimized at different broadband frequencies, and these products are placed on the market after being tested and approved.

### Radio Equipment Directive (RED) 2014/53/EU

Radio Equipment Directive 2014/53/EU establishes a regulatory framework for placing radio equipment on the market. This directive provides a unified market for radio equipment by setting out essential requirements for safety and health, electromagnetic compatibility and the efficient use of the radio spectrum. With the Radio Equipment Directive, Vestel products are manufactured in compliance with the standards of new high-tech radio equipment (such as Wi-Fi, Bluetooth, LTE, NFC) and are placed on the market in an approved manner.

### Batteries Regulation 2020/0353 (COD)

Final version of the new Battery Directive 2020/0353(COD) was adopted in July 2023. The Directive concerns all battery areas (ESS systems, LMT batteries (Light Means of Transport), SLI batteries (Starting, Lighting and Ignition), industrial batteries, e-bikes, electric vehicle batteries, etc.). Future system will include information and data on industrial rechargeable batteries, batteries with internal storage and electric vehicle batteries with a capacity of over 2 kWh. Such information and data will be available for third party use and will be open to search in accordance with standards.

Key highlights of the new directive are:

- Strengthened design and labeling requirements for batteries
- Improved safety standards and sustainability for batteries
- Imposing minimum recycled content requirements for certain batteries
- Carbon footprint
- and the digital "Battery Passport."

As part of the battery regulations, Vestel manufactures its products in compliance with the regulations that are expected in the future, thus ensuring compliance against any risks.

### Chemicals Management

Based on its sensitivity on quality and product safety, Vestel expects suppliers to produce according to certain criteria. Vestel avoids using materials and substances that may damage the environment and human health, and expects the same approach from its suppliers.

Depending on the product groups supplied, the documents required from suppliers are varied. The Company regularly reviews the updated Restricted Materials List it publishes and requests the suppliers to comply with it in full. 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, Authorization 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 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 the suppliers covered by the Regulation are required to complete the registration process.

### 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 TSE, Verband der Elektrotechnik (VDE), Technischer Überwachungsverein (TÜV), INTERTEK and SIQ Ljubljana. The laboratory also offers external services in line with its adequate infrastructure, experience, and accreditation.

In 2023, 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 establishment 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](#).

## ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

**Committed to continuously increasing customer satisfaction and loyalty, Vestel focuses on continuously improving the services it offers.**

### CUSTOMER EXPERIENCE

Vestel aims to continuously increase customer satisfaction and loyalty, and offers personalized and uninterrupted service through digital and smart solutions. The Company serves more than 1 million individual customers across the country and more than 2,300 corporate customers annually and focuses on continuously improving its services. International standards are taken into consideration 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 crucial to monitor performance in order to boost customer satisfaction and loyalty. In this context, customer satisfaction is monthly measured within a group of customers who regularly receive repair and installation services from Vestel and is reported quarterly. 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 3.5% year-on-year. All complaints are aimed to be resolved within seven days. Vestel Customer Satisfaction Policy is available [here](#).

	2020	2021	2022	2023
Customer satisfaction	86	88	89	89
Customer loyalty	87	90	89	90
Number of customers responding to the satisfaction and loyalty survey	933	2,309	3,199	2,964
VStar* Customer satisfaction				96
Number of customers participating in VStar* Customer satisfaction survey				588,545

\*VStar is a satisfaction survey which is sent to Vestel's customers via SMS to their cell phones following the services they receive. This practice was implemented after 2022.





**Vestel focuses on increasing the retail sales of dealers and supports them with the local management budget.**

#### **Dealer and Distributor Network**

Vestel has 1,363 Vestel stores, 1,235 Regal outlets and 10 Finlux distributors across Türkiye. Vestel, through its subsidiaries, distributors, or chain stores in Europe, sells consumer electronics under five licensed global brands and home appliances under three licensed global brands. Additionally, Vestel markets products through over 1,400 distribution channels for more than 700 ODM (original design manufacturer) brands. Outside Europe, Vestel Ticaret has 50 distributors, nearly 100 exclusive sales outlets and 2,000+ sub-dealers and sales outlets selling electronics and major household appliances under the Vestel, Regal, Vestfrost and Finlux brands. Vestel regularly attends fairs organized abroad to showcase innovations in consumer electronics and e-mobility and to promote its product range and technologies.

Vestel focuses on increasing the retail sales of dealers and supports them with the local management budget. This support is provided in four main areas: store-oriented product selection, store turnover targets, dealer destocking 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.

Training sessions and mentoring discussions for dealers continued in 2023 through ongoing and newly launched programs. The online and physical training was delivered to 1,497 people at 290 different Vestel and 30 different Regal dealers. 3,535 person x hours of training was provided. Additionally, via [vpa.com.tr](http://vpa.com.tr), a total of 1,295 individuals were reached from 635 different dealers. Detailed information regarding training courses can be found in the **Employees** section.

#### **STORE EXPERIENCE**

Vestel prioritizes keeping the customer experience at the highest level while offering consumers convenient, accessible, and high-quality products. In order to improve the customer experience, the Company closely monitors the demands, expectations and needs of consumers. Vestel focuses on effectively determining consumer preferences and habits using user experience research methodologies such as A/B testing.

#### **Next Generation Retailing Approach: Vestel Ekspres**

In 2020, Vestel launched the Vestel Ekspres store concept, a small-square-meter Vestel Ekspres 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, İzmir, Bolu, Bursa and Antalya, the evolving shopping habits are responded, the online purchasing experience is blended with physical retail, and consumers are offered opportunities such as instantly finding the product they want, fast comparison and same day delivery and installation. Special digital applications suitable for next-generation retailing are developed in Vestel Ekspres stores to elevate consumer experience. As of the end of 2023, there are 187 Vestel Ekspres stores.

## ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

**Vestel contributes to the development of the retail sector in Türkiye with the innovations it has introduced to the sector and offers a new perspective to online shopping.**



**Vestel strives in line with its goal of boosting online sales to 25% in Türkiye by 2030.**

### **A Brand New Store Concept: Kafe Vesto**

Kafe Vesto establishments, combining cafe and store concepts, have been implemented to enhance the in-store experience for customers. Vestel stores located at Beşiktaş, Zorlu Center, and Levent 199 in Istanbul, Karşıyaka and Alsancak in İzmir, and Osmangazi in Bursa are designed with a cafe concept. Kafe Vesto establishments not only offer customers an enjoyable time but also provide them with the opportunity to familiarize themselves with Vestel products and discover new tastes.

### **Vestel My Project Partner**

Developed with the aim of offering result-oriented and effective solutions to customers, Vestel My Project Partner was formed by bringing together LED Lighting, Air-Conditioning, Hotel & Construction Projects, Digital Solutions and Public Sales Departments under a single roof. 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 to design customized products accordingly.

### **E-commerce**

As a result of changing consumer habits and rapidly increasing digitalization, the e-commerce sector continues to grow worldwide. In the first six months of 2023, the e-commerce volume in Türkiye reached TL 652.7 billion, representing a year-over-year increase of 110%. E-commerce is driving significant changes in retailers' strategies, with many retail companies starting to create an omni-channel presence and placing as much importance on online platforms as on 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 marketplace sites.

Thanks to its cloud-based e-commerce infrastructure, Vestel meets technical needs more effectively by centralizing online customer data and aims to combine its services under a secure shopping platform. Through an integrated retail approach and a multi-channel strategy, customers are offered a comprehensive Vestel experience, ensuring continuous improvement of the customer journey.

The e-commerce infrastructure has been strengthened for secure shopping through the **Trust Stamp**, **ETBİS QR code**, and the completed **Security Test Report**.

Vestel contributes to the development of the retail sector in Türkiye with the innovations it has introduced to the sector and offers a new perspective to online shopping. Vestel grants the title of **Authorized Online Dealer** to dealers who comply with specified criteria, thereby allowing consumers to shop under the assurance of Vestel. Furthermore, Vestel standards are maintained through the sales and after-sales services provided. Continuing to strengthen and develop its Online Ecosystem with a customer-oriented approach, Vestel distinguishes itself from its competitors in the sector with the Authorized Online Dealers project, supports its dealers in online sales channels with an integrated retail approach, and continues to improve customer experience, offer secure shopping and privileged services in 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.

Thanks to Vestel's smart ordering algorithm and its extensive dealer and service network, orders received via online channels are directed to the nearest and most convenient store, and the products are delivered and installed within 24 hours. Products are delivered to consumers quickly and safely with the **Delivery in 24 Hours** service.

**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.

Vestel implemented an AI assistant through the **Vestel Digital Assistant** project, providing customers with 24/7 support before, during and after sales. Vestel Assistant is designed and developed to provide information and services at every step of the customer journey, and it is continuously improved accordingly. Vestel supports redirecting human resources towards more value-added tasks through the use of technology.

With **Live Chat Support**, customers can directly communicate with product consultants and submit their opinions and requests to Customer Service live via WhatsApp, Telegram and other support channels.

Through the **My Digital File** service, vestel.com.tr members are able to find all the information regarding the products they

have purchased, such as remaining warranty periods, user manuals, invoice information, shipping status, serial numbers, etc., on a single platform.

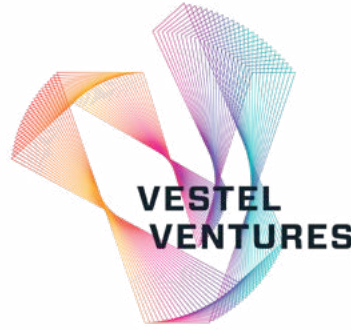
The portal **"There Is a Solution for Everything Here"** contains all information and solution contents about the products offered to customers. **Çözümüvar**, the Digital Vestel Customer Services, aims to improve the digital experience offered to consumers. Thanks to the portal, users can sort out product 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 2023, the **Electric Vehicle Charging Station** fault request module, a new feature added to the **Çözümüvar** website, allows users to easily report Electric Vehicle Charging Station malfunctions without calling a call center representative.

## ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

**Vestel believes that its ventures will liberate life and enhance social impact and productivity with their areas of focus and working methods, and make a difference with their innovative approaches.**

### AFFILIATES



#### **VESTEL VENTURES**

Vestel Ventures Ar-Ge AŞ (Vestel Ventures) is an investment company founded by Vestel Elektronik in 2015 to support new ventures and add new areas of business to Zorlu Holding. In addition to investing in 30 startups, Vestel Ventures established various programs and organizations to develop the entrepreneurial ecosystem, developed various programs within Zorlu Holding to render innovation a way of doing business, and offered training to countless employees on this subject.

Believing that startups will liberate life, increase social impact and efficiency, and make a difference with their innovative style thanks to their areas of focus and ways of doing business, Vestel Ventures offers entrepreneurs Vestel's know-how and facilities at all stages of productization such as product design, industrial design, multi-screen interface design, prototyping, testing, certification and production.

The Company provides support with its experts in various areas where initiatives need help, such as marketing, accounting, human resources, patent, and legislation. Vestel Ventures is a company that various corporate firms consult on the establishment, and management of their investment departments as well as the execution of their innovation activities and it also helps external companies in order to develop the ecosystem throughout these activities.

Vestel Ventures brings together the startups in which it invests with Zorlu Group companies, ensuring the establishment of new business lines with the speed and agility of startups, thus stepping into new areas of activity. The experiences gained in different sectors expand the pool of knowledge, enhance competencies, and facilitate transitions into new fields. Vestel Ventures also plays an intermediary role in bringing entrepreneurs and companies together under Zorlu Holding, making them the customers of startups and collaborating with them. The outputs achieved as a result of these collaborations contribute to Vestel's intellectual property rights and lay the groundwork for ideas that will improve the patent pool.



Apart from the ventures in which it invests, Vestel Ventures also organizes many different support programs such as the Z-port Program for other domestic and foreign startups with strong innovative features in the ecosystem, mentoring entrepreneurs and facilitating their introductions to Zorlu Holding companies. The creative and entrepreneurial human capital of these startups, which develops with the leverage of Vestel, has the opportunity to collaborate with Vestel employees. This synergy fosters a cultural interaction between the entrepreneurs and the employees of the Zorlu Group.

Vestel Ventures offers entrepreneurs access to Vestel's strength in R&D and design, as well as its experience in production, marketing, distribution, sales channels, legal issues, human resources, business network resources and management as a strategic partner. Vestel Ventures also facilitates entrepreneurs in accessing these funds through Vestel's experience in state-backed grant funds in Türkiye and its network of venture capital funds in Europe and the US. Entrepreneurs receive guidance on intellectual property rights both domestically and internationally along with support for research and application processes. Vestel supports successful startups in expanding beyond Türkiye's borders and provides know-how assistance through its resources, including top academics, industry experts, and international consultants from around the world.

Established at the end of 2022 and co-managed by Vestel Ventures, Tacirler Portföy Future Impact Fund contributed to the development of the entrepreneurship ecosystem by investing in technology-driven startups such as Rierino, Mindsite and Megafortuna in 2023.

Detailed information about Vestel Ventures and the projects supported thereby is available [here](#).

### **META NİKEL KOBALT MADENCİLİK**

Established as Türkiye's first nickel-cobalt mining enterprise in Gördes district of Manisa, Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ (META) is a modern and next generation mining company processing extracted ores and operates in a closed system as the pioneer of nickel mining in Türkiye. Zorlu Group acquired all shares of META in 2016.



Vestel Elektronik acquired 50% of META shares from Zorlu Group in 2018. META is accounted for using the equity method in the consolidated financial statements of Vestel Elektronik.

META continues to perform its mineral exploration, operation, export, R&D and investment activities. The Company has a nickel-cobalt mining facility in Manisa-Gördes, as well as nickel reserves in Eskişehir and Uşak. Continuing to produce ore in Eskişehir, META conducts geological surveys in Uşak and nickel and cobalt mineral exploration surveys across various regions of Türkiye.

Nickel is primarily used in the stainless steel industry, as well as in corrosion-resistant alloys, armor plating, and the defense industry. Nowadays, nickel and cobalt elements are also used in the composition of batteries for electric vehicles and energy storage systems. Research has shown that increasing the nickel content in battery compositions, in line with technological advancements, extends battery life. It is anticipated that the demand for nickel will grow rapidly in the near future with the gradual increase in nickel usage in batteries and energy storage systems.

META was entitled to receive ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System certificates in 2021 and ISO 50001 Energy Management Systems certificate in 2023 within the framework of its previously planned targets.

In the medium term, META aims to leverage its R&D and innovation efforts to convert concentrated nickel and cobalt production into different metal forms and increase added value. It plans to establish integrated facilities that can produce their own inputs with new auxiliary facilities, maximize energy efficiency by recovering waste heat, and contribute to reducing Türkiye's dependence on foreign sources and consequently narrowing the current account deficit.

## ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

**META reviews and renews its activities for a sustainable life in line with Zorlu Holding's Smart Life 2030 strategy.**



The following activities are planned under prospective investments and R&D projects:

Within the scope of localizing and nationalizing raw materials to be used in the aviation and defense industries, the high-purity nickel and cobalt by-products obtained from the intermediate product (MHP - Mixed Hydroxide Precipitate) have been used in collaborative projects with SSB (Defense Industries Presidency) and TEI (TUSAŞ Engine Industries) for the construction of the Gökbeş Helicopter. Processes aimed at expanding the usage areas of metallic nickel and cobalt products and optimizing production processes are ongoing following the successful completion of the project. Investment in nickel metal production is planned to commence in 2025, with completion and subsequent commencement of production targeted for 2027.

META embraces the concept of responsible production and consumption in line with Zorlu Holding's Smart Life 2030 strategy, aiming to review and renew its activities for sustainable living. Accordingly, META uses recycled water at every possible point in its production lines and has reduced water consumption from natural sources by at least 70% with investment projects launched in 2023.

Through its ore feeding strategy and the use of magnetic separation technologies, greenhouse gas emissions have decreased from 35.2 tons CO<sub>2</sub>e per ton of Ni at the end of 2022 to 25 tons CO<sub>2</sub>e per ton of Ni in 2023.

Performance	2020	2021	2022	2023
Number of Working Days	292	276	264	290
Amount of Nickel Production (tons)	4,775	5,810	6,384	8,095

Greenhouse Gas Emissions (tons CO <sub>2</sub> e/tons production)	2020	2021	2022	2023
Scope 1	56.1	49.4	30.88	21.86
Scope 2	10	4.5	4.3	2.9
Total (Scope 1 and Scope 2)	66.1	53.9	35.2	24.7

Water Withdrawal (m <sup>3</sup> )	2020	2021	2022	2023
Clean Water	1,484,686	1,377,769	1,195,530	933,741
Recycled Water	1,151,132	959,636	1,279,229	2,308,738
Total Water Consumption	2,636,818	2,337,405	2,474,582	3,242,479
Rate of Recycled Water Use (%)	45.7	41.1	51.7	71.2

Detailed information about META is available [here](#).

**LENTATEK**

Lentatek Uzay Havacılık ve Teknoloji AŞ (Lentatek), with nearly a quarter-century of advanced know-how in technology and expertise provides a wide range of products and services from design and development to production in all areas requiring critical technology such as Unmanned and Autonomous Systems, Hydrogen and Fuel Cell Technologies, Space Technologies, Critical Facility and Border Security Technologies and Digital Health Technologies. In response to increased local and global demand for advanced technologies and services during and post-the pandemic, Lentatek accelerates its R&D investments and product development efforts.

As Türkiye's leading UAV platform manufacturer, Lentatek contributes to the development of the defense and aerospace industry with its original systems in the field of unmanned systems, which were developed entirely with national capital.

Lentatek, one of the few companies globally specializing in Hydrogen and Fuel Cell Technologies, has undertaken hundreds of R&D projects. Recognized for its award-winning collaborations between university and industry in advanced technology fields, Lentatek aligns its successful endeavors with the Smart Life 2030 vision, which is a core sustainability strategy of the Zorlu Group, within its state-of-the-art laboratories. Lentatek is shaping the future of clean energy and contributing to the development of sustainable practices.

Lentatek is accounted for using the equity method in the consolidated financial statements of Vestel Elektronik.

Detailed information about Lentatek is available [here](#).

**AYESAŞ**

Aydın Yazılım Elektronik ve Sanayi AŞ (AYESAŞ) is a leading supplier in the Turkish defense industry, specializing in the production and supply of advanced solutions in command and control systems, avionics systems, electronic and electromechanical systems for the defense and aerospace industries. The company offers a wide range of products and services from design and development to production, system engineering, integration, and safety-critical embedded software development. AYESAŞ develops new generation Command Control and Platform Control Consoles and Cabinets, Helicopter Obstacle Detection Systems, Digital Moving Map and Mission Planning Systems for aerial platforms. AYESAŞ is accounted for using the equity method in the consolidated financial statements of Vestel Elektronik.

Detailed information about AYESAŞ is available [here](#).

## ADDITIONAL DISCLOSURES REQUIRED BY 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	
<b>Reporting Period:</b>	01.01.2023 - 31.12.2023
<b>Legal Name:</b>	Vestel Elektronik Sanayi ve Ticaret AŞ
<b>Trade Registry Information:</b>	Istanbul Trade Registry Office, No: 193621
<b>Registered Capital Ceiling:</b>	TL 2,000,000,000
<b>Paid-in/Issued Capital:</b>	TL 335,456,275
<b>Head Office</b>	
Levent 199 Büyükdere Cad. No: 199 34394 Şişli - İSTANBUL / TÜRKİYE	
Phone: +90 (212) 456 22 00	
<b>Manisa Teknokent Branch</b>	
Muradiye Mahallesi Celal Bayar Üniversitesi Kampüsü Küme Evleri No: 22	
Yunusemre MANİSA / TÜRKİYE	
Phone: +90 (236) 233 01 31	
<b>Manisa Branch</b>	
Organized Industrial Zone, 45030, MANİSA / TÜRKİYE	
Phone: +90 (236) 233 01 31	
<b>Contact Information for the Head Office and Branches:</b>	
<b>Manisa Sheltered Workshop Branch</b>	
Keçiliköy OSB Mahallesi, 5639 Sk. No: 17/2, İç Kapı No: 4	
Yunusemre - MANİSA / TÜRKİYE	
Phone: +90 (236) 233 01 31	
<b>Manisa Industrial Park Branch</b>	
Keçiliköy OSB Mahallesi, 5639 Sokak No: 17/2, İç Kapı No: 12	
Yunusemre - MANİSA / TÜRKİYE	
Phone: +90 (236) 233 01 31	
<b>Software Center Branch</b>	
Çınarlı Mahallesi, Şehit Polis Fethi Sekin Sokak No: 5 İç Kapı No: 901	
Konak - İZMİR / TÜRKİYE	
Phone: +90 (236) 233 01 31	
<b>Company Website:</b>	www.vestel.com.tr
<b>Investor Relations Website:</b>	<a href="http://www.vestelinvestorrelations.com">www.vestelinvestorrelations.com</a>

### Shareholding Structure and Capital Distribution

As of 31.12.2023, Vestel Elektronik's paid-in capital is TL 335,456,275 and the Company's shareholding structure is as follows:

Shareholders	Nominal Value of Shares (TL)	Share in Capital (%)
Zorlu Holding AŞ	186,818,792	55.69
Other (Free Float)	148,637,483	44.31
<b>Total</b>	<b>335,456,275</b>	<b>100.0</b>

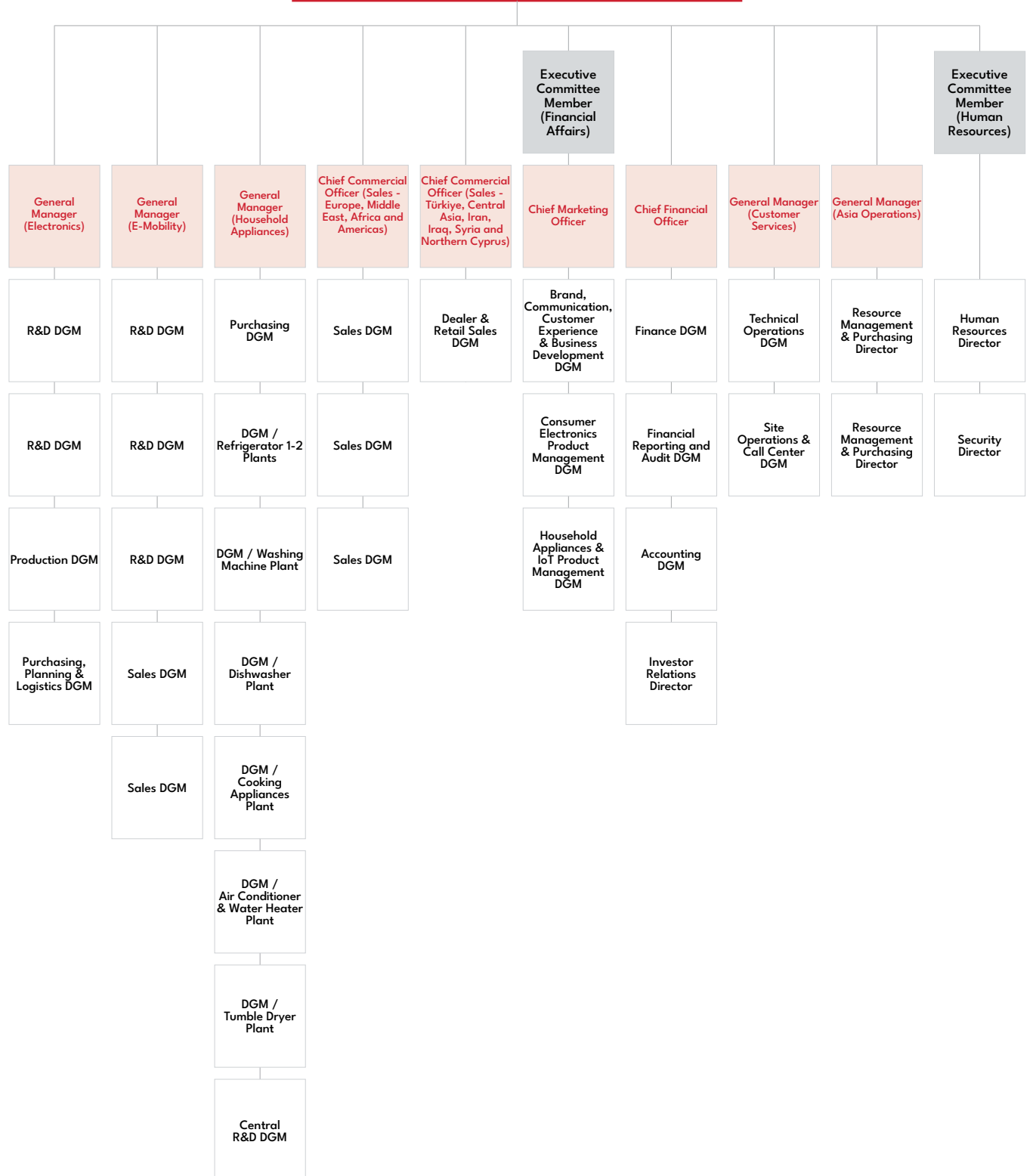
Zorlu Holding AŞ's stake in Vestel Elektronik declined from 60.95% to 55.69% due to block share sales to institutional investors conducted on Borsa Istanbul during 2023.

### Privileged Shares and Voting Rights of Shares

There are no privileged shares in the Company.



## CHAIRMAN OF THE EXECUTIVE COMMITTEE



## ADDITIONAL DISCLOSURES REQUIRED BY LEGISLATION

### 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 2022 Annual General Meeting held on 31 May 2023, 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	May 31, 2023	Until 2023 Annual General Meeting	Chairman and Vice Chairman at Zorlu Group Companies	-	Non-executive	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ
Ayşegül İlideniz	Vice Chairperson	May 31, 2023	Until 2023 Annual General Meeting	Board Member at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ	COO at Silver Spring Networks and Board Member at Doğan Şirketler Grubu Holding AŞ and Pegasus Hava Taşımacılığı AŞ	Independent	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ, Doğan Şirketler Grubu Holding AŞ, Pegasus Hava Taşımacılığı AŞ
Olgun Zorlu	Board Member	May 31, 2023	Until 2023 Annual General Meeting	Board Member at Zorlu Group Companies	-	Non-executive	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ
Bekir Cem Köksal	Board Member	May 31, 2023	Until 2023 Annual General Meeting	Board Member at Zorlu Group Companies	-	Executive	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ
Ömer Yüngül	Board Member	May 31, 2023	Until 2023 Annual General Meeting	Board Member at Zorlu Group Companies	-	Executive	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ
Elmas Melih Araz	Board Member	May 31, 2023	Until 2023 Annual General Meeting	Vice Chairman at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ	Board Member at Ata Gayrimenkul Yatırım Ortaklığı AŞ, Ata Yatırım Menkul Kıymetler AŞ, TFI Gıda Yatırımları AŞ, Burger King China JV Ltd. İzmir Enternasyonal Otelcilik AŞ and Entegre Harç Sanayi ve Ticaret AŞ	Independent	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Ata Gayrimenkul Yatırım Ortaklığı, Ata Yatırım Menkul Kıymetler AŞ
Bekir Ağırđır	Board Member	May 31, 2023	Until 2023 Annual General Meeting	Vice Chairman at Zorlu Enerji Elektrik Üretim AŞ and Board Member at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ	Board Member at KONDA Araştırma ve Danışmanlık Limited Şirketi, Anadolu Efes Biracılık ve Malt Sanayii AŞ and Migros Ticaret AŞ	Independent	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ, Anadolu Efes Biracılık ve Malt Sanayii AŞ, Migros Ticaret AŞ

### Changes in the Board of Directors During the Year

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

The Board of Directors convened 12 times in 2023. The Board meetings were held in person in 2023 while online participation has been provided for members with excuses. The members of the Board of Directors have largely attended the meetings regularly and the average attendance rate at the meetings has been 89%.

### Senior Management

Name Surname	Job Title
Ergün Güler	Chairman of the Executive Committee
Bekir Cem Köksal	Executive Committee Member
Necmi Kavuşturan	Executive Committee Member
Alp Dayı	Chief Financial Officer of the Vestel Group of Companies
Ender Yüksel	General Manager of Vestel Elektronik Sanayi ve Ticaret AŞ
Hasan Uğur	General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ
Ömer Hakan Kutlu	General Manager of Vestel E-Mobility
Nezihe Duygu Badem Uylukçuoğlu	Chief Marketing Officer
Seçkin Mazlum Gençoğlu	Chief Commercial Officer for Europe, Middle East, Africa and Americas
Tarık Leloğlu	Chief Commercial Officer for Türkiye, Central Asia, Iran, Iraq, Syria, and Northern Cyprus
Ulaş Özcan	General Manager of Asia Operations
Özgür Yılmaz	General Manager Responsible for Customer Services

### Changes in Senior Management During the Year

Mr. Enis Turan Erdoğan, the CEO of Group of Companies retired as of August 31, 2023, and Mr. Ergün Güler, who has been serving as General Manager Responsible for Domestic Sales and Marketing at Vestel Ticaret AŞ, was appointed as the new CEO as of September 1, 2023.

Mr. Erdal Haspolat, the General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, resigned as of August 31, 2023 and Mr. Hasan Uğur, who has been serving as Deputy General Manager Responsible for the Refrigerator Plants, became the new General Manager as of September 1, 2023.

Mr. Murat Sarpel, the General Manager of Vestel Elektronik Sanayi ve Ticaret AŞ, retired as of September 30, 2023, and he was succeeded by Mr. Ender Yüksel, who has been serving as Deputy General Manager Responsible for Planning and Logistics at Vestel Elektronik, as of October 1, 2023.

Vestel Mobility Electronics General Directorate has been established within the Company to cover the areas of "Automotive Electronics, Electric Vehicle Charging Stations, Battery Packaging and Energy Storage Systems" and Mr. Hakan Kutlu, who has been serving as the Deputy General Manager Responsible for TV, Visual Solutions, Set-Top Box and Telecom Products at the R&D Department of Vestel Elektronik, was appointed as the General Manager as of October 1, 2023.

Mr. Ali Tarkan Tekcan, the General Manager Responsible for Customer Services at Vestel Ticaret AŞ, retired as of September 30, 2023 and was succeeded by Mr. Özgür Yılmaz, who has been serving as the Deputy General Manager Responsible for Purchasing at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, as of October 1, 2023.

Ms. Seda Kaya, who has been serving as the General Manager Responsible for International Sales at Vestel Ticaret AŞ, retired as of December 1, 2023.

## ADDITIONAL DISCLOSURES REQUIRED BY LEGISLATION

As a part of Vestel's global brand expansion strategy, a new "Marketing General Management" organization has been established, covering central brand management, product management, and a consolidated industrial design department and Nezihe Duygu Badem Uylukçuoğlu, who has been serving as the Deputy General Manager of Domestic Marketing, was appointed as the Chief Marketing Officer as of December 1, 2023.

In line with a more focused and effective growth strategy in global markets, a geographical region-based structure was introduced in sales operations. In this context; Seçkin Mazlum Gençoğlu, who has been serving as the Deputy General Manager Responsible for Product Management for White Goods, has been appointed as the Chief Commercial Officer for the EMEA and Americas regions as of December 1, 2023.

Tank Hakan Leloğlu, who has been serving as the Deputy General Manager Responsible for Dealers and Retail Sales, was appointed as the Chief Commercial Officer for Türkiye, Central Asia, Iran, Iraq, Syria and Northern Cyprus regions as of December 1, 2023.

Ulaş Özcan, who has been serving as the General Manager of Asia Operations, has also assumed the role of the Chief Commercial Officer for the APAC region in addition to his existing duties as of December 1, 2023.

### Number of Employees

As of 31.12.2023, Vestel Elektronik has 19,304 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 31, 2023, 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 2023.

### Personnel and Labour Movements, Collective Bargaining Practices and 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. Vestel Elektronik signed a collective bargaining agreement with Türk Metal Union on January 30, 2024.

### 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 EXECUTIVES

At the Company's 2022 Annual General Meeting held on 31 May 2023, the decision was taken to pay a net annual fee of TL 60,000 per month to each independent board member and not to make any payment to other board members for the year 2023.

In the twelve-month period ending on 31.12.2023, the total compensation and monetary benefits provided to the members of the Board of Directors and senior management amounted to TL 230,840 ths. in total.



## ACTIVITIES OF THE COMPANY AND IMPORTANT DEVELOPMENTS REGARDING THE ACTIVITIES

### Capacity and Production

Unit	Plant Enclosed Area (sqm)
TV	312,171
Household Appliances	508,545
Digital Products	76,722
<b>TOTAL</b>	<b>897,438</b>

The capacity utilization rate in white goods production was 76% in 2023 (2022 CUR: 81%). As part of the ongoing capacity expansion program, the construction of the new dishwasher plant and installation of the new production lines were completed in 2023. The process for the installation and commissioning of the lines transferred from the old dishwasher plant was also completed as of April 1, 2024. Thus, all the first-phase investments within the scope of the capacity expansion program, which was initiated in 2021, have been realized and the Company's total production capacity in white goods has increased by 29% compared to the end of 2020. In television production, the Company's capacity utilization rate, which was 56% in 2022, increased to 62% in 2023.

### Production

The Company's production quantities increased by 2% yoy in 2023.

### Sales

Vestel Elektronik recorded inflation adjusted gross sales revenues of TL 120,946,723 ths. in 2023, of which TL 76,246,912 ths. came from international revenues. 50% of the total sales were made to European countries, 37% to the domestic market and 13% to other countries.

Net sales revenues grew by 1% in real terms while unit sales increased by 2% in 2023.

### Investments and Investment Incentives

The Company's total capital expenditures amounted to TL 5,459,820 ths. (USD 186 million) in 2023 according to the financial statements adjusted for inflation.

Of total investment spending, 27% were for building construction, 23% for research and development activities, 20% for machinery and equipment purchases, 18% for mold investments, and 13% for other investments.

