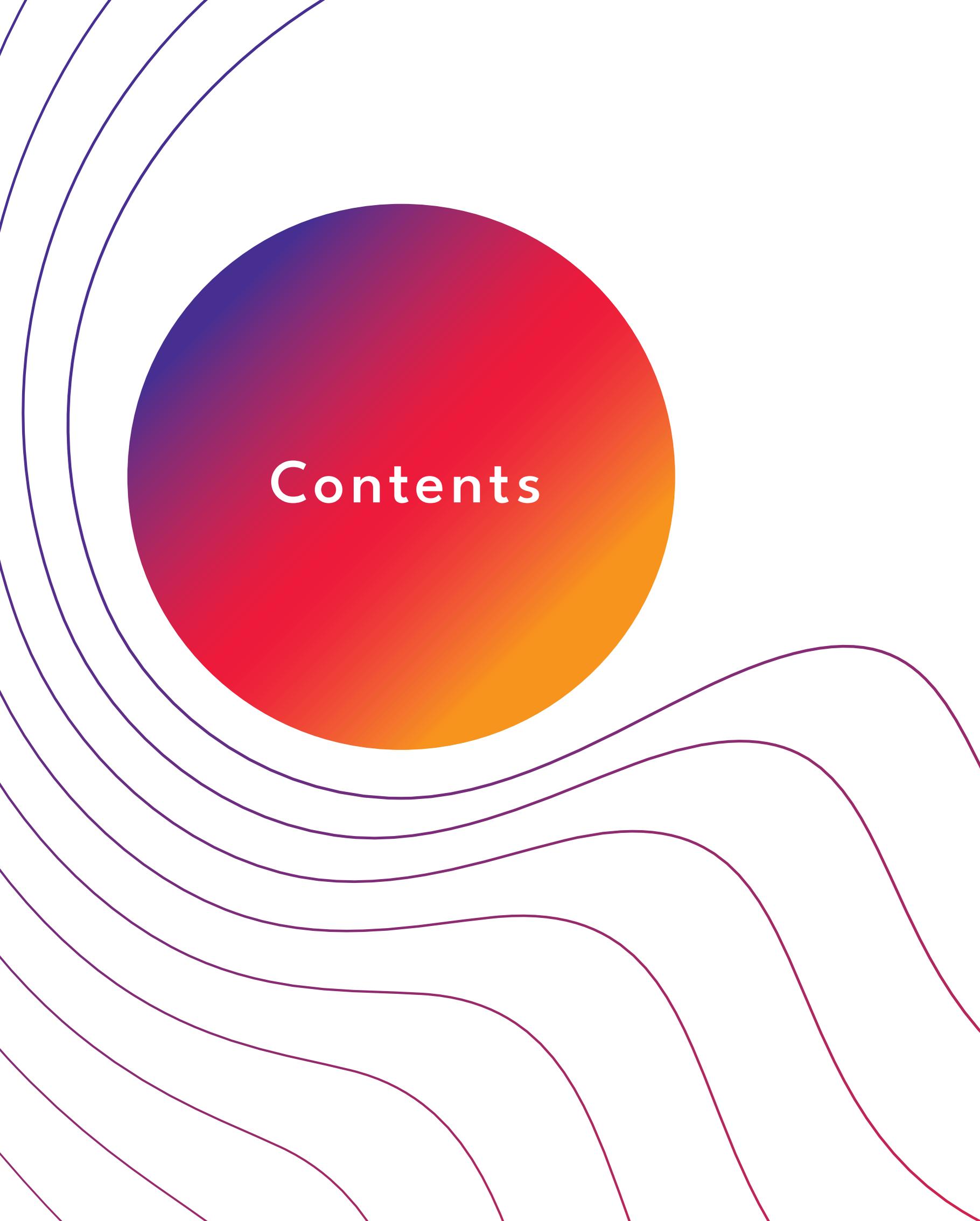


2022

ANNUAL
REPORT





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About Zorlu Holding

Combining its deep rooted experience and expertise across a variety of industries, a sustainability strategy and business approach driven by technology and innovation, competent, enterprising and creative human resources equipped with the necessary skills of the era, and a strong management structure, Zorlu Group is a highly reputed conglomerate both in Turkey and across the globe.

Zorlu Group's foundation was laid in 1953 through the textiles sector in Babadağ, Denizli. Having started its operations as a family business, Zorlu Group is a major conglomerate today, with over 60 companies and around 34,000 employees, by setting a robust example of corporate governance.

As one of Turkey's leading conglomerates, Zorlu Group is engaged in the industries of:

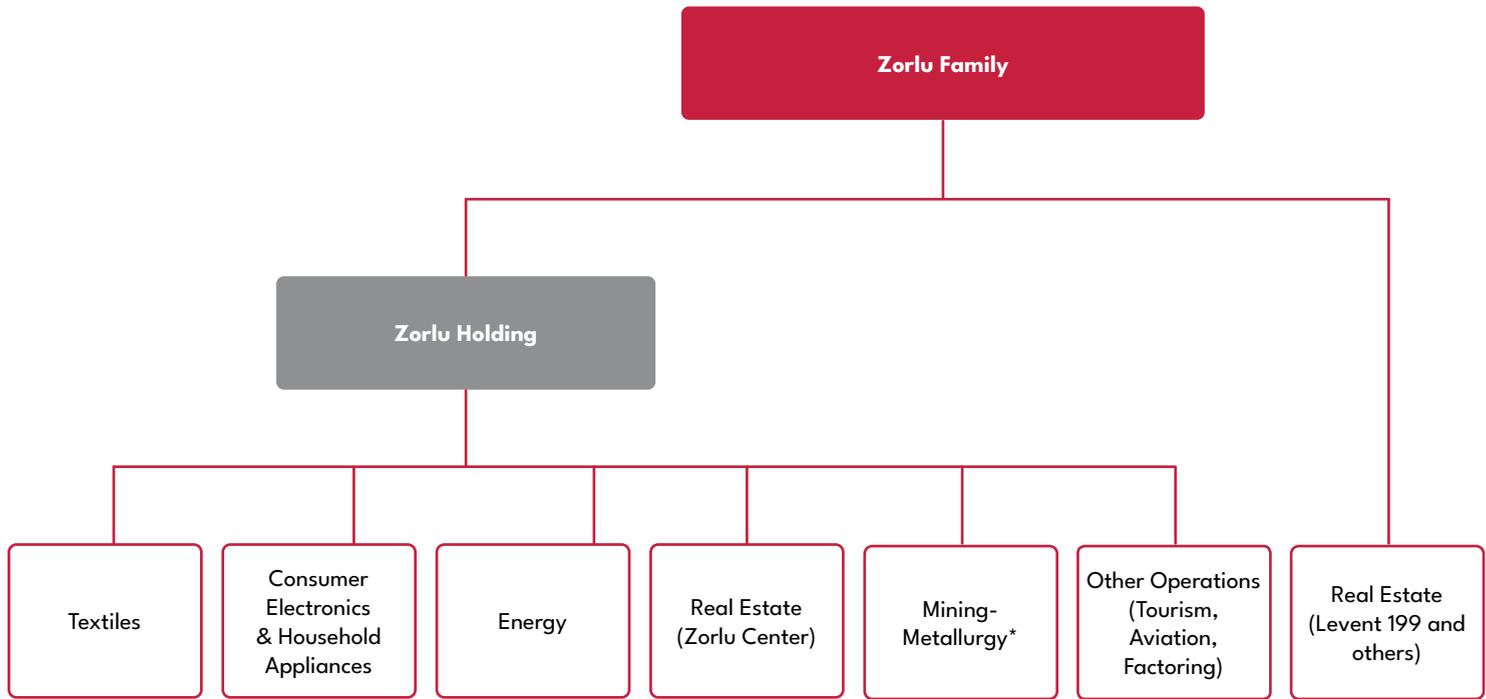
- Textiles,
- Consumer Electronics & Household Appliances,
- Energy,
- Real Estate.
- Mining-Metallurgy and
- Other (Tourism, Factoring, Aviation)

where it continues to generate value added for Turkey's economy, with the Group accounting for a significant portion of the country's overall exports.

Distinguishing themselves in their respective sectors with their capabilities, pioneering breakthroughs, institutional structure and performance, Zorlu Group companies are recognized for their strength in manufacturing and services on a global scale.

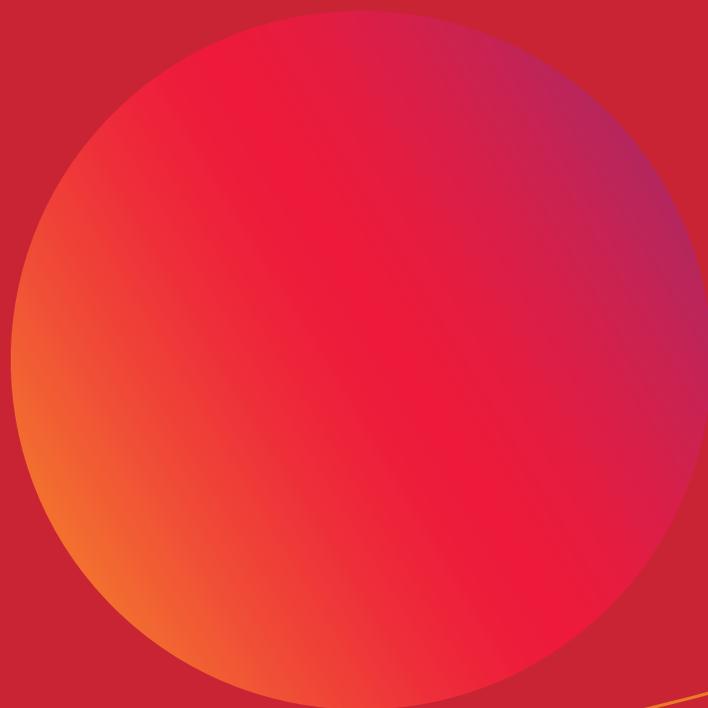
Combining its deep-rooted experience and know-how, competent and specialized human resources and a robust, visionary management structure, Zorlu Group is a highly reputed conglomerate in Turkey and across the globe. The Group focuses its activities on creating lasting value for all of its stakeholders and increasing the value of its brand, which has become a symbol of quality, confidence and credibility.

Zorlu Group Operational Partnership Structure



* Zorlu Holding and Vestel Elektronik San. ve Tic. A.Ş. both own 50 pct of Meta Nikel Kobalt Mining Industry a * nd Commerce Ltd. shares.

A Success Story



Zorlu Group's Milestones

1953

Hacı Mehmet Zorlu lays the foundation of Zorlu Group by establishing Zorlu Mensucat in Babadağ, Denizli.

1960

The company enters the textile trade by opening a store in Trabzon.

1984

The company makes its first official export sale with Korteks products.

1976

Korteks Velvet Weaving Plant is established in Bursa.

1966

Building on the know-how and experience gained in Trabzon, the Group moves to Istanbul and begins contract manufacturing.

1989

Korteks Yarn Factory is established in Bursa to meet the need for high-quality polyester yarn in the Turkish textile industry.

1990

Korteks Polyester Yarn Factory, Europe's largest integrated polyester yarn manufacturer and exporter, begins production.

1993

Zorlu Enerji is founded to meet the energy and steam needs of Zorlu Group's industrial enterprises.

1999

Mehmet Zorlu Education, Health, Culture and Solidary Foundation is established. Vestel begins production of household appliances.

1997

Vestel Beyaz Eşya is founded. Denizbank is founded.

1994

Vestel is acquired by Zorlu Group.

2000

20% of Zorlu Enerji's shares are offered to the public and started to be traded on Borsa Istanbul.

2001

Zorluteks becomes Europe's largest and the world's third-largest cotton home textile producer.

2003

Zorlu Group celebrates its 50th anniversary. Vestel City opens its doors.

2006

Zorlu Real Estate Group is established. Zorlu Group sells its stake in Denizbank to Dexia for USD 2.4 billion. 31.5% of Vestel Beyaz Eşya's shares were offered to the public and the

2004

company's shares started to be traded on Borsa Istanbul. Zorlu Energy Group wins natural gas distribution license tenders and begins providing natural gas distribution services in Gaziantep and Trakya regions.

2004

Jules Verne Travel & Event joins Zorlu Group.

2007

Zorlu Holding signs the UN Global Compact. Zorlu Group acquires a stake in Meta Madencilik Ltd. and begins operating in the mining-metallurgy industry.

2008

Zorlu Enerji wins a privatization tender for ADÜAŞ, which includes nine power plants with a total installed capacity of 141 MW, with a bid of USD 510 million. The construction of Zorlu Center, Turkey's first five-function "mixed-use" project, begins.

2011

Vestel wins the first Smart Board tender launched as part of the Fatih Project.

2014

The installation of the Meta Nikel Kobalt Madencilik Gördes Facility is completed and preparations are underway for commissioning. Turkey's first domestic smartphone Venus is launched. A+ office project Levent 199 enters into service. Dorad Natural Gas Combined Cycle Power Plant in Israel, in which Zorlu Enerji has 25% stake, becomes operational.

2013

Shopping mall and performance arts functions of Zorlu Center begin operations. Kızıldere II Geothermal Power Plant begins commercial operations. Jhimpir Wind Power Plant in Pakistan goes into operation. Vestel wins the second Smart Board tender worth TRY 1 billion.

2012

Zorlu Faktoring begins operations.

2015

Zorlu Holding signs the United Nations Women's Empowerment Principles, institutionalizing its support for the empowerment of women in society, business, and economy. First phase of Alaşehir I Geothermal Power Plant is commissioned. Ramat Negev and Ashdod natural gas cogeneration power plants in Israel, in which Zorlu Enerji has a 42.15% stake, become operational. Vestel Elektronik is included in the BIST Sustainability Index for the November 2015 - October 2016 period. Commissioning of the META Gördes Facility is completed and the first commercial Ni-Co Hydroxide intermediate product is exported.

2016

Vestel Beyaz Eşya and Zorlu Enerji voluntarily join Borsa İstanbul's (BIST) Sustainability Index for the November 2016 - October 2017 period. Sarıtepe-Demirciler Wind Power Plants commence commercial operation. Zorlu Center is named Europe's Best Shopping Center by ICSC. Vestel Beyaz Eşya wins the Industrial Excellence Award 2016 in Turkey, advances to the finals in Europe, and becomes the first Turkish company in its sector to win the Industrial Excellence Award in Europe. Zorluteks R&D Center enters into service. Zorlu Family acquires full ownership of META.

2017

The foundation of the new Vestel Beyaz Eşya washing machine and dryer production plant is laid in July. At the TPM Awards organized by the JIPM, Vestel Elektronik receives the Special Award for TPM Achievement in television manufacturing and Vestel Beyaz Eşya wins the Award for Excellence in Consistent TPM Commitment for its six production facilities simultaneously. Vestel Beyaz Eşya is the first company in the industry to receive the "Water Footprint" Verification in Turkey. Zorlu Enerji takes over the Osmangazi Electricity Distribution Region in February and enters electricity distribution and retail sales businesses. The first unit of Kızıldere III Geothermal Power Plant (99.5 MW) enters into service in August. Zorlu Solar becomes the exclusive authorized distributor of the US-based First Solar in 26 countries. Construction of the Meta Nikel Kobalt Facility's R&D Center begins. Zorluteks becomes the first home textile company in Turkey to receive the "Authorized Economic Operator Certificate." Zorluteks Design Center is established. A first in the industry, TAÇ Curtain Arts Academy is established with the aim of training the curtain makers of the future.

2020

Vestel signs an agreement with Iberdrola, one of the world's largest electricity companies, to manufacture electric vehicle chargers for the charging stations to be installed by the company in the UK, Italy and Spain. Vestel breaks new ground to start manufacturing battery packs for electric bicycles. Vestel Beyaz Eşya launches its products equipped with UVC technology to meet the increasing hygiene needs during the pandemic period. Vestel acquires White Knight and Hostess brands of British Crosslee PLC. Vestel launches Vestel Ekspres, a small-squaremeter store concept where products are sold mostly via digital screens. Vestel issues Turkey's first TL-denominated green bond with an international sustainability rating. Latest investments of Zorlu Enerji enable ZES to expand its electric vehicle charging station network to 81 provinces to serve 761 vehicles simultaneously at 455 locations. Efforts are underway to expand this network abroad, starting from Eastern Europe. Establishing Zorlu Yenilenebilir Enerji AŞ, Zorlu Enerji unites its 3 companies operating in renewable energy in Turkey under a single organization. ZJ Strong, of which Zorlu Enerji is a partner, commissions Dead Sea Solar Power Plant in Jericho region of Palestine. Zorlu Tekstil completes STeP, "Sustainable Textile Production" certification process in its factories and starts production with the 'Made in Green' label used along with Standard 100 by Oeko-Tex and STeP by Oeko-Tex documents. Established under the investments in circular economy, the Polymer Recycling Plant breaks a new ground in Europe and Turkey by manufacturing polyester yarn completely out of plastic bottles. Zorlu Gayrimenkul introduces an air-conditioning system with UCV technology at Zorlu Center as well as an integrated Car Park Management System equipped with license plate recognition system intended for minimizing contact throughout the pandemic period. As one of the few culture and arts centers, Zorlu PSM reaches more than 1,5 million viewers via its online platform PSM Online.

2019

Vestel Beyaz Eşya's brand licensing agreement with Sharp Corporation is expanded to include smart products. Zorlu Enerji signed a contract to sell its 100% stake in Zorlu Rüzgar Enerjisi Elektrik Üretimi AŞ, which includes Sarıtepe and Demirciler WPPs in its portfolio. Meta Nikel Kobalt Madencilik's project for "Recovery of Concentrated Scandium Compounds from Gördes Nickel Cobalt Plant Waste by Ion Exchange and Solvent Extraction Methods" is approved by TÜBİTAK. Zorlu Tekstil opens seven new stores in six countries. The "No Barriers in Zorlu" project wins Zorlu Center the Albert Sussman International Community Support Award, the most prestigious accolade awarded by ICSC. Zorlu PSM produces and stages a musical for the first time, titled Alice.

2018

The new Vestel Beyaz Eşya washing machine and dryer production plant is completed and begins production in the second quarter of 2018. Vestel Elektronik wins "TPM Advanced Special Award". Meta Nikel Kobalt Madencilik is awarded the "R&D Center Certificate." Vestel Elektronik buys 50% stake in Meta Nikel Kobalt Madencilik. Zorlu Enerji's electrical vehicle charging station brand ZES starts operations to establish Turkey's electric vehicle infrastructure and reduce carbon emissions, especially in cities. The 65.5 MW second unit of Kızıldere III GPP becomes operational. Rehabilitation work to increase the installed capacity of İkizdere HEPP from 18.6 MW to 24.94 MW is completed and the plant resumes electricity generation. Zorluteks opens a showroom in Munich, Germany. Zorluteks' sustainable working conditions are awarded the highest score from BSCI.

2021

Zorlu Holding announces its 2030 and 2050 objectives in environmental, social and corporate governance in the light of its "responsible investment holding" approach. imece Summit, hosted by Zorlu Holding, is organized under the theme of "Future Impact". Zorlu Group finalizes the second cycle of its corporate entrepreneurship program. A Bright Idea (Parlak Bi'Fikir), and three initiatives are selected for investment. Vestel announces its 2050 net zero emissions objective. Zorlu PSM establishes Vestel PSM Radyo. Zorlu Center is awarded Zero Waste Certificate with its Zero Waste Management System by the Ministry of Environment and Urban Affairs. Levent 199 transitions to full renewable energy use. Zorlu Enerji activates "Digital Subscription Service". Zorlu Energy Solutions (ZES) becomes operational in 81 cities in Turkey and 6 countries in Europe.

2022

A corporate transformation project is launched in Zorlu Group's journey to become a sustainable holding committed to environmental, social and governance principles. The Zorlu Family Council is established and the Zorlu Holding Board of Directors is restructured with the participation of independent members. Zorlu Holding Board of Directors Committees start to operate with the new working principles under the leadership of independent members. A General Secretariat unit is established to ensure coordination among Zorlu Group's corporate governance bodies.

Zorlu Holding Human Rights Policy is published.

As part of the "An Equal Life" (Eşit Bi'Hayat) approach, basic training is initiated to raise awareness and knowledge on gender equality among all Zorlu Group employees.

In the TIM Awards announced in 2022, Vestel becomes the export champion in its sector for the 24th time and ranked 5th among all sectors with sales of TRY 26 billion in foreign markets.

Vestel rises from 11th to 4th place as one of the top 5 most valuable brands in Turkey, as determined by the international financial institution Brand Finance for 2022.

Vestel signs an agreement with Eneco eMobility, one of Germany's leading brands, for the supply of electric vehicle chargers. Under this agreement, Eneco eMobility procures electric vehicle chargers from Vestel to be installed in Belgium, Benelux Region and Germany.

Working to integrate environmental, social and governance (ESG) issues across the entire company, Vestel increases its S&P Global ESG score by 44% to 65 points in 2022. The CDP climate change score of Vestel Elektronik and Vestel Beyaz Eşya plants rose to B and A-, respectively.

Vestel Elektronik, Vestel Beyaz Eşya and Zorlu Enerji shares the current outputs of their activities in 2021, their plans for the

future and the roadmap for their targets in their first Integrated Annual Report.

Zorlu Enerji becomes a pioneer in its sector by joining the Science Based Targets Initiative (SBTi), which it signed by committing to limit the increase in greenhouse gas emissions to 1.50C.

Zorlu Enerji scores 61 points in the ESG assessment conducted by Moody's and reaches "Advanced" level. Ranked 4th with its ESG score among 57 energy companies evaluated globally, it takes its place among the leading companies in terms of sustainability in the energy sector.

The number of ZES charging stations reaches 185 in 81 provinces of Turkish Republic of Northern Cyprus and Montenegro.

Zorlu Center's Eco Love Fest, which includes a Sustainable Market where eco-friendly products from brands focusing on sustainability and good living can be found, ecological talks, music performances and workshops, is awarded a silver award by the Solal Marketing Awards organized by the European Council of Shopping Places, one of the most important award programs in the sector.

With its PLASTICE Project, Korteks is accepted to the Horizon Europe Green Deal Program, through which the European Union conducts research, development and innovation projects. Within the scope of PLASTICE, Korteks' first Horizon Europe Project, it is aimed to recycle complex textile and plastic wastes, which are very difficult to separate, and to contribute to the circular economy by manufacturing final products with low carbon footprint from recycled raw materials.

The Tagg Gemlik Campus in Bursa, where mass production of Tagg, Turkey's domestic automobile brand, of which Zorlu Group is one of the partners, will take place, is opened.