## ADDITIONAL DISCLOSURES REQUIRED BY LEGISLATION

### Information on Direct and Indirect Subsidiaries and Ownership Interests

As of 31 December 2023, the Company's major subsidiaries are as follows:

Consolidated Subsidiaries	31.12.2023		31.12.2022	
	Voting Rights (%)	Voting Rights (%)	Voting Rights (%)	Effective Ownership (%)
Vestel Beyaz Eşya Sanayi ve Ticaret AŞ <sup>(*)</sup>	73.33	73.33	80.66	80.66
Vestel Komünikasyon Sanayi ve Ticaret AŞ	100	100	100	100
Vestel Ticaret AŞ	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Holland B.V. Iberia Branch Office <sup>(**)</sup>	100	100	100	100
Vestel France SA	100	100	100	100
Vestel Holland BV	100	100	100	100
Vestel Holland B.V. Germany Branch Office	100	100	100	100
Cabot Communications Ltd.	90.80	90.80	90.80	90.80
Vestel UK Ltd.	100	100	100	100
Vestel Holland B.V. UK Branch Office	100	100	100	100
Vestek Elektronik Araştırma Geliştirme AŞ	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99.90	99.90	99.90	99.90
Vestel Central Asia LLP	100	100	100	100
Vestel Holland B.V. Poland Branch Office <sup>(***)</sup>	100	100	100	100
Vestel Electronics Gulf DMC	100	100	100	100
Vestel Electronics Shanghai Trading Co. Ltd.	100	100	100	100
Vestel Electronica SRL	100	100	100	100
Vestel U.S.A.	100	100	100	100

<sup>(\*)</sup> Vestel Elektronik Sanayi ve Ticaret AŞ sold 7,750,000 Vestel Beyaz Eşya Sanayi ve Ticaret AŞ shares on 13 June 2023, 8,500,000 shares on 22 June 2023, 5,000,000 shares on 23 June 2023 and 32,000,000 shares on 14 August 2023 via block sale to institutional investors. Following the transactions, Vestel Elektronik's share in Vestel Beyaz Eşya declined to 77.33% from 80.66%.

<sup>(\*\*)</sup> Vestel Iberia S.L., which was based in Spain and 100% owned by Vestel Ticaret AŞ (Vestel Ticaret), a wholly-owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ (Vestel Elektronik), has been merged into Vestel Holland B.V., another wholly-owned subsidiary of Vestel Ticaret. With the merger, all the assets, liabilities and operations of Vestel Iberia S.L. were transferred to Vestel Holland B.V. Sucursal En Espana, which is a branch established in Spain by Vestel Holland B.V. The merger was completed as of October 1, 2023.

<sup>(\*\*\*)</sup> Vestel Poland sp. z o.o., which was based in Poland and wholly-owned by Vestel Ticaret AŞ (Vestel Ticaret), a wholly-owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ, has been merged into Vestel Holland B.V. another wholly-owned subsidiary of Vestel Ticaret. With the merger, all the assets, liabilities and operations of Vestel Poland sp. z o.o. have been transferred to Vestel Holland B.V. Sp. z o.o. Oddział w Polsce, which is a branch established in Poland by Vestel Holland B.V. The merger took place as of 1 January 2023.

**Information on the Company's Acquisition of its Own Shares**

The Company did not acquire its own shares in 2023.

**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.

PwC 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 2023 in accordance with the Capital Market Law, the Turkish Commercial Code and the related legislation, at the Annual General Meeting held on May 31, 2023.

**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 2023.

**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 31 May 2023 were implemented.

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

**Donations and Social Responsibility Projects**

The total sum of donations and aids made in 2023 in line with the Company's Donation and Charity Policy amounted to TL 104.937.966.

**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, Vestel Elektronik was an affiliated company of Zorlu Holding AŞ during the fiscal year 2023. Pursuant to the Article 199 of the Turkish Commercial Code, Vestel Elektronik's Board of Directors issued the following declaration in its affiliation report, which was prepared regarding the Company's relationships 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 2023 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 2023 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 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 the 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
TRFVSTL62415	15.09.2023	265	06.06.2024	300,000,000	Floating Rate	The greater of 47.00% and TLREF* + 5.00% (BIST TLREF Index Change + 500 Basis Points Additional Yield)	Quarterly	At maturity
TRFVSTL62423	18.09.2023	283	27.06.2024	500,000,000	Floating Rate	The greater of 48.00% and TLREF* + 6.00% (BIST TLREF Index Change + 600 Basis Points Additional Yield)	Quarterly	At maturity
TRSVSTLK2413	03.10.2023	395	01.11.2024	300,000,000	Floating Rate	The greater of 48.00% and TLREF* + 4.00% (BIST TLREF Index Change + 400 Basis Points Additional Yield)	Quarterly	At maturity
TRSVSTLK2421	19.10.2023	379	01.11.2024	460,000,000	Floating Rate	The greater of 48.25% and TLREF* + 2.00% (BIST TLREF Index Change + 200 Basis Points Additional Yield)	Quarterly	At maturity
TRFVSTL52416	22.11.2023	162	02.05.2024	214,000,000	Fixed Rate	Annual simple interest rate of 45.5%	At issuance	At maturity
TRSVSTLA2415	22.11.2023	379	05.12.2024	517,000,000	Floating Rate	The greater of 48.50% and TLREF* + 2.50% (BIST TLREF Index Change + 250 Basis Points Additional Yield)	Quarterly	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 Local and Foreign Currency Issuer Credit Rating/Outlook

BB/Negative

On 29 November 2023, JCR Eurasia Rating evaluated Vestel Elektronik Sanayi ve Ticaret AŞ's consolidated structure and affirmed the Company's Long-Term National Issuer Credit Rating at "A (tr)" with "Stable" outlook. The Company's Long Term International Foreign Currency and Local Currency Issuer Credit Ratings and outlooks were kept as "BB/Negative".



**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 Elektronik 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.

At the Company's 2022 Annual General Meeting, considering the current economic outlook, the long term strategies, the liquidity, investment and financing policies of the Company as well as to protect the long term interests of shareholders, employees and the Company, the decision was taken not to distribute the 2022 profit in order to strengthen the financial structure of the Company and not to create additional financing needs and to add the remaining profit of TL 273,188,218 to the extraordinary reserves after setting aside the required amount of TL 97,283,602 to the special reserves as per the Article 5/1-e of the Corporate Tax Law No. 5520.

**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 2023 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, 2023.

# CORPORATE GOVERNANCE

## RISKS AND ASSESSMENT OF THE BOARD OF DIRECTORS

### Risk Management

The enterprise risk management function at the Vestel Group of Companies is carried out through a centrally coordinated structure within Zorlu Holding, as is the case at Zorlu Group Companies.

The "Enterprise Risk Management Policy," in which the Group emphasizes the importance it attaches to enterprise risk management, the purpose, duties, and authorities of the Enterprise Risk Management Department, its working methods, and the duties of all employees, especially the executives of the Group, in this respect are outlined in the "Enterprise Risk Management Regulation," and the relevant documents have been published on company portals.

As of 2023, the Holding's Enterprise Risk Management Department continues its activities with a Deputy General Manager reporting to the Holding's General Directorate of Internal Control and Enterprise Risk Management with the aim of early identification of risks that may jeopardize the existence, development, and continuity of Vestel Group of Companies, implementing the necessary measures against identified risks and managing risks in a centrally organized structure.

While evaluating threats and opportunities, Vestel Group of Companies' Enterprise Risk Management (ERM) approach emphasizes the importance of ensuring that all management personnel always take into account strategic goals and values in their decision-making processes. In this context, it is aimed to integrate enterprise risk management into the strategies and corporate culture of Group companies, to take it into account at every stage, from strategic management decisions to the execution of daily operations, to approach risks from the perspective of threats and opportunities as part of the performance of all employees, and thus to contribute to sustainable growth.

With its holistic enterprise risk management approach, Vestel Group of Companies aims to diagnose the potential consequences of situations that may threaten the continuity of the Group's activities, to anticipate events that may create obstacles to achieving its goals, to allocate resources for the measures to be taken by evaluating the risks related to these events, and to develop and maintain a structure that will ensure continuous monitoring of risks. Aware of the importance of identifying non-financial risks as well as financial risks and developing a proactive approach towards them, Vestel Group of Companies gives the management of non-financial assets, such as human, innovation, and environmental capital, an important place in its corporate governance approach. As a critical part of risk management, the Group's risk appetite and tolerance are taken into account and in determining these factors, in addition to financial considerations, the impact on reputation, innovation, sustainability, occupational health and safety, human rights, environment, productivity, employee and customer satisfaction, and the Group's uncompromisable Ethical Principles are also meticulously assessed.

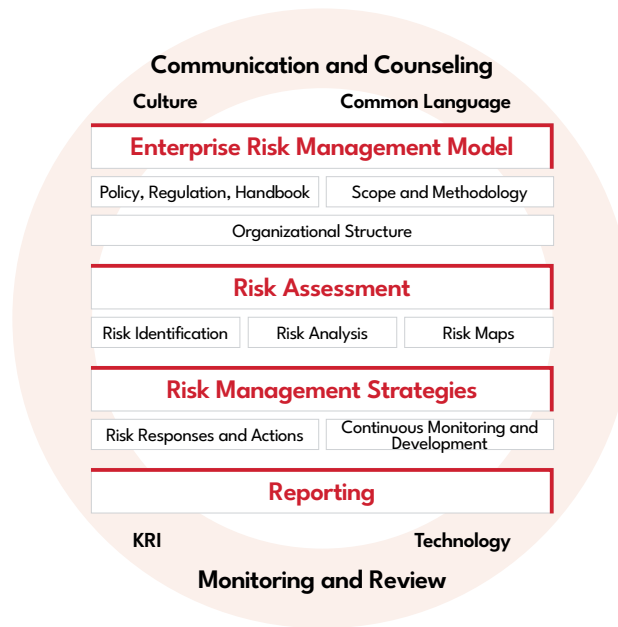
Enterprise Risk Management is a systematic set of processes that affects the management of Vestel Group of Companies and all employees, starting with the Board of Directors. It operates in integration with the strategic planning process, aims to identify, measure, and manage the risks that prevent the Company from achieving its short- and long-term strategic goals within the risk tolerances set by the management, and thereby add value to the Company and its stakeholders.

The Enterprise Risk Management discipline contributes to the establishment of safer decision-making mechanisms with its support, especially for sustainability, better corporate governance, more effective and efficient use of resources, proactive management, and evaluation of opportunities in the management of risks that increase and change in structure with the changing world due to complex organizations, ensuring business continuity, which is increasingly challenging day by day.

The Enterprise Risk Management Model used at the Vestel Group of Companies is summarized below.

Risk Management process is composed of six sub-processes:

1. Enterprise Risk Management Model
2. Risk Assessment
3. Risk Management Strategies
4. Communication and Counseling
5. Monitoring and Review
6. Reporting



The main activities of the companies of the Vestel Group of Companies fall within the scope of enterprise risk management activities. The Enterprise Risk Management Department aims to identify the potential consequences of the situations which threaten the continuity of the Group's activities, to foresee the incidents that may pose barriers to its goals, to allocate resources for the measures that can be taken by evaluating them, and to establish and develop a structure for continuous monitoring of the relevant risks.

### Risk Types

Risks are analyzed under the following four groups depending on their content. Risk types can internally overlap (that is, a single risk may be defined by its content within more than one risk type). For example, a compliance risk can also be characterized as a strategic risk. In this sense, the type of risk will be recorded in the organizational risk map based on the predominant aspect in terms of the quality and quantity of the losses to be incurred.

**Strategic Risks:** Structural risks that may prevent an organization from achieving its short-, medium-, or long-term goals can be classified under this heading. Risks such as planning, business model, market and competition, corporate communication, reputation, and corporate governance are typical examples of strategic risks.

**Financial Risks:** Financial risks refer to the risks that arise as a result of the organization's financial position and choices. Financial risks primarily include credit, interest rate, and liquidity risks.

**Operational Risks:** Operational risks refer to risks that may prevent an organization from fulfilling its core business activities. They include some risk items such as natural disasters, business interruptions, procurement, machine breakage/failure.

**Compliance Risks:** Compliance risks refer to legal sanctions, material financial losses, or reputation losses that the organization may face if it fails to comply with laws, regulations, Zorlu Group Ethical Principles, and good practice standards.

# CORPORATE GOVERNANCE

The Early Detection of Risk Committee was established under the Turkish Commercial Code, the Company's Articles of Association, and the Capital Markets Board's Corporate Governance Communiqué for early detection of risks that may jeopardize the existence, development, and continuity of the Company, implementation of the necessary measures about the risks identified, and management of the risks. The Committee continues its efforts to identify threats in advance that may have negative consequences on the continuity and development of the Company, to take action plans against these threats, and to manage risks effectively. The Early Detection of Risk Committee convened 6 times in 2023 to supervise enterprise risk management processes adequately. The Committee submitted its resolutions adopted as a result of its investigations to the Board of Directors.

The Committee prepared the following reports during this period:

- The Results of the 2022 Risk Assessment Survey for Vestel Group of Companies
- Economic and Social Impacts of Earthquakes in Türkiye
- Industry 4.0 and Vestel
- Enterprise Risk Management Roadmap
- Enterprise Risk Management Policy and Procedure
- Developments in Business Continuity Management.

In addition to the actions mentioned above, the purchase of insurance is also used extensively as a risk transfer mechanism. A list of the major insurance policies taken out is provided below.

## List of Major Insurances Taken

- Fire, Machinery Breakdown, and Loss of Profit Insurance
- Employers' Liability Insurance
- Executive Liability Insurance
- Professional Indemnity Insurance
- Third Party Liability Insurance
- Product Liability Insurance
- Credit Insurance
- Marine/Cargo Insurance
- Fidelity Guarantee, Cash in Transit and Cash in Safe Insurance
- Hazardous Substances Insurance
- Personal Accident Insurance
- Construction/Installation Insurance

## 2023 Annual General Meeting

The Information Memorandum for the 2023 Annual General Meeting, which includes the statement of independence of the Independent Board Member candidates, can be accessed via the following link on the Company's website (<http://www.vestelinvestorrelations.com/en/corporate-governance/general-meetings.aspx>).



## 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 structured 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 evolving 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 consolidated under the umbrella of the Directorate of Internal Audit and Ethics with the addition of the ethics function to their activities 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 encourages Zorlu Group Internal Audit Team, which consists of 15 people, in receiving additional training to improve and enhance their current knowledge, skills and other qualifications, becoming a member of the related associations (e.g. The Institute of Internal Auditors, Türkiye – TIA) and obtaining professional international certificates. The Internal Audit team includes 3 CFEs (Certified Fraud Examiner), 1 CRMA (Certification in Risk Management Assurance), 2 CPAs (Certified Public Accountant), 1 CMB Advanced Level Licence and 1 CMB Derivative Instruments License.

# CORPORATE GOVERNANCE

## 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 managers and employees of the Company contribute to the establishment, operation, monitoring, evaluation, and implementation of necessary measures regarding the internal control system.

The Internal Control Department prepares an annual risk-based internal control work plan to conduct its activities in a systematic, continuous, and disciplined manner. In the preparation of the internal control work plan, risk-based assessments conducted by the Internal Control Department, requests from the Board of Directors, Risk Committee, and management, findings related to internal control identified during audit activities by the Audit Department, and corporate risk maps play significant roles. The annual internal control work plan is submitted for approval and information to the CEO and the Risk Committee.

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 receive further training to enhance their current knowledge and competencies, to take part in relevant 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 PRINCIPLES COMPLIANCE STATEMENT

Corporate governance activities were initiated at Vestel Elektronik Sanayi ve Ticaret AŞ (“Company” or “Vestel Elektronik”), which takes utmost care to comply with the “Corporate Governance Principles” of the Capital Markets Board (“CMB”) in late 2004. In order to have an independent evaluation of the Company’s corporate governance practices and share the results with the public, the Company has been obtaining corporate governance rating services for the past sixteen years. The Corporate Governance Rating of Vestel Elektronik, which is also included in the BIST Corporate Governance Index, has been steadily improving since 2007. Based on the corporate governance rating study conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri AŞ (SAHA Corporate Governance and Credit Rating Services Inc.), which has been certified by the Capital Markets Board to perform corporate governance rating assessment in accordance with the Corporate Governance Principles in Türkiye, Vestel Elektronik’s corporate governance rating was revised up to 9.66 (96.62%) out of a scale of 10 as of 17 February 2023. This high score yet again confirms the importance which Vestel Elektronik attaches to corporate governance and its commitment to achieve further progress in this area.

The breakdown of the Company’s Corporate Governance Rating by sub-categories is as follows:

Sub-categories	Weight	Rating in 2023 (%)
Shareholders	0.25	95.88
Public Disclosure and Transparency	0.25	98.44
Stakeholders	0.15	99.48
Board of Directors	0.35	94.63
<b>Total</b>	<b>1.00</b>	<b>96.62</b>

The Company’s Corporate Governance Rating Reports can be accessed on the Company’s website at [www.vestelinvestorrelations.com](http://www.vestelinvestorrelations.com).

Vestel Elektronik 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 Elektronik Sanayi ve Ticaret AŞ continues its efforts to further improve its compliance with the Corporate Governance Principles and to comply with the majority of the non-mandatory principles that are not yet implemented.

For the reporting period which ended on 31 December 2023, the compliance with the Corporate Governance Principles that are appended to the Communiqué on Corporate Governance 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 the 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

## 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 2023.
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.
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.



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
1.6.4-The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
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					
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					
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					
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					

## CORPORATE GOVERNANCE

	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					
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					
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					
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 their elected representatives at the factories of any decisions that may affect them. The collective bargaining negotiations commenced in 2023 and the Company signed a collective bargaining agreement with Turkish Metal Union on January 30, 2024.
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					
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					The Company supports the stated conditions, and in this context, collective bargaining negotiations commenced in 2023 and the Company signed a collective bargaining agreement with Turkish Metal Union on January 30, 2024.
3.3.9-A safe working environment for employees is maintained.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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					
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					

# CORPORATE GOVERNANCE

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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				Although there is no written policy or target for the election of women to the Board of Directors, diversity is emphasized during the nomination process. Establishing a written policy in the future is under consideration. The Eşit Bi'Hayat (An Equal Life) Manifesto ( <a href="https://www.zorlu.com.tr/assets/files/pdf/ZH_TCE_Manifesto.pdf">https://www.zorlu.com.tr/assets/files/pdf/ZH_TCE_Manifesto.pdf</a> ) prepared by Zorlu Holding serves as a guide in all business processes to foster an inclusive corporate culture enriched by diversity, thereby advancing equality in both the business world and society at large. Zorlu Holding, the controlling shareholder of the Company, is one of the founders of the 30% Club, which aims to increase the ratio of women to 30% in order to achieve gender balance in the decision-making mechanisms, boards of directors, and senior management of companies, in Türkiye and one of the corporate supporters of the Women on Board Association Türkiye.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
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 in 2023 while online participation has been provided for members with excuses. Physical attendance is essential for the meetings.
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	While the opportunity to express opinions exists, no member who did not attend the Board meetings during the relevant period has provided his/her opinions to the board in writing.
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			There are no restrictions on the Board members taking on other roles outside the Company as their business experience and sectoral expertise contribute significantly to the Board. There are no plans to impose any restrictions in this regard. The roles undertaken by the board members outside the Company are presented to shareholders at the AGM through the annual report and the information memorandum for the AGM.



	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				Three independent Board members serve on more than one committee. Due to the number of the independent board members, there are no plans to make changes to 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 2023.
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			A system is under development and preparations are being made for the performance evaluation of the Board of Directors. Accordingly, once the method, frequency, and scope of performance evaluation are determined, it is planned to implement them.
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 given to 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 the disclosure of remuneration on an individual basis.

# CORPORATE GOVERNANCE

## INFORMATION FORM

<b>1. SHAREHOLDERS</b>	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc.) organized by the company during the year	During the year, a total of 82 meetings were held with the investors and analysts via video calls, by phone or face to face. The Company attended 2 investor conferences organized by the brokerage houses, one of which was held abroad.
<b>1.2. Right to Obtain and Examine Information</b>	
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.
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/1146544">https://www.kap.org.tr/tr/Bildirim/1146544</a>
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 2023.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There was no transaction carried out within the scope of Article 9 in 2023.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	<a href="https://www.kap.org.tr/tr/Bildirim/1154740">https://www.kap.org.tr/tr/Bildirim/1154740</a>
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	<a href="https://www.kap.org.tr/tr/Bildirim/1155112">https://www.kap.org.tr/tr/Bildirim/1155112</a>
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.
<b>1.4. Voting Rights</b>	
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	55.69%
<b>1.5. Minority Rights</b>	
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.
<b>1.6. Dividend Right</b>	
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	In consideration of the existing economic conditions, the Company's long term strategies, investment, liquidity and financing policies as well as to protect the long term interests of shareholders, employees and the Company, it has been decided not to distribute the 2022 profit and to add the remaining profit amounting to TL 273,188,218 to extraordinary reserves after setting aside the required amount of TL 97,283,602 for the special reserves as per the Article 5/1-e of the Corporate Tax Law No. 5520, in order to strengthen the financial structure of the Company and not to create additional funding needs.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	<a href="https://www.kap.org.tr/tr/Bildirim/1155112">https://www.kap.org.tr/tr/Bildirim/1155112</a>

**GENERAL ASSEMBLY MEETINGS**

General Meeting Date	The number of information requests received by the company regarding 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 the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly 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
31.05.2023	None.	61.7186%	0.1736%	61.5450%	Corporate Governance / General Meetings of Shareholders	Corporate Governance / General Meetings of Shareholders	None.	None.	<a href="https://www.kap.org.tr/tr/Bildirim/1155112">https://www.kap.org.tr/tr/Bildirim/1155112</a>

**2. DISCLOSURE AND TRANSPARENCY****3. STAKEHOLDERS**

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 Annual Report.

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 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 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 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 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 Additional Disclosures Required by 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.

# CORPORATE GOVERNANCE

<b>3. STAKEHOLDERS</b>	
<b>3.1. Corporation's Policy on Stakeholders</b>	
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	18
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@zorlu.com; etik@vestel.com.tr 0 212 456 23 23 / 0 850 226 23 23
<b>3.2. Supporting the Participation of the Stakeholders in the Corporation's Management</b>	
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. On January 30, 2024, a collective bargaining agreement was signed, and as a result, the number of corporate bodies where employees are represented will increase.
<b>3.3. Human Resources Policy</b>	
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 Company's key management positions (Deputy General Manager and above) is implemented within the scope of Zorlu Group Senior Management Talent Management practices, under the coordination of Zorlu Holding Chief Human Resources Officer, taking the recommendations of the Corporate Governance Committee and following the opinion and approval of the Board of Directors.
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 objectively 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	2
<b>3.5. Ethical Rules and Social Responsibility</b>	
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	-
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 Chairperson: Ayşegül İlideniz  With the resolution of the Board of Directors dated 31.05.2023 and numbered 2023/24, Ahmet Nazif Zorlu and Olgun Zorlu jointly or any one of Ahmet Nazif Zorlu and Olgun Zorlu and any one of Ömer Yüngül and Bekir Cem Köksal jointly were authorized to represent and bind the Company for a period of 1 year without any monetary limitation in all matters.
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	Ergün Güler
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	<a href="https://www.kap.org.tr/en/Bildirim/1170248">https://www.kap.org.tr/en/Bildirim/1170248</a>
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: 1 Ratio: 14%

**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 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	23.12.1994	-	-	-	-
Ayşegül İlideniz	Non-executive	Independent director	09.05.2018	<a href="https://www.kap.org.tr/en/Bildirim/1146544">https://www.kap.org.tr/en/Bildirim/1146544</a>	Considered	No	-
Olgun Zorlu	Non-executive	Not independent director	23.12.1994	-	-	-	-
Bekir Cem Köksal	Executive	Not independent director	31.05.2023	-	-	-	-
Ömer Yüngül	Executive	Not independent director	06.10.2000	-	-	-	-
Bekir Ağırđır	Non-executive	Independent director	09.05.2018	<a href="https://www.kap.org.tr/en/Bildirim/1146544">https://www.kap.org.tr/en/Bildirim/1146544</a>	Considered	No	No
Elmas Melih Araz	Non-executive	Independent director	09.05.2018	<a href="https://www.kap.org.tr/en/Bildirim/1146544">https://www.kap.org.tr/en/Bildirim/1146544</a>	Considered	No	Yes

# CORPORATE GOVERNANCE

<b>4. BOARD OF DIRECTORS-II</b>	
<b>4.4. Meeting Procedures of the Board of Directors</b>	
Number of physical board meetings in the reporting period (meetings in person)	The Board meetings were held in person in 2023 while online participation has been provided for members with excuses. A total of 12 meetings were held in this way in 2023.
Director average attendance rate at board meetings	89%
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 the Article 16 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.
<b>4.5. Board Committees</b>	
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	<a href="https://www.kap.org.tr/tr/Bildirim/220052">https://www.kap.org.tr/tr/Bildirim/220052</a> <a href="https://www.kap.org.tr/tr/Bildirim/267337">https://www.kap.org.tr/tr/Bildirim/267337</a> <a href="https://www.kap.org.tr/tr/Bildirim/348328">https://www.kap.org.tr/tr/Bildirim/348328</a> <a href="https://www.kap.org.tr/tr/Bildirim/348330">https://www.kap.org.tr/tr/Bildirim/348330</a> <a href="https://www.kap.org.tr/tr/Bildirim/348331">https://www.kap.org.tr/tr/Bildirim/348331</a>

<b>COMPOSITION OF BOARD COMMITTEES-I</b>				
<b>Names of the Board Committees</b>	<b>Name of Committees Defined As "Other" in the First Column</b>	<b>Name-Surname of Committee Members</b>	<b>Whether Committee Chair or Not</b>	<b>Whether Board Member or Not</b>
Audit Committee	-	Elmas Melih Araz	Yes	Independent Board member
Audit Committee	-	Bekir Ağırdir	No	Independent Board member
Corporate Governance Committee	-	Ayşegül İlideniz	Yes	Independent Board member
Corporate Governance Committee	-	Elmas Melih Araz	No	Independent Board member
Corporate Governance Committee	-	Serap Mutlu	No	Not board member
Committee of Early Detection of Risk	-	Bekir Ağırdir	Yes	Independent Board member
Committee of Early Detection of Risk	-	Elmas Melih Araz	No	Independent Board member
Committee of Early Detection of Risk	-	Ayşegül İlideniz	No	Independent Board member

**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 the Message from the CEO, Financial Performance and Evaluation of Product Groups for the Year 2023 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 Legislation section of the annual report.

**COMPOSITION OF BOARD COMMITTEES-II**

<b>Names of the Board Committees</b>	<b>Name of Committees defined as "Other" in the First Column</b>	<b>The Percentage of Non-executive Directors</b>	<b>The Percentage of Independent Directors in the Committee</b>	<b>The Number of Meetings Held in Person</b>	<b>The Number of Reports on its Activities Submitted to the Board</b>
Audit Committee	-	100%	100%	6	5
Corporate Governance Committee	-	67%	33%	5	2
Committee of Early Detection of Risk	-	100%	50%	6	6

# CORPORATE GOVERNANCE

## STRUCTURE OF THE BOARD OF DIRECTORS

Vestel Elektronik is managed, represented and authorized 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 independent members to serve on the Board of Directors are determined in accordance with the Capital Markets Legislation and the regulations of the Capital Markets Board regarding corporate governance. The Chairman or Vice Chairman of the Board of Directors is selected from among the independent members. Board members are selected from qualified individuals who are knowledgeable and experienced in the Company's field of activity and management, preferably with higher education, with the ability to read and analyze financial statements and reports, with a basic knowledge of the legal regulations governing the Company's daily and long-term operations and transactions, and with the ability and commitment to attend all meetings scheduled for the relevant budget year of the Board of Directors.

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 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 with the absolute majority of the total number of members and resolves with the majority of those present. Regulations imposed by the Corporate Governance Principles of the Capital Markets Board also apply.

Vestel Elektronik's Board of Directors consists of a total of 7 members, three (43%) of whom are independent. 5 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.

One female member serves on the Board of Directors, who is an independent director and the ratio of female members on the Board is 14%.

The board members were elected to serve for one year at the Annual General Meeting held on May 31, 2023. The average term of office for the current board members is 10.8 years.

No board member, including the chairperson, has a preferential voting right. Each member possesses an equal vote.

Chairperson and CEO are separate individuals.

## 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 accounting, financial auditing, and financial planning as required by the Company's management,
- 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 Company's approach to communication and relationships with 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.



# CORPORATE GOVERNANCE

## 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, Ms. Ayşegül İldeniz, 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 seek 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 31 May 2023:

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 2023.
- The Committee carries out its activities in line with the working principles set out in detail and in writing.
- In 2023, 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 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 recommendations 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 Manager. The Chairperson of the Committee is Ms. Ayşegül İlideniz, who has been selected from among the independent members.
- 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 31 May 2023:

Committee Members	Duty	Status
Ayşegül İlideniz	Chairperson of the Committee	Independent Board Member
Elmas Melih Araz	Member of the Committee	Independent 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 2023.
- The activities carried out by the Corporate Governance Committee in 2023, in line with its detailed and written working principles, are presented below:
  - Making proposals to the Board of Directors to improve corporate governance practices within the scope of compliance with the Capital Markets Board's Communiqué on Corporate Governance no. II-17.1 and engaging in and overseeing activities required for compliance with the legislation within the Company,
  - Preparing the evaluation reports on the independence of the independent Board member candidates for submission to the Board of Directors,
  - Overseeing the activities of the Investor Relations Department,
  - Carrying out the activities related with the Corporate Governance Rating,
  - Within the scope of the Remuneration Committee duties, submission to the Board of its proposal for the compensation to be paid to the members of the Board of Directors and executives with administrative responsibility for the year 2023, considering the degree of attainment of the criteria used in remuneration.

### Early Detection of Risk Committee

- The Early Detection of Risk Committee was established 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. Bekir Ağır, who has been selected from among the independent members. The other members of the Early Detection of Risk Committee are independent Board members Ms. Ayşegül İlideniz and Mr. Elmas Meliz Araz.
- Early Detection of Risk Committee submits a report to the Board of Directors every two months.

## CORPORATE GOVERNANCE

The structure of the Committee and membership information are as follows as per the decision taken in the Company's Board meeting on 31 May 2023:

Committee Members	Duty	Status
Bekir Ağırda	Chairman of the Committee	Independent Board Member
Elmas Melih Araz	Member of the Committee	Independent Board Member
Ayşegül İlideniz	Member of the Committee	Independent Board Member

- The Early Detection of Risk Committee convenes at least 3 times a year, but as often as necessary for the effectiveness of its activities and as explained in its working principles. The Committee held six meetings in 2023 and presented six risk reports to the Board of Directors.
- The activities carried out by the Committee in 2023, in line with the working principles put into writing in detail, are presented below:
  - Risk assessment has been conducted at all levels, and an inventory of risks critical to the Company in strategic, financial, and operational areas has been compiled.
  - Risks were classified according to the following criteria on the risk map, where they are positioned according to their impact and probability levels.
  - Risks have been identified and defined at the Group level.

By Level of Potential Impact:

- o Negligible
- o Minor
- o Moderate
- o Serious
- o Critical

According to the Likelihood:

- o Rare
- o Low
- o Possible
- o High
- o Almost Certain

As a result of these assessments, it was seen that the risks were generally concentrated under the main headings of Strategic, Financial, Compliance and Operational 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:
  - o Results of the 2022 Risk Assessment Survey for Vestel Group of Companies
  - o The Economic and Social Effects of Earthquakes in Türkiye
  - o Industry 4.0 and Vestel
  - o Enterprise Risk Management Roadmap
  - o Corporate Risk Management Policy and Procedure
  - o Developments in Business Continuity Management

## EVALUATION OF THE BOARD OF DIRECTORS REGARDING THE WORKING PRINCIPLES AND EFFECTIVENESS OF THE BOARD COMMITTEES

In line with the Capital Markets Board's Corporate Governance Principles, in order to ensure the effective fulfillment of the duties and responsibilities of the Board of Directors, committees were established to work under the Board of Directors. At its meeting held on May 31, 2023, the Board of Directors resolved to:

- o Elect Ms. Ayşegül İldeniz, Independent Member of the Board, as the Chairperson of the Corporate Governance Committee and Mr. Elmas Melih Araz, Independent Member of the Board, and Ms. Serap Mutlu, Investor Relations Director, as Committee members,
- o Elect Mr. Elmas Melih Araz, Independent Member of the Board, as the Chairman of the Audit Committee and Mr. Bekir Ağırdir, Independent Member of the Board, as Committee Member,
- o Elect Mr. Bekir Ağırdir, Independent Member of the Board, as the Chairman of the Early Detection of Risk Committee and Mr. Elmas Melih Araz, Independent Member of the Board, and Ms. Ayşegül İldeniz, Independent Member of the Board, as Committee Members.

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 ([www.vestelinvestorrelations.com/](http://www.vestelinvestorrelations.com/)).

In 2023, 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 2023:

- o The Corporate Governance Committee convened three times,
- o The Corporate Governance Committee convened once to fulfill the duties of the Nomination Committee,
- o The Corporate Governance Committee convened once to fulfill the duties of the Remuneration Committee,
- o The Audit Committee convened six times,
- o 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:

- o 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.
- o The Corporate Governance Committee also fulfills the duties of the Nomination Committee. Within the scope of its duties as the Nomination Committee, the Corporate Governance Committee evaluated the applications for independent board membership by assessing the independence status of the board member candidates according to the independence criteria. The Committee prepared a report on its evaluations and submitted it to the Board of Directors for approval.
- o The Corporate Governance Committee, which also fulfills the duties of the Remuneration Committee, submitted its proposal to the Board of Directors regarding the remuneration of the Company's Board members and executives with administrative responsibilities for the year 2023, taking into account the degree of attainment of the criteria used in remuneration within the scope of the duties of this committee.
- o 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.
- o The "Early Detection of Risk Committee," which was established for the early detection of risks that 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, compiled an inventory of risks critical to the Company in strategic, financial and operational areas and prepared and submitted six Risk Reports to the Board based on the risk inventories and Enterprise Risk Management Department's research during the year within the scope of its duties set forth in its Working Principles.

# ANNEXES

## ANNEX 1: ABOUT THE REPORT

This report covers Vestel Elektronik Sanayi ve Ticaret A.Ş.'s business model, material issues, and future strategies that create long-term value for its stakeholders. The report covers financial information, as well as sustainability and climate-related governance, strategy, risk management, indicators, and targets.

### Scope

Unless otherwise stated, the information and data in this report include the data of Vestel Elektronik Sanayi ve Ticaret A.Ş. and its subsidiaries covering the period between January 1 - December 31, 2023.

Environmental performance indicators cover the production facilities and internal warehouses of Vestel Elektronik, Vestel Komünikasyon, and Vestel Beyaz Eşya. Vestel Elektronik's seven plants (electronic card, EPS, plastics, pre-assembly, High-End, digital factory, and product renewal area) are located in the Manisa Organized Industrial Zone. The Vestel Komünikasyon plant, operating for the production of electric vehicle chargers, set-top boxes, LED lighting and batteries, is located in the Aegean Free Zone. Vestel Beyaz Eşya produces at six production facilities (Refrigerator Factories I-II, Washing Machine Plant, Tumble Dryer Plant, Dishwasher Plant, Air Conditioner - Water Heater - Cooking Appliances Plant) in Vestel City.