Zorlu Holding

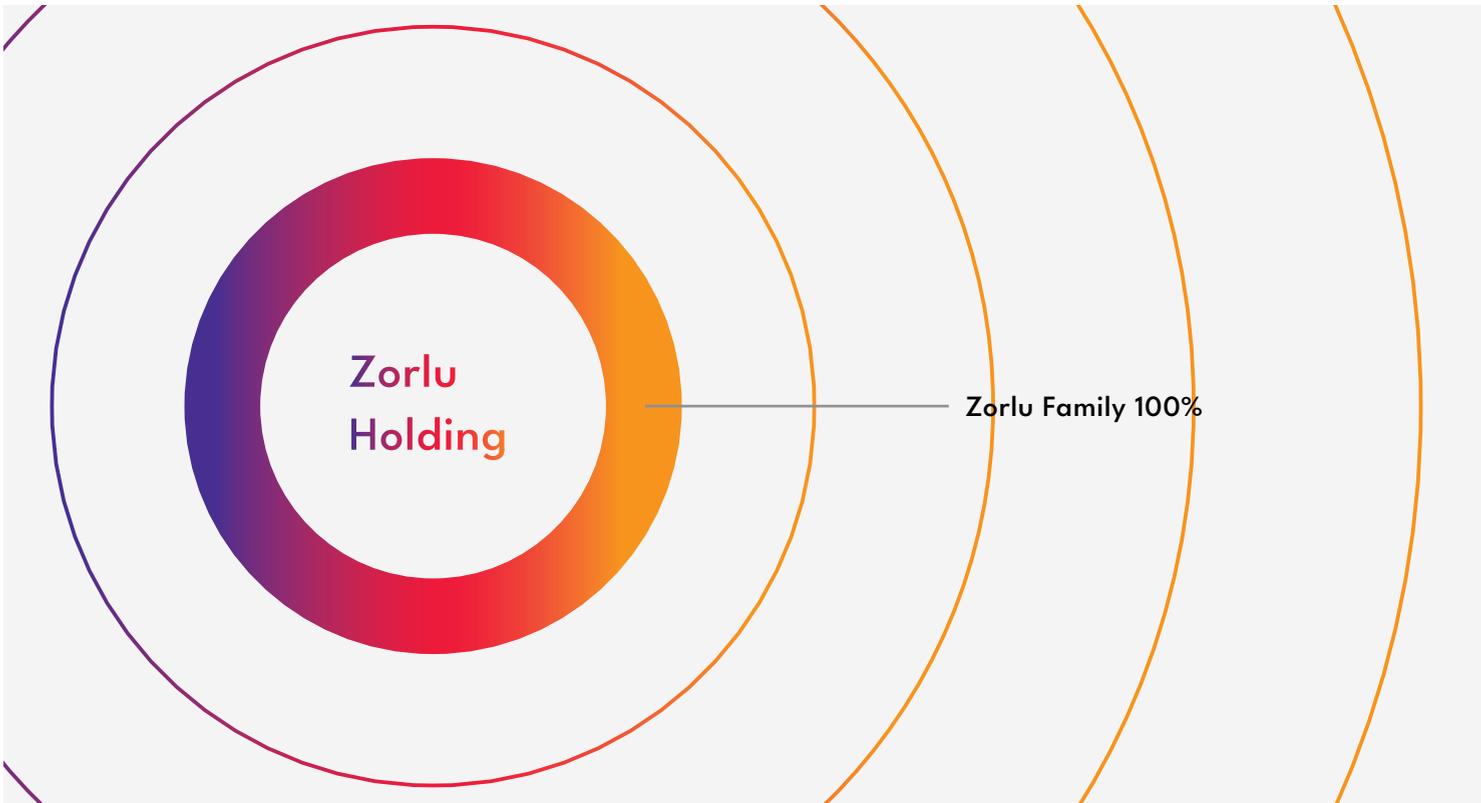
Incorporating Zorlu Group companies under its umbrella, Zorlu Holding AŞ (“Zorlu Holding”) is the parent company that represents Zorlu Group.

Zorlu Group companies engaged in consumer electronics, household appliances, textiles, energy and mining-metallurgy sectors, as well as Zorlu Yapı Yatırım AŞ, which owns Zorlu Center, operate under the roof of Zorlu Holding, which in turn is controlled by Zorlu Family. The Group’s real estate investments other than Zorlu Center are directly controlled by Zorlu Family.

The shares of Vestel Elektronik Sanayi ve Ticaret AŞ, Vestel Beyaz Eşya Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ, as well as the corporate bonds of Korteks Mensucat Sanayi ve Ticaret AŞ, Zorlu Faktoring AŞ, Zorlu Enerji Elektrik Üretim AŞ, which are all incorporated under the umbrella of Zorlu Holding, trade on Borsa İstanbul (BIST).

As of December 31, 2022, Zorlu Holding’s paid-in capital amounts to TRY 3,325,000,000.

Zorlu Holding Partnership Structure



Zorlu Holding and Sustainability

Placing sustainability at the center of its business strategies and ways of doing business in line with its Smart Life 2030 vision, Zorlu Holding focuses on creating the highest value in environmental, social and governance areas while investing in group companies, stakeholders, society and the future with its responsible investment holding approach.

Zorlu Holding adopts an integrated mentality and management approach based on multiple capitals in the management of non-financial assets such as human resources, innovation and environmental capital. It responds to emerging global challenges and international issues under the guidance of the United Nations Sustainable Development Goals in its respective sectors and environmental, social and governance issues which it considers an area of responsibility.

Acting with the awareness that the business world must actively assume responsibility to achieve global goals and ensure social and economic prosperity, Zorlu Holding plays an active and pioneering role in Turkey on this matter. In ESG areas, it is fully aware that the solutions generated to solve current problems and the problems of near future should be egalitarian, inclusive and fair in order to ensure social welfare and development. With this belief, it invests in people-oriented ecosystems and innovative business models, and gains strength from radical collaborations.

With the understanding that human resources are its greatest asset, Zorlu Holding strives to an inclusive corporate culture based on innovation, creativity and diversity, by creating a working and collaboration environment responding to the needs of the new world for its employees and other stakeholders within its sphere of influence in a wide variety of areas from gender equality to employee volunteering and intrapreneurship.



Acting with the awareness that the earth's natural resources are finite and the environment and all living beings must be protected, Zorlu Holding maintains its economic growth, guided by a sense of responsible investment, while it also focuses on reducing its environmental impact. It continues to strengthen its supply chain while developing sustainable products and services in its smart facilities. To help mitigate the effects of the climate change, the Holding endeavors to reduce the environmental footprint and carbon emissions associated with the operations of Group companies, develop products and services that support preservation of natural resources, increase the share of renewable energies in production, and promote advanced, eco-friendly manufacturing technologies.

Zorlu Holding has established Sustainability Umbrella Goals in parallel with its Smart Life vision, which is guided by the United Nations 2030 Sustainable Development Goals. In line with these goals, all Group companies set their sustainability targets by considering their sectoral needs and stakeholder ecosystems. Designed to serve as a leverage for Zorlu Group, these goals are supported by studies in two areas: "people-oriented ecosystems" and "innovative business models". In line with Zorlu Group's corporate governance approach, sustainability is followed-up at the Board of Directors level and all processes are managed by the Sustainability Committee reporting to the Board of Directors, and the Sustainability Coordination Board reporting to this structure. Having adopted an active shareholder approach, Zorlu Holding aims to empower its companies for the effective management of risks and opportunities, and guides the organizations in which it invests to share their performance transparently and achieve the main goals they have established. Through Group companies operating in different sectors ranging from energy to textiles and white goods to technology, it also aims to have all its stakeholders, especially its suppliers, integrate this awareness and consciousness into their strategies, activities and decision-making processes.

The sustainability approach adopted by Zorlu Group, its goals and the efforts it undertook to achieve these goals were reflected in the ESG performances of its companies, leading to an increase in scores in 2022. Vestel increased its ESG score by 44% compared to the previous year, reaching 65 points out of 100 in the annual Corporate Sustainability Assessment of S&P Global, one of the world's most prestigious organizations. In the ESG assessment conducted by Moody's, another important organization, Zorlu Enerji scored 61 points, reaching the "Advanced" level and ranking 4th among 57 energy companies on a global scale, proving that it is among the leading companies in its sector in terms of sustainability. In the CDP, which is recognized as the world's most powerful green non-governmental organization, the CDP climate change scores of Vestel Elektronik and Vestel Beyaz Eşya factories increased to B and A-, respectively. Since 2021, Vestel Elektronik, Vestel Beyaz Eşya and Zorlu Enerji have been publishing Integrated Annual Reports, sharing the current outputs of their activities and their future plans to achieve the umbrella goals.

Summary Financial Statements and Operational Indicators*

Zorlu Holding's consolidated domestic sales revenues increased by 131% in 2022, while its foreign sales revenue recorded a strong rise of 72%. The overall turnover of Zorlu Holding reached TRY 102.9 billion, with an increase of 96%. International sales revenues, which accounted for 53% of sales, decreased by 7% in US Dollars to USD 3.3 billion in 2022 due to the Russian-Ukrainian war in the European market, the increase in inflation and interest rates and the decline in EUR/USD parity. Consolidated EBITDA reached an all-time high of TRY 16.7 billion in 2022, in line with the strong growth in sales, while EBITDA margin stood at 16.2%. Total assets of Zorlu Holding reached TRY 211 billion.

Summary Balance Sheet (TRY thousand)

	2017	2018	2019	2020	2021	2022
CURRENT ASSETS	14,172,743	16,891,925	17,708,860	21,765,126	33,925,330	49,512,825
FIXED ASSETS	28,709,321	41,257,421	45,498,700	60,151,918	101,685,895	161,598,340
TOTAL ASSETS	42,882,064	58,149,346	63,207,560	81,917,044	135,611,225	211,111,165
SHORT-TERM LIABILITIES	24,453,805	34,620,527	39,656,191	44,531,594	68,269,479	101,155,174
LONG-TERM LIABILITIES	14,629,884	17,372,969	20,886,177	29,487,839	52,111,364	73,145,293
EQUITY	3,798,375	6,155,850	2,665,192	7,897,611	15,230,382	36,810,698
TOTAL LIABILITIES & EQUITY	42,882,064	58,149,346	63,207,560	81,917,044	135,611,225	211,111,165

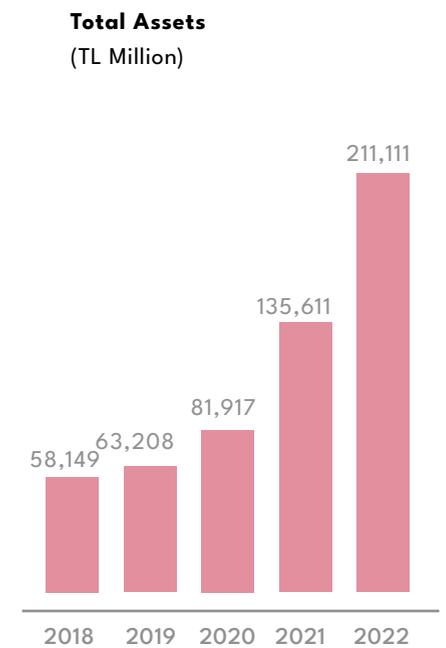
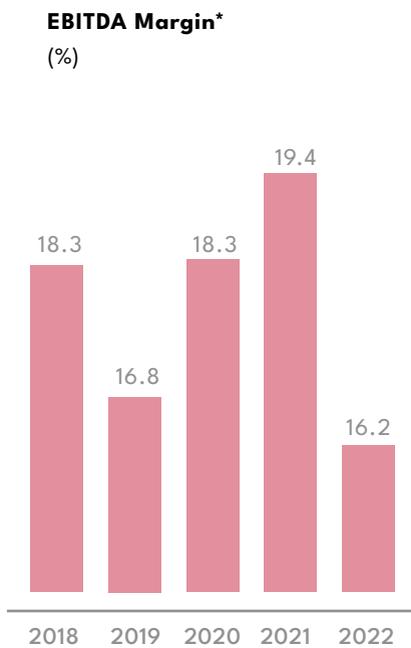
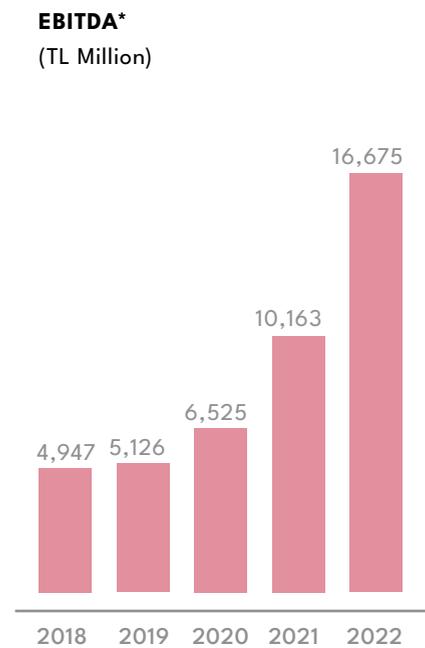
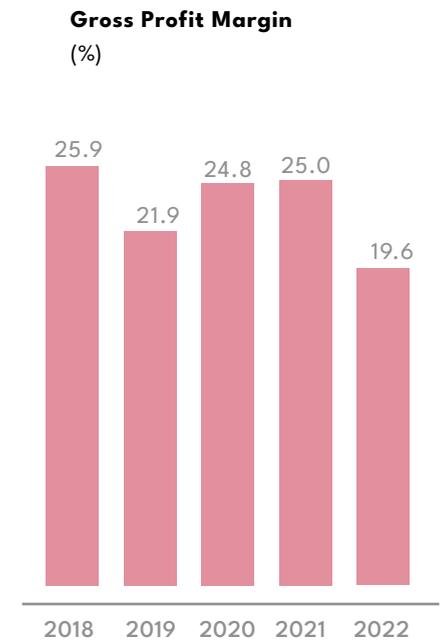
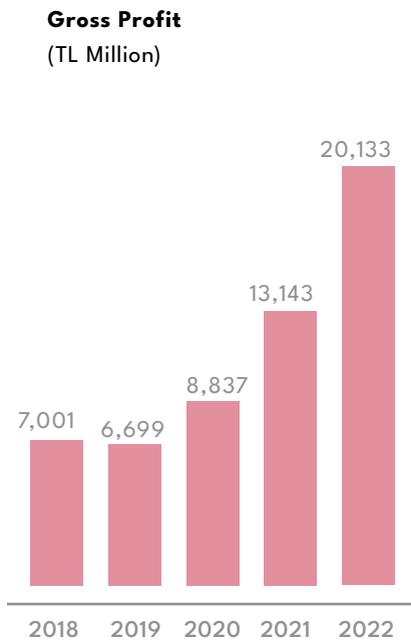
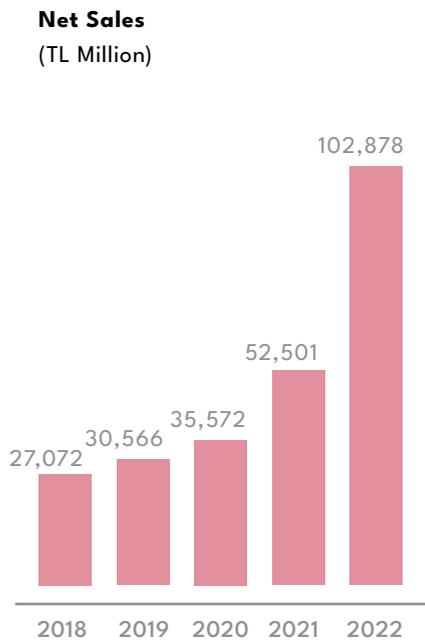
Summary Income Statement (TRY thousand)

	2017	2018	2019	2020	2021	2022
SALES REVENUES	20,353,392	27,071,872	30,566,306	35,571,591	52,501,348	102,878,421
GROSS PROFIT	4,565,119	7,000,797	6,698,773	8,836,556	13,143,047	20,132,507
OPERATING PROFIT**	1,927,004	3,794,933	3,310,537	4,605,189	7,205,246	10,716,676
EBITDA**	2,704,496	4,947,209	5,126,072	6,524,753	10,163,067	16,675,025
NET FINANCIAL EXPENSES	-2,521,181	-8,752,083	-7,281,501	-10,350,768	-24,905,377	-31,731,002
NET LOSS FOR THE PERIOD***	-429,469	-6,897,669	-4,018,090	-6,676,052	-19,797,929	-23,376,635
GROSS PROFIT MARGIN	22.4%	25.9%	21.9%	24.8%	25.0%	19.6%
EBITDA MARGIN	13.3%	18.3%	16.8%	18.3%	19.4%	16.2%
EXPORT RATIO	46.3%	52.3%	51.5%	57.6%	59.7%	52.6%

* Zorlu Holding's consolidated financial statements include the Group companies operating in the energy, textile, consumer electronics and household appliances businesses and Zorlu Yapı Yatırım AŞ, which operates in the real estate sector and is the owner of Zorlu Center. The Group's other investments in the real estate business are excluded from the above consolidated financial statements as they are not part of Zorlu Holding.

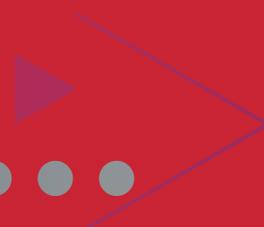
** In 2022, other operating incomes and expenses from trading activities, except foreign exchange gains and losses, are included.

*** Profit/(loss) attributable to the equity holders of the parent company



* In 2022, other operating incomes and expenses from trading activities, except foreign exchange gains and losses, are included.

**A stronger
future with
the Smart Life
2030 vision...**



Zorlu Group's Fields of Operation

Consumer Electronics and Household Appliances

Operating in the fields of electronics, household appliances, and digital and mobile products, Vestel Group of Companies (Vestel) is comprised of 25 companies 15 of which operate overseas.

The Group, which launches its large product profile to different consumers in more than 160 countries thanks to its qualifications in technology-design development and product customization, acts



as a powerhouse in Turkish economy with its more than 20.000 employees, and high production capacity supported by technological superiority, all contributing to the export capacity of the country.

Vestel, one of the world's leading ODM (Original Design Manufacturer) providers in the consumer electronics and household appliances sectors, is one of the top three players in the LCD TV

and one of the top five players in the household appliances market in Europe. It is among the most well-known brands in the Turkish market, as the market leader in TVs, and one of the top three household appliance manufacturers.

Vestel City, Vestel's manufacturing base, is one of Europe's largest industrial manufacturing complexes operating in a single location.



Zorlu Group's Fields of Operation

Energy

With its integrated structure, Zorlu Energy Group is one of the leading players in the Turkish energy industry. The group maintains its growth trajectory especially in renewable energy by capitalizing on investment opportunities both in Turkey and in international markets. The entire domestic electric production of the Group is covered by renewable energy resources.

Zorlu Energy Group aims to increase its investments in renewable energy, mainly in geothermal and solar power, as part of its commitment to contributing to a sustainable future.

Zorlu Enerji, which includes natural gas distribution as well as electricity distribution and retail sales activities in its portfolio, continues the necessary works and investments to renew and technologically improve the existing infrastructure in the provinces where it operates and to increase the quality of service offered to customers.

Taking important steps towards becoming a new generation energy company that creates solutions with technology and innovation in line with its vision of realizing different initiatives that will mitigate the effects of the climate crisis for the future of our world, Zorlu Enerji accelerated its growth by taking its electric vehicle charging station and energy efficiency activities, which it conducts domestically under the ZES brand, abroad under the "electrip" brand with the aim of expanding them across Europe.

Zorlu Enerji plans to achieve net zero emissions in all of its operations and energy generation by 2030, to extend this goal to the entire value chain by 2040, and to become a net zero emission enterprise by 2050. Zorlu Enerji ranked 4th out of 57 energy companies on a global scale with its latest ESG (Environmental-Social-Governance) assessment and achieved a significant success in its sector.





Zorlu Group's Fields of Operation

Textile

The founding pillar of Zorlu Holding, textile remains one of the key sectors of the Group today.

With Turkey's largest integrated polyester yarn manufacturer and exporter Korteks and Europe's leading home textile producer Zorluteks under its fold, Zorlu Textile Group is constantly growing and enhancing its position in domestic and international markets.

Led by Zorluteks and Korteks, Zorlu Textile Group, which is engaged in the production and sales of yarns, curtains and home textiles, is a highly desirable business and solutions partner for global enterprises, thanks to its high production capacity, high quality products, strong organization in marketing and distribution and excellence in technology and innovation.





Zorlu Group's Fields of Operation

Real Estate

Zorlu Center is the first 5-function mixed-use project of Turkey encompassing Zorlu Shopping Mall, Zorlu Performance Arts Center, Raffles Istanbul Zorlu Center, residences and offices.

Zorlu Shopping Mall has hosted around 120 million visitors in the span of 9 years and has become one of the most prominent venues for shopping and social life.



Welcoming 5 million art lovers since 2013, Zorlu PSM, one of Turkey's leading culture and arts centers, establishes national and international cultural cooperation, collaborates with distinguished institutions and artists, and creates a free, creative, transforming and developing stage for art lovers. Zorlu PSM provides creative opportunities and support for today's and tomorrow's artists to develop their imaginations.

Levent 199, positioned in Levent, one of the busiest locations in Istanbul, is the first A+ office project of this scale in Turkey to receive the LEED Gold Certificate from the US Green Building Council (USGBC).



Zorlu Group's Fields of Operation

Mining - Metallurgy

Zorlu Mining Group has developed Turkey's first nickel-cobalt mining facility in Gördes, Manisa. As the pioneer of the nickel mining industry in Turkey, the Group continues its operations with its experienced and competent staff, in line with its new generation mining and metallurgy approach that creates added value.

Zorlu Mining Group carries out open-pit mining, processing exposed deposits using advanced technologies to produce nickel and cobalt elements in hydroxide form for export markets.

Zorlu Mining Group's strategy involves processing nickel and cobalt elements into value-added forms, utilizing rare earth elements in line with contemporary economic conditions, and, in doing so, contributing to Turkey's economy. The Group takes full advantage of its competences and know-how to gradually increase its production capacity and is on its way to become a global supplier. While pursuing these objectives, Zorlu Mining Group firmly believes that human resources, continuously improved through research, development, applied learning and experience, constitute its most valuable asset. Furthermore, environmental and social responsibility has always been an integral part of the Group's business.