### Standards and Principles Used in the Report

This report has been prepared under GRI Standards and the Integrated Reporting Framework. Turkish Sustainability Reporting Standards (TSRS) 1, "General Provisions on Disclosure of Sustainability-Related Financial Information" and TSRS 2 "Climate-related Disclosures" were taken as a basis while preparing this report. The report also encompasses Vestel's progress achieved under the United Nations Global Compact (UNGC) and its contributions to the United Nations (UN) Sustainable Development Goals. The table prepared based on UNGC principles is presented in Annex 8.

Vestel Elektronik continues to work towards full compliance with the Sustainability Principles. Detailed information on this subject is available in the Statement of Compliance table in Annex 9.



## ANNEX 2: STAKEHOLDER RELATIONS

Communication and collaboration with stakeholders constitute one of the key elements of Vestel's value creation model. Dialog is established with different stakeholders through different channels and their views are included in decision-making processes. Under the stakeholder analysis conducted in 2021, Vestel 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 aims to annually share its performance with the public through its integrated report. Vestel participates in multi-stakeholder initiatives, takes part in associations and initiatives, and contributes to the development of public policies. The Company has been actively involved in the TÜSİAD Environment and Climate Change Working Group since 2019. Joining the newly established Circular Economy Sub-Working Group in 2020 alongside the main working group, Vestel has been a member of the Circular Economy and Waste Management, Climate Change and the Paris Agreement, and EU and International R&D Support Programs sub-working groups since 2021.

Vestel adopts sustainability and circularity as a principle by taking part in many platforms where it carries out active policies with its stakeholders. It plays an active role in the working groups of many platforms, including the European White Goods Manufacturers Association (APPLiA), TOBB, İSKİD, TÜSİAD, and TÜRKBESD, as well as many national organizations in Europe. It closely monitors developments within the scope of the European Union Green Deal policy and develops strategies focused on green and digital transformation. Accordingly, Vestel Beyaz Eşya chairs the 'Eco-Design Task Force for Sustainable Products', which was established at TÜRKBESD in the last quarter of 2023. Furthermore, within the scope of environmental regulations, it continues to participate in policy and legislative development studies carried out to control fluorinated greenhouse gases and reduce emissions through the İSKİD F-Gas Working Group.

Since 2022, Vestel has been voluntarily participating with industry stakeholders in the development of the Code of Conduct (CoC) policy for Energy Smart Appliances (ESA), led by the European Union Joint Research Center (JRC). The aim of this "Code of Conduct" is to describe and increase the number of interoperable ESAs available on the EU market. This aims to improve the environmental impact of energy use over the whole energy system in the near future. Energy smart products are expected to generate less carbon emissions with a smart energy grid management system. During the process of determining the Code of Conduct, three separate workshops were organized in November 2022, March 2023, and June 2023, respectively. The final version of the Code of Conduct was completed at the beginning of March 2024. It includes rules and guidelines on sharing data on energy consumption and performance of devices, device start-up at variable times, remote control and management of devices, cyber-security, and data protection. On April 23, 2024, the official launch date of the policy, partners will officially sign it on a voluntary basis.

Vestel CEO is a board member of TURKTRADE.

# ANNEXES

## 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	
Investors, Shareholders and Analysts Disclosures on the Public Disclosure Platform	Weekly	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	
	Financial statements and interim activity reports	
	Presentations for investors	
	Intermediary firm reports	
Public Institutions	One-on-one visits	Monthly
	Team meetings with relevant institutions	
	Reports, analyses	
	Public events	

Stakeholder Group	Communication Channels	Frequency of Communication
Media	Press releases and interviews	Weekly
	Ads	
	Social media	
	Web site	
	Press conferences	
	Fair visits	
	Reports and surveys	
Consumers and Customers	Press releases and interviews	Daily
	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	

## ANNEXES

### ANNEX 3: ASSOCIATION MEMBERSHIPS AND SUPPORTED INITIATIVES

Advertisers Association	Informatics Industry Association (TÜBİSAD)
Air-Conditioning and Refrigeration Manufacturers' Association (İSKİD)	Interactive Advertisers Association
APPLIA	Istanbul Chamber of Commerce
Association for the Protection of Intellectual Property	Istanbul Chamber of Industry
Authorized Economic Operator Association	İzmir Chamber of Commerce
Automotive Suppliers' Association (TAYSAD)	Lighting Equipment Manufacturers Association (AGİD)
Avere Electronic Mobility Association	Manisa Chamber of Commerce and Industry
Business World Plastics Initiative (IPG)	Manisa Organized Industrial Zone
Call Center Association	Muradiye Organized Industrial Zone
CDP Worldwide	Open Charge Alliance
CHAdEMO Association	Portable Battery Manufacturers and Importers Association (TAP)
Chain Stores Association	PWC
Charging Interface Initiative	Quality Association of Türkiye (KALDER)
Digital Illumination Interface Alliance	S&P Global
DVD Copy Control Association	SAFE EV
EcoVadis	Society for Information Display
European Telecommunications Standards Institute (ETSI)	TechUK
Foreign Economic Relations Board (DEİK)	Turkish Investor Relations Society (TÜYİD)
Foreign Trade Association of Türkiye (TURKTRADE)	UHD Alliance
German-Turkish Chamber of Commerce and Industry	United Brands Association
Global Compact Signatories Association	University-Industry Cooperation Centers Association
HDR10+	White Goods Manufacturers' Association of Türkiye (TURKBESD)

	2020	2021	2022	2023
Amount spent on memberships (TL)	1,012,514	1,623,104	3,505,554	6,494,081

## ANNEX 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. Vestel Elektronik also holds the IATF 16949 Automotive Quality Management System Certificate.

Integrated Management Systems (environment, energy, occupational health and safety, information security and quality) Policies of Vestel Elektronik and Vestel Beyaz Eşya are available [here](#).

Certificate	Ratio of Facilities Covered by the Certificate <sup>5</sup> (%)
ISO 9001	100
ISO 14001	100
ISO 14064	100
ISO 27001	100
ISO 45001	100
ISO 50001	93
IATF 16949	7

<sup>5</sup> The certified facility ratio covers Vestel Group of Companies' factories and internal warehouses.

In Vestel Elektronik and Vestel Komünikasyon, the Management Systems team reporting to the Quality Group Department carries out environmental management as Vestel Elektronik Environmental Officer and Environmental Management Representative, together with the Environmental Working Group. Vestel Beyaz Eşya's Environmental Coordination Group ensures that environmental issues are handled with a broader structure along with the Environment Working Group. Management Systems and Customer Relations Manager is responsible for the environmental 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. In electronics and household appliances factories, carbon footprint is reported according to ISO 14064 standard and water footprint is reported according to ISO 14046 standard and they are verified by independent third parties.

In 2023, the Company spent TL 12.3 million in total for environmental investments and expenditures. A fine of TL 40,000 fine was paid for increasing the capacity of the existing surface treatment process at the Vestel Elektronik factory without paying attention to the regulatory limit and without obtaining EIA report.

In addition to complying with all national laws, determined by the Ministry of Environment and Urbanization of the Republic of Türkiye, especially the Environmental Law, full compliance is also ensured with the following European and global legal regulations for the sector:

- 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, Authorization 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,
- Applicable energy labeling regulations specific to each product group,
- Environmental Law No. 2872 and related regulations.



# ANNEXES

## 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) and Aegean Free Zone (ESBAŞ), where Vestel's production areas are located. All production facilities were examined under the Environmental Impact Assessment (EIA) Regulation during the establishment phase and within the scope of process change and/or capacity increase, and the negative environmental impacts that may arise from construction and operation activities were evaluated. As a result of previous environmental impact assessments, it was found that the species under protection did not live and endangered flora species did not grow within the Company's operating area. No flora and fauna study is carried out due to the fact that the production facilities are located in the Organized Industrial Zone and the Free Zone, the places where the operations are carried out are industrial areas, and there are only industrial areas within a 2 km radius of the areas where the operations are carried out. Vestel is committed to complying with the Environmental Law No. 2872 and the regulations issued pursuant to this law regarding potential measures.

## Air 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 the air emission measurements carried out in 2022, all parameters (CO, NO<sub>x</sub>, SO<sub>x</sub>, VOC, Dust) are below the limit values. The next emission measurements will be made in 2024.

Annual total air emissions <sup>6</sup> (tons)	2020	2022
NO <sub>x</sub>	33.85	43.47
SO <sub>x</sub>	0.14	0.77
Persistent organic pollutants (POP)	-	-
Volatile organic compounds (VOC)	3.32	9.44
Dust (PM)	12.27	39.05

<sup>6</sup> Measurement is carried out every two years within the scope of legal compliance. Measurement was carried out in 2022. There is no perfluorocarbon emission.

## Wastewater Discharge

The factories located in Manisa campus have domestic and industrial wastewater. 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 under 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. The factory in İzmir has domestic wastewater. This wastewater is discharged into the sewage network of the İzmir Organized Industrial Zone. The facility holds a Connection Permit Certificate and Connection Quality Control Permit Certificate issued by İzmir ESBAŞ under the Regulation on Water Pollution Control. Pollution loads of wastewater are measured by ESBAŞ every year by sampling. Measurement values were found to be below the limit values specified in the Regulation on Water Pollution Control.

Wastewater Discharge Values (mg/l)	2022	2023
Chemical oxygen demand (COD)	768	717
Total suspended solids	180	167

## ANNEX 5: AWARDS

### Design Awards

#### **Vestel designs received 36 awards from Good Design and IDA**

- Türkiye's technology giant Vestel received a total of 36 awards from the 'Good Design Awards' and 'IDA Awards', recognized among the world's most renowned design competitions, for its innovative designs. With the new awards, Vestel Elektronik ranked 4<sup>th</sup> in the IDA all-time world list.

#### **2023 Most Innovative Brand Award to Vestel Elektronik**

- Vestel Elektronik was recognized as the Most Innovative Brand of 2023 by the Plus X Award, the world's foremost design and innovation competition, achieving the highest number of awards in the consumer electronics category.

#### **11 Awards to Vestel Beyaz Eşya from Which? Magazine**

- Vestel Beyaz Eşya won a total of 11 awards in the Best Buy, Great Value, and Eco Buy categories in Which? Magazine, the most important independent consumer evaluation organization in the UK market.

#### **iF Design Awards**

- In 2023, Vestel won one award in the UX Design category at the world-renowned design competition iF Design Awards with its VeeZy mobile application.
- Vestel's four-door refrigerator with inventory tracking system, washing machine with microfiber filter, and B series dishwasher with sonic wash technology were also recognized with three awards.

### Digitalization-Technology-Sustainability Awards

#### **Award in the "Innovation Cycle" Category at InovaLIG**

- Vestel Beyaz Eşya won the first prize in the "Innovation Cycle" category at the InovaLIG, organized by the Türkiye Exporters Assembly, where innovation champions of Türkiye are recognized.

#### **Innovation Award for Vestel Washing Machine with Microfiber Filter**

- Vestel's washing machine with microfiber filter received the Special Mention award in the Excellence in Business to Consumer - Household Appliances category of the German Innovation Award 2023 competition.

#### **Sustainable Business Awards**

- Vestel Customer Services received an award in the "Employee Engagement" category at the Sustainable Business Awards, organized to recognize projects that create economic, environmental, and social impact in the business world for a sustainable future. At the awards, organized for the 10<sup>th</sup> time this year and distributed in 16 different categories every year, Vestel Customer Services received an award for its multidisciplinary innovation team "Open Kitchen."

# ANNEXES

## Customer Services Awards

### Stevie Awards

- At the Stevie Awards, Vestel Customer Services received a Gold award for its "Household Appliances Analytics" project and Bronze awards for its "Installing Software on Household Appliances: Veslink" and "No Signal" projects, winning a total of 1 Gold and 2 Bronze awards.

### Golden Headset Award

- Vestel received an award at the 6<sup>th</sup> Golden Headset Awards organized by the Customer Experience Management and Technologies Association. Simge Piriççi, Customer Representative at Vestel Call Center, won the Golden Headset Award in the "Most Sincere Customer Experience Story" category.

### Türkiye Customer Experience Awards

- Vestel Customer Services was awarded Gold in the "Best Use of Customer Insight and Feedback Strategy" category and Silver in the "Best Product or Service Development" category at the Türkiye Customer Experience Awards (TCXA'23) organized by Awards International.

### Quality Association of Türkiye (KalDer) Successful Team of the Year Awards

- Vestel Customer Services received the Bronze award for its end-to-end service quality practices at the Successful Team of the Year Awards organized annually by the Quality Association of Türkiye (KalDer).

### Globe Awards

- Competing in the Globe Sales, Marketing, Customer Success, and Operations Awards, in which brands from all over the world participate, Vestel received one Gold and one Silver prize for its customer service programs.

## Marketing and Corporate Communications Awards

### Crystal Apple Awards

- Vestel received nine awards at the Crystal Apple Awards, organized annually by the "Association of Advertising Agencies" to raise the level of creativity in marketing communications in Türkiye and to certify the unique achievements of agencies, employees, and other parties contributing to the practice.

### Felis Awards

- Vestel received 13 awards in 2023 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 11 awards at The Hammers, where marketing teams are rewarded every year around seminal cases that set an example for the sector and from which all parties in the sector can learn lessons.

### Effie Awards

- Vestel received 1 Gold Prize at the Effie Awards, which have been organized since 2005 by the Association of Advertising Agencies and the Association of Advertiser Agencies under license from the American Marketing Association (A.M.A.) and Effie Worldwide Inc., to measure the effectiveness of advertising campaigns.

### A Awards

- Vestel received 2 awards at the A Awards, where works in the outdoor sector are rewarded.

### Brandverse Awards

- Vestel received four awards at the Brandverse Awards, which recognizes projects, brands, and agencies that demonstrate success throughout the year by covering the world of brands 360 degrees with all its old and new-generation marketing communication and advertising activities.

## Other Awards

- With export revenues of USD 2.3 billion in the Electric-Electronics sector, Vestel not only became the export champion for the 25<sup>th</sup> time in a row, but also ranked as the 6<sup>th</sup> largest exporter in the country.
- Vestel ranked first in the category of exports of iron and steel products in the "Metallic Stars of Export" awards given to successful exporters by the Istanbul Ferrous and Non-Ferrous Metals Exporters' Association.
- The Transformation Leaders team, which implemented the Line Transformation and Integration project in the paint shop department, received the award for the Best Project Team at the Çetin Ceviz Project Manager Awards.
- At the Successful Team of the Year Awards organized annually by the Quality Association of Türkiye (KalDer), the Vestel Electronics Management Systems team received the Silver Award for its SUMARS project and the Vestel Customer Services team received the KalDer 2023 Successful Team of the Year Bronze Award for its End-to-End Service Quality.

## ANNEX 6: PERFORMANCE INDICATORS

### SOCIAL PERFORMANCE INDICATORS

The data below is the consolidated data of Vestel Group of Companies. Indicators do not cover foreign subsidiaries. Data marked between 2020 and 2022 were verified last year. For 2023 data, a separate verification service was received this year.

Employees by Gender	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees	6,225✓	12,273✓	6,408✓	12,288✓	6,767✓	13,209✓	6,477✓	12,290✓
<b>Total</b>	<b>18,498✓</b>		<b>18,696✓</b>		<b>19,976✓</b>		<b>18,767✓</b>	

Employees by Category	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
White-collar	1,060✓	2,380✓	1,209✓	2,509✓	1,363✓	2,817✓	1,287✓	2,681✓
Blue-collar	5,165✓	9,893✓	5,199✓	9,779✓	5,404✓	10,392✓	5,190✓	9,609✓

Employees by Working Duration	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Employed for 0-5 Years	4,003✓	6,925✓	3,878✓	6,307✓	3,979✓	6,867✓	3,840✓	6,637✓
Employed for 5-10 Years	1,732✓	2,915✓	1,843✓	2,968✓	1,951✓	3,035✓	1,681✓	2,673✓
Employed for 10 Years or More	490✓	2,433✓	687✓	3,013✓	837✓	3,307✓	956✓	2,980✓
Average Duration of Employment (Year)	4	5	5	6	5	6	5✓	6✓

Employees by Gender and Age (#)	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
50 and Above	68✓	354✓	90✓	397✓	134✓	577✓	130✓	495✓
30-50 Years	3,342✓	7,006✓	3,489✓	7,214✓	3,769✓	7,780✓	3,530✓	7,236✓
30 and Below	2,815✓	4,913✓	2,829✓	4,677✓	2,864✓	4,852✓	2,817✓	4,559✓

Managers by Gender and Age	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
50 and Above	4✓	33✓	6✓	38✓	12✓	61✓	10✓	39✓
30-50 Years	128✓	491✓	157✓	526✓	168✓	529✓	135✓	419✓
30 and Below	16✓	17✓	11✓	21✓	9✓	18✓	14✓	25✓
<b>Total</b>	<b>689✓</b>		<b>759✓</b>		<b>797✓</b>		<b>642✓</b>	

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Managers by Categories	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees in Junior Management Positions	94✔	249✔	114✔	268✔	120✔	274✔	113✔	267✔
Number of Employees in Middle Management Positions	48✔	254✔	54✔	280✔	61✔	296✔	39✔	178✔
Number of Employees in Top Management Positions	6✔	38✔	6✔	37✔	8✔	38✔	7✔	38✔
Number of Managerial Employees in Revenue-Generating Functions	43✔	142✔	50✔	143✔	52✔	145✔	41✔	113✔
Ratio of Female Employees in Junior Management Positions	27%✔		30%✔		30%✔		30%✔	
Ratio of Female Employees in Middle-Level Management Positions	16%✔		16%✔		17%✔		18%✔	
Ratio of Female Employees in Top Management Positions	14%✔		14%✔		17%✔		16%✔	
Ratio of Managerial Female Employees in Revenue-Generating Functions	23%✔		26%✔		26%✔		27%✔	

	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees in Science, Technology, Engineering and Math (STEM)-related Positions	452✔	1,363✔	523✔	1,439✔	583✔	1,589✔	524✔	1,408✔
Ratio of Female Employees in STEM Positions	25%✔		27%✔		27%✔		27%✔	
Number of Full-Time Employees in R&D Department	313✔	1,184✔	320✔	1,202✔	349✔	1,344✔	326✔	1,276✔
Number of Employees with Disabilities	125✔	313✔	127✔	329✔	135✔	330✔	134✔	324✔
Ratio of Non-Managerial Employees	34%	66%	35%	65%	34%	66%	35%	65%
Promotion Ratio	29%	71%	29.2%	70.8%	29.7%	70.3%	22.9%	77.1%

Newly-Hired Employees by Gender and Age	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
50 and Above	8✔	4✔	1✔	10✔	1✔	6✔	1✔	6✔
30-50 Years	692✔	1,203✔	453✔	846✔	565✔	871✔	452✔	676✔
30 and Below	1,523✔	3,165✔	1,248✔	2,483✔	1,317✔	2,811✔	1,227✔	2,221✔
<b>Total</b>	<b>6,595✔</b>		<b>5,041✔</b>		<b>5,571✔</b>		<b>4,583✔</b>	



Employees Leaving Their Jobs by Gender and Age and Employee Turnover	2020	2021	2022	2023
Employee Turnover Rate	25% ✓	26% ✓	22% ✓	31% ✓
Turnover Rate for Employees Voluntarily Leaving Their Jobs	23% ✓	24% ✓	19% ✓	27% ✓
Ratio of Vacant Positions Filled with In-house Candidates	17% ✓	19% ✓	15% ✓	6% ✓
Ratio of women who quit their jobs	32%	31%	36%	34% ✓

Parental Leave	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees on Parental Leave	281 ✓	504 ✓	257 ✓	501 ✓	289 ✓	550 ✓	273 ✓	566 ✓
Employees Returning from Parental Leave	162 ✓	504 ✓	163 ✓	501 ✓	176 ✓	550 ✓	99 ✓	566 ✓

Performance Review	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Total Number of Employees Subjected to a Regular Performance and Career Development Review	925 ✓	2,086 ✓	1,060 ✓	2,280 ✓	1,202 ✓	2,432 ✓	1,243 ✓	2,562 ✓

Contractor Employees by Gender	2020		2021		2022		2023	
	Kadın	Erkek	Kadın	Erkek	Kadın	Erkek	Kadın	Erkek
Number of Contractor Employees	357 ✓	499 ✓	430 ✓	567 ✓	512 ✓	594 ✓	386 ✓	500 ✓
<b>Total</b>	<b>856 ✓</b>		<b>997 ✓</b>		<b>1,106 ✓</b>		<b>886 ✓</b>	

Employee Training	2020	2021	2022	2023
Training Hours for Employees	230,380 ✓	323,891 ✓	408,769 ✓	342,131 ✓

Contractor Trainings	2020	2021	2022	2023
Training Hours for Contractor Employees	57,232 ✓	50,811 ✓	29,549 ✓	230 ✓

OHS Trainings	2020	2021	2022	2023
OHS Training Hours for Employees	142,490 ✓	139,035 ✓	150,991 ✓	134,522 ✓
OHS Training Hours for Contractor Employees	4,136 ✓	3,750 ✓	4,738 ✓	2,748 ✓

Environment and Waste Trainings	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees Receiving Environmental and Waste Training	-	-	-	-	1,339 ✓	2,351 ✓	2,372 ✓	4,875 ✓
Number of Employees								

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## ENVIRONMENTAL PERFORMANCE INDICATORS

The data below covers all production facilities and internal warehouses of the Vestel Group of Companies, including Vestel Elektronik (seven plants), Vestel Komünikasyon (one plant) and Vestel Beyaz Eşya (six plants). The data marked between 2020 and 2022 was verified last year. This year, a separate verification service was obtained for 2023 data.

Energy Consumption (MWh)	2020	2021	2022	2023
Natural Gas	81,784 ✓	90,753 ✓	89,204 ✓	89,739 ✓
Diesel	3,991 ✓	3,600 ✓	1,890 ✓	1,985 ✓
Electricity	191,211 ✓	203,879 ✓	209,469 ✓	211,992 ✓
Renewable Energy (Electricity)	0 ✓	76 ✓	175 ✓	170 ✓
Steam	62,594 ✓	56,733 ✓	58,462 ✓	67,144 ✓
Hot Water	21,941 ✓	20,231 ✓	18,292 ✓	16,838 ✓
<b>Total</b>	<b>361,521 ✓</b>	<b>375,272 ✓</b>	<b>377,492 ✓</b>	<b>387,868 ✓</b>

Greenhouse Gas Emissions (tons CO <sub>2</sub> e) <sup>7</sup>	2020	2021	2022	2023
Scope 1 <sup>8</sup>	18,350 ✓	20,780 ✓	19,839 ✓	19,153 ✓
Scope 2 <sup>9</sup>	115,468 ✓	132,390 ✓	111,721 ✓	112,644 ✓
Total (Scope 1 and Scope 2)	133,818 ✓	153,170 ✓	131,560 ✓	131,797 ✓
Scope 3 <sup>10</sup> Total	15,975,957 ✓	15,174,094 ✓	14,573,406 ✓	12,024,226 ✓
Category 1				1,010,238 ✓
Category 2				9,695 ✓
Category 4				95,038 ✓
Category 5				1,649 ✓
Category 6				1,450 ✓
Category 7				8,195 ✓
Category 9				245,146 ✓
Category 11				10,636,061 ✓
Category 12				16,753 ✓

<sup>7</sup> Vestel calculated its carbon footprint under the GHG Protocol standard and reported it under the requirements in Article "9.3 Content of the greenhouse gas report" in TS EN ISO 14064-1 standard. IPCC 5<sup>th</sup> Assessment Report was taken as a basis for emission factors in carbon footprint calculations made under 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.

<sup>8</sup> Scope 1: Direct emissions such as natural gas consumed, fuels in processes and plants, refrigerants

<sup>9</sup> Scope 2: Electricity, steam, and heat energy purchased by Vestel Elektronik; electricity and heat energy purchased by Vestel Komünikasyon and Vestel Beyaz Eşya

<sup>10</sup> Scope 3: 2021 calculations were made for categories 1, 4, 6, 7, and 11. 2020 and 2022 calculations were made for category 11.

Direct and indirect emissions within the boundaries of the organization are verified by independent third parties according to the ISO 14064 standard.

<b>Water Withdrawal (m<sup>3</sup>)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Tap Water	949,224 ✓	794,548 ✓	792,127 ✓	884,185 ✓
Groundwater	713,930 ✓	677,700 ✓	618,917 ✓	435,582 ✓
Rain Water	- ✓	- ✓	1,263 ✓	9,193 ✓
Total Water Withdrawal	1,663,154 ✓	1,472,248 ✓	1,413,507 ✓	1,328,960 ✓
Amount of Waste Water Discharged to the Network	1,496,838 ✓	1,325,023 ✓	1,271,077 ✓	1,156,937 ✓
Total Net Water Consumption <sup>11</sup>	166,316 ✓	147,225 ✓	142,430 ✓	132,949 ✓
Amount of Recycled Water	0	465	25,158	111,027 ✓

<sup>11</sup> Total Net Water Consumption = Total Water Withdrawal - Water Discharged

Water footprint is verified by independent third parties according to ISO 14046 standard.

<b>Amount of Waste<sup>12</sup> (tons)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total Amount of Hazardous Waste</b>	<b>1,876 ✓</b>	<b>2,342 ✓</b>	<b>2,328 ✓</b>	<b>1,801 ✓</b>
Hazardous Waste Incinerated for Energy Generation	662 ✓	858 ✓	836 ✓	868 ✓
Recovered Hazardous Waste	1,149 ✓	1,400 ✓	1,446 ✓	933 ✓
Hazardous Waste Sent to Landfill/ Solid Waste Site	65 ✓	84 ✓	46 ✓	1 ✓
<b>Total Amount of Non-Hazardous Waste</b>	<b>55,378 ✓</b>	<b>64,215 ✓</b>	<b>63,108 ✓</b>	<b>66,559 ✓</b>
Non-Hazardous Waste Incinerated for Energy Generation	2,679 ✓	3,243 ✓	3,270 ✓	4,114 ✓
Recycled Non-Hazardous Waste	51,294 ✓	59,400 ✓	58,383 ✓	62,445 ✓
Non-Hazardous Waste Sent to Landfill/Solid Waste Site	1,404 ✓	1,572 ✓	1,453 ✓	0 ✓
<b>Total Waste</b>	<b>57,254 ✓</b>	<b>66,558 ✓</b>	<b>65,436 ✓</b>	<b>68,361 ✓</b>
Total Recycled/Recovered Waste	52,443 ✓	60,801 ✓	59,829 ✓	63,378 ✓
Total Waste Disposed	4,811 ✓	5,757 ✓	5,605 ✓	4,982 ✓
Total Waste Sent to Landfill/Solid Waste Site	1,469 ✓	1,656 ✓	1,499 ✓	1 ✓
Total Waste Incinerated for Energy Generation	3,859 ✓	4,101 ✓	4,106 ✓	4,981 ✓
Recyclability Rate of Waste (%)	92% ✓	91% ✓	91% ✓	93% ✓

<b>Raw Material Consumption<sup>13</sup> (tons)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Steel	216,172	242,614	242,104	289,287
Plastics	155,618	179,119	181,886	189,959
Glass	39,481	46,535	48,553	36,772
Paper - Cardboard	28,287	30,890	36,536	26,477
Aluminum	3,262	4,036	5,410	4,393
Paint	2,797	3,046	3,138	3,327
Copper	1,100	1,405	1,852	1,150

<sup>12</sup> Waste is recycled or disposed of off-site.

<sup>13</sup> Raw materials of the ready-made components were not included in the analysis.

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## ANNEX 7: REPORTING PRINCIPLES

### Vestel Elektronik 2023 Integrated Annual Report –Reporting Principles

This reporting principles ("Principles") provide information on the methodologies for the preparation, calculation and reporting of data for the indicators of Vestel Elektronik Sanayi ve Ticaret A.Ş. ("the Company" or "Vestel Elektronik") within the scope of limited assurance in the Vestel Elektronik 2023 Integrated Annual Report ("2023 Integrated Annual Report").

These indicators include social and environmental indicators. It is the Company's management's responsibility to ensure that appropriate procedures are in place to prepare these indicators, in all material respects, in line with the Principles.

The information contained in the Principles covers the fiscal year ending December 31, 2023 and the related operations in Türkiye, which are the responsibility of Vestel Elektronik as detailed in the "Key Definitions and Scope of Reporting" section.

Social indicators include Vestel Elektronik's consolidated data excluding foreign subsidiaries. The companies included in the scope of social indicators are Vestel Elektronik San. Ve Tic. A.Ş., Vestel Beyaz Eşya San. Ve Tic. A.Ş., Vestel Komünikasyon San. ve Tic. A.Ş. and Vestel Ticaret A.Ş.

Environmental indicators include Vestel Elektronik San. ve Tic. A.Ş., Vestel Komünikasyon San. Ve Tic. A.Ş. and Vestel Beyaz Eşya San. Ve Tic. A.Ş. companies. Indicators that include subcontractors are specified in the "Key Definitions and Reporting Scope" section, and subcontractors are not included in the 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:

Type	Indicator	Scope
Environmental	<b>Energy Consumption (MWh)</b>	
	Natural Gas (MWh)	Refers to the amount of natural gas consumed during the reporting period, which is monitored through the invoices received by the Company from service providers (12 months) and can be mapped with financial reporting systems. The amount of consumption includes the amount used for industrial operations and domestic use.
	Diesel (MWh)	Refers to the amount of diesel consumed in relation to the use of stationary combustion generators and the use of factory vehicles (off-road), which can be tracked from the invoices received by the Company from service providers and mapped with financial reporting systems during the reporting period. Consumption amount includes only the amount used for industrial operations.
	Electricity (MWh)	Refers to the total amount of electricity purchased during the reporting period, which is monitored from the invoices received by the Company from service providers (12 months). Consumption amount includes the amount used for industrial operations and domestic use.
	Steam (MWh)	Refers to the amount of steam that is tracked from the invoices received by the Company from service providers during the reporting period. Only the amount used for industrial operations is included in the consumption amount.
	Hot Water (MWh)	Refers to the amount of hot water used during the reporting period, which is monitored from the invoices received by the Company from service providers. Only the amount used for industrial operations is included in the consumption amount.
	Renewable Energy (MWh)	Refers to the amount of renewable energy generation generated from the solar panels of Vestel Beyaz Eşya Company during the reporting period, the amount of which is monitored through the Vestel database portal and tracking system.
	<b>Total</b>	Refers to the sum of natural gas, diesel, electricity, steam, hot water and renewable energy consumption during the reporting period.
	<b>Energy Density (MWh / USD million)</b>	Refers to the ratio of total energy consumption to total turnover that can be mapped in the financial report during the reporting period.

Type	Indicator	Scope
Environmental	<b>Greenhouse Gas Emissions (tonnes CO<sub>2</sub>e)</b>	
	Scope 1 Emissions (tCO <sub>2</sub> e)	Refers to the amount of natural gas consumption tracked from the invoices of the Company's service providers, the amount of diesel, gasoline and LPG consumption due to the use of company vehicles, the amount of direct greenhouse gas emissions from fixed combustion generators and mobile combustion factory vehicles, diesel, refrigerant gases and fire extinguishers during the reporting period. The Company calculates greenhouse gas emissions according to the standard "TS EN ISO 14064-1:2018 Greenhouse Gases - Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level".
	Scope 2 Emissions (tCO <sub>2</sub> e)	Refers to the amount of indirect greenhouse gas emissions arising from the Company's electricity, steam and hot water consumption during the reporting period. The Company calculates greenhouse gas emissions according to the standard "TS EN ISO 14064-1:2018 Greenhouse Gases - Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level".
	Total Greenhouse Gas Emissions (Scope 1 and 2) (tCO <sub>2</sub> e)	Refers to the sum of the Company's Scope 1 Emissions and Scope 2 Emissions during the reporting period.
	Greenhouse Gas Density (tCO <sub>2</sub> e (USD million))	Refers to the ratio of total Scope 1 and Scope 2 emissions to total turnover that can be mapped through the financial report during the reporting period.
	Scope 3 - Category 1 Emissions (tCO <sub>2</sub> e)	Refers to the indirect greenhouse gas emissions arising from the Company's purchases of goods and services and consumption of municipal water, which are included in Category 1 of the categories in the Greenhouse Gas Protocol (GHG Protocol), which can be mapped with financial reporting systems during the reporting period. The Company calculates greenhouse gas emissions in accordance with the standard "TS EN ISO 14064-1:2018 Greenhouse Gases - Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level".
	Scope 3 - Category 2 Emissions (tCO <sub>2</sub> e)	Refers to the indirect greenhouse gas emissions arising from all capital asset purchases of the Company, which can be mapped with financial reporting systems, which are in Category 2 within the categories in the Company's GHG Protocol (Greenhouse Gas Protocol). The Company calculates greenhouse gas emissions in accordance with the standard "TS EN ISO 14064-1:2018 Greenhouse Gases - Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level".
	Scope 3 - Category 4 Emissions (tCO <sub>2</sub> e)	Refers to the indirect greenhouse gas emissions arising from the transportation and distribution of products purchased by the Company between the Company's suppliers and its own operations (in vehicles and facilities not owned or controlled by the Company), which are included in Category 4 of the categories in the Company's GHG Protocol (Greenhouse Gas Protocol). The Company calculates greenhouse gas emissions in accordance with the standard "TS EN ISO 14064-1:2018 Greenhouse Gases - Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level".
	Scope 3 - Category 5 Emissions (tCO <sub>2</sub> e)	Refers to the indirect greenhouse gas emissions arising from the disposal and processing of wastes generated as a result of the Company's activities by third parties, which are included in Category 5 of the categories in the Greenhouse Gas Protocol (GHG Protocol). Emissions from electrical appliances, mixed paper and cardboard, wood, mineral oil, mixed metal, glass, mixed plastic, household waste, batteries, medical waste, mixed hazardous waste and wastewater discharge are included in the calculation. The Company calculates greenhouse gas emissions in accordance with the standard "TS EN ISO 14064-1:2018 Greenhouse Gases - Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level".
	Scope 3 - Category 6 Emissions (tCO <sub>2</sub> e)	Refers to the indirect greenhouse gas emissions arising from flights, taxi use and accommodation by employees as part of the Company's activities, which are included in Category 6 of the categories in the Company's GHG Protocol (Greenhouse Gas Protocol) and monitored by data received from service provider companies during the reporting period. The Company calculates greenhouse gas emissions in accordance with the standard "TS EN ISO 14064-1:2018 Greenhouse Gases - Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level".