Zorlu Group's Fields of Operation

Other Areas of Activity

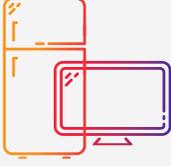
Zorlu Holding continues distinguishing itself with its quality and unique approach to service in a wide range of other fields, from tourism to factoring and aviation.

Renowned for their reliability, determination and strong characteristics in their respective fields of operation, Zorlu Group companies stand out with their employment figures and contributions of value-added to the national economy.





Zorlu Group's Fields of Operation

SECTOR	FIELD OF ACTIVITY	PARENT COMPANIES
 <p>CONSUMER ELECTRONICS AND HOUSEHOLD APPLIANCES</p>	<ul style="list-style-type: none"> • Television • Digital Screen Solutions • Mobile Products • Electrical Vehicle Charging Device • Automotive Electronics • LED Illumination • Battery Solutions • Electronic Card • Refrigerator • Deep Freezer • Dishwasher • Washing Machine • Tumble Dryer • Cooking Appliances • Air Conditioner • Bath Heater • Vaccine Storage Locker • Small Home Appliances 	<p>Vestel Elektronik Vestel Beyaz Eşya 2022 Turnover: TRY 58.4 billion Asset Size: TRY 55 billion</p>
 <p>ENERGY</p>	<ul style="list-style-type: none"> • Generation and sale of electricity and steam • Electricity distribution and retail sales • Electricity trade • Natural gas distribution • Natural gas trade and sales • Power plant construction, maintenance, repair and operation • Solar panel and inverter trade • Installation, operation, certified dealership and platform sales of electric vehicle charging stations 	<p>Zorlu Enerji Zorlu Yenilenebilir Enerji Zorlu Osmangazi Zorlu Elektrik Zorlu Enerji Dağıtım Zorlu O&M Zorlu Doğal Gaz Electrip Global Electrip 2022 Turnover: TRY 31.7 billion Asset Size: TRY 67.6 billion</p>
 <p>TEXTILES</p>	<ul style="list-style-type: none"> • Production and sale of polyester yarn and home textiles 	<p>Korteks 2022 Turnover: TRY 5.8 billion Asset Size: TRY 13.8 billion</p> <p>Zorluteks 2022 Turnover: TRY 4.2 billion Asset Size: TRY 11.2 billion</p>
 <p>REAL ESTATE</p>	<ul style="list-style-type: none"> • Development, sale, lease and/or operation of high-quality real estate projects 	<p>Zorlu Gayrimenkul Geliştirme Zorlu Yapı 2022 Turnover: TRY 3.1 billion Asset Size: TRY 37.6 billion</p>
 <p>MINING - METALLURGY</p>	<ul style="list-style-type: none"> • Development and operation of nickel and cobalt resources in Turkey and their domestic & international sales; recovery of precious metals from process waste and development of production technology for rare earth elements 	<p>Meta Nikel Kobalt Madencilik 2022 Turnover: TRY 2.1 billion Asset Size: TRY 10.1 billion</p>
 <p>OTHER SECTORS</p>	<ul style="list-style-type: none"> • Factoring • Tourism • Aviation 	<p>ABH Turizm Temsilcilik ve Ticaret AŞ (Jules Verne Travel & Event & Jabiroom) Zorlu Faktoring Zorlu Grand Otel Zorlu Air</p>

SECTOR POSITION

- Ranks among top three producers in TVs and top five in household appliances in Europe
- Market leader in TVs and one of top three producers of household appliances in Turkey
- Export champion of Turkey's electronics sector for the last 24 years

COMPETITIVE ADVANTAGES

Innovation

Strong R&D structure, new value creation for customers with production capabilities and qualified human resources, covering requirements of customers in a short span of time with technological solutions, fast and accessible innovation for all.

Scalable Production Model, Flexible Production and Product Customization

- Capability to develop and diversify product range according to the needs of customers from different socio-cultural characteristics and regions,
- Capability to develop many different models for different customers, with its flexible production skills.

Customer Commitment and Experience

- Seamless ODM (Original Design Manufacturer) services from original design and production to point delivery,
- Capability to get into direct competition with customer brands in Europe,
- Rapid production and delivery, ability to cover small amounts of orders,
- Broad sales and after-sales service network in Turkey,
- Distinctive after sales customer experience.

Cost Advantages

- Benefiting from scale economies in supply and raw material/component purchases, the most important cost factor, with its strong manufacturer identity,
- Efficiency, activity and cost advantages of manufacturing under the single roof of Vestel City, one of the largest production complexes of Europe built on one location,

- Transportation cost and delivery time advantage over Far Eastern rivals thanks to the proximity of its manufacturing facilities to the European market,
- Advantages of proximity to the advanced subsidiary industries and suppliers in the household sector in Manisa, cost advantage of the proximity of its manufacturing facilities to Izmir port in terms of distribution and logistics,
- Size of share in import export container in Izmir port,
- Best practices in mixed and different logistics models to mitigate logistics cost,
- Lower labor cost per unit when compared to European manufacturers,
- Newer and more modern manufacturing facilities when compared to manufacturers in Europe,
- Custom tax advantage of Turkey in export to signatory countries of Free Trade Agreement with Turkey, when compared to manufacturers of countries which haven't signed under such agreements.

A Pioneer in Digital Transformation

- With its innovative nature, technology and innovation being ingrained in the corporate culture since its foundation,
- Broad technology skills and vision,
- Industry 4.0 transformation,
- Digitized business processes,
- Customer experience which has been strengthened with digitalization,
- Pioneering digital, just as technology transformation in Turkey,
- Being at the heart of the digital transformation with its solutions, innovations and products, as a company exporting technology to the world from Turkey.

- Turkey's leading player in geothermal energy with 18% share
- Electricity sales to a total of 1.9 million customers
- Approximately 1.98 million subscribers in electricity distribution
- Approximately 3.5% share in Turkey's electricity distribution
- 4.1% share in Turkey's total natural gas consumption
- Turkey's first Combined Renewable Electricity Generation Facility to generate energy from geothermal and solar energy simultaneously at Alaşehir Geothermal Power Plant

- Continue to grow in a way that supports existing operations in renewable energy and make new investments in renewable energy
- In a niche energy field such as geothermal power generation, representing 18% of Turkey's geothermal installed capacity
- Leading market share in Turkey in the field of electric vehicle charging stations and the ability to utilize its experience for growth in overseas markets
- In the field of solar energy technologies, in addition to the production of its own panels, having the distributorship of world-renowned brands in Turkey
- Integrated service capability
- Balanced and diversified generation portfolio by resource and geography
- Investments in countries offering high growth potential
- Strong license and project portfolio to support future domestic and overseas growth
- Electricity distribution and retail sales in the Osmangazi Region, which offers high growth potential with its university, industry and urbanization
- More than 15 years of experience in natural gas distribution in Gaziantep and Kilis provinces and Thrace region
- Smart systems, technology and R&D-oriented studies and investments in line with the goal of becoming the energy company of the future
- Becoming a responsible company with Environmental, Social, Governance-based investments

- Europe's largest integrated polyester yarn manufacturer and exporter
- Europe's leading producer of home textiles

- Europe's largest integrated and innovative polyester yarn production center
- Home textile production facility using the latest production technologies
- Exports to 70 countries
- Widespread domestic and international sales and distribution network
- Leading brands in the Turkish home textile market
- Wide product range

Zorlu Center: Located at the intersection of two continents, Turkey's first five-function mixed-use project and Istanbul's center of attraction

Zorlu PSM: Zorlu PSM, a candidate to become one of the top 5 cultural art centers of the world, hosts many events, such as world-famous shows, Broadway musicals, different genres of concerts and festivals hosting thousands of people, theatre plays, opera shows, film programs.

Levent 199: Eco-friendly A+ office project with the best office architecture award

- Smart, eco-friendly and sustainable real estate projects that stand apart in their respective segments with their architectural qualities and advanced technologies
- Proven track record in Istanbul's premium locations: Zorlu Center and Levent 199
- **Zorlu Shopping Mall:** A shopping mall offering select restaurants and world-famous brands
- **Raffles Istanbul Zorlu Center:** One of the world's most luxurious hotel brands
- Portfolio of high-potential plots of land in leading tourism destinations of Turkey for potential investments

- Turkey's first and only nickel-cobalt processing plant and one of the top 10 plants in its field in the world with its technology

- Turkey's first and only nickel-cobalt plant with an annual production capacity of 10,000 tons of nickel metal in Gördes-Manisa
- Innovative and environmentally-friendly production technology
- Nickel-cobalt reserve development and investment projects planned within the scope of the licenses in Eskişehir and Uşak
- Proven and potential reserves equivalent to a total of 370,000 tons of Ni-metal content in licensed areas

- Strong brand values
- Growth-oriented investments

Zorlu Holding Portfolio Strategy

We have adopted the principle of acting with the awareness of our influence while managing our resources and risks. We manage our portfolio encompassing Consumer Electronics and Household Appliances, Energy, Textiles, Real Estate and Mining-Metallurgy in the light of an approach focused on increasing our export-based global footprint. In doing so, we aim to increase the weight of innovative areas where our competencies are strong and focus on sustainability and technology in our portfolio.

As Zorlu Holding, we face various problems, as well as their root causes, each and every day while the needs, wishes and concerns of countries, societies and all individuals are changing during a period in which breaking points and radical transformations are observed in every aspect of life. Our operations are directly affected not only by domestic dynamics but also by international developments. The variables we need to pay attention to in our businesses are constantly increasing; risks and opportunities are getting diversified. We have aligned our portfolio strategy with our sustainability vision and targets through a management mentality based on agility, dynamism, interactivity and determination in order to be a part of the solution required by above facts.

We have adopted the principle of acting with the awareness of our influence while managing our resources and risks. We manage our portfolio encompassing Consumer Electronics and Household Appliances, Energy, Textiles, Real Estate and Mining- Metallurgy in the light of an approach focused on increasing our export-based global footprint and creating value through new business models. In doing so, we aim to increase the weight of innovative areas where our competencies are strong and focus on sustainability and technology in our portfolio.

We aim to expand our investments in areas where we see high potential and where we maintain our current level of profitability. At Zorlu Holding, we have a growth target that is 10 points above Turkey's growth rate every year. To achieve these goals, we see technology and digitalization as critical factors and strengthen our data-based decision-making skills. In line with our Smart Life 2030 vision, we continue to realize sustainability-oriented, smart projects with our innovative business models. We continue to transform our businesses to create shared value for society and shape the world of the future.

Growth Strategies of Group Companies

CONSUMER ELECTRONICS AND HOUSEHOLD APPLIANCES



- Exports-oriented growth
- Investing in future technologies, especially in the electric vehicle and energy transformation ecosystem
- Increasing value-added products and solutions
- Gaining new customers in ODM segment and increasing business volume with existing customers, hence augmenting sales
- Increasing projects from A brand customers
- Strengthening brand image, distribution and sales network and after sales service quality in the country and achieving higher market share especially in household appliances sector
- Continuing to work for green transformation and taking the goals one step further

ENERGY



- Further expanding domestic and foreign renewables portfolio with a particular focus on geothermal, solar and wind energy
- Evaluate existing geothermal licenses and permits
- Expanding its electric vehicle charging station operations, where it is the market leader in Turkey, to foreign markets and investing in new growing areas such as electric vehicle sharing platforms which has close synergies
- Being specialized in energy management, alongside energy production, by continuing to make smart and sustainable system investments such as onsite storage systems, as well as focusing on energy efficiency, in line with the vision to become the energy company of the future
- Providing customers with the highest quality service by completing the network investments and improving the technological infrastructure in electricity distribution

TEXTILES



- Increasing innovation capacity and added value in the sector by investing in technical and smart textiles
- Increasing its market share in export markets and its effectiveness in the sales and marketing value chain
- Developing special products and services for online and digital channels
- Expanding retail operations around TAÇ, Linens and Valeron brands
- Increasing the market share in the home textile industry by adding new categories to its product portfolio
- Increasing the polyester yarn market share and making the necessary capacity investments
- Focusing on high-value added areas such as technical textiles
- Increasing branded sales through retail operations, especially in export markets, by adding other brands via licensing in addition to TAÇ, Linens and Valeron brands

REAL ESTATE



- Presenting the best examples not only in Turkey but also across the world in sustainable and innovative living spaces in line with the Smart Life 2030 vision
- While developing the assets in its current portfolio, especially Zorlu Center and Levent 199, as an area of experience to set an example for new generation living spaces, harmonizing the living spaces it offers with the transformations and trends in the world via technological and digital investments
- Working with the goal of transforming Zorlu PSM into a global stage by providing value-added services while standing by art and artists

MINING - METALLURGY



- Producing high value added forms of nickel and cobalt, increasing current capacity and turning into a producer with a considerable scale in the respective field
- Focusing on the use of different and valuable rare earth elements in its license areas and increasing economic contribution through R&D studies

Honorary President's Message



At Zorlu Holding, we continued to develop collaborations in various fields in 2022 with our belief in the power and impact created by common wisdom. Together with our employees, suppliers, dealers and business partners, our extensive network and our millions of customers, we have always moved forward with conviction towards strengthening a society that is happier, prosperous and hopeful for the future in the world and in our country.



Dear Stakeholders,

2022 was a year of highly volatile social, economic and environmental conditions during the recovery process from pandemic. The social and economic consequences of the developments in Ukraine, growing concerns about a global recession, and environmental issues related to the climate crisis have led companies and organizations to become more innovative, flexible and agile.

With these developments, global economic growth lost momentum, while uncertainties regarding the new global roadmap in the post-pandemic period remained. Both advanced and emerging economies saw downward pressure on economic activity compared to the previous year. The end of the period of global monetary expansion as the effects of the pandemic began to relatively diminish triggered a strengthening search for social and economic balance. With the growing impact of the climate crisis, floods, fires and many other environmental risks, sustainability has continued to be the main agenda all over the world.

Although our country faced various social, economic and environmental challenges under this global impact, it continued to grow with the contribution of our companies operating globally, realizing value-added exports, and successful businesses that read the dynamics of the domestic market well. However, the export climate that became challenging towards the last months of the year and high domestic inflation were the major issues that we carried over to the coming year.

In parallel with these important developments, we, as Zorlu Holding, continued to provide environmental, social and economic benefits, and successfully represent our country all over the world with our innovative products and services. With a corporate governance approach that recognizes our responsibility to people, society and nature, we have continued to take decisive steps that will not only ensure long-term profitability and growth for our stakeholders, but also enhance the reputation of Zorlu Group.

Adopting our Smart Life 2030 vision, our Group companies continued their effective efforts to solve many issues, especially the climate crisis, which continues to be an ever-greater problem, with a sustainability-oriented product and service approach.

At Zorlu Holding, we continued to develop collaborations in various fields in 2022 with our belief in the power and impact created by common wisdom. Together with our employees, suppliers, dealers and business partners, our extensive network and our millions of customers, we have always moved forward with conviction towards strengthening a society that is happier, prosperous and hopeful for the future in the world and in our country.

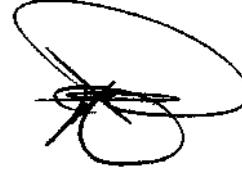
As a Group that focuses on creating value for society no matter what we do, we have put our minds and hearts into a better future. With this understanding, we continued to increase our social contribution through the Mehmet Zorlu Foundation. From reducing inequalities to quality education and the climate crisis, we have implemented many projects with high social impact with the contribution of our employees and the organizations we cooperate with.

At Zorlu Group, we believe that for 70 years, we have shown that it is possible to achieve the better by producing and working tirelessly. As we entered 2023 with these hopes, the earthquake on February 6 shook us all deeply, and this disaster, which affected 11 provinces, brought great pain to every household of our country. Although there are various troubles and disasters in the world and in our country, we believe that we will heal our wounds together with the sense of responsibility we feel

towards our country and our society. At Zorlu Holding, we will continue to work in this direction with the same determination and awareness. Together with all our stakeholders, we will contribute to the building of a future full of confidence by drawing strength from each other.

I would like to thank all our stakeholders, especially our colleagues, who have been with us on our long journey, and wish you health, happiness and success.

Yours sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a central cross-like shape, representing the name Zeki Zorlu.

Zeki Zorlu
Honorary President's

Honorary President's Message



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Zeki Zorlu
Honorary President's



Message from the Chairman



As Zorlu Holding, we carried out our activities in 2022 in line with our Smart Life 2030 vision, taking into account environmental, social and governance aspects with the understanding of a responsible investment holding. We continued our efforts to empower all stakeholders in our value chain in the effective management of financial and non-financial risks and opportunities.



Dear Stakeholders,

2022 was a year of more limited growth for the global economy compared to the previous year, amid geopolitical risks, the related energy crisis, and growing fears of recession as quantitative easing came to an end. While energy, raw material and commodity prices rose sharply in the first half of the year due to the war, the second half of the year saw a period in which pricing tried to find a new balance. The fact that the world's leading central banks, especially the US Federal Reserve, ended their quantitative easing policies and started to raise interest rates raised questions about how the economy, which was supported by central banks during the pandemic, would perform in the new period.

In line with these developments, the global economy grew by 3.4% in 2022. Developed countries were able to grow by 2.7% and developing countries by 4%. The Eurozone, to which Turkey realizes a large portion of its exports, grew by 3.5%, while China, which is considered as the world's production center, recorded one of the lowest growth rates since the second half of the 70s with 3%. After growing by 2.2% in 2020, the first year of the pandemic, China's low growth rate again was considered as a sign that the post-pandemic recovery period in the global economy has not yet been completed.

Despite the loss of momentum in the global economy, the Turkish economy managed to grow by 5.6% in 2022. The main drivers behind this growth were Turkey's ability to respond flexibly and agilely to the demand in the domestic market, which was pushed forward in households' purchasing behavior due to high inflation, and in the foreign market, especially due to the war in Ukraine, as the country closest to Europe. Accordingly, the highest contribution to growth came from domestic consumption, while exports also supported growth with an increase of 12.9% compared to the previous year, reaching 254.2 billion USD. However, the current account deficit exceeded USD 48.7 billion in 2022, mainly due to the negative impact of rising energy imports. Inflation in Turkey ended at 64% in 2022.

Rising global interest rates and the growing concern of a global recession, various geopolitical risks and the failure in full stabilization of the economy in the transition to post-pandemic period stand out as the global issues that will be carried over to 2023. In the period ahead, key issues such as high inflation, challenging export conditions due to the slowdown in global activity, volatility in energy and raw material prices, the persistently high current account deficit, and the rising cost of external financing due to rising global interest rates are expected to be on the agenda.

We play a role in building a sustainable future through R&D and innovation.

As the world moves towards a new generation social and economic structure after the pandemic, we, as Zorlu Group, successfully adapted to this change and transformation throughout 2022 with the stakeholder-based approach we adopted. With our inclusive, egalitarian and innovative corporate culture and entrepreneurial identity, we continued to play a role in building a sustainable future, especially through technology, R&D and innovation.

Despite the volatility in global economic conditions, we had a successful operating year in 2022, focusing on sustainable growth. While conducting our activities in line with corporate governance principles, we worked to create value for all our stakeholders with a responsible investment holding approach. With our companies operating in five main sectors, whose synergies with each other are increasing day by day, and with nearly 34 thousand human resources, we have further expanded the value we create environmentally, socially and economically. With our exports to more than 160 countries, we continued to touch the lives of people around the world with the innovative smart products we offer.

In 2022, despite the global economic challenges, we continued to expand our sphere of influence as one of Turkey's largest exporters and revenue generators, and as one of the groups that creates the most employment in the industry. With our Group companies operating in the main fields of activity as textiles, consumer electronics and white goods, energy, real estate and mining, we created products, services and solutions that create value for our country and the world by investing in innovative business models and people-oriented ecosystems. With this understanding, we continued our investments that will strengthen us today and in the future without slowing down. With our activities in the electric vehicle ecosystem, battery value chain and renewable energy, we have contributed to the goal of a carbon-free world and worked hard to make the dream of a better future a reality.

Our sectors create value through sustainable and smart business.

In 2022, our Group companies continued to grow by creating value with the sustainable and smart businesses they realized in line with our Smart Life 2030 vision. While improving the quality of life with their innovative products and solutions for a better future, they also inspired the society for a sustainable life.

Vestel, which has been the uninterrupted export champion in its sector for 25 years, presented one of the best examples of the growth model with value-added exports in Turkey in 2022. Despite the volatile conditions in the export climate, it has expanded its

sphere of influence in exports with new customer acquisitions in different markets, particularly in Europe and the USA. While maintaining its competitive position in the domestic market, Vestel increased its sales success by improving its online channels. It has succeeded in becoming the world's preferred smart and sustainable household appliances and electronics manufacturer by making accessible environmentally friendly products that meet the energy, water and material efficiency expectations of developed country markets, especially in Europe. Vestel, one of the world's leading companies in the production of electric vehicle charging units, has started to make a critical contribution to the development of the electric vehicle ecosystem in Europe, thanks to its strong collaborations with the most valuable players in the sector in Europe after Turkey. Vestel City, which will be the first facility to realize the Industry 4.0 transformation in Turkey, continued to be a pioneer in this area as the production base that brings the technologies of the future into the present.

In 2022, our Zorlu Enerji Group continued to pioneer sectoral transformation with products and solutions focusing on future technologies as part of a low-carbon economy. Reinforcing its leadership in Turkey by expanding its network of electric charging stations under the ZES brand, Zorlu Enerji started to work in line with its decision to expand its sphere of influence in this field, starting in Europe with the "electrip" brand. Zorlu Enerji, which generates 100% of its production in Turkey from renewable resources, continued to contribute to the construction of a sustainable life by investing in domestic and clean energy resources. Zorlu Enerji, which has the highest capacity in geothermal energy in Turkey with an 18% share, has accelerated its efforts in the field of clean energy solutions while continuing its evaluations on basis of the investment climate in this field. Continuing its investments in solar energy, Zorlu Enerji started the production of its first solar panel under the ZES brand and contributed to the widespread use of solar energy in Turkey through exemplary collaborations with world giants in the sales of solar panels. With more than 15 years of experience in gas distribution, Zorlu Enerji provides uninterrupted gas supply in Gaziantep, Kilis and the Thrace Region. With its electricity distribution company OEDAŞ, Zorlu Enerji continues its infrastructure investments without slowing down to ensure that the cities in the region it serves become modern cities that use their resources efficiently and generate added value.