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Type	Indicator	Scope
Environmental	Scope 3 - Category 7 Emissions (tCO <sub>2</sub> e)	Refers to the indirect greenhouse gas emissions arising from the employee shuttles used for the transportation of the Company's employees to and from work, which are monitored by the invoices of the service provider companies, which are included in Category 7 within the categories in the Company's GHG Protocol (Greenhouse Gas Protocol) during the reporting period. The Company calculates greenhouse gas emissions according to the standard "TS EN ISO 14064-1:2018 Greenhouse Gases - Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level".
	Scope 3 - Category 9 Emissions (tCO <sub>2</sub> e)	Refers to the indirect greenhouse gas emissions arising from the transportation and distribution of products sold by the Company, which are included in Category 9 of the categories in the Company's GHG Protocol (Greenhouse Gas Protocol) . It only includes emissions from the transportation and distribution of after-sales products. The Company calculates greenhouse gas emissions according to the standard "TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level"
	Scope 3 - Category 11 Emissions (tCO <sub>2</sub> e)	Refers to the indirect greenhouse gas emissions resulting from the lifetime use of the products sold by the Company, which are included in Category 11 of the categories in the Company's GHG Protocol (Greenhouse Gas Protocol). The Company calculates greenhouse gas emissions in accordance with the standard "TS EN ISO 14064-1:2018 Greenhouse Gases - Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level".
	Scope 3 - Category 12 Emissions (tCO <sub>2</sub> e)	Refers to the indirect greenhouse gas emissions arising from the disposal of waste generated at the end of the life of the products sold by the Company, which is included in Category 12 within the categories in the Company's GHG Protocol (Greenhouse Gas Protocol). The Company calculates greenhouse gas emissions according to the standard "TS EN ISO 14064-1:2018 Greenhouse Gases - Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level".
	<b>Water Withdrawal(m<sup>3</sup>)</b>	
	Tap Water (m <sup>3</sup> )	Refers to the amount of municipal water consumed during the reporting period, which is purchased from Manisa Organized Industrial Zone (MOSB) and tracked from invoices (12 months) and can be mapped with financial reporting systems.
	Groundwater (m <sup>3</sup> )	Refers to the amount of groundwater consumed during the reporting period, which is taken from the Company's Manisa Organized Industrial Zone (MOSB) and tracked from invoices (12 months) and can be mapped with financial reporting systems.
	Rainwater (m <sup>3</sup> )	Refers to the amount of rainwater consumed during the reporting period, obtained from flow meters in the Company's rain collection tanks and monitored through the Vestel database portal.
	Total Water Withdrawal (m <sup>3</sup> )	Refers to the sum of the Company's Mains Water, Groundwater and Rainwater consumption during the reporting period.
	Amount of Wastewater Discharged to Network (m <sup>3</sup> )	Refers to the amount of wastewater received by the Company from Manisa Organized Industrial Zone (MOSB) and discharged during the reporting period, which is monitored through the monthly usage documents shared by MOSB, assuming that approximately 90% of the total of Mains Water, Groundwater and Rainwater is wastewater.
	Total Net Water Consumption (m <sup>3</sup> )	Refers to the amount of Wastewater Discharged to the Municipal Water Supply Network less the Total Water Withdrawal of the Company during the reporting period.
	Amount of Recycled Water (m <sup>3</sup> )	Refers to the total amount of water recovered during the reporting period, monitored by meters in the Company's recovery units, reused in production and recovered during the year.
	Water Density (m <sup>3</sup> / USD million)	Refers to the ratio of total water withdrawal to total turnover that can be mapped in the financial report during the reporting period.

Type	Indicator	Scope
Environmental	<b>Amount of Waste (tonnes)</b>	
	<b>Total Amount of Hazardous Waste (tonnes)</b>	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, which are 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 during the reporting period.
	Hazardous Waste Incinerated for Energy Generation (tonnes)	Refers to the amount of waste recycled for energy generation by the licensed waste processing facility of the Company, which is monitored by the Mobile Waste Tracking System (MOTAT) in the Integrated Environmental Information System of the Republic of Turkey Ministry of Environment, Urbanization and Climate Change and declared with the Waste Declaration with the code "R"
	Recovered Hazardous Waste (tonnes)	Refers to the amount of waste recovered with the "R" code of the licensed waste treatment facility of the Company, which is monitored with the Mobile Waste Tracking System (MOTAT) in the Integrated Environmental Information System of the Republic of Turkey Ministry of Environment, Urbanization and Climate Change, and declared with the Waste Declaration during the reporting period.
	Hazardous Waste Sent to Landfill/Solid Waste Site (tonnes)	Refers to the amount of waste monitored by the Mobile Waste Tracking System (MOTAT) in the Integrated Environmental Information System of the Republic of Turkey Ministry of Environment, Urbanization and Climate Change, declared with the Waste Declaration, and sent to the landfill & solid waste site with the "D" code of the licensed waste treatment facility during the reporting period.
	<b>Total Amount of Non-Hazardous Waste (tonnes)</b>	Refers to the sum of the amount of Non-Hazardous Waste Recovered for Energy Generation, the amount of Non-Hazardous Waste Recycled and the amount of Non-Hazardous Waste Sent to Landfill, which are monitored by the reconciliation and delivery note & weighbridge receipts received from waste processing licensed companies authorized by the Republic of Turkey Ministry of Environment, Urbanization and Climate Change during the reporting period.
	Non-hazardous Waste Incinerated for Energy Generation (tonnes)	Refers to the amount of recycled waste that is subjected to recycling process for the purpose of energy generation and declared to the Republic of Turkey Ministry of Environment, Urbanization and Climate Change with the Waste Declaration, which is tracked with the scale receipt & delivery note documents received from the licensed waste processing company of the Company during the reporting period.
	Recycled Non-Hazardous Waste (tonnes)	Refers to the amount of recycled waste that is tracked with the scale receipt & delivery note documents received from the Company's licensed waste processing company, subjected to recycling process and declared to the Republic of Turkey Ministry of Environment, Urbanization and Climate Change with the Waste Declaration during the reporting period.
	Non-hazardous Waste Sent to Landfill/Solid Waste Site (tonnes)	Refers to the amount of recycled waste during the reporting period, which is tracked with the scale receipt & delivery note documents received from the Company's licensed waste processing company, subjected to landfill and disposal and declared to the Republic of Turkey Ministry of Environment, Urbanization and Climate Change with the Waste Declaration.
	<b>Total Waste (tonnes)</b>	Refers to the sum of the Company's Total Hazardous Waste amount and Total Non-Hazardous Waste amount in the reporting period.
	<b>Total Recycled/Recovered Waste (tonnes)</b>	Refers to the sum of the amount of Hazardous Waste Recovered and the amount of Non-Hazardous Waste Recycled by the Company during the reporting period.
	<b>Total Waste Disposed (tonnes)</b>	Refers to the Company's Total Waste amount minus the Total Recycled/Recovered Waste amount in the reporting period.
	<b>Total Waste Sent to Landfill/Solid Waste Site (tonnes)</b>	Refers to the sum of the amount of Non-Hazardous Waste sent to the Company's Landfill/Solid Waste Site and Hazardous Waste sent to Landfill/Solid Waste Site during the reporting period.
	<b>Total Waste Incinerated for Energy Generation (tonnes)</b>	Refers to the sum of the Company's Non-Hazardous Waste Recovered for Energy Generation and Hazardous Waste Recovered for Energy Generation in the reporting period.
	<b>Recyclability Rate of Waste (%)</b>	Refers to the ratio of the Company's Total Recycled Waste amount to the Total Waste amount during the reporting period.

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Type	Indicator	Scope
Social	<b>Employees by gender (#)</b>	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, 2023, and for whom an employment notification was made to the Social Security Institution.
	<b>Employees by category (#)</b>	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".
	<b>Employees by Working Duration (#)</b>	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.
	<b>Average Working Period (Year)</b>	Refers to the number of employees who are monitored by the Company's Human Resources data platform during the reporting period, declared to the Social Security Institution through the Employment Entry Declaration, and whose average duration is calculated based on their working hours as of 31.12.2023, broken down into men and female.
	<b>Employees by Gender and Age (#)</b>	Refers to the number of employees aged 50 and over, between 30-50 and 30 years old and under during the reporting period, which is monitored through the Company's Human Resources data platform, and created with the date of birth information in the employee files following the employment notification made to the Social Security Institution.
	<b>Managers by Gender and Age (#)</b>	Refers to the total number of people, in terms of men and women, who are 50 years of age and over, 30-50 years of age, 30 years of age and under, and who work at the lower management level Senior Manager and Manager positions, middle management level Manager position, and upper management level Chief Executive Officer, General Manager, Assistant General Manager positions, with the breakdowns of 50 years of age and over, 30-50 years of age, 30 years of age and under, covering all employees entered into the platform as of 31.12.2023, which are monitored by the Company's Human Resources data platform during the reporting period, and created with the date of birth information in the personnel personal files by making the Employment Entry Declaration to the Social Security Institution.
	<b>Managers by categories (#)</b>	Refers the number of female and men working in the first level management level Senior Manager and Manager positions, middle level management level Manager position and top level management level Chief Executive Officer, General Manager, Assistant General Manager positions determined by the Company during the reporting period.
	<b>Number of Managerial Employees in Revenue-Generating Functions (#)</b>	Refers to the number of men and female working in the following positions during the reporting periods, which the Company defines as income-generating positions and which are monitored through the Company's Human Resources data platform: Chief Executive Officer, General Manager and Assistant General Manager, Purchasing department managers, Financial affairs department, finance department managers and all managers working in foreign trade.
	<b>Ratio of Female employees in Management Positions (%)</b>	Refers to the ratio of the number of female employees working at lower management level Senior Manager and Manager positions, middle management level Manager positions and upper management level Chief Executive Officer, General Manager, Assistant General Manager positions to the total number of employees working at management level during the reporting period.
	<b>Ratio of Female in Management Positions in Revenue-Generating Functions (%)</b>	Refers to the ratio of the number of female in management positions in revenue-generating functions to the total number of employees in management positions in revenue-generating functions during the reporting period.
	<b>Number of Employees in STEM Positions (#)</b>	Refers to the number of men and female working in the R&D function, which the Company defines as STEM (Science, Technology, Engineering, Math) positions, and who have a bachelor's degree in engineering, which are monitored through the Company's Human Resources data platform during the reporting period.
	<b>Number of Full-Time Employees in the R&amp;D Department (#)</b>	Refers to the number of full-time male and female employees who are monitored through the Company's Human Resources data platform, whose work organisation is the R&D department and who are defined as 7.5 hours of work per day and 45 hours of work per week within the scope of the Labour Law No. 4857, during the reporting period.
	<b>Ratio of Female Employees in STEM Positions (%)</b>	Refers the ratio of the number of female employees with a bachelor's degree in Engineering and working in the R&D function, which the Company defines as STEM (Science, Technology, Engineering, Math) positions, to the number of employees in STEM positions, as monitored by the Company's Human Resources data platform during the reporting period.
	<b>Number of Employees with Disabilities (#)</b>	Refers the number of male and female employees of the Company who fall within the definition of disabled in the Law No. 5378 on Disabled Persons and who were declared to the Social Security Institution with the Employment Declaration within the reporting year during the reporting period.

Type	Indicator	Scope
Social	<b>Ratio of Non-Managerial Employees (%)</b>	Refers the ratio of the employees who are monitored by the Company's Human Resources data platform, declared to the Social Security Institution through the Employment Entry Declaration, and who are not included in the company's first level, middle level and senior level definitions, to the total number of employees during the reporting period.
	<b>Promotion Ratio (%)</b>	Refers to the ratio of the number of male and female employees who were promoted during the reporting period to the total number of employees who were promoted during the reporting period as of 31.12.2023, which is monitored by the Company's Human Resources data platform and declared to the Social Security Institution through the Employment Entry Declaration, in gender breakdown during the reporting period.
	<b>Newly Hired Employees by Gender and Age (#)</b>	Refers to the number of male and female employees aged 50 years and over, 30-50 years and 30 years and under, who were recruited by the Company during the reporting period and declared to the Social Security Institution with the Declaration of Employment within the reporting year, and who are monitored in the Breakdown of Number of Employees at Management Level.
	<b>Employee Turnover Rate (%)</b>	Refers to the ratio of the number of male and female employees to the total number of employees declared to the Social Security Institution of the Company in the reporting period.
	<b>Turnover Rate for Employees</b>	Raporlama döneminde, Şirketin Vestel Akademi Eğitim Portalı ile takip edilen, çalışanların Şirkete özel bilgileri ile takip edilen ve kayıt altına alınan, 6331 sayılı İş Sağlığı ve Güvenliği Kanunu kapsamında tehlike sınıfına göre konu başlıkları oluşturulan, zorunlu veya zorunlu olmayan toplam İş Sağlığı ve Güvenliği eğitim saatini ifade eder.
	<b>Ratio of Vacant Positions Filled with In-house Candidates (%)</b>	Refers to the ratio of the number of vacant positions filled with internal 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.
	<b>Ratio of women who quit their jobs (%)</b>	Refers to the ratio of the number of female who left their jobs as of 31.12.2023 to the total number of employees who left their jobs as of 31.12.2023, which was declared to the Social Security Institution of the Company in the reporting period with the Declaration of Leaving Work during the reporting year.
	<b>Employees on Parental Leave (#)</b>	Refers the number of employees who went on maternity and paternity leave in the reporting period within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, within the periods specified in the regulation.
	<b>Employees Returning from Parental Leave (#)</b>	Refers the number of male and female employees who returned from maternity and paternity leave in the reporting period within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave within the periods specified in the regulation.
	<b>Total Number of Employees Subjected to a Regular Performance and Career Development Review (#)</b>	Refers to the number of people in terms of men and female within the scope of 2 different evaluation systems during the reporting period, which are followed by performance evaluation forms as "Competency Based Performance Evaluation" made with white collar employees who have completed 6 months as of the start date of the Company's year-end performance evaluation period and "Target & Competency Based Performance Evaluation" made with active white collar employees as of the opening of the beginning of the year performance period.
	<b>Number of Contractor Employees (#)</b>	Refers to the total number of male and female employees working for the Company in ISS and EuroServe, which are subcontractors of the Company, during the reporting period.
	<b>Training Hours for Employees (hours)</b>	Refers to the total number of training hours during the reporting period, covering all trainings including OHS Trainings within the Company, which are monitored through the Company's Vestel Academy Training Portal, tracked and recorded with the Company-specific information of employees.
	<b>Training Hours for Contractor Employees (hours)</b>	Refers to the total number of training hours provided and recorded by ISS and Euroserve, the subcontractor companies that the Company works with, to the personnel working for the Company during the reporting period, covering all trainings including OHS Trainings during the reporting period.
	<b>OHS Training Hours for Contractor Employees (hours)</b>	Refers to the total number of compulsory or non-compulsory Occupational Health and Safety training hours given by the Company to the personnel of ISS and Euroserve, the subcontractor companies that the Company works with, which are monitored through the Vestel Academy Training Portal of the Company during the reporting period, and the topics of which are formed according to the hazard class within the scope of the Occupational Health and Safety Law No. 6331.
	<b>OHS Training Hours for Employees (hours)</b>	Refers to the total number of compulsory or non-compulsory Occupational Health and Safety training hours 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 the topics of which are created according to the hazard class within the scope of the Occupational Health and Safety Law No. 6331.
	<b>Number of Employees Receiving Environmental and Waste Training Number of Employees (#)</b>	Refers to the number of male and female 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 the Company-specific information of the employees.

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Type	Indicator	Scope
Social	<b>OHS Performance Indicators</b>	
	<b>Number of Fatalities (#)</b>	Refers to the number of employees of the Company and the subcontractors ISS and EuroServe, which the Company works with, who fall under the definition of "Fatal Occupational Accident" within the scope of the Occupational Health and Safety Law No. 6331, and who are followed up through notifications made to the Social Security Institution during the reporting period.
	<b>Occupational Disease (#)</b>	Refers to the number of occupational diseases of the Company's employees and the employees of ISS and EuroServe, the subcontractors that the Company works with, during the reporting period, which fall within the definition of "Occupational Disease" within the scope of the Occupational Health and Safety Law No. 6331, and which are monitored through notifications made to the Social Security Institution.
	<b>Number of Accidents (#)</b>	Refers to the number of incidents that occurred to the Company employees during a work-related activity during the reporting period and prevented them from coming to the workplace on the next shift or working day, which were followed up through notifications made to the Social Security Institution.
	<b>Number of Lost Days (#)</b>	Refers to the total number of lost days during the reporting period, which occurred during a work-related activity of the Company's employees and prevented them from coming to work on the next shift or working day, and which are monitored through notifications made to the Social Security Institution during the reporting period.

## Preparation of Data

### 1. Environmental Indicators

#### Energy consumption (MWh)

The following conversion factors were used in the sub-headings that constitute energy consumption.

Lt-MWh = MWh x 0.01008 (diesel)

#### Scope 1 Emissions (tCO<sub>2</sub>e)

Natural gas, diesel fuel, diesel fuel, gasoline and LPG in company vehicles, direct greenhouse gas emissions from stationary combustion generators and mobile combustion factory vehicles are included in the Scope-1 emissions calculation.

Formula:

Amount of Emission = Activity Data \* Emission Factor \* Oxidation Factor

*Activity Data = Consumption Quantity\*Net Calorific Value (TJ)*

*Oxidation Factor = 1*

*GWP coefficients were taken from the IPCC 5<sup>th</sup> Assessment Report and calculated by multiplying the composite ton CO<sub>2</sub>-e value by the appropriate coefficients.*



**Vestel Elektronik & Vestel Komünikasyon**

Emission Source	NKD	Density	Emission Factors	Unit	References
Natural Gas (sm <sup>3</sup> )	48 TJ/Gg	0.67 g/cm <sup>3</sup>	56.1	ton CO <sub>2</sub> /TJ	IPCC 5 <sup>th</sup> AR
Generator - Diesel (lt)	43 TJ/Gg	0.83 g/cm <sup>3</sup>	74.1	kg / TJ	IPCC 5 <sup>th</sup> AR
Company Employee Vehicles - Gasoline (lt)	44.3 TJ/Gg	0.735 g/cm <sup>3</sup>	69.3	ton CO <sub>2</sub> /TJ	IPCC 5 <sup>th</sup> AR
Company Employee Vehicles - Diesel (lt)	43 TJ/Gg	0.83 g/cm <sup>3</sup>	74.1	ton CO <sub>2</sub> /TJ	IPCC 5 <sup>th</sup> AR
Factory Vehicles - Moving Combustion - Diesel (on-road) (lt)	43 TJ/Gg	0.83 g/cm <sup>3</sup>	74.1	ton CO <sub>2</sub> /TJ	IPCC 5 <sup>th</sup> AR
Factory Vehicles - Stationary Combustion - Diesel (off-road) (lt)	43 TJ/Gg	0.83 g/cm <sup>3</sup>	74.1	ton CO <sub>2</sub> /TJ	IPCC 5 <sup>th</sup> AR
Refrigerants - R22	-	-	1,960.00	kgCO <sub>2</sub> e/kg	IPCC 5 <sup>th</sup> AR
Refrigerants - Chiller Cooling Systems R134A & R410A	-	-	2,255.45	kgCO <sub>2</sub> e/kg	IPCC 5 <sup>th</sup> AR
Refrigerants - Water Dispensers R134A	-	-	1,300.00	kgCO <sub>2</sub> e/kg	IPCC 5 <sup>th</sup> AR
Refrigerants - SF Cutters	-	-	1,953.40	kgCO <sub>2</sub> e/kg	IPCC 5 <sup>th</sup> AR
Refrigerants - SF6	-	-	22,800.00	kgCO <sub>2</sub> e/kg	IPCC 5 <sup>th</sup> AR
Fire Extinguishers - CO <sub>2</sub>	719	-	1.00	kgCO <sub>2</sub> e/kg	IPCC 5 <sup>th</sup> AR

**Vestel Beyaz Eşya**

Emission Source	NKD	Density	Emission Factors	Unit	References
Fuel Consumption for Heating - Natural Gas	34,54 TJ/10 <sup>6</sup> m <sup>3</sup>	0.094 m <sup>3</sup> /kWh	0.182	kgCO <sub>2</sub> e/kWh	IPCC 6 <sup>th</sup> AR
Generator - Diesel	43.33 TJ/kton	0.845 kg/lt	2.722	kgCO <sub>2</sub> e/liter	IPCC 6 <sup>th</sup> AR
Fuel Consumption in Process - LPG	47.31 TJ/kton	---	2.988	kgCO <sub>2</sub> e/kg	IPCC 6 <sup>th</sup> AR
Company Vehicles for Transportation - Gasoline	44.8 TJ/kton	0.775 kg/lt	2.506	kgCO <sub>2</sub> e/liter	IPCC (2006), Vol 2, Chapter 3, Tablo 3.2.1 ve Tablo 3.2.2
Company Vehicles for Transportation - Diesel	43.33 TJ/kton	0.845 kg/lt	2.756	kgCO <sub>2</sub> e/liter	IPCC (2006), Vol 2, Chapter 3, Tablo 3.2.1 ve Tablo 3.2.2
Company Vehicles for Transportation Purposes - LPG	47.31 TJ/kton	---	3.07	kgCO <sub>2</sub> e/kg	IPCC (2006), Vol 2, Chapter 3, Tablo 3.2.1 ve Tablo 3.2.2
Operational Vehicles - Internal Waste Transportation (Diesel)	43.33 TJ/kton	0.845 kg/lt	3.00	kgCO <sub>2</sub> e/liter	IPCC (2006), Vol 2, Chapter 3, Tablo 3.3.1
Refrigerants - R22	-	-	1,960.00	kgCO <sub>2</sub> e/kg	IPCC 6 <sup>th</sup> AR
Refrigerants - R404A	-	-	4,728.00	kgCO <sub>2</sub> e/kg	IPCC 6 <sup>th</sup> AR
Refrigerants - R410A	-	-	2,256.00	kgCO <sub>2</sub> e/kg	IPCC 6 <sup>th</sup> AR
Refrigerants - R134A	-	-	1,530.00	kgCO <sub>2</sub> e/kg	IPCC 6 <sup>th</sup> AR
Refrigerants - R407C	-	-	1,908.00	kgCO <sub>2</sub> e/kg	IPCC 6 <sup>th</sup> AR
Fire Extinguishers - CO <sub>2</sub>	-	-	1.00	kgCO <sub>2</sub> e/kg	IPCC 6 <sup>th</sup> AR

# ANNEXES

## Scope 2 Emissions (tCO<sub>2</sub>e)

Indirect greenhouse gas emissions from the Company's electricity, steam and hot water consumption are included in the Scope-2 emissions calculation.

Formula:

$\text{Amount of Emission} = \text{Activity Data} * \text{Emission Factor} * \text{Oxidation Factor}$

$\text{Activity Data} = \text{Consumption Quantity} * \text{Net Calorific Value (TJ)}$

$\text{Oxidation Factor} = 1$

### Vestel Elektronik & Vestel Komünikasyon

Emission Source	Emission Factors	Unit	References
Electricity	0.4400	kgCO <sub>2</sub> e/kWh	Turkey Grid Electricity Emission Factor Information Form
Hot Water	0.1796	kgCO <sub>2</sub> e/kWh	Defra 2023 - Heat and Steam
Steam	0.1796	kgCO <sub>2</sub> e/kWh	Defra 2023 - Heat and Steam

### Vestel Beyaz Eşya

Emission Source	Emission Factors	Unit	References
Electricity	0.4800	kgCO <sub>2</sub> e/kWh	Turkey Grid Electricity Emission Factor Information Form
Hot Water	0.1796	kgCO <sub>2</sub> e/kWh	Defra 2023 - Heat and Steam
Steam	0.1796	kgCO <sub>2</sub> e/kWh	Defra 2023 - Heat and Steam

## Scope 3 Emissions (tCO<sub>2</sub>e)

The Company's Scope 3 emissions include emissions from Category 1: Purchased Goods and Services, Category 2: Capital Goods, Category 4: Upstream Transportation and Distribution, Category 5: Waste Generated in Operations, Category 6: Business Travel, Category 7: Employee Commuting, Category 9: Downstream Transportation and Distribution, Category 11: Use of Sold Products and Category 12: End of Treatment of Product Sold

Formula:

$\text{Amount of Emission} = \text{Activity Data} * \text{Emission Factor} * \text{Oxidation Factor}$

$\text{Oxidation Factor} = 1$

Scope 3 Categories	Emission Factor Unit	Reference Source
Category 1 - Purchased Goods and Services	kgCO <sub>2</sub> e/USD	EPA 2007, Supply Chain Emission Factors for US Industries Commodities v1.1
Category 2 - Capital Goods	kgCO <sub>2</sub> e/USD	EPA 2007, Supply Chain Emission Factors for US Industries Commodities v1.1
Category 4 - Upstream Transportation and Distribution	tCO <sub>2</sub> e/ton*km	DEFRA 2023, Freightng goods
Category 5 - Waste Generated in Operations	kgCO <sub>2</sub> e/ton	DEFRA 2023, Waste Disposal
Category 6 - Business Travel	Flights: kgCO <sub>2</sub> e/km Taxi: kgCO <sub>2</sub> e/USD Accommodation: kgCO <sub>2</sub> e/ room unit	DEFRA 2023, Business Travels, Air DEFRA 2023, Hotel Stay DEFRA 2023, Business Travels, Land (Vestel Elektronik, Vestel Komünikasyon) EPA Supply Chain 2007 (VBE)
Category 7 - Employee Commuting	kgCO <sub>2</sub> e/km	DEFRA 2022-Pasengers vehicles-Avarage (Vestel Elektronik, Vestel Komünikasyon) IPCC (2006), Vol 2, Chapter 3, Table 3.2.1 ve Table 3.2.2 (Vestel Beyaz Eşya)
Category 9 - Downstream Transportation and Distribution	kgCO <sub>2</sub> e/ton*km	DEFRA 2023, Freightng Goods
Category 11 - Use of Sold Products - Electricity	tonCO <sub>2</sub> e/kWh	Türkiye: Turkey Electricity Emission Factor & IEA Emissions Factors Other Countries:: Ember Climate
Category 11 - Use of Sold Products - Natural Gas	tonCO <sub>2</sub> e/kg	Türkiye & Other Countries: IPCC (2006), Vol 2, Chapter 2, Tablo 2.3
Category 11 - Use of Sold Products - LPG	tonCO <sub>2</sub> e/kg	Türkiye & Other Countries: IPCC (2006), Vol 2, Chapter 2, Table 2.3
Category 12 - End of Life Treatment of Product Sold	kgCO <sub>2</sub> /kg	DEFRA 2023, Waste Disposal

**Total Hazardous Waste (tonnes)**

Formula:

$$\text{Total Hazardous Waste (tonnes)} = \text{Hazardous Waste Recovered for Energy Generation} + \text{Recovered Hazardous Waste} + \text{Hazardous Waste Sent to Landfill/Solid Waste Site}$$
**Total Non-Hazardous Waste (tonnes)**

Formula:

$$\text{Total Non-Hazardous Waste (tonnes)} = \text{NonHazardous Waste Recovered for Energy Generation} + \text{Recycled Non-Hazardous Waste} + \text{Non-Hazardous Waste Sent to Landfill}$$
**Total Waste (tonnes)**

Formula:

$$\text{Total Waste (tonnes)} = \text{Total Hazardous Waste} + \text{Total Non-Hazardous Waste}$$
**Recyclability Rate of Waste (%)**

Formula:

$$\text{Recyclability Rate of Waste (\%)} = \text{Total Recycled Waste} / \text{Total Waste}$$

# ANNEXES

## 2. Social Indicators

### Average Working Period (Year)

Formula:

$\frac{\text{Total working period (female)}}{\text{Total number of female employees}}$

$\frac{\text{Total working period (male)}}{\text{Total number of male employees}}$

### Share of Female in Management Positions (%)

*Ratio of Female Employees at Lower Management Level:*

Formula:

$\frac{\text{Number of Female Employees at Lower Management Level}}{\text{Number of Employees at Lower Management Level}}$

*Ratio of Female Employees at Middle Management Level:*

Formula:

$\frac{\text{Number of Female Employees at Middle Management Level}}{\text{Number of Employees at Middle Management Level}}$

*Ratio of Female Employees at Senior Management Level:*

Formula:

$\frac{\text{Number of Female Employees at Senior Management Level}}{\text{Number of Employees at Senior Management Level}}$

### Share of Female in Management Positions in Revenue-Generating Functions (%)

Formula:

$\frac{\text{Number of Female Employees in Management Positions in Revenue-Generating Functions}}{\text{Number of Employees in Management Positions in Revenue-Generating Functions}}$

### Share of Female Employees in STEM Positions (%)

Formula:

$\frac{\text{Number of Female Employees in STEM Positions}}{\text{Number of Employees in STEM Positions}}$

### Promotion Ratio (%)

Formula:

$\frac{\text{Number of Promoted Female Employees}}{\text{Number of Promoted Employees}}$

$\frac{\text{Number of Promoted Male Employees}}{\text{Number of Promoted Employees}}$

### Employee Turnover Rate (%)

Formula:

$\frac{\text{Number of People Leaving Work}}{\text{Total Number of Employees}}$

### Turnover Rate for Employees Voluntarily Leaving Their Jobs (%)

Formula:

$\frac{\text{Number of Employees Who Voluntarily Leave}}{\text{Total Number of Employees}}$

### Ratio of Vacant Positions Filled with In-house Candidates (%)

Formula:

$\frac{\text{Number of Open Positions Filled with In-house Candidates}}{\text{Total Number of Open Positions}}$

### Ratio of Female Quitting Their Jobs (%)

Formula:

$\frac{\text{Number of Women Leaving Their Jobs}}{\text{Total Number of Employees Leaving Their Jobs}}$

## Re-opinion Statement

The measurement and reporting of validated data inevitably involve a degree of estimation. In the event of a change of more than 5 per cent in the data at the partnership level, a re-statement of opinion may be considered.

## ANNEX 8: UN GLOBAL COMPACT (UNGC) PROGRESS TABLE

Topic	Principles	References
Human Rights	Principle 1: Businesses should support, and respect proclaimed human rights.	Gender Equality, Human Rights and Inclusion, Ethical Principles
	Principle 2: Businesses should not be complicit in human rights abuses.	
Working Standards	Principle 3: Businesses should support workers' freedom of association and collective bargaining.	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. The Company signed a collective bargaining agreement with Türk Metal Union on January 30, 2024.
	Principle 4: End forced and compulsory labor.	Gender Equality, Human Rights and Inclusion, Ethical Principles Supply Chain
	Principle 5: All forms of child labor should be stopped.	
	Principle 6: Eliminate discrimination in recruitment and placement.	Gender Equality, Human Rights and Inclusion
Environment	Principle 7: Businesses should support precautionary approaches to environmental problems.	A Net Zero Company Annex 4: Integrated Management Systems and Environmental Management
	Principle 8: It should support all kinds of activities and formations that will increase environmental responsibility.	A Net Zero Company Annex 2: Stakeholder Relations Annex 4: Integrated Management Systems and Environmental Management
	Principle 9: Support the development and diffusion of environmentally friendly technologies.	A Net Zero Company Products and Solutions Creating Benefits
Anti Bribery	Principle 10: Business should fight all forms of corruption, including bribery and extortion.	Ethical Principles



# ANNEXES

## ANNEX 9: 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				Risks and opportunities related to ESG issues are presented in the Global Trends, Risks, and Opportunities section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Global Trends, Risks and Opportunities: Page 50
	The Board of Directors issues ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy) and discloses them.	x				ESG policies are explained in the Employees and Quality and Product Safety sections. Management Systems Policy can be accessed <a href="#">here</a> and Zorlu Holding Human Rights Policy is available <a href="#">here</a> .	Related Section(s) of Vestel Elektronik Integrated Annual Report Employees: Page 96 Quality and Product Safety: Page 136
A1.2	Short and long term targets set within the scope of ESG policies are disclosed.	x				The targets set within the scope of ESG policies are discussed in general in the Strategic Approach section of the integrated annual report and detailed in the Targets and Results table.	Related Section(s) of Vestel Elektronik Integrated Annual Report Strategic Approach: Page 34 Targets and Results: Page 40
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				The governance structure designed for activities within the scope of sustainability is addressed in detail in the Sustainability Management section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Sustainability Management: Page 44
	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				Addressed in the Sustainability Management section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Sustainability Management: Page 44
A2.2	Implementation and action plans are created in line with ESG objectives and disclosed.	x				Strategy areas and action plans are presented in the Strategic Approach section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Strategic Approach: Page 34
A2.3	ESG Key Performance Indicators (KPIs) and the level of achievement in relation to these indicators on an annual basis are disclosed.	x				Detailed in Annex 6.	Related Section(s) of Vestel Elektronik Integrated Annual Report ANNEX 6: Performance Indicators: Page 189
A2.4	Activities to improve the sustainability performance of business processes or products and services are disclosed.	x				Explanations on these processes, products, and services are provided in the Production and Innovation Power, Net Zero Company, and Accessible and Smart Products that Make Life Easier.	Related Section(s) of Vestel Elektronik Integrated Annual Report Production and Innovation Power: Page 79 Net Zero Company: Page 116 Accessible and Smart Solutions That Make Life Easier: Page 126

PRINCIPLE		STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/LINK
		YES	NO	PARTIALLY	IRRELEVANT		
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				The approach, performance, targets, and actions on material topics are transparently shared with stakeholders in the Vestel Elektronik Integrated Annual Report.	Related Section(s) of Vestel Elektronik Integrated Annual Report Targets and Results: Page 40
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.	Related Section(s) of Vestel Elektronik Integrated Annual Report Strategic Approach: Page 34
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				Explained in the Ethical Principles section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Ethical Principles: Page 48
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.	Related Section(s) of Vestel Elektronik Integrated Annual Report Annex 6 Performance Indicators: Page 189
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				Explained in Annex 4: Integrated Management Systems and Environmental Management section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Annex 4: Integrated Management Systems and Environmental Management: Page 185
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				Necessary explanations are given in Annex 1, Annex 4, and Annex 6.	Related Section(s) of Vestel Elektronik Integrated Annual Report Annex 1: About the Report: Page 180 Annex 4: Integrated Management Systems and Environmental Management: Page 185 Annex 6 Performance Indicators: Page 189
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		Although there are sustainability criteria included in the performance system, efforts are underway to increase and diversify these criteria.	Related Section(s) of Vestel Elektronik Integrated Annual Report Net Zero Company: Page 117
B5	The means of integration of identified environmental issues into business objectives and strategies are disclosed.	x				Detailed in the Net Zero Company section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Net Zero Company: Page 116
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				Presented in the Supply Chain section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Supply Chain: Page 112

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PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/LINK
	YES	NO	PARTIALLY	IRRELEVANT		
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				The Net Zero Company is explained in Annex 2 and Annex 3.	Related Section(s) of Vestel Elektronik Integrated Annual Report Net Zero Company: Page 116 Annex 2: Stakeholder Relations: Page 181 Annex 3: Association Memberships and Supported Initiatives: Page 184
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				Reported in Annex 4: Integrated Management Systems and Environmental Management and Environmental Performance Indicators section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Annex 4: Integrated Management Systems and Environmental Management: Page 185 Environmental Performance Indicators: Page 192
B10 Details of the standard, protocol, methodology and base year used to collect and calculate the data are disclosed.	x				Detailed in Annex 4: Integrated Management Systems and Environmental Management section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Annex 4: Integrated Management Systems and Environmental Management: Page 185
B11 The increase or decrease in environmental indicators for the reporting year in comparison with previous years is disclosed.	x				Reported in the Environmental Performance Indicators section and increases and decreases are detailed in the Targets and Results section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Environmental Performance Indicators: Page 192 Targets and Results: Page 40
B12 Short and long-term targets are set to reduce environmental impacts, and these targets and progress against the targets set in previous years are disclosed.	x				Reported in the Environmental Performance Indicators section and its progress is detailed in the Targets and Results section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Net Zero Journey: Page 117 Environmental Performance Indicators: Page 192 Targets and Results: Page 40
B13 A strategy was developed to tackle the climate crisis and planned actions were disclosed.	x				The strategy to combat the climate crisis is detailed in the Net Zero Journey section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Net Zero Company: Page 117
B14 Programs or procedures are established and disclosed in order to prevent or minimize the potential negative impact of products and/or services on the environment.	x				All details regarding the Company's eco-friendly products and practices are addressed in the Products and Solutions Creating Benefits section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Products and Solutions Creating Benefits: Page 127
B14 Actions are taken to reduce the greenhouse gas emissions of third parties (e.g. suppliers, contractors, dealers, etc.) and these actions are disclosed.	x				The Vestel Supplier Monitoring and Development Program was launched to enable suppliers to effectively participate in sustainability processes and understand and improve their current levels.	Related Section(s) of Vestel Elektronik Integrated Annual Report Supply Chain: Page 112
B15 Environmental benefits/gains and cost savings from initiatives and projects to reduce environmental impacts are disclosed.	x				Detailed in the Net Zero Company section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Net Zero Company: Page 116

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/LINK
	YES	NO	PARTIALLY	IRRELEVANT		
B16	Energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data are disclosed as Scope-1 and Scope-2.	x			Scope-1 and Scope-2 emissions are reported in the Environmental Performance Indicators section for the last 3 years.	Related Section(s) of Vestel Elektronik Integrated Annual Report Environmental Performance Indicators: Page 192
B17	Disclosures are made to the public on electricity, heat, steam and cooling generated in the reporting year.	x			Explained in the Net Zero Company and Environmental Performance Indicators sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Net Zero Company: Page 116 Environmental Performance Indicators: Page 192
B18	Efforts are made to increase the use of renewable energy and transition to zero or low-carbon electricity and disclosed.	x			Presented in the Net Zero Journey section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Net Zero Company: Page 117
B19	Renewable energy production and utilization data are disclosed.	x			Renewable energy generation and utilization data are reported in the Net Zero Journey and Environmental Performance Indicators sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Net Zero Company: Page 117 Environmental Performance Indicators: Page 192
B20	Energy efficiency projects are carried out and the amount of energy consumption and emission reductions achieved through energy efficiency projects are disclosed.	x			Detailed information is presented in the Energy Efficiency section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Energy Efficiency: Page 119
B21	Water consumption, the amount of water withdrawn from underground or above ground, if any, recycled and discharged, sources and procedures are disclosed.	x			Included in the "Environmental Performance Indicators" section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Environmental Performance Indicators: Page 192
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 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			Explained in the Net Zero Company and Annex 4: Integrated Management Systems and Environmental Management sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Net Zero Company: Page 116 Annex 4: Integrated Management Systems and Environmental Management: Page 185

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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 is explained in the Human Rights and Inclusion section and Zorlu Holding Human Rights Policy, Zorlu Holding Ethical Principles, and Eşit Bi'Hayat (An Equal Life) Gender Equality Manifesto are available at the links below.  Zorlu Holding Human Rights Policy is available <a href="#">here</a> .  Zorlu Holding Ethical Principles are available <a href="#">here</a> .  The Eşit Bi'Hayat (An Equal Life) Gender Equality Manifesto is available <a href="#">here</a> .	Related Section(s) of Vestel Elektronik Integrated Annual Report Gender Equality, Human Rights and Inclusion: Page 96
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				Presented in detail in the Gender Equality, Human Rights, and Inclusion section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Gender Equality, Human Rights and Inclusion: Page 96
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				Detailed in the Gender Equality, Human Rights and Inclusion, and Supply Chain sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Gender Equality, Human Rights and Inclusion: Page 96 Supply Chain: Page 112
C1.4	Developments regarding the preventive and corrective practices of discrimination, inequality, human rights violations and forced labor and child labor are disclosed.	x				Detailed in the Gender Equality, Human Rights and Inclusion, and Supply Chain sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Gender Equality, Human Rights and Inclusion: Page 96 Supply Chain: Page 112
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				Reported in the Employees section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Employees: Page 96
	Mechanisms are established for resolving employee complaints and disputes and dispute resolution processes are identified.	x				Reported in the Employees section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Employees: Page 96
	Activities carried out during the reporting period to ensure employee satisfaction are disclosed to the public.	x				Reported in the Employees section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Employees: Page 96
C1.6	The Company creates and discloses occupational health and safety policies.	x				Detailed in the Occupational Health and Safety section and the related data are reported in the Social Performance Indicators section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Occupational Health and Safety: Page 108 Social Performance Indicators: Page 189
	Measures taken to prevent occupational accidents and protect health, as well as accident statistics are disclosed.	x				Measures taken to prevent occupational accidents and protect health are reported in the Occupational Health and Safety section and accident statistics in the Social Performance Indicators section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Occupational Health and Safety: Page 109 Social Performance Indicators: Page 189



PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/LINK
	YES	NO	PARTIALLY	IRRELEVANT		
C1.7	Personal data protection and data security policies are established and disclosed.	x			Explained in the Data Security, and Cyber Risks section and Privacy Policy and Information Text Links are shared below. <b>Privacy Policy Disclosure Text</b>	Related Section(s) of Vestel Elektronik Integrated Annual Report Data Security and Cyber Risks: Page 93
C1.8	Ethics policy has been established and disclosed to the public.	x			Vestel adopts a way of business conduct based on Zorlu Holding's Ethical Principles. Zorlu Holding Ethical Principles are available <b>here</b> .	Related Section(s) of Vestel Elektronik Integrated Annual Report Ethical Principles: Page 48
C1.9	Activities within the scope of social investment, social responsibility, financial inclusion and access to finance are disclosed.	x			Explained in the Social Support section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Social Support: Page 110
C1.10	Information meetings and training programs are organized for employees on ESG policies and practices.	x			Information and trainings on ESG are reported in Sustainability Management, Ethical Principles, Employees, and Annex 4: Integrated Management Systems and Environmental Management section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Sustainability Management: Page 44 Ethical Principles: Page 48 Employees: Page 96 Annex 4: Integrated Management Systems and Environmental Management: Page 185
<b>C2. Stakeholders, International Standards and Initiatives</b>						
C2.1	A customer satisfaction policy on the management and resolution of customer complaints is prepared and disclosed.	x			Detailed under the heading of Customer Experience and the Customer Satisfaction Policy can be accessed <b>here</b> .	Related Section(s) of Vestel Elektronik Integrated Annual Report Customer Experience: Page 138
C2.2	Information on communication with stakeholders (stakeholder, topic and frequency) is disclosed.	x			Stakeholder Relations are detailed in Annex 2.	Related Section(s) of Vestel Elektronik Integrated Annual Report Annex 2: Stakeholder Relations: Page 181
C2.3	International reporting standards adopted in reporting are explained.	x			The international reporting standards adopted are provided in Appendix 1: About the Report and Net Zero Journey section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Annex 1: About This Report: Page 180 Net Zero Journey: Page 117
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			Member Associations and Supported Initiatives are given in Annex 3.	Related Section(s) of Vestel Elektronik Integrated Annual Report Annex 3: Association Memberships and Supported Initiatives: Page 184
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			What is done to be included in sustainability indices is explained in detail in the Sustainability Management section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Sustainability Management: Page 44
<b>D. Corporate Governance Principles</b>						
D1	Stakeholders' opinions are sought in determining the measures and strategies in the field of sustainability.	x			The prioritization analysis was carried out in line with the views of 2,372 stakeholders.	Related Section(s) of Vestel Elektronik Integrated Annual Report Prioritization Analysis: Page 36 Annex 2: Stakeholder Relations: Page 181
D2	Social responsibility projects, awareness-raising events and trainings are carried out to raise awareness on sustainability and its importance.	x			Ethical Principles, Employees, and Social Support sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Ethical Principles: Page 48 Employees: Page 96 Social Support: Page 110

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## ANNEX 10: TCFD INDEX

TCFD Recommendations	Disclosures	Reference
<b>Governance</b>	The Boards of Directors' oversight of climate-related risks and opportunities	44-46
	Management's role in assessing and managing risks and opportunities	44-46, 50-51
<b>Strategy</b>	Climate-related risks and opportunities the organization has identified over the short, medium, and long term	58-62
	The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	58-62
	The resilience of the organization's strategy, taking into consideration different climate related scenarios, including a +2°C scenario or lower	58-62
<b>Risk Management</b>	The organization's processes for identifying and assessing climate-related risks	58-62
	The organization's processes for managing climate-related risks	58-62
	How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	58-62
<b>Metrics and Targets</b>	The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	40-41, 58-62
	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	144, 192
	The targets used by the organization to manage climate-related risks and opportunities and performance against targets	40-41

## ANNEX 11: SASB INDEX

Accounting Metric	Code	References
<b>Water Management</b>		
(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	TC-ES-140a.1	Water Management p. 125, Environmental Performance Indicators p. 192 Vestel Electronics CDP Water Security Program 2023, W1.2d
<b>Waste Management</b>		
(1) Amount of hazardous waste from manufacturing, (2) percentage recycled	TC-ES-150a.1	Environmental Performance Indicators p. 193
<b>Labour Practices</b>		
(1) Number of work stoppages and (2) total days idle	TC-ES-31 Oa.1	Occupational Health and Safety, p. 109
<b>Workforce Conditions, Health &amp; Safety</b>		
(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	TC-ES-320a.1	Occupational Health and Safety, p. 109
Percentage of (1) entity's facilities and (2) Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	TC-ES-320a.2	Occupational Health and Safety, p. 109
(1) Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent and (2) associated corrective action rate for (a) priority nonconformances and (b) other nonconformances, disaggregated by (i) the entity's facilities and (ii) the entity's Tier 1 supplier facilities	TC-ES-320a.3	Occupational Health and Safety, p. 109
<b>Product Lifecycle Management</b>		
Weight of end-of-life products and e-waste recovered; percentage recycled	TC-ES-41 Oa.1	Circular Economy, p. 123
<b>Materials Sourcing</b>		
Description of the management of risks associated with the use of critical materials	TC-ES-440a.1	Environmental Performance Indicators, p. 193

# ANNEXES



## ANNEX 12: LIMITED ASSURANCE REPORT

### LIMITED ASSURANCE REPORT

#### TO THE BOARD OF DIRECTORS OF VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.

We have been engaged by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. (“Company” or “Vestel Elektronik”) to perform a limited assurance engagement in respect of the Selected Sustainability Information (the “Selected Information”) stated in the Vestel Elektronik Integrated Annual Report 2023 (the “Integrated Report 2023”) for the year ended 31 December 2023 and listed below.

#### Selected Information

The scope of the Selected Information for the year ended 31 December 2023, which is subject to our limited assurance work, set out in the pages 109, 118, 119, 125, 189, 190, 191, 192 and 193 of the Integrated Report 2023 with the sign “✔” is summarized below:

#### Social Performance Indicators

##### • Sosyal Performans Göstergeleri

- o Employees by Gender (#)
- o Employees by Category (#)
- o Employees by Working Duration (#)
- o Employees by Gender and Age (#)
- o Managers by Gender and Age (#)
- o Managers by Categories (#)
- o Number of Employees in Science, Technology, Engineering and Math (STEM)-related Positions (#)
- o Ratio of Female Employees in STEM Positions (%)
- o Number of Full-Time Employees in R&D Department (#)
- o Number of Employees with Disabilities (#)
- o Ratio of Non-Managerial Employees (%)
- o Promotion Ratio (%)
- o Newly-Hired Employees by Gender and Age (#)
- o Employee Turnover Rate (%)
- o Turnover Rate for Employees Voluntarily Leaving Their Jobs (%)
- o Ratio of Vacant Positions Filled with In-house Candidates (%)
- o Ratio of Women Who Quit Their Jobs (%)
- o Employees on Parental Leave (#)
- o Employees Returning from Parental Leave (#)
- o Total Number of Employees Subjected to a Regular Performance and Career Development Review (#)
- o Contractor Employees by Gender (#)
- o Training Hours for Employees (hour)
- o Training Hours for Contractor Employees (hour)
- o OHS Training Hours for Employees (hour)
- o OHS Training Hours for Contractor Employees (hour)
- o Number of Employees Receiving Environmental and Waste Training Number of Employees (#)
- o Number of Fatalities (#)
- o Occupational Disease (#)
- o Number of Accidents (#)
- o Number of Lost Days (#)



## Environmental Performance Indicators

### • Energy Consumption (MWh)

- o Natural Gas (MWh)
- o Diesel (MWh)
- o Electricity (MWh)
- o Renewable Energy (Electricity) (MWh)
- o Steam (MWh)
- o Hot Water (MWh)
- o Total Energy Consumption (MWh)

### • Greenhouse Gas Emissions (tons CO<sub>2</sub>e)

- o Scope 1 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Scope 2 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Total (Scope 1 and Scope 2) Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Scope 3 Total Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Category 1 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Category 2 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Category 4 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Category 5 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Category 6 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Category 7 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Category 9 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Category 11 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
- o Category 12 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)

### • Water Withdrawal (m<sup>3</sup>)

- o Tap Water (m<sup>3</sup>)
- o Groundwater (m<sup>3</sup>)
- o Rain Water (m<sup>3</sup>)
- o Total Water Withdrawal (m<sup>3</sup>)
- o Amount of Waste Water Discharged to the Network (m<sup>3</sup>)
- o Total Net Water Consumption (m<sup>3</sup>)
- o Amount of Recycled Water (m<sup>3</sup>)

### • Amount of Waste (tons)

- o Total Amount of Hazardous Waste (tons)
- o Hazardous Waste Incinerated for Energy Generation (tons)
- o Recovered Hazardous Waste (tons)
- o Hazardous Waste Sent to Landfill / Solid Waste Site (tons)
- o Total Amount of Non-Hazardous Waste (tons)
- o Non-Hazardous Waste Incinerated for Energy Generation (tons)
- o Recycled Non-Hazardous Waste (tons)
- o Non-Hazardous Waste Sent to Landfill / Solid Waste Site (tons)
- o Total Waste (tons)
- o Total Recycled / Recovered Waste (tons)
- o Total Waste Disposed (tons)
- o Total Waste Sent to Landfill / Solid Waste Site (tons)
- o Total Waste Incinerated for Energy Generation (tons)
- o Recyclability Rate of Waste (%)



# ANNEXES



Our assurance was with respect to the Selected Information marked with “✔” in the 2023 Integrated Report, and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with “✔” in the 2023 Integrated Report and, any other elements included in the 2023 Integrated Report and, therefore, do not express any conclusion thereon.

## Criteria

The criteria used by the Company to prepare the Selected Information is set out in section the “Vestel Elektronik Integrated Annual Report 2023 – Reporting Principles” (the “Reporting Principles”) on pages 194, 195, 196, 197, 198, 199, 200, 201, 202, 203 and 204 of the Integrated Report 2023.

## The Company’s Responsibility

The Company is responsible for the content of the Integrated Report 2023 and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

## Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles

In particular, the conversion of different energy measures to megawatt-hour (MWh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Principles. Our assurance work did not include examination of the derivation of those factors and other third-party information.

## Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

**Our Responsibility**

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information', and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Made inquiries of the persons responsible for the Selected Information;
- Understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- Evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- Performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Company and;
- Undertook analytical procedures over the reported data.

**Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Company's Selected Information for the year ended

31 December 2023, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

**Restriction of use**

This report, including the conclusion, has been prepared for the Board of Directors of the Company as a body, to assist the Board of Directors in reporting Company's performance and activities related to the Selected Information. We permit the disclosure of this report within the Integrated Annual Report 2023 for the year ended 31 December 2023, to enable the Board of Directors of the Company to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. as a body Vestel Elektronik Sanayi ve Ticaret A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Karakurt, SMMM  
Independent Auditor

Istanbul, 9 July 2024

# 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: 25.04.2024**

**RESOLUTION NUMBER: 2024/22**

We hereby declare that the annual report for the year 2023 prepared by Vestel Elektronik Sanayi ve Ticaret AŞ in accordance with the Turkish Commercial Code and the Capital Markets Board's Communiqué on the "Principles of Financial Reporting in Capital Markets" No. II-14.1 ("Communiqué") and audited by PwC 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 Communiqué presents fairly the progress and the performance of the business and the financial position of the Company and of those included in the scope of consolidation 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 Ağır**



Chief Financial Officer  
**Bülent Kiracıoğlu**

# INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT

## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi

### 1. Opinion

We have audited the annual report of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

### 2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 6 April 2024 on the full set consolidated financial statements for the 1 January - 31 December 2023 period.

### 4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

# INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Group's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

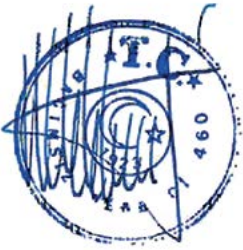
When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

## 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited[consolidated] financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Mehmet Karakurt, SMMM  
Independent Auditor

Istanbul, 25 April 2024



# 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: 05.04.2024**

**RESOLUTION NUMBER: 2024/19**

We hereby declare that the consolidated financial statements for the fiscal year 2023 prepared by Vestel Elektronik Sanayi ve Ticaret AŞ in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards published by the Public Oversight, Accounting and Auditing Standards Authority 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 PwC 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 consolidated 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 consolidated financial statements prepared in accordance with the Communiqué present fairly the assets, liabilities, financial position and the results of operations of the Company together with the companies included in the scope of consolidation.

Sincerely,



Chairman of the Audit Committee  
**Elmas Melih Araz**



Member of the Audit Committee  
**Bekir Ağır**



Chief Financial Officer  
**Bülent Kiracıoğlu**



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIODS**  
**1 JANUARY - 31 DECEMBER 2023**  
**TOGETHER WITH INDEPENDENT**  
**AUDITOR'S REPORT**





**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi

**A. Audit of the consolidated financial statements**

**1. Our opinion**

We have audited the accompanying consolidated financial statements of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

**2. Basis for opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board ("CMB"); and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.





### 3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Application of TAS 29, “Financial Reporting in Hyperinflationary Economies”</b></p> <p>As described in Note 2, the Group has applied TAS 29 “Financial reporting in hyperinflationary economies” (“TAS 29”) in its consolidated financial statements as at and for the year ending 31 December 2023.</p> <p>TAS 29 requires financial statements to be restated into the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect a price index that is current at the balance sheet date as of 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements and the impact of TAS 29 is reliant upon a number of key judgements. Considering the risk of inaccurate or incomplete data used in the application of TAS 29 and the additional associated audit effort, the application of TAS 29 has been identified as a key audit matter for our audit.</p>	<p>The following audit procedures were addressed in our audit work for the application of TAS 29:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the process and controls related to the implementation of TAS 29 designed and implemented by management,</li> <li>• Verifying whether the determination of monetary and non-monetary items made by the management is in compliance with TAS 29,</li> <li>• Obtaining detailed lists of non-monetary items and testing the original entry dates and amounts on a sample basis,</li> <li>• Evaluating the calculation methods used by management and verifying whether they are consistently used in all periods,</li> <li>• Verifying the general price index rates used in calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute,</li> <li>• Evaluating the mathematical accuracy of non-monetary items, income statement, other comprehensive income statement and cash flow statement adjusted for inflation effects,</li> <li>• Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.</li> </ul>



Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Fair value measurement of lands, land improvements and buildings</b></p> <p>As explained in Note 2 of the accompanying consolidated financial statements, in accordance with the relevant provisions of TAS 16 “Tangible Fixed Assets”, the Group measured its lands, land improvements and buildings at their fair values.</p> <p>As explained in Note 13 of the accompanying consolidated financial statements, as a result of the valuations made by the independent professional valuation firm appointed by the Group management as of 31 December 2023, the total fair value increase in the carrying values of lands, land improvements and buildings was TL8.873.580 thousands before deferred income tax and the total amount of the carrying value of those assets was TL23.735.163 thousands as of 31 December 2023.</p> <p>The aforementioned fair value increase was accounted for in the gains on “Revaluation of Property, Plant and Equipment” reserve under shareholders’ equity in the accompanying consolidated statement of financial position by deducting the deferred income tax effect.</p> <p>We considered the fair value determination of lands, land improvements and buildings as a key audit matter, since the amount of those assets has a significant share in the Group’s assets as of 31 December 2023 and the valuations techniques applied include significant judgements and assumptions, such as determination of benchmark prices and construction costs per m<sup>2</sup>.</p>	<p>The following audit procedures were addressed in our audit work for the fair value measurement of lands, land improvements and buildings:</p> <ul style="list-style-type: none"> <li>• The competency, capability and objectivity of the independent professional valuers that who were appointed by the Group management were assessed.</li> <li>• The consistency of the data used by the independent professional valuation agency appointed by the Group management was checked with the Group’s records on a sample basis.</li> <li>• We involved our auditor expert who holds CMB accreditation and valuation licence, on a sample basis to evaluate the assumptions and methods used by the Group management and the independent professional valuation company. The following audit procedures were performed based on the sampling method with the support of the auditor’s expert: <ul style="list-style-type: none"> <li>• Comparison of the location, ownership and square meter information for the lands included in reports with the land registers.</li> <li>• Evaluation of the qualifications of the lands, land improvements and buildings.</li> <li>• Evaluation of the appropriateness of the valuation methods and estimates used.</li> </ul> </li> <li>• We assessed the adequacy and appropriateness of the disclosures related to revaluation of lands, land improvements and buildings in the consolidated financial statements in accordance with TFRS.</li> </ul>



Key Audit Matters	How the key audit matter was addressed in the audit
<b>Recoverability of trade receivables (Refer to Notes 2 and 8)</b>	
<p>Trade receivables from third parties amounting to TL17.370.181 thousands as of 31 December 2023, constitute a significant portion of the consolidated financial statements of the Group.</p> <p>The assessment of the recoverability of these receivables made by the Group management includes considerations of the amount of guarantees/collateral received from the customers, past collection performance, analysis of aging of receivables and litigations regarding receivables. As a result of all of these assessments, determination of doubtful receivables and setting of impairment provision for these receivables also include management judgements and estimates.</p> <p>Therefore, recoverability of trade receivables is a key matter for our audit.</p>	<p>We performed the following procedures in relation to the audit of recoverability of trade receivables from third parties:</p> <ul style="list-style-type: none"> <li>• We understood and assessed the Group's credit risk management and receivables monitoring policies including credit limits.</li> <li>• We tested receivables from third party balances by obtaining confirmation letters on a sample basis.</li> <li>• We analyzed the aging of receivables from third parties on a sample basis.</li> <li>• We tested, on a sample basis, collections in the subsequent period.</li> <li>• We tested, on a sample basis, guarantees/ collaterals held from customers.</li> <li>• We performed inquiries with management in relation to any disputes or litigation for trade receivables from third parties and obtained formal assessment of legal counsels on outstanding litigations and disputes.</li> <li>• We performed inquired with the Group management to assess the basic assumptions and other judgments that form the basis of impairment calculations.</li> <li>• We assessed the appropriateness and adequacy of disclosures in the notes to the consolidated financial statements related to recoverability of trade receivables from third parties in accordance with TFRS.</li> </ul>



#### 4. Other matters

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another firm of auditors whose report, dated 10 March 2023, expressed an unmodified opinion on those statements.

#### 5. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### 6. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated 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.



- Assess the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Group'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 consolidated 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 independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards 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 consolidated 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 responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 6 April 2024.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Mehmet Karakurt, SMMM  
Independent Auditor

Istanbul, 6 April 2024



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## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Consolidated Statement of Financial Positions (Balance Sheets) as of 31 December 2023 and 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	2.294.683	2.557.953
Financial Assets		35.331	66.162
Trade Receivables		17.825.902	18.082.032
Trade Receivables Due from Related Parties	7	456.542	67.305
Trade Receivables Due from Third Parties	8	17.369.360	18.014.727
Other Receivables		2.255.571	4.152.974
Other Receivables Due from Related Parties	7	889.313	2.228.135
Other Receivables Due from Third Parties	9	1.366.258	1.924.839
Derivative Financial Instruments	29	187.106	176.676
Inventories	10	23.510.954	22.555.833
Prepaid Expenses		1.523.914	1.315.256
Prepayments to Related Parties		-	326.585
Prepayments to Third Parties	11	1.523.914	988.671
Current Tax Assets	27	13.878	56.388
Other Current Assets		457.449	259.960
Other Current Assets Due from Third Parties	20	457.449	259.960
<b>TOTAL CURRENT ASSETS</b>		<b>48.104.788</b>	<b>49.223.234</b>

The accompanying notes are an integral part of these consolidated financial statements.

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Consolidated Statement of Financial Positions (Balance Sheets)

### as of 31 December 2023 and 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited	Audited
	Notes	31 December 2023	31 December 2022
<b>NON-CURRENT ASSETS</b>			
Financial Assets		289.257	434.238
Associates Accounted by Using the Equity Method	12	5.857.271	5.123.316
Trade Receivables		821	111
Trade Receivables Due from Third Parties	8	821	111
Other Receivables		28.801.484	27.108.015
Other Receivables Due from Related Parties	7	28.767.776	27.052.676
Other Receivables Due from Third Parties	9	33.708	55.339
Property, Plant and Equipment	13	34.641.411	25.059.592
Right of Use Assets	14	1.231.084	989.329
Intangible Assets	15	3.913.790	3.288.045
Prepaid Expenses		2.340.924	874.830
Prepayments to Related Parties	8	1.982.111	-
Prepayments to Third Parties	11	358.813	874.830
<b>TOTAL NON-CURRENT ASSETS</b>		<b>77.076.042</b>	<b>62.877.476</b>
<b>TOTAL ASSETS</b>		<b>125.180.830</b>	<b>112.100.710</b>

The accompanying notes are an integral part of these consolidated financial statements.



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Consolidated Statement of Financial Positions (Balance Sheets)

#### as of 31 December 2023 and 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	6	24.062.917	31.220.451
Short Term Borrowings from Related Parties		-	17.591
Lease Liabilities	6	-	17.591
Short Term Borrowings from Third Parties		24.062.917	31.202.860
Bank Loans	6	20.281.985	29.112.556
Lease Liabilities	6	230.962	213.204
Issued Debt Instruments	6	3.549.970	1.877.100
Current Portion of Long Term Borrowings		2.824.663	2.301.781
Bank Loans	6	2.824.663	2.301.781
Other Financial Liabilities		1.259.701	-
Trade Payables		41.965.774	35.560.430
Trade Payables to Related Parties	7	112.528	72.605
Trade Payables to Third Parties	8	41.853.246	35.487.825
Payables Related to Employee Benefits	19	912.453	748.018
Other Payables		14.166	4.598
Other Payables to Third Parties	9	14.166	4.598
Derivative Financial Liabilities	29	626.360	981.337
Deferred Revenue		1.073.173	2.064.309
Deferred Revenue from Related Parties		4.022	-
Deferred Revenue from Third Parties	9	1.069.151	2.064.309
Current Tax Liabilities	27	15.668	-
Current Provisions		2.972.156	2.570.464
Other Current Provisions	17	2.972.156	2.570.464
Other Current Liabilities		2.410.560	2.006.927
Other Current Liabilities to Third Parties	20	2.410.560	2.006.927
<b>TOTAL CURRENT LIABILITIES</b>		<b>78.137.591</b>	<b>77.458.315</b>

The accompanying notes are an integral part of these consolidated financial statements.

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Consolidated Statement of Financial Positions (Balance Sheets)

### as of 31 December 2023 and 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited	Audited
	Notes	31 December 2023	31 December 2022
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings		2.532.241	1.798.009
Long Term Borrowings from Third Parties		2.532.241	1.798.009
Bank Loans	6	1.867.476	1.143.322
Lease Liabilities	6	664.765	654.687
Other Financial Liabilities		257.015	-
Trade Payables		178.174	301.331
Trade Payables to Third Parties	8	178.174	301.331
Non-current Provisions		1.930.013	2.293.122
Non-current Provisions for Employee Benefits	19	1.580.853	2.043.194
Other Non-current Provisions	17	349.160	249.928
Deferred Tax Liabilities	27	1.272.751	16.320
Other Non-current Liabilities		12.836	6.389
Other Non-current Liabilities to Third Parties		12.836	6.389
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6.183.030</b>	<b>4.415.171</b>
<b>TOTAL LIABILITIES</b>		<b>84.320.621</b>	<b>81.873.486</b>

The accompanying notes are an integral part of these consolidated financial statements.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Consolidated Statement of Financial Positions (Balance Sheets) as of 31 December 2023 and 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
<b>EQUITY</b>			
<b>Equity Attributable to Owners of Parent</b>		<b>36.044.256</b>	<b>27.374.845</b>
Share Capital	21	335.456	335.456
Adjustments to Share Capital		15.514.508	15.514.508
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss		7.755.669	1.687.936
Revaluation of Property, Plant and Equipment	21	9.041.079	2.756.931
Gains (Losses) on Remeasurement of Defined Benefit Plans		(1.285.410)	(1.068.995)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss		1.505.072	1.050.027
Exchange Differences on Translation		1.609.481	1.180.759
Gains (Losses) on Cash Flow Hedges		(165.241)	(213.162)
Financial Assets Measured of Fair Value through Other Comprehensive Income	21	60.832	82.430
Restricted Reserves Appropriated from Profits		1.253.194	1.253.194
Legal Reserves	21	1.253.194	1.253.194
Retained Earnings		8.230.732	7.645.059
Current Period Net Profit Or (Loss)		1.449.625	(111.335)
<b>Non-controlling Interests</b>		<b>4.815.953</b>	<b>2.852.379</b>
<b>TOTAL EQUITY</b>		<b>40.860.209</b>	<b>30.227.224</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>125.180.830</b>	<b>112.100.710</b>

Consolidated financial statements for the period 1 January - 31 December 2023, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 5 April 2024.

The accompanying notes are an integral part of these consolidated financial statements.

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Periods 1 January - 31 December 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>PROFIT OR LOSS</b>			
Revenue	22	112.215.734	111.124.940
Cost of Sales	22	(87.243.106)	(92.235.255)
<b>GROSS PROFIT</b>		<b>24.972.628</b>	<b>18.889.685</b>
General Administrative Expenses	24	(2.838.815)	(2.421.239)
Marketing Expenses	24	(14.094.334)	(13.005.692)
Research and Development Expense	24	(1.939.046)	(1.686.526)
Other Income from Operating Activities	25	2.104.711	5.826.950
Other Expenses from Operating Activities	25	(15.900.432)	(15.471.283)
<b>(LOSS) / PROFIT FROM OPERATING ACTIVITIES</b>		<b>(7.695.288)</b>	<b>(7.868.105)</b>
Share of Net Profit of Associates Accounted for Using the Equity Method		880.583	1.631.419
<b>(LOSS) / PROFIT BEFORE FINANCING INCOME</b>		<b>(6.814.705)</b>	<b>(6.236.686)</b>
Finance Income	26	18.431.136	20.062.681
Finance Costs	26	(18.340.172)	(19.388.094)
Monetary Gain / (Loss)		9.738.769	5.902.220
<b>PROFIT BEFORE INCOME TAX</b>		<b>3.015.028</b>	<b>340.121</b>
Tax (Expense) Income, Continuing Operations		(683.869)	(148.635)
Current Tax Expense	27	(322.063)	(38.618)
Deferred Tax Income / (Loss)	27	(361.806)	(110.017)
<b>PROFIT FOR THE PERIOD</b>		<b>2.331.159</b>	<b>191.486</b>
<b>Profit / (loss), attributable to</b>			
Non-controlling Interests		881.534	302.821
Owners of Parent	28	1.449.625	(111.335)
<b>Earnings per share with a Kr 1 of Par Value (TL)</b>	28	<b>0,0432</b>	<b>(0,0033)</b>

The accompanying notes are an integral part of these consolidated financial statements.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Periods 1 January - 31 December 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>PROFIT FOR THE PERIOD OTHER COMPREHENSIVE INCOME</b>		<b>2.331.159</b>	<b>191.486</b>
<b>Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>		<b>7.099.878</b>	<b>(1.026.955)</b>
Gains (Losses) on Revaluation of Property, Plant and Equipment	13	8.873.580	389.273
Gains (Losses) on Remeasurements of Defined Benefit Plans		(442.684)	(1.154.187)
Gains (Losses) on Revaluation of Property, Plant and Equipment of Associates			
Accounted by Using Equity Method		(185.417)	6.669
<b>Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>		<b>(1.145.601)</b>	<b>(268.710)</b>
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment		(1.329.160)	(499.547)
Taxes Relating to Remeasurements of Defined Benefit Plans		183.559	230.837
<b>Other Comprehensive Income that will be Reclassified to Profit or Loss</b>		<b>453.076</b>	<b>(2.224.749)</b>
Foreign Exchange Differences on Translation		614.139	(1.757.801)
Gains (Losses) on Remeasuring or Reclassification Adjustments on Financial Assets Through			
Other Comprehensive Income		(28.797)	71.067
Gains (Losses) on Cash Flow Hedges		68.612	(716.226)
Gains (Losses) on Exchange Differences on Translation of Investments Accounted by Using Equity Method		(185.417)	49.179
<b>Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss</b>			
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Financial Assets Through Other Comprehensive Income		(15.461)	129.032
Taxes Relating to Cash Flow Hedges		7.199	(14.213)
		(22.660)	143.245
<b>OTHER COMPREHENSIVE INCOME</b>		<b>7.552.954</b>	<b>(3.251.704)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>9.884.113</b>	<b>(3.060.218)</b>
<b>Total Comprehensive Income Attributable to</b>			
Non-controlling Interests		1.776.013	110.798
Owners of Parent		8.108.100	(3.171.016)

The accompanying notes are an integral part of these consolidated financial statements.