Focusing on sustainability-oriented investments, our Textile Group increased the added value created by technical and smart textiles in 2022. While focusing on efficiency with Industry 4.0, digitalization and technology investments, it has also become one of the world's preferred textile manufacturers by producing sustainable products that emit less carbon, consume less water and energy. With its investments, it has demonstrated how a green transformation can

Message from the Chairman



In this long-term journey we have embarked on in the light of our Smart Life 2030 vision, our most fundamental value has always been our human resources. In line with our goal of becoming the most preferred company for employees in all our sectors, we are focused on strengthening a work environment where our colleagues can develop their creativity through technology and entrepreneurship, and work towards a purpose for the world, nourished by inclusion and diversity.



be realized through more efficient use of resources by realizing pioneering works in circular production in the world. With the investments it has made in technical textiles for many years, today it has succeeded in becoming an exemplary company with its innovative products that it offers to many different sectors, ranging from household appliances to energy, and spread around the world.

In 2022, our Real Estate Group continued to add value to people's lives with the living spaces offered by Zorlu Center and Levent 199. With a 360-degree approach, Zorlu Center has set a good example and pioneered the industry with its smart systems for waste management, 100% renewable energy use, and more efficient water and energy consumption. With innovative and original projects, it created opportunities for its visitors to have meaningful experiences with a focus on sustainability. As the meeting point of culture and art, Zorlu PSM offers its visitors a unique culture and art experience where they can make new discoveries, while contributing significantly to the sustainability of the sector with its local productions and the PSM Workshop it has created.

Our mining company Meta Nikel Kobalt continued to work on nickel and cobalt forms that will contribute to the battery value chain. Meta Nikel Kobalt, which exports all of its products abroad, has also made new investments for the sustainability and efficiency of production. Meta Nikel Kobalt, which increases the added value of its products by improving its processes day by day with technology, innovation and R&D, has set an example in sustainable mining with its work on reducing carbon emissions, efficient use of resources and recycling.

On the other hand, the Togg Gemlik Campus in Bursa, where the mass production of Turkey's domestic automobile brand Togg, of which we are very happy to be one of the partners, was opened in 2022.

We work for a more sustainable life in line with our responsible investor identity.

As Zorlu Holding, we carried out our activities in 2022 in line with our Smart Life 2030 vision, taking into account environmental, social and governance aspects with the understanding of a responsible investment holding. We continued our efforts to empower all stakeholders in our value chain in the effective management of financial and non-financial risks and opportunities. In order to meet social needs by establishing systems in harmony with nature through regenerative business models, we have taken action on zero carbon, zero waste, less energy and water use, and circular

production through our Group companies. With a people-oriented ecosystems approach, we prioritized stakeholder priorities throughout our value chain. We worked to create shared value in the areas of employee satisfaction, future of business, inclusive value chain and social investment. We continued to increase our collaborations in order to reach the goal of a more sustainable life faster.

In this long-term journey we have embarked on in the light of our Smart Life 2030 vision, our most fundamental value has always been our human resources. In line with our goal of becoming the most preferred company for employees in all our sectors, we are focused on strengthening a work environment where our colleagues can develop their creativity through technology and entrepreneurship, and work towards a purpose for the world, nourished by inclusion and diversity. While we act with gender equality in all our business processes and social investments, we paid attention to support the participation and volunteerism of our employees in all areas and to create an appropriate work environment. We continued our efforts and collaborations on gender equality, quality education and social innovation with the same determination. Through the Mehmet Zorlu Foundation, we support the preparation of young people for the 21st century, and through imece, which we co-founded, we have provided a space for complex and multidimensional issues to be solved through social innovation.

In 2023, our 70th anniversary, we will take firm steps towards a future full of confidence.

Unfortunately, the year 2023 started with the catastrophic earthquake in our country, the social and economic effects of which we deeply felt, and uncertainties in the global economy. Despite all kinds of difficulties, we believe that we will overcome this period with a culture of unity and solidarity. In our 70th anniversary, as Zorlu Group, we will continue to take firm steps towards a future full of confidence with the strength we derive from our deep-rooted past, our experienced management team that has adopted corporate

governance principles, our highly competent human resources, and our innovative activities that create value for society.

2022 was a year in which we implemented structural changes to further strengthen Zorlu Group's corporate governance system. With our Smart Life 2030 approach, we have expanded the scope of our corporate governance practices that we have accelerated in the last 6 years. As we took steps to reconstruct the boards of Zorlu Holding and Group companies, we enriched our management system with new independent members. In order to support the work of the Board of Directors, we established new committees chaired by independent members to carry out special studies on our targets and prioritized areas. With these updated structures, we will continue to work with all our strength to improve our financial and non-financial performance and to help the world and our country reach a better tomorrow.

As Zorlu Group, we would like to extend our gratitude to all our stakeholders, especially our colleagues, business partners, customers and suppliers, who walk with us on our path to build a better future and contribute to our innovative work with common wisdom.

Yours sincerely,



Ahmet Zorlu
Chairman

Message
from the
Chairman



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Ahmet Zorlu
Chairman



Board of Directors



Ahmet Nazif Zorlu
Chairman

Ahmet Nazif Zorlu began his career in the textile business at a young age, following in on his father's footsteps. After engaging in the textile trade with the store he opened in Trabzon in the early years of his career, he moved his company's headquarters to Istanbul in 1970, laying 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. In 1994, Ahmet Zorlu acquired Vestel, thus opening the door to new lines of business for Zorlu Holding. Ahmet Zorlu's entrepreneurial spirit, which manifested itself in the textile industry, continued in various businesses operating in a wide range of industries, such as household appliances, electronics, real estate, energy, metallurgy, defense and e-mobility. In addition to his duty as the Chairman of Zorlu Holding, Ahmet Zorlu serves as chairman or deputy chairman in several Zorlu Group companies operating in different industries. With a keen interest in nongovernmental organizations, Ahmet Zorlu sits on the Board of Directors of DEİK (Foreign Economic Relations Board), TUSİAD (Turkish Industry and Business Association), DENBİR (Education and Culture Foundation of People of Denizli), BASIAD (Babadağ Industry and Business Association) and TETSIAD (Turkish Home Textile Industrialists' Association).



Olgun Zorlu
Deputy Chairman

Olgun Zorlu began his professional career in 1986 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. Having served on the Board of Directors of Zorlu Holding since 1998, Olgun Zorlu is also the Chairman of Meta Nikel and sits on the boards of Zorlu Enerji, Vestel Elektronik, Vestel Beyaz Eşya, and various subsidiaries of Zorlu Holding. Olgun Zorlu assumed the position of Deputy Chairman of the Zorlu Holding in 2022. Zorlu is a member of the Turkish Industry and Business Association (TUSIAD) and the Turkish Home Textile Industrialists' Association (TETSIAD).

Board of Directors



Selen Zorlu Melik
Board Member

Selen Zorlu Melik graduated from the Department of Business Administration of the Faculty of Economics and Administrative Sciences at Uludağ University. She began her professional career at Denizbank in 1998. Following her internship at the Bursa branch of Denizbank, she enrolled in Denizbank's Management Trainee Program in 1999. After working in a number of positions at the Denizbank head office, Selen Zorlu Melik attended a marketing certificate program at the University of California, Berkeley in 2001. She joined Korteks Yarn Factory in 2002 and is currently a Board Member of Zorlu Holding, Zorlu Enerji, Vestel Beyaz Eşya and Vestel Elektronik as well as several subsidiaries of Zorlu Holding.



Şule Zorlu
Board Member

After graduating from Feyziye Mektepleri Foundation Işık High School, Şule Zorlu went to the USA for her university education. After completing the first two years of her university education at Pepperdine University in Los Angeles, Şule Zorlu studied business administration at Silberman College FDU, one of the most important universities in the world in the field of business administration. During her education at Silberman College FDU, Şule Zorlu worked in sales and marketing strategies and customer relations at Zorlu USA, Zorlu Holding's American subsidiary, and returned to Turkey in 1999 to join the Management Trainee (MT) programme at Denizbank. For two years, she worked in the bank's branch and headquarters structures, corporate loans and risk management departments. Subsequently, she assumed the position of Managing Member of the Board of Directors at Anadolu Kredi Kartları AŞ, which was incorporated into Denizbank at the beginning of 2002. Between 2003 and 2007, Şule Zorlu served as the General Manager of Linens Marketing at Zorlu Tekstil Group and worked in various areas such as R&D and P&D studies, expansion of the merchandising network and customer experience management in order to strengthen the brand's access to the end consumer and retail network. In 2008, she served as a Board Member at Zorlu Gayrimenkul Geliştirme ve Yatırım AŞ and Zorlu Yapı Yatırım AŞ. Having assumed different responsibilities in the Council of Shopping Centers and the Corporate Governance Association, Şule Zorlu brought the Eataly brand, one of the most important grocery and restaurant chains of Italy, to Turkey and introduced the Eataly kitchen and retail experience to Istanbul customers for the first time. Between 2012-2019, she also served as the Chairman of the Z Gurme Restoran Gıda San. ve Tic. AŞ. Şule Zorlu, who is currently a Board Member at Vestel Beyaz Eşya Sanayi and Vestel Ticaret AŞ, assumed the position of Board Member of Zorlu Holding in 2022.

Board of Directors



Ömer Yüngül

Board Member and CEO

Ömer Yüngül obtained his bachelor's degree in mechanical engineering at Boğaziçi University in 1978. He started his career at Tekfen İnşaat, and went on to hold various managerial positions at Metaş, Faz Elektrik, and Merloni Elettrodomestici. In 1997, he was named General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, and became Chairman of the Executive Board of Vestel Group in 2000. After serving as an executive at Vestel for 15 years, Ömer Yüngül was named the CEO of Zorlu Holding in 2013. Yüngül also assumed the position of Board Member in Zorlu Holding as of 2022.



Bekir Cem Köksal

Board Member and CFO

Cem Köksal graduated from the Mechanical Engineering Department of Boğaziçi University in 1988 and obtained a Master's degree at Bilkent University in 1990. After serving in the banking industry between 1990 and 2001, Cem Köksal was named Deputy General Manager of Denizbank in 1997. Köksal joined Vestel as the Chief Financial Officer in 2002. He currently serves as an Executive Committee Member at Vestel Group of Companies, and is the Chief Financial Officer and Chairman of the Sustainability Committee at Zorlu Holding, a Board Member at Zorlu Enerji, and a Board Member at TOGG. Köksal also assumed the position of Board Member at Zorlu Holding as of 2022.

Board of Directors



Ege Karapınar
Independent Board Member

Ege Karapınar is graduated from İzmir American Collegiate for Girls and METU Industrial Engineering. She started her career at Yaşar Holding in the Human Resources Department and served as Assistant General Manager at Yaşarbank between 1993 and 1998. In 1999, she worked as HR Director and Field Sales Manager for one year at Fritolay Turkey. Afterwards, she worked as Vice President of HR and Sales Competency Development at PepsiCo and since 2006, she has assumed different roles within PepsiCo's global organization. In 2011, she became the General Manager of Human Resources at Yıldız Holding. She improved her leadership experience in different cultures and organizations by working as a senior executive in PepsiCo's New York headquarters, in Dubai, which is also the headquarters of PepsiCo Asia, Middle East and Africa Region, and in United Biscuits, which Yıldız Holding acquired in the UK. Since 2017, she has been advising the Boards of Directors of Turkish companies on institutionalization, leadership, cultural change, globalization and organization design with her knowledge and experience gained in local and international companies. In addition to Board Memberships of various companies, Karapınar has also assumed Vice Chairmanship of SEV (Health and Education Foundation). She is a member of the Board of Trustees of the said foundation. Ege Karapınar started to serve as a Board Member at Zorlu Holding in 2022.