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**Consolidated Statement of Changes in Shareholders' Equity for the Periods**  
**1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

Previous Period 1 January 31 December 2023	Issued Capital	Inflation Adjustments on Capital	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on (Losses) on Remeasuring Financial Assets	Gains (Losses) that will not be Revolution and Reclassified to Other Comprehensive Profit or Loss	Other Accumulated Comprehensive Income (Loss)	Exchange Differences on Translation	Gains Reserve Of (Losses) on Cash Flow Hedges	Measured of Fair Value through Other Comprehensive Income	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Current Period Net Profit Or Loss	Retained to Earnings	Equity attributable to owners of parent	Non- controlling interests	Equity	
Beginning of Period	335,456	15,514,508	3,442,579	(238,309)	2,904,270	2,904,270	2,889,381	359,819	18,916	3,268,116	1,263,766	(345,687)	7,249,636	6,903,949	30,190,065	2,744,810	32,934,875
Transfers	-	-	(238,156)	-	(238,156)	(238,156)	-	-	-	(3,366)	7,491,158	(7,249,636)	241,522	-	-	-	-
Total Comprehensive Income	-	-	(97,733)	(846,620)	(944,353)	(944,353)	(1,708,622)	(463,560)	56,854	(2,115,228)	-	(111,335)	(111,335)	(111,335)	(3,171,016)	110,798	(3,060,218)
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	(111,335)	(111,335)	(111,335)	(111,335)	302,821	191,486
Other Comprehensive Income (Loss)	-	-	(97,733)	(846,620)	(944,353)	(944,353)	(1,708,622)	(463,560)	56,854	(2,115,328)	-	-	-	-	(3,059,681)	(192,023)	(3,251,704)
Dividends Paid (Note 7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(243,384)	(243,384)
Transactions with non- controlling	-	-	(497,759)	15,934	(33,825)	(33,825)	(109,421)	(109,421)	6,660	(102,761)	(7,206)	499,588	499,588	355,726	240,155	595,951	595,951
End of Period	335,456	15,514,508	2,756,931	(1,068,995)	1,687,936	1,687,936	1,880,759	(213,162)	82,430	1,050,027	1,253,194	7,645,059	(111,335)	7,533,724	27,374,845	2,852,379	30,227,224
Current Period 1 January 31 December 2023																	
Opening Balance	335,456	15,514,508	2,756,931	(1,068,995)	1,687,936	1,687,936	1,880,759	(213,162)	82,430	1,050,027	1,253,194	7,645,059	(111,335)	7,533,724	27,374,845	2,852,379	30,227,224
Transfers	-	-	(133,309)	-	(133,309)	(133,309)	-	-	-	-	21,974	111,335	133,309	-	-	-	-
Total Comprehensive	-	-	6,442,622	(233,151)	6,209,471	6,209,471	428,722	41,880	(21,598)	449,004	-	-	1,449,625	1,449,625	8,108,100	1,776,013	9,884,113
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	1,449,625	1,449,625	1,449,625	881,534	2,331,159
Other Comprehensive Income (Loss)	-	-	6,442,622	(233,151)	6,209,471	6,209,471	428,722	41,880	(21,598)	449,004	-	-	-	-	6,658,475	894,479	7,552,954
Dividends Paid (Note 7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(114,351)	(114,351)
Transactions with non- controlling	-	-	(25,165)	16,726	(8,429)	(8,429)	-	6,041	6,041	6,041	-	563,699	563,699	561,311	301,912	863,223	863,223
Closing Balance	335,456	15,514,508	9,041,079	(1,285,410)	7,755,669	7,755,669	1,609,481	(165,241)	60,832	1,505,072	1,253,194	8,230,732	1,449,625	9,680,357	36,044,256	4,815,953	40,860,209

The accompanying notes are an integral part of these consolidated financial statements.

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Consolidated Statement of Cash Flow for the Periods

### 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>7.060.960</b>	<b>(3.999.835)</b>
Profit for the Period		2.331.159	191.486
Profit (Loss) from Continuing Operations		2.331.159	191.486
<b>Adjustments to Reconcile Profit for the Period</b>		<b>(1.344.852)</b>	<b>(3.527.106)</b>
Adjustments for Depreciation and Amortisation Expense	13	4.305.820	3.777.452
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(230.540)	(119.376)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	8,9	(281.227)	(216.628)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	10	50.687	97.252
Adjustments for Provisions		1.016.046	(531.622)
Adjustments for (Reversal of) Provisions Related with Employee Benefits	19	515.122	258.975
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	17	(23.201)	(27.715)
Adjustments for (Reversal of) Warranty Provisions	17	894.584	506.993
Adjustments for (Reversal of) Other Provisions	17	(370.459)	(1.269.875)
Adjustments for Interest (Income) Expenses		2.339.027	1.509.501
Adjustments for Interest Income	26	(3.239.009)	(2.807.965)
Adjustments for Interest Expense	26	5.578.036	4.317.466
Adjustments for Unrealised Foreign Exchange Losses (Gains)		(7.995.400)	(6.552.843)
Adjustments for Fair Value Losses (Gains)		(296.795)	(569.620)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(296.795)	(569.620)
Adjustments for Gains From Investments Accounted for Using Equity Method		(880.583)	(1.631.419)
Adjustments for Tax (Income) Expenses		683.869	148.635
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(57.240)	(43.922)
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets		(57.240)	(43.922)
Other Adjustments to Reconcile Profit (Loss)	5	14	24
Monetary Gain / (Loss)		(229.070)	486.084

The accompanying notes are an integral part of these consolidated financial statements.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Consolidated Statement of Cash Flow for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>Changes in Working Capital</b>		<b>6.827.813</b>	<b>(496.208)</b>
Decrease (Increase) in Financial Asset		737.546	923.902
Adjustments for Decrease (Increase) in Trade Accounts Receivable		536.647	201.150
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(389.237)	(29.053)
Decrease (Increase) in Trade Accounts Receivables from Third Parties		925.884	230.203
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		733.025	19.869
Decrease (Increase) in Other Third Party Receivables Related with Operations		733.025	19.869
Adjustments for Decrease (Increase) in Inventories		(1.005.808)	5.595.461
Decrease (Increase) in Prepaid Expenses		(208.658)	340.489
Adjustments for Increase (Decrease) in Trade Accounts Payable		6.597.093	(8.007.622)
Increase (Decrease) in Trade Accounts Payables to Related Parties		39.923	(106.061)
Increase (Decrease) in Trade Accounts Payables to Third Parties		6.557.170	(7.901.561)
Increase (Decrease) in Employee Benefit Liabilities		164.435	(8.518)
Adjustments for Increase (Decrease) in Other Operating Payables		9.568	(24.505)
Increase (Decrease) in Other Operating Payables to Third Parties		9.568	(24.505)
Increase (Decrease) in Deferred Revenue		(991.136)	943.746
Other Adjustments for Other Increase (Decrease) in Working Capital		255.101	(480.180)
Decrease (Increase) in Other Assets Related with Operations		(154.979)	314.094
Increase (Decrease) in Other Payables Related with Operations		410.080	(794.274)
<b>Cash Flows from (used in) Operations</b>		<b>7.814.120</b>	<b>(3.831.828)</b>
Payments Related with Provisions for Employee Benefits	19	(586.887)	(104.889)
Income Taxes Refund (Paid)	27	(166.273)	(63.118)

The accompanying notes are an integral part of these consolidated financial statements.

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(7.705.365)</b>	<b>(7.454.754)</b>
Proceeds from sales of Shares Without Change in Control of Subsidiaries or Other Businesses		863.223	595.951
Cash Outflows Arising from Purchase of Shares or Capital Increase of Associates		(561.734)	(1.056.499)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		67.076	77.548
Purchase of Property, Plant, Equipment and Intangible Assets		(5.459.819)	(6.867.303)
Purchase of Property, Plant and Equipment	13	(3.911.838)	(6.063.599)
Purchase of Intangible Assets	15	(1.547.981)	(803.704)
Cash Advances and Loans		(2.614.111)	(204.451)
Cash Advances and Loans Made to Related Parties		(2.786.229)	(399.955)
Cash Advances and Loans Made to Third Parties		172.118	195.504
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>1.386.691</b>	<b>10.570.226</b>
Proceeds from Borrowings	6	49.716.527	50.170.430
Proceeds from Loans		42.588.020	47.637.457
Proceeds from Issued Debt Instruments		5.926.697	2.532.973
Proceeds from Other Financial Borrowings		1.201.810	-
Repayments of Borrowings		(42.896.802)	(35.357.439)
Loan Repayments	6	(41.090.862)	(33.174.140)
Issued bonds repayments		(1.805.940)	(2.183.299)
Changes of Lease Liabilities		10.245	272.128
Dividends Paid	7	(114.351)	(243.384)
Interest Paid		(5.559.425)	(4.292.557)
Interest Received		230.497	21.048
<b>NET INCREASE (DECREASE) IN CASH AND CASH EFFECT OF MONETARY GAIN / LOSS ON CASH AND CASH EQUIVALENTS</b>		<b>742.286</b>	<b>(884.363)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		86.561	407.200
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(263.256)</b>	<b>(3.096.743)</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	2.557.917	5.654.660
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>2.294.661</b>	<b>2.557.917</b>

The accompanying notes are an integral part of these consolidated financial statements.

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi ("Vestel Elektronik" or "the Company") and its subsidiaries (together "the Group"), mainly produce and sell a range of brown goods and white goods. The Company's head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / İstanbul. The Group's facilities are located in Manisa Organized Industrial Zone, and İzmir Aegean Free Zone.

The ultimate controlling party of the Company is Zorlu Family.

Vestel Elektronik is registered to Capital Market Board ("CMB") and its shares have been quoted to Borsa İstanbul ("BİST") since 1990. As of 31 December 2023, 44,31 % of the Group's shares are publicly traded (2022: 39,05%).

As of 31 December 2023 the number of personnel employed at Group is 19.304 (31 December 2022: 20.438).

The Company's subsidiaries and associates are as follows:

Subsidiaries	Country	Nature of operations
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Ticaret A.Ş.	Turkey	Sales
Vestel CIS Ltd.	Russia	Sales
Vestel Electronica SRL	Romania	Sales
Vestel Iberia SL	Spain	Sales
Vestel France SA	France	Sales
Vestel Holland BV	Holland	Sales
Vestel Holland B.V. Germany Branch Office	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel UK Ltd.	UK	Sales
Vestel Holland B.V. UK Branch Office	UK	Sales
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	Software
Vestel Trade Ltd.	Russia	Sales
Vestel Electronics Shanghai Trading Co. Ltd	China	Service
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Sales
Vestel Ventures Ar-ge A.Ş.	Turkey	Service
Vestel Holland B.V. Poland Branch Office	Polonya	Sales
Vestel Electronics Gulf DMC	UAE	Sales
Vestel U.S.A.	United States	Sales



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Cont'd)

Associates	Country	Nature of operations
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş. ("Meta")	Turkey	Mining
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. ("TOGG")	Turkey	Automotive

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Basis of presentation

##### 2.1.1 Statement of compliance

The consolidated financial statements of Vestel Elektronik have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretation Committee applicable to the companies reporting under IFRS. The financial statements comply with IFRS as issued by International Accounting Standards Board ("IASB"). The significant accounting policies adopted in the preparation of these consolidated financial statements have been consistently applied to the years presented, unless otherwise stated. The accompanying consolidated financial statements are prepared on the historical cost basis as adjusted for the effects of inflation on Turkish Lira at the reporting date based on International Accounting Standard ("IAS") No. 29 "Financial Reporting in Hyperinflationary Economies" except for the monetary assets and liabilities and those assets and liabilities which are measured at fair value.

The Group and its subsidiaries operating in Turkey maintain their accounting records and prepare 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 consolidated 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.

Consolidated subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate with the required adjustments and reclassifications reflected in accordance with International Financial Reporting Standards ("IFRS"). These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the IFRS.

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

#### 2.1 Basis of presentation (Cont'd)

##### 2.1.1 Statement of compliance (Cont'd)

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.

##### 2.1.2 Financial Reporting in Hyperinflationary Economies

Since the cumulative three-year inflation rate has risen to above 100% as of March 2022, based on the Turkish nation-wide consumer price indices announced by the Turkish Statistical Institute ("TÜİK"), Turkey should be considered a hyperinflationary economy under IAS 29 starting from 30 April 2022.

IAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2022, on the purchasing power basis as of 31 December 2023.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the TÜİK. As of 31 December 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date Index Adjustment Coefficient Three -Year Inflation Rate:

Date	Index	Coefficient of Correction	Three-Year Compound Inflation Rate
31 December 2023	1.859,38	1,00000	268%
31 December 2022	1.128,45	1,64773	156%
31 December 2021	686,95	2,70672	74%

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.1.2 Financial Reporting in Hyperinflationary Economies (Cont'd)

The main elements of the Group's adjustment for financial reporting purposes in hyperinflationary economies are as follows:

- The current period consolidated financial statements prepared in TL are expressed with the purchasing power at the balance sheet date, and the amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are currently expressed with current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of IAS 36 Impairment of Asset and IAS 2 Inventories are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been corrected using the relevant correction coefficient.
- All items included in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet, are indexed on a quarterly basis with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.
- The effect of inflation on the Group's net monetary liability position in the current period is recorded in the monetary gain account in the consolidated income statement.
- The Group measures its lands, land improvements and buildings at fair value by way of revaluation policy. As part of transition provisions in IAS 29 associated revaluation funds recognised under equity was reclassified to the retained earnings as of 1 January 2021.

The Group's consolidated financial statements prepared in accordance with IFRS as of 31 December 2022 were approved on 5 April 2024, and the date of first application of the IAS 29 "Financial Reporting in Hyperinflationary Economies" standard in these IFRS financial statements is 1 January 2021. The transitional provisions of the IAS 29 are reflected in the consolidated financial statements as of the same date, which can be also accessed at <https://www.vestelyatirimciliskileri.com/finansal-bilgiler/ufrs-finansal-tablolar.aspx> and the consolidated financial statements prepared in accordance with TFRS as of 31 December 2023. A separate transition date for the implementation of IAS 29 is not determined in the tables.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)****2.1.3 Currency used****i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Turkish Lira ("TL"), which is the functional currency of Vestel Elektronik and the presentation currency of the Group. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

**ii) Transactions and balances**

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow and net investment which are included under shareholders' equity.

**iii) Translation of financial statements of subsidiaries having functional currency other than TL**

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using quarterly average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction) and then rearrangements made in accordance with TMS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the TÜİK.

Exchange differences arising from using average and balance sheet date rates are included in "exchange differences on translation" under equity.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.1.4 Basis of consolidation

The consolidated financial statements include the accounts of the parent and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with IFRS by applying uniform accounting policies and presentation.

##### a) Subsidiaries

The Group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable / receivable balances and sales / purchase transactions are eliminated. The carrying value of the investment held by Vestel Elektronik and its subsidiaries is eliminated against the related shareholders' equity.

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in shareholders' equity.

As of the balance sheet date, consolidated companies and the proportion of ownership interest of Vestel Elektronik in these subsidiaries are disclosed in note 3.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)****b) Investments in associates**

Investments in associates are accounted for by the equity method and are initially recognized at cost. These are entities in which the Group has an interest which is more than 20% and less than 50% of the voting rights or over which a significant influence is exercised. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates, whereas unrealized losses are eliminated unless they do not address any impairment of the asset transferred. Net increase or decrease in the net asset of associates is included in the consolidated statements of comprehensive income in regards with the Group's share.

The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group's interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized.

The carrying amounts of the investments accounted for using the equity method are reviewed whether there is any indication of impairment at each reporting date. If such an indicator exists, the recoverable amount of the asset is estimated.

The recoverable amount of the investments accounted for using the equity method refers to the higher of value-in-use or fair value less cost to sell. Value-in-use is the present value of future cash flows expected to be generated from an asset or cash generating unit.

If the carrying amount of the investments accounted for using the equity method exceeds the recoverable amount, the impairment is accounted for. Impairments are recognized in profit and loss accounts.



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)****b) Investments in associates (Cont'd)**

Impairments are recorded in the statement of profit or loss. In investments accounted for using the equity method, impairments allocated in previous periods are re-evaluated in each reporting period in the event that impairment decreases or there are indicators that impairment is not valid. Impairment is reversed in case of changes in the estimates used when determining recoverable amount. The increase in the carrying amount of the investments due to the reversal of the impairment loss is accounted in such a way that it does not exceed the carrying amount determined if the impairment loss has not been included in the consolidated financial statements in the previous years.

Financial assets in which the Group has ownership interests below 20%, or in which a significant influence is not exercised by the Group that have quoted market prices in active markets and whose fair values can be reliably measured are classified as financial assets measured at fair value through other comprehensive income in the consolidated financial statements.

The non-controlling share in the net assets and results of Subsidiaries for the year are separately classified as "non-controlling interest" in the consolidated statements of financial position and consolidated statements of profit or loss.

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements for the Periods

## 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

#### 2.2 Comparatives

Consolidated financial statements of the Group 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 consolidated financial statements.

#### 2.3 Changes in accounting policies and accounting estimates and errors

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 the changes in accounting estimates only apply to one period, then they are applied in the current period in which the change occurred; if the changes also apply to future periods, they are applied in both the period of change and in the future periods, prospectively.

#### 2.4. Amendments in International Financial Reporting Standards

##### *Standards, amendments, and interpretations applicable as of 31 December 2023:*

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 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 IAS 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 IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Cooperation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The impact on the Group is being assessed.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.4. Amendments in International Financial Reporting Standards (Cont'd)

- **Amendment to IAS 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.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **IAS 21 Lack of Exchangeability;** a transaction or activity in a foreign currency that is not convertible into another currency at a effective from annual periods beginning on or after January 1, 2025. An entity is affected when it has particular measurement date for a particular purpose. A currency can be exchanged when the ability to obtain another currency is available (with a normal administrative delay) and the transaction occurs through a market or clearing mechanism that creates enforceable rights and obligations.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)****2.5 Summary of significant accounting policies****2.5.1 Revenue recognition**

Group recognizes revenue in accordance with IFRS 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 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) Group can identify each party's rights regarding the goods or services to be transferred,
- c) Group can identify the payment terms for the goods or services to be transferred,
- d) The contract has commercial substance,
- e) It is probable that Group 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.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

##### 2.5 Summary of significant accounting policies (Cont'd)

##### 2.5.1 Revenue recognition (Cont'd)

##### Revenue from sale of goods

Group recognizes revenue based on the production and sale of white goods, consumer electronics, air conditioners and home appliance. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with retrospective volume discounts based on aggregate sales. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see Note 18. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the group transfers the good or service to a customer. When a group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The group is an agent if its performance obligation is to arrange for the provision of goods or services by another party.

## **VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**

### **Notes to the Consolidated Financial Statements for the Periods**

### **1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### **NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**

##### **2.5 Summary of significant accounting policies (Cont'd)**

###### **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. Group uses moving weighted average method for costing.

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.

###### **2.5.3 Property, plant and equipment**

Land, land improvements and buildings are stated at fair value less accumulated depreciation, based on valuations performed by independent valuers at 31 December 2023.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is the revalued amount of the asset.

Property, plant and equipment except for land, land improvements and buildings are carried at cost in the equivalent purchasing power of TL as at 31 December 2023, 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.



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.5.3 Property, plant and equipment (Cont'd)

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. Plant 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 - 33 years
Buildings	10 - 36 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 30 years
Motor vehicles	5 - 10 years
Furniture and fixtures	5 - 14 years

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 Group. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.5.3 Property, plant and equipment (Cont'd)

###### Leases

###### *The Group – as a lessee*

At inception of a contract, the Group 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 Group 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 Group 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 Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. The Group 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 Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

###### *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 incremental borrowing rate of the relevant Group company.

Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.5.3 Property, plant and equipment (Cont'd)

- c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) 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 Group – as a lessor*

The Group's activities as a lessor are not material.

##### **Right of use assets:**

The cost of the right-of-use asset comprises:

- 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 Group

To apply the cost model, the Group 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 Group applies the depreciation requirements in IAS16 Property, Plant and Equipment in depreciating the right-of-use asset.

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

#### 2.5.4 Intangible assets

##### a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. Intangible assets arising from development (or from the development phase of an internal project) are recognized as intangible assets when the following criteria are met;

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

In other cases, development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

##### b) Rights and other intangible assets

Rights and other intangible assets consist of 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 life of intangible assets is as follows:

	Useful life
Rights	2 - 15 years
Development cost	2 - 10 years
Other	2 - 15 years

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.5.5 Financial instruments

###### a) Financial assets

The Group classifies its financial assets into the following specified categories: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

###### Financial assets measured 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 Group's financial assets carried at amortized cost comprise "trade receivables", "other assets" and "cash and cash equivalents" in the statement of financial position.

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Group and its expectations for the future indications.

###### Financial assets measured at fair value

Assets that are held by the Group for collection of contractual cash flows and for selling the financial assets are measured at their fair value.

If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and choose profit or loss or other comprehensive income for the presentation of fair value gain and loss:

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)****2.5.5 Financial instruments (Cont'd)**

- i) Financial assets carried at fair value through profit or loss Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments at fair value through profit or loss consist of forward contracts, and currency swaps.
- ii) Financial assets carried at fair value through other comprehensive income Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. Gains or losses arising from financial assets, other than impairment and exchange rate income or expenses, are recognized in other comprehensive income. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

**b) Financial liabilities**

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.5.5 Financial instruments (Cont'd)

##### 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 Group 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 consolidated profit or loss statement.

The hedging transactions of the Group that qualify for hedge accounting are accounted regarding to IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group's financial statements.

##### 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.

## **VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**

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#### **NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

##### **2.5.6 Provisions, contingent assets and liabilities**

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group 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 Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

##### **2.5.7 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 Group companies are considered and referred to as related parties.

##### **2.5.8 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 Group's liability for current tax is calculated using tax rates that have been 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 Group will benefit from the related incentive.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.5.8 Taxation on income (Cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group 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 Group intends to settle its current tax assets and liabilities on a net basis.

##### 2.5.9 Employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group 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. Employment termination benefits are considered as being part of defined retirement benefit plan as per IAS 19. All actuarial gains and losses are recognized in consolidated statements of income.

The effects of the significant forecasts used in employment termination benefits provision calculations have been recognized as actuarial gains and losses and they have been explained in the relevant note.

##### 2.5.10 Government grants

Government grants, including non-monetary grants at fair value, are recognized in consolidated 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 consolidated financial statements when they are authorized by the related institutions.

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

#### 2.5.11 Earnings per share

Earnings per share disclosed in the consolidated statement of income is determined by dividing consolidated net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings or inflation adjustments. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

#### 2.5.12 Statement of cash flows

In the consolidated 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 Group's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipment 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.

#### 2.5.13 Contingent assets and liabilities:

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 future events not wholly within the control of the Group are not included in the consolidated financial statements and are disclosed as contingent assets or liabilities Note 18. Contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. If an outflow of resources has become probable, contingent liabilities are recognised in the financial statements. Contingent assets are not recognised in financial statements but disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.5.14 Segment reporting

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions.

The Group management evaluates the operational results at industrial and geographical level. Industrial segments are measured until gross profit level while geographical segments are measured only by revenue. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Group's operations are reported under two industrial segments:

- Consumer and mobility electronic
- Household appliances

Group's operations are reported under three geographical segments:

- Turkey
- Europe
- Other

##### 2.5.15 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.

##### 2.5.16 Going Concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

## **VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**

### **Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022**

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#### **NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

##### **2.5.17 Subsequent Events**

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 occur subsequent to the balance sheet date, the Group 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.

##### **2.5.18 Trade payables**

Trade payables are recognized at their fair values.

##### **2.5.19 Borrowings and borrowing costs**

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income as finance cost over the period of the borrowings. Borrowing costs are expensed as incurred. If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which (at least a period of one year) are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

In non-monetary items where borrowing costs are adjusted for the effect of inflation and capitalized, the portion of the borrowing costs corresponding to the effect of inflation is separated and expensed.

#### **2.6. Critical accounting estimates and judgments**

Preparation of consolidated 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 Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions.



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

##### 2.6. Critical accounting estimates and judgments (Cont'd)

Significant estimates of the Group management are as follows:

##### i. Revaluation of land, buildings and land improvements:

Land, land improvements and buildings are stated at fair value, based on valuations performed by independent valuers as at 31 December 2023 (Note 13).

As there were no recent similar buying/selling transactions nearby, 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 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 land, building and land improvements are consistent to the highest and best use approach.
- In the market comparison method, current market information was utilized, taking into consideration the comparable market prices for the recent transactions 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 approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

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 Group performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the IAS36 "Impairment of Assets", and no impairment indicator is identified.

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#### NOTE 3 - INTERESTS IN OTHER ENTITIES

##### Subsidiaries:

As of 31 December 2023 and 31 December 2022 the Group's major subsidiaries are as follows:

Consolidated subsidiaries	Functional Currency	31 December 2023		31 December 2022	
		Voting rights	Effective ownership	Voting rights	Effective ownership
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	TL	77,33	77,33	80,66	80,66
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	TL	100,00	100,00	100,00	100,00
Vestel Ticaret A.Ş.	TL	100,00	100,00	100,00	100,00
Vestel CIS Ltd.	RUB	100,00	100,00	100,00	100,00
Vestel Holland B.V. Iberia Branch Office (**)	EUR	100,00	100,00	100,00	100,00
Vestel France SA	EUR	100,00	100,00	100,00	100,00
Vestel Holland B.V.	EUR	100,00	100,00	100,00	100,00
Vestel Holland B.V. Germany Branch Office	EUR	100,00	100,00	100,00	100,00
Cabot Communications Ltd.	GBP	90,80	90,80	90,80	90,80
Vestel UK Ltd.	GBP	100,00	100,00	100,00	100,00
Vestel Holland B.V. UK Branch Office	GBP	100,00	100,00	100,00	100,00
Vestek Elektronik Araştırma Geliştirme A.Ş.	TL	100,00	100,00	100,00	100,00
Vestel Trade Ltd.	RUB	100,00	100,00	100,00	100,00
Intertechnika LLC	RUB	99,90	99,90	99,90	99,90
Vestel Central Asia LLP	KZN	100,00	100,00	100,00	100,00
Vestel Holland B.V. Poland Branch Office (*)	PLN	100,00	100,00	100,00	100,00
Vestel Electronics Gulf DMC	AED	100,00	100,00	100,00	100,00
Vestel Electronics Shanghai Trading Co. Ltd.	CNY	100,00	100,00	100,00	100,00
Vestel Electronica SRL	RON	100,00	100,00	100,00	100,00
Vestel USA	USD	100,00	100,00	100,00	100,00

(\*) Vestel Poland sp. z o.o., a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., a wholly owned subsidiary of Vestel Ticaret AŞ ("Vestel Ticaret"), a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., and Vestel Holland B.V., a wholly owned subsidiary of Vestel Ticaret B.V., a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., a wholly owned subsidiary of Vestel Ticaret AŞ ("Vestel Ticaret"), domiciled in Poland, was merged under Vestel Holland B.V. With this merger, all assets, liabilities and operations of Vestel Poland sp. z o.o. were transferred to Vestel Holland B.V. Sp. z o.o., the Polish branch of Vestel Holland B.V., as of January 1, 2023. Oddział w Polsce.

(\*\*) Vestel Iberia S.L., a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş. ("Vestel Ticaret") based in Spain, and Vestel Holland B.V., a wholly owned subsidiary of Vestel Ticaret A.Ş. ("Vestel Ticaret") based in the Netherlands, have been merged under Vestel Holland B.V. With this merger, all assets, liabilities and operations of Vestel Iberia S.L. have been transferred to Vestel Holland B.V. Sucursal En España, a branch of Vestel Holland B.V. established in Spain, as of October 1, 2023.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 3 - INTERESTS IN OTHER ENTITIES (Cont'd)

##### Subsidiaries (Cont'd):

Financial information of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. which is not wholly owned by the Group and has significant non-controlling interests is as follows.

	31 December 2023	31 December 2022
Accumulated non-controlling interests	4.894.403	2.621.429
Comprehensive income attributable to non-controlling interests	1.776.013	110.798

The financial statements of the subsidiary is adjusted to include the effects of revaluation of land, buildings and land improvements in accordance with the Group's accounting policies applied in preparation of the consolidated financial statements.

##### Balance sheet:

	31 December 2023	31 December 2022
Current assets	26.495.350	28.346.800
Non-current assets	24.418.676	17.443.660
Current liabilities	(25.211.536)	(30.365.082)
Non-current liabilities	(4.112.711)	(1.870.939)
<b>Net assets</b>	<b>21.589.779</b>	<b>13.554.439</b>

##### Statement of comprehensive income:

	1 January - 31 December 2023	1 January - 31 December 2022
Net sales	61.069.905	59.583.113
Income / (loss) before tax	5.500.684	466.115
Tax benefit / (expense)	(776.232)	(254.327)
Net income / (loss) for the period	4.724.452	211.788
Total comprehensive income	8.578.759	(750.869)

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
1 January - 31 December 2023 and 1 January - 31 December 2022**

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**NOTE 3 - INTERESTS IN OTHER ENTITIES (Cont'd)****Subsidiaries (Cont'd):****Statement of cash flows:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Operating activities:</b>		
Changes in working capital	197.540	1.797.542
<b>Net cash provided by operating activities</b>	<b>3.907.270</b>	<b>2.950.418</b>
<b>Investing activities:</b>		
<b>Net cash used in investing activities</b>	<b>(1.892.815)</b>	<b>(5.160.669)</b>
<b>Financing activities:</b>		
Proceeds from bank borrowings	5.696.297	11.390.048
Repayment of bank borrowings	(8.025.750)	(3.120.555)
Dividends paid	(543.419)	(1.406.251)
<b>Net cash (used in) / provided by financing activities</b>	<b>(1.900.663)</b>	<b>2.210.274</b>
Cash and cash equivalents at the beginning of the period	953.628	305.359
Cash and cash equivalents at the end of the period	729.518	953.628

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 4 - SEGMENT REPORTING

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances.

The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategical decisions.

Considering the fact that the Group's risks and rate of returns are dissimilar between product types and between geographical areas.

#### Industrial segments

	Consumer and mobility electronics	Household appliances	Total
<b>1 January - 31 December 2023</b>			
Revenue	40.103.900	72.111.834	112.215.734
Cost of sales	(35.332.713)	(51.910.393)	(87.243.106)
<b>Gross profit</b>	<b>4.771.187</b>	<b>20.201.441</b>	<b>24.972.628</b>
<b>Depreciation and amortization</b>	<b>2.389.442</b>	<b>1.916.378</b>	<b>4.305.820</b>
<b>1 January - 31 December 2022</b>			
Revenue	41.278.770	69.846.170	111.124.940
Cost of sales	(35.028.898)	(57.206.357)	(92.235.255)
<b>Gross profit</b>	<b>6.249.872</b>	<b>12.639.813</b>	<b>18.889.685</b>
<b>Depreciation and amortization</b>	<b>1.863.021</b>	<b>1.914.431</b>	<b>3.777.452</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 4 - SEGMENT REPORTING (Cont'd)****Purchase of Property, Plant, Equipment and Intangible Assets**

	<b>Consumer and mobility electronics</b>	<b>Household appliances</b>	<b>Total</b>
1 January - 31 December 2023	1.527.126	3.932.693	5.459.819
1 January - 31 December 2022	1.743.983	5.123.320	6.867.303

**Revenue by Geographic Location:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Turkey	44.699.811	36.466.092
Europe	61.059.434	66.488.222
Other	15.187.478	15.393.463
<b>Gross segment sales</b>	<b>120.946.723</b>	<b>118.347.777</b>
Discounts (-)	(8.730.989)	(7.222.837)
<b>Revenue</b>	<b>112.215.734</b>	<b>111.124.940</b>

The amount of export for the period January - 31 December 2023 is TL 76.246.912 1 (1 January - 31 December 2022: TL 81.881.685). Export sales are denominated in EUR, USD and other currencies as 67%, 22,4%, and 10,6% of total exports respectively. (1 January – 31 December 2022: 68,7% EUR, 25,3% USD, 6% other).



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 5 - CASH AND CASH EQUIVALENTS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash	14.455	5.188
Bank deposits		
- Demand deposits	2.063.224	2.005.463
- Time deposits	91.298	353.846
Cheques and notes	15.659	74.195
Other	110.025	119.225
	<b>2.294.661</b>	<b>2.557.917</b>
Blocked deposits	22	36
<b>Cash and cash equivalents</b>	<b>2.294.683</b>	<b>2.557.953</b>

The Group has time deposits amounting to TL 75.250 thousand and RUB 48.500 (31 December 2022: USD 1.003 thousand, TL 96.696 thousand, EUR 4.200 thousand and RUB 60.000). As of 31 December 2023 and 31 December 2022 the Group's time deposits have an average maturity of less than 3 months.

Based on the independent data with respect to the credit risk assessment of the banks, at which the Group has deposits, the credit quality of the banks is sufficient. The market values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet date.

<b>Effective interest rates</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
EUR	-	%0,01
TL	%34,45	%18,00
USD	-	%0,04
RUB	%10,00	%4,50

See Note 30 for the foreign currency details of the Group's demand deposits.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 6 - FINANCIAL LIABILITIES**

	31 December 2023	31 December 2022
<b>Short term financial liabilities</b>		
Short term bank loans	20.281.985	29.112.556
Short term portion of long term bank loans	2.824.663	2.301.781
Short term portion of long term lease liabilities	230.962	230.795
Short term issued bonds	3.549.970	1.877.100
	<b>26.887.580</b>	<b>33.522.232</b>
<b>Long term financial liabilities</b>		
Long term bank loans	1.867.476	1.143.322
Long term lease liabilities	664.765	654.687
	<b>2.532.241</b>	<b>1.798.009</b>

Details of the Group's short term bank loans are given below:

	31 December 2023			31 December 2022		
Currency	Weighted average of effective interest	Original currency	TL Equivalent	Weighted average of effective interest	Original currency	TL Equivalent
- USD	%10,48	317.322	9.358.238	%8,27	235.849	7.279.541
- EUR	%10,12	105.507	3.442.968	%8,75	64.505	2.122.631
- TL	%37,80	6.873.369	6.873.369	%16,75	19.407.973	19.407.973
- CNY	%7,96	145.484	607.410	%4,55	68.467	302.411
			<b>20.281.985</b>			<b>29.112.556</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 6 - FINANCIAL LIABILITIES (Cont'd)**

Details of the Group's long term bank loans are given below:

Currency	31 December 2023			31 December 2022		
	Weighted average of effective interest rates per	Original currency	TL Equivalent	Weighted average of effective interest rates per	Original currency	TL Equivalent
- USD	%11,03	28.587	843.068	%6,74	13.104	404.458
- EUR	%10,96	14.190	463.057	%5,37	20.097	661.321
- TL	%29,96	1.518.538	1.518.538	%14,82	1.236.002	1.236.002
<b>Short term portion</b>			<b>2.824.663</b>			<b>2.301.781</b>
- USD	%11,21	15.690	462.718	%8,18	36.142	1.115.533
- EUR	%10,96	6.135	200.201	-	-	-
- TL	%20,65	1.204.557	1.204.557	%15,00	27.787	27.789
<b>Long term portion</b>			<b>1.867.476</b>			<b>1.143.322</b>
			<b>4.692.139</b>			<b>3.445.103</b>

Total amount of Group's floating bank loans is amounting to TL 12.749.785 (31 December 2022: TL 17.138.427). The maturity schedule of Group's long term bank loans is given below:

	31 December 2023	31 December 2022
One to two years	985.120	749.372
Two years and more	882.356	393.950
	<b>1.867.476</b>	<b>1.143.322</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 6 - FINANCIAL LIABILITIES (Cont'd)**

The analysis of Group's bank loans in terms of periods remaining to contractual re-pricing dates is as follows:

	31 December 2023	31 December 2022
3 months or less	5.240.984	6.162.759
Between 3-6 months	3.100.190	4.432.596
Between 6-12 months	4.408.611	5.230.576
1 year or more	-	1.312.495
	<b>12.749.785</b>	<b>17.138.426</b>

Guarantees given for the bank loans are presented in Note 17.

Fair values of short-term bank borrowings are considered to approximate their carrying values. Fair values are determined using average effective annual interest rates. Long term bank borrowings are stated at amortized cost using effective interest rate method and their fair values are considered to approximate their carrying values since loans usually have a re-pricing period of six months.

The Company has fulfilled its financial commitments arising from its borrowings as of 31 December 2023 and 2022.

As of 31 December 2023 and 31 December 2022, the Group's net financial debt reconciliation is shown below:

	31 December 2023	31 December 2022
<b>Net financial debt as of 1 January</b>	<b>32.762.324</b>	<b>27.142.986</b>
Cash inflows from loans and issued bonds	48.514.717	50.170.431
Cash outflows from loan and bonds payments	(42.896.802)	(35.357.441)
Changes of lease liabilities	10.245	272.128
Unrealized exchange gain/loss	3.493.729	2.730.721
Changed interest	677.367	1.296.517
Change in cash and cash equivalents	263.255	(3.096.746)
Monetary gain / (loss)	(15.699.676)	(10.396.272)
<b>Net financial debt at the end of the period</b>	<b>27.125.159</b>	<b>32.762.324</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 7 - RELATED PARTY DISCLOSURES****a) Short term trade receivables from related parties**

	31 December 2023	31 December 2022
Korteks Mensucat Sanayi ve Ticaret A.Ş. (1)	15.240	14.484
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (4)	385.373	165
Other related parties	55.929	52.656
	<b>456.542</b>	<b>67.305</b>

**b) Short term trade payables to related parties**

	31 December 2023	31 December 2022
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	17.496	18.746
Zorlu Holding A.Ş. (2)	40.366	22.722
Other related parties	54.666	31.137
	<b>112.528</b>	<b>72.605</b>

**c) Other short term receivables from related parties**

	31 December 2023	31 December 2022
Vestel Ventures A.Ş. (3)	-	1.226.622
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (4)	889.313	1.001.513
	<b>889.313</b>	<b>2.228.135</b>

As of 31 December 2023, the annual average effective interest rate of other receivables in TL and USD are 50% and 8%. (31 December 2022: USD 7%, TL 25%).

**d) Other long term receivables from related parties**

	31 December 2023	31 December 2022
Zorlu Holding A.Ş. (2)	11.331.567	10.647.491
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (4)	10.059.268	9.349.907
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A. Ş. (4)	7.376.941	7.055.278
	<b>28.767.776</b>	<b>27.052.676</b>

Other long term receivables from related parties mainly consists of cash fund deposits transferred to group companies. As of 31 December 2023, the annual average effective interest rate of other receivables in TL 50% and in USD is 8%. (31 December 2022: USD 7%, TL 25%).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

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**NOTE 7 - RELATED PARTY DISCLOSURES (Cont'd)****e) Long-term prepaid expenses to related parties**

	31 December 2023	31 December 2022
Zorlu Enerji Elektrik Üretim A.Ş. (1)	1.881.730	-
Other	100.381	-
	<b>1.982.111</b>	<b>-</b>

**f) Transactions with related parties**

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Sales</b>		
Zorlu Enerji Elektrik Üretim A.Ş. (1)	-	380.485
ZES Dijital Ticaret A.Ş. (1)	339.341	142.945
Rotor Elektrik Üretim A.Ş. (1)	-	120.383
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. (1)	-	115
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (4)	1.014.220	125.242
Other related parties	89.684	32.554
	<b>1.443.245</b>	<b>801.724</b>

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Operating expenses</b>		
Zorlu Holding A.Ş. (2)	386.100	301.070
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	141.965	204.063
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. (1)	-	34.777
Zorlu Air Havacılık A.Ş. (1)	-	19.376
Other related parties	152.288	130.703
	<b>680.353</b>	<b>689.989</b>

(1) Zorlu Holding Group Company, (2) Parent, (3) Subsidiary, (4) Associate



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 7 - RELATED PARTY DISCLOSURES (Cont'd)****g) Transactions with related parties (Cont'd)**

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Other income from operating activities</b>		
Other related parties	617.841	22.401
<b>Other expense from operating activities</b>		
Other related parties	22.733	44.785
	1 January - 31 December 2023	1 January - 31 December 2022
<b>Financial income</b>		
Zorlu Holding A.Ş. (2)	5.417.491	4.764.523
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (4)	5.233.744	4.368.298
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. (4)	3.655.496	2.395.368
Other related parties	646.152	433.536
	<b>14.952.883</b>	<b>11.961.725</b>
	1 January - 31 December 2023	1 January - 31 December 2022
<b>Financial expense</b>		
Other related parties	6.620	992
	<b>6.620</b>	<b>992</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 7 - RELATED PARTY DISCLOSURES (Cont'd)****g) Transactions with related parties (Cont'd)**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Dividend payment to non-controlling interests	<b>114.351</b>	<b>243.384</b>

**h)** Guarantees received from and given to related parties are disclosed in note 17.**i) Compensation paid to key management including directors, the Chairman and members of Board of Directors, general managers and assistant general managers**

Compensation paid to key management for the year ended 31 December 2023 is TL 230.840 (1 January - 31 December 2022: 133.301).

**j)** Financial income from related parties result from interest income from financial liabilities.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 8 - TRADE RECEIVABLES AND PAYABLES**

	31 December 2023	31 December 2022
<b>Short term trade receivables</b>		
Trade receivables		
- Related parties (note 7)	456.542	67.305
- Other parties	15.853.901	16.092.096
Cheques and notes receivables	1.702.893	2.150.173
Other	81.101	192.986
	18.094.437	18.502.560
Unearned interest expense (-)		
- Other parties	(142.210)	(165.790)
Allowance for doubtful receivables (-)	(126.325)	(254.738)
<b>Total short term trade receivables</b>	<b>17.825.902</b>	<b>18.082.032</b>
<b>Long term trade receivables</b>		
Cheques and notes receivables	821	111
<b>Total long term trade receivables</b>	<b>821</b>	<b>111</b>

The Group has made a provision considering its past experience in collecting its trade receivables. Hence, the Group management made a provision assessment according to the expected credit losses model within the scope of IFRS 9 and as of 31 December 2023, no additional doubtful trade receivables risk was detected.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Cont'd)**

	31 December 2023	31 December 2022
<b>Short term trade payables</b>		
Trade payables		
- Related parties (note 7)	112.528	72.605
- Other parties	41.941.635	35.583.975
Other	5.790	8.115
	42.059.953	35.664.695
Unearned interest income (-)		
- Other parties	(94.179)	(104.265)
<b>Total short term trade payables</b>	<b>41.965.774</b>	<b>35.560.430</b>
<b>Long term trade payables</b>		
Trade payables		
- Other parties	178.174	301.331
<b>Total long term trade payables</b>	<b>178.174</b>	<b>301.331</b>

**NOTE 9 - OTHER RECEIVABLES AND PAYABLES**

	31 December 2023	31 December 2022
<b>Short term other receivables</b>		
Receivables from public institutions	1.117.611	1.650.000
Receivables from related parties (note 7)	889.313	2.228.135
Deposits and guarantees given	228.618	272.073
Other	20.251	150.440
	<b>2.255.793</b>	<b>4.300.648</b>
Allowance for doubtful receivables (-)	(222)	(147.674)
	<b>2.255.571</b>	<b>4.152.974</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Cont'd)**

	31 December 2023	31 December 2022
<b>Long term other receivables</b>		
Deposits and guarantees given	20.617	55.111
Receivables from related parties (note 7)	28.767.776	27.052.676
Other	21.369	13.868
	28.809.762	27.121.655
Allowance for doubtful receivables (-)	(8.278)	(13.640)
	<b>28.801.484</b>	<b>27.108.015</b>
<b>Short term other payables</b>		
Other payables		
- Other parties	14.166	4.598
	<b>14.166</b>	<b>4.598</b>
<b>Deferred revenue</b>		
- Other parties	1.069.151	2.064.309
	<b>1.069.151</b>	<b>2.064.309</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

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**NOTE 10 - INVENTORIES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Raw materials	12.009.261	10.790.482
Work in process	577.214	679.003
Finished goods	10.132.526	10.250.514
Merchandise	1.114.949	1.158.994
Other	30.671	61.712
	23.864.621	22.940.705
Provision for impairment on inventories (-)	(353.667)	(384.872)
	<b>23.510.954</b>	<b>22.555.833</b>
	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Opening balance, 1 January</b>	<b>384.872</b>	<b>320.742</b>
Current year additions	163.691	188.032
Realised due to sale of inventory	(113.004)	(90.780)
Currency translation differences	35.161	46.552
Monetary gain / (loss)	(117.053)	(79.674)
<b>Balance at 31 December</b>	<b>353.667</b>	<b>384.872</b>

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 31 December 2023 is TL 74.983.497 (2022: TL 81.069.122).

As of 31 December 2023, the Group does not have inventories pledged as security for liabilities (31 December 2022: None).



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 11 - PREPAID EXPENSES

	31 December 2023	31 December 2022
<b>Prepaid expenses in current assets</b>		
Order advances given	1.217.328	627.280
Prepaid expenses	297.905	353.502
Business advances given	8.681	7.889
	<b>1.523.914</b>	<b>988.671</b>
<b>Prepaid expenses in non-current assets</b>		
Advances given for fixed asset purchases	298.386	853.143
Prepaid expenses	60.427	21.687
	<b>358.813</b>	<b>874.830</b>

#### NOTE 12 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2023		31 December 2022	
	%	Amount	%	Amount
<b>Investment in associates</b>				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	%50	-	%50	1.347.022
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.	%23	5.857.271	%23	3.776.294
		<b>5.857.271</b>		<b>5.123.316</b>

Pursuant to the Group's goal to diversify its lines of business and achieve profitable growth by investing in new-generation technologies, the Group has purchased Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ("META") in 2018, which is a Zorlu Holding A.Ş. subsidiary and is involved in nickel-cobalt mining,

Within the framework of Turkey's Automobile Project, following the work undertaken by the Joint Initiative Group, to which Group's controlling shareholder, Zorlu Holding AŞ was a party, Vestel Elektronik Sanayi ve Ticaret AŞ decided to participated with 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which was planned to be established to produce mainly electric passenger cars and carry out supporting activities. In this respect, the Shareholders Agreement and Articles of Association have been signed on 31 May 2018. Establishment of the new Group was completed on 28 June 2018.

Within the scope of the decision taken at the Annual General Meeting of TOGG which was held on 31 May 2021, the Group's stake in TOGG has reached to 23%.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

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**NOTE 12 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)**

The movements of META, which is an investment accounted for using the equity method during the period 1 January – 31 December 2023 and 2022 is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Balance at 1 January</b>	<b>1.347.022</b>	<b>2.003.747</b>
Shares from profit / (loss)	(911.206)	71.383
Shares from other comprehensive income / (expense)	(185.417)	55.848
Currency translation differences	(250.399)	(783.956)
	<b>-</b>	<b>1.347.022</b>

The movements of TOGG, which is an investment accounted for using the equity method during the period 1 January – 31 December 2023 and 2022 is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Balance at 1 January</b>	<b>3.776.294</b>	<b>2.214.904</b>
Shares from profit / (loss)	1.542.790	506.154
Shares from other comprehensive income / (expense)	(23.547)	(1.263)
Capital Increase	561.734	1.056.499
	<b>5.857.271</b>	<b>3.776.294</b>

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Disposals	Currency translation differences	Transfers	Fair value increase	31 December 2023
<b>Cost or revaluation</b>							
Land	5.263.712	-	-	67.839	-	8.368.816	13.700.367
Land improvements	458.233	2.406	-	(30.672)	888	807	431.662
Buildings	8.491.059	157.071	(44)	(324.443)	1.536.733	167.323	10.027.699
Leasehold improvements	1.284.914	95.160	(390)	(835)	6.385	-	1.385.234
Plant and machinery	31.255.594	1.610.566	(1.002.284)	(149.093)	1.695.165	-	33.409.948
Motor vehicles	58.923	5.737	(1.729)	(626)	1.979	-	64.284
Furniture and fixtures	5.455.403	256.314	(19.594)	(7.479)	63.082	-	5.747.726
Other tangible assets	13.829	-	-	-	-	-	13.829
Construction in progress (*)	3.299.938	1.784.584	-	-	(3.308.962)	-	1.775.560
<b>Accumulated depreciation</b>	<b>55.581.605</b>	<b>3.911.838</b>	<b>(1.024.041)</b>	<b>(445.309)</b>	<b>(4.730)</b>	<b>8.536.946</b>	<b>66.556.309</b>
Land improvements	30.561	20.855	-	(3.044)	-	(15.724)	32.648
Buildings	425.490	395.262	(5)	(107.920)	-	(320.910)	391.917
Leasehold improvements	1.082.147	54.658	(110)	(700)	-	-	1.135.995
Plant and machinery	24.029.516	2.280.259	(995.338)	(159.383)	-	-	25.155.054
Motor vehicles	49.266	4.189	(1.729)	(603)	-	-	51.123
Furniture and fixtures	4.891.204	269.129	(18.426)	(7.575)	-	-	5.134.332
Other tangible assets	13.829	-	-	-	-	-	13.829
	<b>30.522.013</b>	<b>3.024.352</b>	<b>(1.015.608)</b>	<b>(279.225)</b>	<b>-</b>	<b>(336.634)</b>	<b>31.914.898</b>
<b>Net book value</b>	<b>25.059.592</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34.641.411</b>

\*Substantial part of construction in progress consists of new dish washer factory investment. There is no finance cost capitalized on construction in progress.

**1 January - 31 December 2023 and 1 January - 31 December 2022**

**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

[illegible]

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
1 January - 31 December 2023 and 1 January - 31 December 2022**

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**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

Cost and accumulated depreciation of land, land improvements and buildings before revaluation are as follows:

<b>31 December 2023</b>	<b>Land</b>	<b>Land improvements and buildings</b>
Cost	918.017	5.970.197
Accumulated depreciation (-)	-	(1.653.137)
<b>Net book value</b>	<b>918.017</b>	<b>4.317.060</b>
<b>31 December 2022</b>	<b>Land</b>	<b>Land improvements and buildings</b>
Cost	918.017	4.821.493
Accumulated depreciation (-)	-	(1.583.808)
<b>Net book value</b>	<b>918.017</b>	<b>3.237.685</b>

As of 31 December 2023, the Group has collateral on property, plant and equipment amounting to TL 3.000.000 (2022: None).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

Allocation of current year depreciation and amortization expenses is as follows

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Cost of sales	2.698.603	2.470.383
Research and development expenses	1.087.303	810.877
Marketing, selling and distribution expenses	356.556	260.611
General administrative expenses	156.609	212.964
Other operating expense (idle capacity depreciation expense)	6.749	22.617
	<b>4.305.820</b>	<b>3.777.452</b>

<b>31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Tangible Assets</b>			
Lands	-	13.700.367	-
Buildings and land improvements	-	10.459.361	-
<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Tangible Assets</b>			
Lands	-	5.263.712	-
Buildings and land improvements	-	8.949.292	-



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 14 - RIGHT OF USE ASSETS**

	<b>1 January 2023</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2023</b>
<b>Cost</b>				
Land and buildings	1.827.017	562.794	(21.164)	2.368.647
Motor vehicles	435.183	34.428	-	469.611
	<b>2.262.200</b>	<b>597.222</b>	<b>(21.164)</b>	<b>2.838.258</b>
<b>Accumulated amortization</b>				
Land and buildings	933.943	304.076	(21.165)	1.216.854
Motor vehicles	338.928	51.392	-	390.320
	<b>1.272.871</b>	<b>355.468</b>	<b>(21.165)</b>	<b>1.607.174</b>
<b>Net book value</b>	<b>989.329</b>			<b>1.231.084</b>

	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2022</b>
<b>Cost</b>				
Land and buildings	1.079.653	747.364	-	1.827.017
Motor vehicles	413.924	24.691	(3.432)	435.183
	<b>1.493.577</b>	<b>772.055</b>	<b>(3.432)</b>	<b>2.262.200</b>
<b>Accumulated amortization</b>				
Land and buildings	571.838	362.105	-	933.943
Motor vehicles	248.934	92.825	(2.831)	338.928
	<b>820.772</b>	<b>454.930</b>	<b>(2.831)</b>	<b>1.272.871</b>
	<b>672.805</b>			<b>989.329</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

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**NOTE 15 - INTANGIBLE ASSETS**

	1 January 2023	Additions	Disposals	Currency translation differences	Transfers	31 December 2023
<b>Cost</b>						
Rights	600.277	1.088	-	(994)	-	600.371
Development cost	10.534.702	1.412.488	-	-	-	11.947.190
Other intangible assets	1.723.550	134.405	(1.403)	(6.816)	4.730	1.854.466
	<b>12.858.529</b>	<b>1.547.981</b>	<b>(1.403)</b>	<b>(7.810)</b>	<b>4.730</b>	<b>14.402.027</b>
<b>Accumulated amortization</b>						
Rights	481.110	24.067	-	(886)	-	504.291
Development cost	7.784.831	836.361	-	-	-	8.621.192
Other intangible assets	1.304.543	65.572	-	(7.361)	-	1.362.754
	<b>9.570.484</b>	<b>926.000</b>	<b>-</b>	<b>(8.247)</b>	<b>-</b>	<b>10.488.237</b>
<b>Net book value</b>	<b>3.288.045</b>					<b>3.913.790</b>
	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	31 December 2022
<b>Cost</b>						
Rights	606.498	574	-	(6.795)	-	600.277
Development cost	9.818.601	688.220	-	27.881	-	10.534.702
Other intangible assets	1.599.054	114.910	(63)	9.555	94	1.723.550
	<b>12.024.153</b>	<b>803.704</b>	<b>(63)</b>	<b>30.641</b>	<b>94</b>	<b>12.858.529</b>
<b>Accumulated amortization</b>						
Rights	463.409	24.002	-	(6.301)	-	481.110
Development cost	7.216.167	568.664	-	-	-	7.784.831
Other intangible assets	1.265.453	54.691	(63)	(15.538)	-	1.304.543
	<b>8.945.029</b>	<b>647.357</b>	<b>(63)</b>	<b>(21.839)</b>	<b>-</b>	<b>9.570.484</b>
<b>Net book value</b>	<b>3.079.124</b>					<b>3.288.045</b>

Development costs, incurred by the Group on development projects relating to television and electronic devices, refrigerators, split air conditioners, washing machines, cookers, drying machines and dish washers are capitalized as intangible assets when it is probable that costs will be recovered through future commercial activity and only if the cost can be measured reliably.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 16 - GOVERNMENT GRANTS**

There are investment incentive certificates to which the Group has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Group in nature are as follows:

- i) Exemption from customs duty on machinery and equipment to be imported,
- ii) VAT exemption with respect to purchases of investment goods both from domestic and export markets,
- iii) Incentives under the jurisdiction of the research and development law, (Note 27)
- 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
- viii) Brand support incentive (Turquality) given by Republic of Turkey Ministry of Economy.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES****a) Provisions**

	31 December 2023	31 December 2022
<b>Short term provisions</b>		
Warranty and assembly provision	1.190.272	1.120.480
Other provisions	1.705.382	1.350.281
Provision for lawsuit risks	76.502	99.703
	<b>2.972.156</b>	<b>2.570.464</b>
<b>Long term provisions</b>		
Warranty and assembly provision	349.160	249.928
	<b>349.160</b>	<b>249.928</b>

As of 31 December 2023, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is TL 76.502 (2022: TL 99.703).

As of 31 December 2023 and 2022 movements of warranty and assembly provisions are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Opening balance, 1 January</b>	<b>1.370.408</b>	<b>1.544.099</b>
Current year additions	3.101.504	1.965.400
Provisions no longer required	(2.206.920)	(1.458.407)
Monetary gain / (loss)	(725.560)	(680.684)
<b>Balance at 31 December</b>	<b>1.539.432</b>	<b>1.370.408</b>

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

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### NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

#### b) Guarantees received by the Group

##### Guarantee letters, collaterals, cheques and notes received

	31 December 2023	31 December 2022
Guarantee letters	3.651.597	3.622.978
Cheques and notes	2.066.302	3.433.116
Collaterals and pledges	4.491.421	4.326.868
	<b>10.209.320</b>	<b>11.382.962</b>

The table above has been prepared based on the lower of the limits used or the amounts of guarantees received regarding the guarantees received by the Group. The amount of guarantees received by the Group, including the total collaterals amount, is k202.526.651 TL.

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given collaterals to various banks on behalf of the Company for its forward contracts and loans utilized.

#### c) Collaterals, pledges and mortgages ("CPMB's") given by the Group

CPMB's given by the Group	USD (‘000)	EUR (‘000)	GBP (‘000)	TL	TL Equivalent
<b>31 December 2023</b>					
A. CPMB's given on behalf of its own legal entity	509	2.135	-	3.019.407	3.104.089
B. CPMB's given on behalf of fully consolidated subsidiaries (*)	2.182.426	148.778	60.346	14.141.412	85.630.248
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	36.565	-	-	20.100	1.098.448
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	36.565	-	-	20.100	1.098.448
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
<b>Total</b>	<b>2.219.500</b>	<b>150.913</b>	<b>60.346</b>	<b>17.180.919</b>	<b>89.832.785</b>

(\*) Fully consolidated subsidiaries have given collaterals to various financial institutions on behalf of each other for their forward contracts and for the total amount of loans utilized.

The table above has been prepared based on the lower of the limits used or the amounts of guarantees received regarding the guarantees given by the Company. The total guarantee amount, as well as the guarantees, pledges, mortgages and guarantees given by the Company, are 6.253.522 thousand USD, 476.481 thousand Euro, 60.450 thousands GBP and 24.463.721 TL, equivalent to a total of 226.712.186 TL.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)****c) Collaterals, pledges and mortgages ("CPMB's") given by the Group (Cont'd)**

<b>CPMB's given by the Group</b>	<b>USD (‘000)</b>	<b>EUR (‘000)</b>	<b>GBP (‘000)</b>	<b>TL</b>	<b>TL Equivalent</b>
<b>31 December 2022</b>					
A. CPMB's given on behalf of its own legal entity	3.625	4.227	-	39.671	290.654
B. CPMB's given on behalf of fully consolidated subsidiaries (*)	2.226.653	83.116	450	6.921.021	78.399.068
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	34.991	-	-	31.938	1.111.944
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	34.991	-	-	31.938	1.111.944
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
<b>Total</b>	<b>2.265.269</b>	<b>87.343</b>	<b>450</b>	<b>6.992.630</b>	<b>79.801.666</b>

As of 31 December 2023, proportion of other CPM's given by the Group to its equity is 3% (31 December 2022: 4%).



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 18 - COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to 3.121.967 thousand USD (31 December 2022: 5.331.164 thousand USD) due to the export and investment incentive certificates obtained.

As of 31 December 2023, the Group has forward foreign currency purchase contract that amounts to USD 1.068.802 thousand, EUR 227.544 thousand, GBP 135.899 thousand, PLN 21.625 thousand and CNY 156.580 thousand against forward foreign currency sales contract that amounts to USD 419.731 thousand, EUR 704.294 thousand, GBP 142.433 thousand, PLN 60.525 thousand, RUB 987.000 and TL 4.029.267. (31 December 2022: USD 813.078 thousand, EUR 173.310 thousand, GBP 79.849 thousand, PLN 23.186 thousand, CNY 66.896 thousand, TL 5.563.115 thousand against forward foreign currency sales contract that amounts to USD 559.982 thousand, EUR 540.395 thousand, GBP 84.901 thousand, PLN 87.098 thousand, TL 3.178.893 thousand against forward foreign currency sales contract).

#### NOTE 19 - EMPLOYEE BENEFITS

##### Liabilities for employee benefits:

	31 December 2023	31 December 2022
Due to personnel	511.160	451.240
Social security payables	401.293	296.778
	<b>912.453</b>	<b>748.018</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 19 - EMPLOYEE BENEFITS (Cont'd)****Long-Term provisions for employee benefits:**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Provision for employment termination benefits	<b>1.580.853</b>	<b>2.043.194</b>

Under Turkish law, the Group 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 Group 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 salary for each year of service and is limited to a maximum of 23.489,83 TL/year as of 31 December 2023 (31 December 2022: 15.371,40 TL/year).

Provision for employment termination benefits is not subject to any funding.

The provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. IAS 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 are 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 of 31 December 2023, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 31 December 2023 provision is calculated based on real discount rate of 49,25%, assuming 23,60% annual inflation rate and 3,72% discount rate (31 December 2022: 7,02% real discount rate, 9,16% inflation rate and 2% discount rate).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 19 - EMPLOYEE BENEFITS (Cont'd)**

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 35.058,58 which is effective from 1 January 2024 (1 January 2023: TL 19.982,83) has been taken into consideration in calculating the provision for employment termination benefits of the Group which is calculated once in every six months.

The movement in the provision for employment termination benefit is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Balance at 1 January</b>	<b>2.043.194</b>	<b>1.048.101</b>
Increase during the year	335.515	108.541
Payments during the year	(586.887)	(104.889)
Actuarial (gain) /loss	442.684	1.154.187
Interest expense	179.607	150.434
Monetary gain / (loss)	(833.260)	(313.180)
<b>Balance at 31 December</b>	<b>1.580.853</b>	<b>2.043.194</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 20 - OTHER ASSETS AND LIABILITIES**

	31 December 2023	31 December 2022
<b>Other current assets</b>		
VAT carried forward	47.752	36.019
Rebates from suppliers and incentives income accruals	140.349	69.949
Other	269.348	153.992
	<b>457.449</b>	<b>259.960</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Other current liabilities</b>		
Taxes payables	1.238.471	984.532
Other	1.172.089	1.022.395
	<b>2.410.560</b>	<b>2.006.927</b>

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 21 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

##### a) Paid in capital

	31 December 2023	31 December 2022
Shares of par value Kr 1 each		
limit on registered share capital	2.000.000	2.000.000
Issued share capital	335.456	335.456

As of 31 December 2023 and 31 December 2022 the shareholding structures are as follows:

	Shareholding		Amount	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Zorlu Holding A.Ş.	%55,69	%60,95	186.815	204.460
Other shareholders	%44,31	%39,05	148.641	130.996
	<b>%100</b>	<b>%100</b>	<b>335.456</b>	<b>335.456</b>

##### b) Adjustment to share capital

Adjustment to share capital (restated to 31 December 2023 purchasing power of money) is the difference between restated share capital and historical share capital.

##### c) Share premium

Share premium account refers the difference between par value of the Company's shares and the amount the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may not be distributed. It may be used in capital increase.

##### d) Restricted Reserves Appropriated from Profits

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.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 21 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)****d) Restricted Reserves Appropriated from Profits (Cont'd)**

	31 December 2023	31 December 2022
Legal reserves	1.253.194	1.253.194

The differences arising as a result of converting the following inflation-adjusted amounts in the company's legal records into CPI-adjusted amounts within the scope of TAS 29 are accounted under the retained earnings item.

	PPI-Indexed Legal Records	CPI Indexed Amounts	Differences Tracked in Past Years Profits/Losses
Capital Adjustment Gains/Losses	24.195.389	15.514.508	8.680.881
Appropriated Retained Earnings	1.900.221	1.253.194	647.027

**e) Revaluation reserves**

Fair value gains on financial assets	60.832	82.430
Revaluation of property, plant and equipment	9.041.079	2.756.931
	<b>9.101.911</b>	<b>2.839.361</b>

**f) Dividend distribution**

For quoted 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 usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 21 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

##### f) Dividend distribution (Cont'd)

On the other hand, in accordance with the Articles of Association of the Company, the net period income is allocated after deducting the accumulated losses from the previous years, if any, as follows:

- a) As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.
- b) A dividend is allocated from the remaining amount, at the rate determined by the General Assembly over an amount to be found after the addition of a donation, which is made in line with the Turkish Commercial Code and Capital Market Legislation.
- c) After the deductions above, the General Assembly has the right to decide how to allocate the dividend to members of the board of directors and officers, employees and workers, foundations established with various purposes, and similar persons and corporations.
- d) After the amounts stated in paragraph (a), (b) and (c) are deducted from the net period profit, the General Assembly is authorized to allocate the remaining amount as a second dividend or to allocate the remaining amount to its own reserve as per Article 521 of the Turkish Commercial Code.
- e) One tenth of the amount obtained after a dividend of 5% of the paid in capital and other legal reserve are deducted from the amount that is agreed to be allocated to the shareholders and other persons participating to the profit is added to the general legal reserve as per paragraph (c) of the second clause of article 519 of the Turkish Commercial Code.

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. decided to distribute dividends as of 31 December 2023, amounted to TL 114.351 except Vestel Elektronik Sanayi ve Ticaret A.Ş.

The details of the "Retained Years Profits or Losses" item in the Company's balance sheet prepared in accordance with TFRS within the scope of the first transition to TMS 29 inflation accounting are as follows:

	1 January 2022	1 January 2022	31 December 2022	31 December 2022
	Amount before inflation accounting	Amount after inflation accounting	before inflation accounting (excluding 2022 net profit/loss)	Amount after inflation accounting
<b>Prior Years Profits/Loss</b>	3.027.783	6.903.949	3.347.431	7.645.059

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 22 - SALES**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Domestic sales	44.699.811	36.466.092
Export sales	76.246.912	81.881.685
<b>Gross sales</b>	<b>120.946.723</b>	<b>118.347.777</b>
Sales discounts (-)	(8.730.989)	(7.222.837)
<b>Net sales</b>	<b>112.215.734</b>	<b>111.124.940</b>
Cost of sales	(87.243.106)	(92.235.255)
<b>Gross profit</b>	<b>24.972.628</b>	<b>18.889.685</b>

**NOTE 23 - EXPENSES BY NATURE**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Raw materials, supplies and finished goods	74.983.497	81.069.122
Personnel expenses	11.017.297	8.741.387
Depreciation and amortization	4.299.071	3.754.835
Export, transportation, warehouse expenses	5.032.317	6.168.763
Warranty and assembly expenses	3.101.504	1.965.400
Advertising expenses	996.253	1.015.769
Other	6.685.362	6.633.436
	<b>106.115.301</b>	<b>109.348.712</b>

**Fees for Services Received from Independent Auditor/Independent Audit Firm**

The Company's explanation of the fees for the services received from the independent audit firm is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Independent Audit Fees	21.023	25.682
	<b>21.023</b>	<b>25.682</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 24 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES****a) General administrative expenses:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Personnel expenses	1.131.162	854.943
Depreciation and amortization	156.609	212.964
Consultancy expenses	304.062	321.061
Information technology expenses	296.365	236.747
Rent and office expenses	141.248	131.101
Tax and duties	57.821	153.108
Insurance expenses	56.258	74.632
Travelling expenses	37.603	33.153
Benefits and services provided externally	20.709	7.831
Other	636.978	395.699
	<b>2.838.815</b>	<b>2.421.239</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 24 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Cont'd)****b) Marketing expenses:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Export, transportation, warehouse expenses	4.787.073	5.901.806
Warranty and assembly expenses	3.101.504	1.965.400
Personnel expenses	2.913.524	2.307.766
Advertising expenses	992.953	1.012.439
Depreciation and amortization	356.556	260.611
Other	1.942.724	1.557.670
	<b>14.094.334</b>	<b>13.005.692</b>

**c) Research and development expenses:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Depreciation and amortization	1.087.303	810.877
Personnel expenses	463.991	412.568
Other	387.752	463.081
	<b>1.939.046</b>	<b>1.686.526</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 25 - OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES****a) Other income from operating activities:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Overdue interest charges	498.986	246.756
Foreign exchange gains arising from trading activities	1.290.875	4.806.318
Reversal of provisions	40.862	51.711
Other income	273.988	722.165
	<b>2.104.711</b>	<b>5.826.950</b>

**b) Other expense from operating activities:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Interest expense on term purchases	1.175.599	1.392.474
Foreign exchange expenses arising from trading activities	13.785.304	13.455.074
Provision expenses	27.645	20.548
Other expenses	911.884	603.187
	<b>15.900.432</b>	<b>15.471.283</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 26 - FINANCIAL INCOME AND FINANCIAL EXPENSE****a) Financial income:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Foreign exchange gains	12.214.951	11.408.004
Gains on derivative financial instruments	2.977.176	5.846.712
Interest income	3.239.009	2.807.965
	<b>18.431.136</b>	<b>20.062.681</b>

**b) Financial expense:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Foreign exchange losses	6.948.443	8.207.260
Losses on derivative financial instruments	4.678.507	6.100.758
Interest expense	5.578.036	4.317.466
Commission and other finance expenses	1.135.186	762.610
	<b>18.340.172</b>	<b>19.388.094</b>



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 27 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2023	31 December 2022
Corporation and income taxes	224.451	27.972
Prepaid taxes (-)	(222.661)	(84.360)
<b>Current income tax liabilities - net</b>	<b>1.790</b>	<b>(56.388)</b>
Deferred tax liabilities	(1.272.751)	(16.320)
Deferred tax assets	-	-
<b>Deferred tax liabilities - net</b>	<b>(1.272.751)</b>	<b>(16.320)</b>

Pursuant to paragraph 1 of Article 6 of the Corporate Tax Law No. 5520, corporate tax is calculated on the net corporate income of the taxpayers for an accounting period.

Pursuant to paragraph 2 of the same article, by taking into account the provisions of Income Tax Law No. 193 on commercial income, pure corporate income is calculated by adding legally unacceptable expenses to the commercial income and deducting the exempt earnings and discounts from the commercial income.

With the amendment made to Article 32 of the Corporate Tax Law No. 5520 with Article 21 of the Law No. 7456, corporate taxpayers other than banks, companies within the scope of the Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies are subject to corporate tax at the rate of 25% on their net corporate earnings in 2023 and the following taxation periods.

The above-mentioned amendment regarding the corporate tax rate will take effect starting from the declarations to be submitted on October 1, 2023. For the declarations submitted before this date, the corporate tax rate is 20%.

In addition to the corporate tax levied on corporate income, withholding income/corporate tax burden may arise if all or part of the profits of corporations are subject to profit distribution. By full taxpayer corporations;

Furthermore, consolidated financial statements consist of the deferred tax effect of the temporary differences accounted by the adjustments made regarding inflation accounting together with the notification of the Corporate Tax Law dated 30 December 2023 and numbered 32415.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 27 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**

- Full taxpayer real persons,
- For non-income and corporate taxpayers,
- For those exempt from income tax,
- Limited taxpayer real persons,
- Limited taxpayers exempt from income tax,
- Institutions exempt from corporate tax,
- To limited taxpayers corporations or limited taxpayers exempt from corporate tax, except for those who obtain dividends through a place of business or permanent representative in Turkey.

In case of dividend distribution, 10% with holding income/corporate tax is payable. According to the Turkish tax legislation, capitalization of profit is not considered as dividend distribution.

Corporations are required to calculate advance tax on their quarterly earnings for the first 9 months of their accounting periods in accordance with the principles set out in the Income Tax Law No. 193 and at the corporate tax rate and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day.

Advance tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year.

Corporations are exempt from corporate tax on 75% of the gains arising from the sale of participation shares included in their assets for at least two full years and 25% of the gains arising from the sale of immovables included in their assets on July 15, 2023 for the same period.

As of July 15, 2023, corporate tax exemption is not applied to the gains arising from the sale of immovables taken into assets. Except for the ones already sold in that date.

Under Turkish tax legislation, tax losses carried forward can be carried forward to offset against future taxable income for up to 5 years. However, tax losses cannot be offset against retained earnings.

In Turkey, there is no such practice as reconciliation with the tax authority on taxes payable. Corporate tax returns are required to be filed with the tax office by the 30th of the fourth month following the close of the accounting period and corporate tax is payable within the same period.

However, tax authorities may examine the accounting records within five years and the amount of tax payable may change if incorrect transactions are detected.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 27 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**

Earnings from the Company's investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or completely until the investment contribution amount is reached.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized in respect of deductible temporary differences, tax losses and tax

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized in respect of deductible temporary differences, tax losses and tax advantages arising from investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax.

The tax results of Company's subsidiaries in other countries are not material to consolidated financial statements. As of 1 January - 31 December 2023 and 2022 tax benefit in the consolidated statement of income is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Current period tax expense	(322.063)	(38.618)
Deferred tax income / (loss)	(361.806)	(110.017)
<b>Total tax expense</b>	<b>(683.869)</b>	<b>(148.635)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 27 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**

Reconciliation between the current period tax expense and deferred tax benefit as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Profit before tax</b>	<b>3.015.028</b>	<b>340.121</b>
Local tax rate	%25	%23
Tax income calculated using local tax rate	(753.757)	(78.228)
Non-deductible expenses	(342.936)	(222.121)
Loss from equity accounted investment	(60.097)	(31.807)
Adjustments with no tax effects	(871.359)	(614.453)
Deduction and exemptions	898.323	401.816
Tax incentives	1.611.858	1.199.169
Deferred tax effect of change in legal tax rate	214.819	(118.365)
Other	131.692	357.220
Monetary gain / loss	(1.512.412)	(1.041.866)
<b>Total tax benefit</b>	<b>(683.869)</b>	<b>(148.635)</b>

Due to modernization, plant extension and investments incentive documents in Manisa Organized Industrial Zone, the Group is subject to reduced rate due to incentives.

**Deferred tax assets and liabilities**

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Communiqué II, No. 14.1 and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for the Communiqué and tax purposes.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 27 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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 2023	31 December 2022	31 December 2023	31 December 2022
<b>Deferred tax assets / (liabilities)</b>				
Employment termination benefits	(1.580.853)	(2.043.194)	395.213	408.639
Investment incentive	-	-	741.782	878.182
Warranty provision	(1.539.432)	(1.370.408)	384.858	274.082
Provision for doubtful receivables	(126.325)	(254.738)	31.581	50.947
Net difference between book values and tax bases of property, plant and equipment and intangible asset	17.980.467	10.849.839	(3.416.841)	(1.830.019)
Net difference between book values and tax bases of inventories	1.792.476	1.349.022	(448.119)	(269.804)
Provision for derivative instruments	(439.254)	(804.661)	109.814	160.932
R&D incentives	-	-	873.770	487.074
Other	(220.764)	(757.699)	55.191	(176.353)
<b>Deferred tax assets / (liabilities) - net</b>			<b>(1.272.751)</b>	<b>(16.320)</b>
			<b>31 December 2023</b>	<b>31 December 2022</b>
Subsidiaries with net deferred tax liabilities			(1.272.751)	(16.320)
Subsidiaries with net deferred tax assets			-	-

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 27 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**

The Group's earnings from investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or fully until the investment contribution amount is reached.

Furthermore, financial statements consist of the deferred tax effect of the temporary differences accounted by the adjustments made regarding inflation accounting together with the notification of the Corporate Tax Law dated 30 December 2023 and numbered 32415.

As of December 31, 2023, the tax advantage amounting to TL 741.782 that the Group will benefit from in the foreseeable future is reflected in the financial statements as deferred tax asset. In line with the precautionary principle of accounting and in line with the budget made by the Group, the tax advantage arising from the investment incentives that the Group expects to benefit from in the coming year has been recognized as deferred tax asset in the financial statements.

However, the tax advantage amounting to TL 3.557.930 that the Group is entitled to use has not been recognized in deferred tax assets in accordance with the precautionary principle of accounting.

Total tax advantage arising from investment incentive certificate used in the current period is TL 708.501. The Group assesses the recoverability of deferred tax assets related to investment incentives based on business models that include estimates of taxable profit. These business models include forward-looking management estimates such as sales volumes, selling prices and exchange rate expectations. As a result of the sensitivity analyses on the forward-looking use of investment incentives, it has been concluded that a 10% increase/decrease in the related estimates has no impact on the recoverability of the related deferred tax assets.

The movement of net deferred tax assets and liabilities is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Opening balance, 1 January</b>	<b>(16.320)</b>	<b>(117.099)</b>
Tax expense recognized in income statement	(361.806)	(110.017)
Recognized in other comprehensive income	(1.161.062)	(139.678)
Currency translation differences	266.437	350.474
<b>Deferred tax (liabilities) / assets at the end of the period, net</b>	<b>(1.272.751)</b>	<b>(16.320)</b>



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 28 - EARNINGS PER SHARE**

	1 January - 31 December 2023	1 January - 31 December 2022
Net income / (loss) attributable to equity holders of the parent	1.449.625	(111.335)
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.545.600	33.545.600
<b>Earnings per share</b>	<b>0,0432</b>	<b>(0,0033)</b>

**NOTE 29 - DERIVATIVE INSTRUMENTS**

	31 December 2023		31 December 2022	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
<b>Derivative financial instruments:</b>				
<b>Held for trading</b>				
Forward foreign currency transactions	9.146.679	139.337	7.121.955	161.131
Foreign currency swap contracts				
<b>Cash flow hedge</b>				
Forward foreign currency transactions	7.701.144	47.769	4.900.810	15.545
<b>Derivative financial liabilities:</b>				
<b>Held for trading</b>				
Forward foreign currency transactions	10.275.821	(161.248)	6.512.363	(357.503)
Cross foreign currency swap transactions				
<b>Cash flow hedge</b>				
Forward foreign currency transactions	17.648.139	(465.112)	15.913.965	(623.834)
	<b>44.771.783</b>	<b>(439.254)</b>	<b>34.449.093</b>	<b>(804.661)</b>

# VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

### NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

#### a) Capital risk management:

The Group 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 Group's 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 2023 and 31 December 2022 the Group's net debt / total equity ratios are as follows:

	31 December 2023	31 December 2022
Total financial liabilities (Note 6)	29.419.821	35.320.241
Cash and cash equivalents (Note 5)	(2.294.661)	(2.557.917)
<b>Net debt</b>	<b>27.125.160</b>	<b>32.762.324</b>
Total shareholders equity	40.860.209	30.227.224
<b>Total capital invested</b>	<b>67.985.369</b>	<b>62.989.548</b>
<b>Net debt/capital invested</b>	<b>40%</b>	<b>52%</b>

#### b) Financial risk factors:

The Group's activities expose it to a variety of financial risks including the foreign currency exchange rates risk, credit risk and liquidity risk. The Group's overall risk management programme on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments in order to protect itself from various financial risks.

#### b.1) Credit risk:

The Group is exposed to credit risk arising from receivables from credit finance sales and deposits with banks. Credit risk of receivables from third parties is managed by securing receivables with highest possible coverage. Methods used are:

- Bank guarantees (guarantee letters, etc.)
- Credit insurance
- Mortgages
- Cheque-notes

For customers receivables from which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors and individual risk limits are determined and monitored regularly.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Receivables					
	Trade receivables				Other receivables	
	Related party	Other party	Related party	Other party	Bank deposits	Other
<b>31 December 2023</b>						
<b>Maximum exposed credit risk as of 31 December 2023 (A+B+C+D)</b>	<b>456.542</b>	<b>17.370.181</b>	<b>29.657.089</b>	<b>1.399.966</b>	<b>2.154.522</b>	<b>140.161</b>
- Secured portion of the maximum credit risk by guarantees, etc.	-	(11.743.341)	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	456.542	8.369.692	29.657.089	1.399.966	2.154.522	140.161
- Secured portion by guarantees etc.	-	(7.503.719)	-	-	-	----
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C. Net book value of the overdue but not impaired financial assets	-	9.000.489	-	-	-	-
- Secured portion by guarantees etc.	-	(4.239.622)	-	-	-	-
D. Net book value of the impaired financial assets	-	-	-	-	-	-
-Over due (gross book value)	-	(126.325)	-	-	-	-
-Impairment (-)	-	126.325	-	8.500	-	-
-Secured portion of the net value by guarantees etc.	-	-	-	(8.500)	-	-

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
1 January - 31 December 2023 and 1 January - 31 December 2022**

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**NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

	Receivables					
	Trade receivables				Other receivables	
	Related party	Other party	Related party	Other party	Bank deposits	Other
<b>31 December 2022</b>						
<b>Maximum exposed credit risk as of</b>						
<b>31 December 2022 (A+B+C+D)</b>	<b>67.305</b>	<b>18.014.823</b>	<b>29.280.811</b>	<b>1.980.178</b>	<b>2.359.309</b>	<b>198.644</b>
- Secured portion of the maximum credit risk by guarantees, etc.	-	(12.123.273)	-	-	-	-
A.Net book value of financial assets either are not due or not impaired	67.305	9.336.203	29.280.811	1.980.178	2.359.309	198.644
- Secured portion by guarantees etc.	-	(7.943.295)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C.Net book value of the overdue but not impaired financial assets	-	8.678.619	-	-	-	-
- Secured portion by guarantees etc.	-	(4.434.713)	-	-	-	-
D.Net book value of the impaired financial assets	-	-	-	-	-	-
-Over due (gross book value)				161.314		
-Impairment (-)	-	254.738	-	(161.314)	-	-
-Secured portion of the net value by guarantees etc.	-	(254.738)	-	-	-	-

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Aging of trade receivable from other parties which are overdue but not impaired is as follows:

	31 December 2023	31 December 2022
Overdue 1 - 30 days	2.599.230	3.529.200
Overdue 1 - 3 months	1.908.942	1.983.068
Overdue 3 - 12 months	3.029.207	2.421.261
Overdue more than 1 year	1.463.110	745.090
<b>Total</b>	<b>9.000.489</b>	<b>8.678.619</b>

**b.2) Liquidity risk:**

The Group 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 following tables detail the Group'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 Group 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.

The Group has classified letters of credit that used for the purchases of goods within the scope of its ordinary activities under trade payables. The amount of such letters of credit is TL 15.332.511 as of 31 December 2023 (31 December 2022: 9.423.298).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

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**NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

As of 31 December 2023, maturity analysis of the Group's financial liabilities is as follows:

<b>Contractual maturities</b>	<b>Carrying value</b>	<b>Contractual cash flows</b>	<b>Up to 3 months</b>	<b>3 - 12 months</b>	<b>1 - 5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>						
Financial and lease liabilities	29.419.821	33.914.872	9.695.481	19.891.984	2.786.855	1.540.552
Trade payables	42.143.948	42.237.535	35.391.978	6.301.969	429.269	114.319
Other payables and liabilities	14.166	14.166	14.166	-	-	-
	<b>71.577.935</b>	<b>76.166.573</b>	<b>45.101.625</b>	<b>26.193.953</b>	<b>3.216.124</b>	<b>1.654.871</b>
<b>Derivative financial instruments</b>						
Derivative cash inflows		44.771.783	28.571.639	16.200.144	-	-
Derivative cash outflows		(41.407.613)	(25.359.096)	(16.048.517)	-	-
	<b>439.254</b>	<b>3.364.170</b>	<b>3.212.543</b>	<b>151.627</b>	<b>-</b>	<b>-</b>



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	Carrying value	Contractual cash flows	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Financial and lease liabilities	35.320.241	36.922.595	3.495.394	31.358.634	2.068.567	-
Trade payables	35.861.761	36.356.487	28.754.252	7.191.400	236.446	174.389
Other payables and liabilities	4.598	4.598	4.598	-	-	-
	<b>71.186.600</b>	<b>73.283.680</b>	<b>32.254.244</b>	<b>38.550.034</b>	<b>2.305.013</b>	<b>174.389</b>
<b>Derivative financial instruments</b>						
Derivative cash inflows		34.449.093	23.041.402	11.407.691	-	-
Derivative cash outflows		(38.194.305)	(27.961.735)	(10.232.570)	-	-
	<b>804.661</b>	<b>(3.745.212)</b>	<b>(4.920.333)</b>	<b>1.175.121</b>	<b>-</b>	<b>-</b>

#### b.3) Foreign currency risk:

The Group 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 Group mainly prefers using foreign exchange forward contracts.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

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**NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

	USD (Thousand)	EUR (Thousand)	Other (TL Equivalent)	TL Equivalent
<b>31 December 2023</b>				
1. Trade receivables	92.538	238.713	1.575.155	12.075.124
2a. Monetary financial assets (including cash and cash equivalents)	27.790	8.261	2.081	1.089.263
2b. Non-monetary financial assets	-	-	-	-
3. Other	68.685	893	-	2.051.052
<b>4. Current assets (1+2+3)</b>	<b>189.013</b>	<b>247.867</b>	<b>1.577.236</b>	<b>15.215.439</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	18.643	3.115	-	650.277
7. Other	819.838	51	-	24.136.218
<b>8. Non-current assets (5+6+7)</b>	<b>838.481</b>	<b>3.166</b>	<b>-</b>	<b>24.786.495</b>
<b>9. Total assets (4+8)</b>	<b>1.027.494</b>	<b>251.033</b>	<b>1.577.236</b>	<b>40.001.934</b>
10. Trade payables	857.466	187.826	154.204	31.571.227
11. Financial liabilities	345.908	118.528	599.569	14.668.741
12a. Other monetary liabilities	80	1.415	-	48.528
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>1.203.454</b>	<b>307.769</b>	<b>753.773</b>	<b>46.288.497</b>
14. Trade payables	-	5.460	-	178.174
15. Financial liabilities	15.690	16.633	-	1.005.474
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>15.690</b>	<b>22.093</b>	<b>-</b>	<b>1.183.648</b>
<b>18. Total liabilities (13+17)</b>	<b>1.219.144</b>	<b>329.862</b>	<b>753.773</b>	<b>47.472.145</b>
<b>19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b) (*)</b>	<b>649.071</b>	<b>(476.750)</b>	<b>108.175</b>	<b>3.692.531</b>
19a. Hedged total assets	1.068.802	227.544	5.896.185	44.841.898
19b. Hedged total liabilities	(419.731)	(704.294)	(5.788.010)	(41.149.367)
<b>20. Net foreign currency asset/ (liability) position (9-18+19)</b>	<b>457.421</b>	<b>(555.579)</b>	<b>931.638</b>	<b>(3.777.680)</b>
<b>21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)</b>	<b>(210.293)</b>	<b>(81.943)</b>	<b>823.463</b>	<b>(8.120.488)</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(439.254)</b>
23. Export	541.555	1.533.534	9.851.005	76.246.912
24. Import	1.404.462	207.252	542.079	39.158.737

(\*)The net asset / (liability) positions of derivative instruments in foreign currency are included outside the statement of financial position.

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	USD (Thousand)	EUR (Thousand)	Other (TL Equivalent)	TL Equivalent (Historic Date)	TL Equivalent
<b>31 December 2022</b>					
1. Trade receivables	92.683	263.765	587.424	7.578.567	12.487.426
2a. Monetary financial assets (including cash and cash equivalents)	21.100	26.982	10.514	942.932	1.553.697
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	40.192	832	-	768.108	1.265.634
<b>4. Current assets (1+2+3)</b>	<b>153.975</b>	<b>291.579</b>	<b>597.938</b>	<b>9.289.607</b>	<b>15.306.757</b>
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	4.595	10.569	-	296.611	488.735
7. Other	783.367	51	-	14.648.648	24.137.005
<b>8. Non-current assets (5+6+7)</b>	<b>787.962</b>	<b>10.620</b>	<b>-</b>	<b>14.945.259</b>	<b>24.625.740</b>
<b>9. Total assets (4+8)</b>	<b>941.937</b>	<b>302.199</b>	<b>597.938</b>	<b>24.234.866</b>	<b>39.932.496</b>
10. Trade payables	677.301	217.665	95.485	17.129.632	28.224.995
11. Financial liabilities	248.953	84.602	183.531	6.536.488	10.770.362
12a. Other monetary liabilities	277	805	-	21.265	35.039
12b. Other non-monetary liabilities	-	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>926.531</b>	<b>303.072</b>	<b>279.016</b>	<b>23.687.385</b>	<b>39.030.396</b>
14. Trade payables	-	9.157	-	182.873	301.325
15. Financial liabilities	36.142	-	-	677.012	1.115.532
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>36.142</b>	<b>9.157</b>	<b>-</b>	<b>859.885</b>	<b>1.416.857</b>
<b>18. Total liabilities (13+17)</b>	<b>962.673</b>	<b>312.229</b>	<b>279.016</b>	<b>24.547.270</b>	<b>40.447.254</b>
<b>19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b) (*)</b>	<b>253.096</b>	<b>(367.085)</b>	<b>(206.830)</b>	<b>(2.796.817)</b>	<b>(4.608.397)</b>
19a. Hedged total assets	813.078	173.310	2.073.924	20.765.640	34.216.151
19b. Hedged total liabilities	(559.982)	(540.395)	(2.280.754)	(23.562.457)	(38.824.548)
<b>20. Net foreign currency asset/ (liability) position (9-18+19)</b>	<b>232.360</b>	<b>(377.115)</b>	<b>112.092</b>	<b>(3.109.221)</b>	<b>(5.123.154)</b>
<b>21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)</b>	<b>(25.331)</b>	<b>(20.599)</b>	<b>318.922</b>	<b>(609.015)</b>	<b>(1.003.491)</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(488.345)</b>	<b>(804.660)</b>
23. Export	614.513	1.589.196	2.421.546	-	81.881.685
24. Import	1.279.169	264.044	157.073	25.932.596	42.729.895

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

As of 31 December 2023 and 31 December 2022 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
<b>31 December 2023</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(570.656)	570.656	(570.656)	570.656
Secured portion from USD risk (-)	5.203	(5.203)	741.858	(741.858)
<b>USD net effect</b>	<b>(565.453)</b>	<b>565.453</b>	<b>171.202</b>	<b>(171.202)</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	(258.712)	258.712	(258.712)	258.712
Secured portion from EUR risk (-)	158.616	(158.616)	(998.860)	998.860
<b>EUR net effect</b>	<b>(100.096)</b>	<b>100.096</b>	<b>(1.257.572)</b>	<b>1.257.572</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability	82.346	(82.346)	82.346	(82.346)
Secured portion from other currency risk (-)	199.867	(199.867)	608.969	(608.969)
<b>Other currency net effect</b>	<b>282.213</b>	<b>(282.213)</b>	<b>691.315</b>	<b>(691.315)</b>

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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#### NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
<b>31 December 2022</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(69.233)	69.233	(69.233)	69.233
Secured portion from USD risk (-)	(610.344)	610.344	(610.344)	610.344
<b>USD net effect</b>	<b>(679.577)</b>	<b>679.577</b>	<b>(679.577)</b>	<b>679.577</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	(31.159)	31.159	(31.159)	31.159
Secured portion from EUR risk (-)	(29.331)	29.331	(29.331)	29.331
<b>EUR net effect</b>	<b>(60.490)</b>	<b>60.490</b>	<b>(60.490)</b>	<b>60.490</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability	19.028	(19.028)	19.028	(19.028)
Secured portion from other currency risk (-)	(63.635)	63.635	543.176	(543.176)
<b>Other currency net effect</b>	<b>(44.607)</b>	<b>44.607</b>	<b>562.204</b>	<b>(562.204)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods  
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**NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)****b.4) Interest rate risk:**

The Group is exposed to interest rate risk as the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group 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 Group which are sensitive to interest rate changes is as follows:

	31 December 2023	31 December 2022
<b>Financial instruments with fixed interest rates</b>		
Bank deposits	91.298	353.846
Financial liabilities	16.670.036	18.181.815
<b>Financial instruments with floating interest rates</b>		
Financial liabilities	12.749.785	17.138.426

On 31 December 2023, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has increased / decreased by 100 base point with all other variables held constant, income before taxes would have been TL 140.651 (2022:: TL 166.167) lower / higher as a result of interest expenses.

**NOTE 31 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)****Categories of financial instruments and fair values**

Among Group's financial assets, cash and cash equivalents (note 5), trade receivables (notes 7 and 8) and other receivables (notes 9), are classified as amortized cost, as fair value through other comprehensive income, derivative instruments (note 29) as fair value through profit or loss.

Group's financial liabilities consist of financial liabilities (note 6), trade payables (note 7 and 8) and other payables (note 9) and are measured at amortized cost using the effective interest method, derivative instruments (note 29) are classified as fair value through profit or loss.



## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 31 - 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 Group, using available market information and appropriate valuation methodologies. However, judgement is necessarily required interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group 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 Group 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 does not contains observable market inputs

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements for the Periods****1 January - 31 December 2023 and 1 January - 31 December 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 31 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)**

Fair value hierarchy tables as of 31 December 2023 and 31 December 2022 are as follows:

<b>31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Derivative financial instruments	-	187.106	-	187.106
Financial investments	41.600	-	-	41.600
<b>Financial liabilities</b>				
Derivative financial liabilities	-	(626.360)	-	(626.360)
<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Derivative financial instruments	-	176.676	-	176.676
Financial investments	116.000	-	-	116.000
<b>Financial liabilities</b>				
Derivative financial liabilities	-	(981.337)	-	(981.337)

An independent valuation of the Group's land, land improvements and buildings were performed by valuers to determine the fair value of the land and buildings as at 31 December 2023. The fair value of land, land improvements and buildings were determined using the inputs other than quoted prices (Level 2), (Note 2.6.i).

## VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Notes to the Consolidated Financial Statements for the Periods 1 January - 31 December 2023 and 1 January - 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

#### NOTE 32 - SUBSEQUENT EVENTS

In accordance with the authorization granted by article 11 of the Company's Articles of Association; the Board of Directors resolved to take all necessary actions and apply to the Capital Markets Board (CMB), the Central Securities Depository and other authorities and institutions for the issuance of debt securities up to a total amount of USD 500,000,000 or an equivalent amount to be sold outside Turkey through one or more issuances within one year from the date of the approval of CMB. In line with this decision, an application was made to the Capital Markets Board on March 14, 2024. Following the approval of the issuance certificate by the Capital Markets Board, the final amount, maturity, and interest rate of the issuance will be determined considering the market conditions on the issuance date, and a final decision regarding the issuance will be made. Due to the uncertainty of the debt instrument issuance until the outcome of the credit rating service received and the evaluation of the suitability of the market conditions, our Company's decision to conclude the financial consultancy and credit rating service agreements for the debt instrument issuance and to evaluate the debt instrument issuance has been postponed until the issuance decision is taken with the Board of Directors' decision dated 18.12.2023 within the scope of Article 6 of the Capital Markets Board's Communiqué on Material Events Disclosure.

Pursuant to our PDP statements dated 21.03.2019, 07.12.2020, 27.01.2023 and 29.11.2023; the 13th Chamber of the Council of State accepted the appeals of the Competition Authority and Vestel Ticaret AŞ (Vestel Ticaret), a wholly-owned subsidiary of our Company and decided to annul the appellate decision, affirming the legality of the Competition Board's decision and that the file should be sent back to the Court of Appeal (Ankara 8th Administrative Trial Chamber) to be decided in favor of Vestel Ticaret and Whirlpool (Whirlpool Ev Aletleri Pazarlama ve Ticaret AŞ and Whirlpool Beyaz Eşya Sanayi ve Ticaret AŞ), with its decision dated 10.04.2023 and numbered 2023/206 E., 2023/1767 K. Based on the reversal decision of the Council of State, the file was sent to Ankara 8th Administrative Trial Chamber, and in order to ensure that the Council of State's reversal decision was fulfilled, the investigation initiated against Whirlpool and Vestel Ticaret was terminated by the Competition Authority's decision numbered 23-37/689-238. At this stage, Ankara 8th Administrative Trial Chamber, with its decision numbered 2023/1627 E. and 2024/395, decided to reject the plaintiffs' appeal, complying with the reversal decision of the 13th Chamber of the Council of State. Thus, due to Whirlpool's decision to terminate its activities in Turkey, the agreement regarding the after-sales services of Whirlpool products in the market to be provided by Vestel Ticaret was found to be lawful by the decision of the Ankara 8th Administrative Trial Chamber. It is permissible procedurally to appeal against the decision in question.

# GRI CONTENT INDEX

<b>Statement of use</b>	Vestel Elektronik has reported in accordance with the GRI Standards for the January–December 2023 period.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location/ Page No, Source and/ or Direct Answers	Additional information and reasons for omission
<b>General disclosures</b>			
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	10-11, 16-17	
	2-2 Entities included in the organization's sustainability reporting	180	
	2-3 Reporting period, frequency and contact point	180	
	2-4 Restatements of information	There are no restatements of information.	
	2-5 External assurance	214	
	2-6 Activities, value chain and other business relationships	10-11, 16-17, 32-33, 151-153	
	2-7 Employees	96-107, 189-191	
	2-8 Workers who are not employees	109, 189-191	
	2-9 Governance structure and composition	20-21, 26-29, 147, 148-150, 165-167, 171-178	
	2-10 Nomination and selection of the highest governance body	171-172	
	2-11 Chair of the highest governance body	171-172	
	2-12 Role of the highest governance body in overseeing the management of impacts	44-45	
	2-13 Delegation of responsibility for managing impacts	44-45	
	2-14 Role of the highest governance body in sustainability reporting	44-45	
	2-15 Conflicts of interest	161	
	2-16 Communication of critical concerns	156-158	
	2-17 Collective knowledge of the highest governance body	20-21, 148-150	
	2-18 Evaluation of the performance of the highest governance body	165-167	
	2-19 Remuneration policies	98-99, 179 <a href="https://www.vestel.com.tr/content/kurumsal-politikalar">https://www.vestel.com.tr/content/kurumsal-politikalar</a>	
	2-20 Process to determine remuneration	163-164	
	2-21 Annual total compensation ratio	-	It is not disclosed due to confidentiality.
	2-22 Statement on sustainable development strategy	19, 23-25, 44-45	
	2-23 Policy commitments	<a href="https://www.vestel.com.tr/content/kurumsal-politikalar">https://www.vestel.com.tr/content/kurumsal-politikalar</a>	
	2-24 Embedding policy commitments	<a href="https://www.vestel.com.tr/content/kurumsal-politikalar">https://www.vestel.com.tr/content/kurumsal-politikalar</a>	
	2-25 Processes to remediate negative impacts	44-45, 50-62	
	2-26 Mechanisms for seeking advice and raising concerns	96-99, 138	
	2-27 Compliance with laws and regulations	48-51, 156-158	
	2-28 Membership associations	184	
	2-29 Approach to stakeholder engagement	181-183	
	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.	

# GRI CONTENT INDEX

GRI Standard	Disclosure	Location/ Page No, Source and/ or Direct Answers	Additional information and reasons for omission
<b>Material topics</b>			
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	36-37	
	3-2 List of material topics	37-39	
	3-3 Management of material topics	36-41	
<b>Procurement practices</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	38-41, 112-115	
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	112	
<b>Anti-corruption</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	48-49	
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	48-49	
	205-2 Communication and training about anti-corruption policies and procedures	48-49	
	205-3 Confirmed incidents of corruption and actions taken	49	
<b>Anti-competitive behavior</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	48-49	
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	48-49	
<b>Tax</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	77	
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	77	
	207-2 Tax governance, control, and risk management	77, 160	
<b>Materials</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	122-123	
<b>GRI 301: Materials 2016</b>	301-2 Recycled input materials used	122-123, 134	
	301-3 Reclaimed products and their packaging materials	122-123, 134	
<b>Energy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	38-41, 119, 192	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	192, 194, 201	
	302-2 Energy consumption outside of the organization	192, 194, 201	
	302-4 Reduction of energy consumption	40	
	302-5 Reductions in energy requirements of products and services	40	

GRI Standard	Disclosure	Location/ Page No, Source and/ or Direct Answers	Additional information and reasons for omission
<b>Water and effluents</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	125	
<b>GRI 303: Water and Effluents 2018</b>	303-2 Management of water discharge-related impacts	186	
	303-3 Water withdrawal	40	
	303-4 Water discharge	186	
	303-5 Water consumption	125, 132	
<b>Emissions</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	38-41, 117-118	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	40, 192	
	305-2 Energy indirect (Scope 2) GHG emissions	40, 192	
	305-3 Other indirect (Scope 3) GHG emissions	40, 192	
	305-4 GHG emissions intensity	40, 118	
	305-5 Reduction of GHG emissions	40, 192	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	186	
<b>Waste</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	38-41, 112	
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	122-124	
	306-2 Management of significant waste-related impacts	122-124	
	306-3 Waste generated	193	
	306-4 Waste diverted from disposal	193	
	306-5 Waste directed to disposal	193	
<b>Supplier environmental assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	38-41, 112	
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	112-115	
	308-2 Negative environmental impacts in the supply chain and actions taken	112-115	
<b>Employment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	38-41, 96-98	
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	189-191	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	106	
	401-3 Parental leave	106, 191	

# GRI CONTENT INDEX

GRI Standard	Disclosure	Location/ Page No, Source and/ or Direct Answers	Additional information and reasons for omission
<b>Occupational health and safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	108-109	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	108-109	
	403-2 Hazard identification, risk assessment, and incident investigation	108-109	
	403-3 Occupational health services	108-109	
	403-4 Worker participation, consultation, and communication on occupational health and safety	108-109	
	403-5 Worker training on occupational health and safety	108-109, 191	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	108-109	
	403-8 Workers covered by an occupational health and safety management system	108-109	
	403-9 Work-related injuries	109	
	403-10 Work-related ill health	109	
<b>Training and education</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	100-101	
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	101	
	404-2 Programs for upgrading employee skills and transition assistance programs	101-106	
	404-3 Percentage of employees receiving regular performance and career development reviews	100-101	
<b>Diversity and equal opportunity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	96	<a href="http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf">http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf</a>
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	97	
	405-2 Ratio of basic salary and remuneration of women to men	98	
<b>Non-discrimination</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	96, 99	-
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	96, 99	There were no cases of discrimination during the reporting period.  <a href="http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf">http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf</a>



GRI Standard	Disclosure	Location/ Page No, Source and/ or Direct Answers	Additional information and reasons for omission
<b>Supplier social assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	38-41, 112	
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	112-115	
	414-2 Negative social impacts in the supply chain and actions taken	112-115	
<b>Public Policy</b>			
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	Vestel does not support any political organizations.	
<b>Customer Health and Safety</b>			
<b>GRI 416: Customer Health and Safety</b>	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No non-compliance incidents related to the health and safety impacts of products and services occurred during the reporting period.	
<b>Marketing and Labeling</b>			
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	93, 185	
	417-2 Incidents of non-compliance concerning product and service information and labeling	No non-compliance incidents related to product and service information and labeling occurred during the reporting period.	
	417-3 Incidents of non-compliance concerning marketing communications	No incidents of non-compliance with marketing communications occurred during the reporting period.	
<b>Customer Privacy</b>			
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the reporting period, there were no confirmed complaints regarding the violation of customer privacy and loss of customer data.	



# INVESTOR INFORMATION

## GENERAL INFORMATION

**Reporting Period:** 01.01.2023 - 31.12.2023  
**Trade Name:** Vestel Elektronik Sanayi ve Ticaret AŞ  
**Trade Registration No:** Istanbul Trade Registry, No: 193621  
**Registered Capital Ceiling:** TL 2,000,000,000  
**Paid-in/Issued Capital:** TL 335,456,275

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## FINANCIAL DATA AND COMPANY ANNOUNCEMENTS

Consolidated financial statements, auditor reports, annual reports and material event disclosures of Vestel Elektronik Sanayi ve Ticaret AŞ are available on the Company's website at [www.vestelinvestorrelations.com](http://www.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

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## SUSTAINABILITY

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**VESTEL**