Tamer Saka*
Independent Board Member

After completing his undergraduate studies at Istanbul University in 1994, Tamer Saka received his master's degree from Istanbul University's Business-Accounting Department in 1996. In 1998, Saka completed the Business Administration Certificate Program at the University of Illinois and in 2000 he completed his PhD in Accounting at Istanbul University. He served as Deputy Chairman of the Executive Board and Head of Strategic Business Unit at Kibar Holding between 2012 and 2014, and as Group Chief Executive Officer and Board Member at Kibar Holding between 2014 and 2018. Between 2018 and 2021, Saka served as the Head of the Strategic Business Unit for Building Materials at Sabancı Holding and as a member of the Holding's Executive Committee. Since 2021, Saka has been a Partner and Executive Board Member at BMS Group and continues to serve as a Board Member in various organizations and associations. Tamer Saka became a Board Member of Zorlu Holding in 2022.



Tayfun Bayazıt
Independent Board Member

Tayfun Bayazıt graduated from S. Illinois University, Department of Mechanical Engineering in 1980 and received his MBA in International Business and Finance from Columbia University in 1983. He served as CEO and/or Chairman of the Board of Directors at Banque de Commerce et de Placements, Switzerland between 1996-1999, Dışbank between 2001-2005, Fortis Bank between 2005-2007 and Yapı Kredi Bank between 2007-2011. In 2011, Tayfun Bayazıt founded Bayazıt Consulting Services and serves as a Board Member or Chairman of various institutions and associations. Tayfun Bayazıt became a Board Member of Zorlu Holding in 2022.

* Tamer Saka served between July 2022 and May 2023.

CEO's Assessment



In 2022, our Group companies contributed to a sustainable life with their activities, investments and innovative businesses by focusing on innovative business models and people-oriented ecosystems, while also achieving a performance that will contribute positively to Zorlu Holding in the long term.



Dear Stakeholders,

2022, when social and economic predictability was limited due to the impact of different variables during the pandemic recovery process, was a critical year in which we took the first signs of transition to a new era globally. We went through a period in which we witnessed many important developments such as the political conjuncture and wars in the world, the global energy crisis and rising interest rates, and the inflationary environment. While economies were going through a rebalancing process after the high momentum of the previous year, developments regarding the sustainability of growth were closely monitored throughout the year.

In 2022, a year in which the Turkish economy continued to grow despite rapid changes in the global economic, social and geopolitical arena, we, as Zorlu Group have continued our steady growth by making sustainability a business strategy with our Smart Life 2030 vision. We have worked hard to create environmental, social and economic value with our innovative, inclusive and entrepreneurial corporate culture, agile management approach, flexible corporate structure that can adapt to different conditions, and human resources that work for a better world based on continuous development. Thanks to the added value we created by offering the most up-to-date examples of the new generation economy, we had a successful operating period both in exports and domestic markets.

In line with our Smart Life 2030 vision, we continued to create innovative business models together with our Group companies, contributing to the construction of a more sustainable life through innovation, technology and R&D, and offering innovative products and services in our country and around the world. We have strengthened our portfolio of companies, which we manage according to environmental, social and governance principles, to create value for all our stakeholders in the long term, taking into account all our financial and non-financial assets.

Consolidated domestic sales revenues of Zorlu Holding, who has achieved a successful performance in 2022 with these developments, increased by 131% in 2022, while its foreign sales revenue recorded a strong rise of 72%. The overall turnover of Zorlu Holding reached TRY 102.9 billion, with an increase of 96%. International sales revenues, which accounted for 53% of sales, amounted to USD 3.3 billion. Consolidated EBITDA reached an all-time high of TRY 16.7 billion in 2022, in line with the strong growth in sales, while EBITDA margin stood at 16.2%. Total assets of Zorlu Holding reached TRY 211 billion.

Our Group companies grew with innovative business models that create value.

In 2022, our Group companies contributed to a sustainable life with their activities, investments and innovative businesses by focusing on innovative business models and people-oriented ecosystems, while also achieving a performance that will contribute positively to Zorlu Holding in the long term. Zorlu Group's business model that produces value-added products, services and solutions was aimed to be further strengthened with important activities in different

sectors such as investments on smart textiles and household appliances, renewable energy and electric vehicle ecosystem that focus on sustainability, new generation sustainable living spaces, and new generation mining shaped by research and development.

Despite volatile global economic conditions, Vestel Group of Companies continued to grow in 2022 with its value-added export-oriented business model. Vestel, which exports to more than 160 countries, became the export champion in its sector for the 25th time and ranked 6th among all sectors. Generating 69% of its sales revenues from international sales, Vestel made 55% of its total sales to European countries, 31% to domestic markets and 14% to other countries. Vestel, which accounts for 90% of Turkey's TV exports and one third of household appliances exports, continued to strengthen its exports by concluding large-scale agreements in strategically important markets. Vestel was determined to be one of the top 5 most valuable brands in Turkey by the international financial institution Brand Finance for 2022 and rose to 4th place from 11th. In 2023, it managed to reach 3rd place.

In 2022, it increased its turnover with success in different markets such as Central Asia-Turkic Republics, Africa, North and South America and emerging Asia. While commissioning its new sales office in the US, it also opened new offices in India and Vietnam. Vestel, whose wholesale TV sales and household appliances sales in the domestic market were in line with the developments in the market, integrated its extensive store strength with the online sales channel through its online sales organisation, which was evolved to a competitive structure, as well as Vestel Ekspres, one of the best examples of new generation retailing, which has reached to 132 stores. Continuing to develop smart products, Vestel continued to expand its impact on the Internet of Things (IoT) with products, digital services and collaborations. In 2022, it collaborated with Xperi Holding, one of the largest TV platforms in the US, to develop its Smart TV platform, while joining the Home Connectivity Alliance (HCA) and Connectivity Standards Alliance (CSA), whose founders include technology giants, to become one of the players that set the standards for the IoT ecosystem. TiVo, the new generation content platform to be integrated into the smart TVs sold by Vestel in Europe, will contribute to Vestel's TV sales power in Europe. Vestel, which has been investing in e-mobility for many years and is one of the major players not only in Turkey but also in Europe with its collaborations in the supply of electric vehicle charging units, continues to develop its solutions for this ecosystem. After producing batteries for electric bicycles, Vestel started to develop special battery solutions for its customers in areas such as vacuum cleaners, portable televisions and the healthcare sector. Vestel realized onboard display solutions for the first time for Togg, of which we are one of the partners, and continues to negotiate with major automobile manufacturers in Europe in this field. In addition to increasing its financial performance with all these activities, Vestel also works to integrate environmental, social and governance (ESG) issues across the entire company and increased its S&P Global ESG score by 44% to 65 points in 2022. The CDP climate change score of Vestel Elektronik and Vestel Beyaz Eşya plants rose to B and A-, respectively.

In line with its vision of becoming the energy company of the future, our Zorlu Enerji Group continued to expand its activities in renewable energy, energy efficiency and electromobility in 2022 in order to combat the climate crisis and build a sustainable future. Zorlu Enerji, which generates almost all of its electricity in Turkey from renewable energy, is evaluating investment opportunities in the geothermal field and has started preparations for investments in Wind Power Plant (WPP) with Storage. Last year, Zorlu Enerji realized a pioneering and innovative project with its investment in the "Combined Renewable Electricity Generation Facility" integrated into the Alaşehir 1 Geothermal Power Plant in Manisa. Zorlu Enerji will continue to set an example in Turkey in the field of renewable and clean energy with its wind power plant investments with storage and collaborations in the field of solar energy. Zorlu Enerji continues its activities in the field of solar energy, including the production and trade of solar roof panels, inverter and accessories sales, under the ZES Solar brand, and maintains its leadership in this field in Turkey with its global business partnerships. I believe that these agreements will make significant contributions to Zorlu Enerji Group in the field of solar energy in the domestic installation and self-consumption segment, following solutions for commercial organisations. Zorlu Enerji, which has expanded its network of electric charging stations to all 81 provinces in Turkey under the ZES brand, will be able to establish its own charging stations as well as dealership and platform sales by providing certificates with the charging network operator license obtained from EMRA. It continues the same activities abroad with its global partner Wren House under the "electrip" brand. In line with its Europe-oriented growth target, the company launched operations in 7 countries, namely Italy, France, Greece, Bulgaria, Croatia, Poland and Montenegro. With all these activities carried out for sustainable living, Zorlu Enerji raised its ESG score to 61 and reached the "advanced" level as a result of the evaluation performed by Moody's in 2022, and with this result, it was entitled to be the 4th among 57 energy companies evaluated on a global scale.

Zorluteks, Europe's leading manufacturer of home textiles, and Korteks, one of Europe's largest integrated polyester yarn manufacturers, achieved sustainable growth in 2022. Exporting to more than 300 customers in 68 countries, Zorlu Textiles Group continued to be one of the world's leading innovative business partners by meeting the demands of its customers with its smart and sustainable textile products, flexible and agile production structure, despite volatile global conditions. In home textiles, Zorlu Tekstil accelerated the opening of new concept stores by initiating a restructuring process that will transform Zorlu Tekstil into a lifestyle brand. In addition to this concept, which is defined as central merchandising, it also developed online channels and continued to grow in merchandising with a multi-channel strategy. Zorluteks, which increased its power with license agreements, succeeded in becoming one of the 5 major players of Disney in the world, where it owns the production, sales and marketing rights. It continued to be a pioneer in the sector with high value-added products such as reinforced fabric for companies producing conveyor systems in technical textiles and filter fabric for the household appliances industry. Zorlu Tekstil Group, which can calculate its carbon and

CEO's Assessment



We will continue to reflect this in our financial and non-financial performance as our innovative businesses contribute even more to sustainable living. The value we create in cooperation with all our stakeholders will increase the belief in a better future as a beacon of hope for the world and our country.



water footprint on a product basis thanks to its investments in Industry 4.0 and digitalization, has been awarded certificates and certifications for sustainability criteria as well as sustainable product ranges such as Ecodesign, which reduces carbon footprint by at least 50%. Zorluteks, which is included in many sustainability-oriented indices such as FEM Higg Index and FSLM Higg Index, has been included in the Higg Index platform, which is expected to directly affect the order-taking mechanism in the future. Korteks, which broke new ground in Europe and Turkey with its Polymer Recycling Plant investment and realized the production of polyester yarn from 100% plastic bottles, has certified its products in the sustainability category by issuing EPD (Environmental Product Declaration) certificates in 4 different product categories with LCA (Life Cycle Analysis) for the first time in the polyester yarn industry. With all these sustainability-oriented changes and a rising product portfolio in the sustainability category, Zorlu Tekstil Group will continue to inspire the industry with its pioneering breakthroughs in textiles in the coming period.

In 2022, Zorlu Gayrimenkul Group continued to offer the best examples of sustainable, innovative living spaces and solutions with Zorlu Center and Levent 199. With unique experience-oriented projects, it created spaces where visitors can gain awareness about sustainability and participate in the experience of sustainable living. The second “Eco Love Fest” was held at Zorlu Center, focusing on sustainability and good living, with ecological talks, music performances and workshops. With the success of Eco Love Fest, Zorlu Center received many international awards. Having developed a new brand positioning and strategy last year, Zorlu PSM, the meeting point of culture and arts, left behind a highly successful year with its innovative events and projects. In 2022, Zorlu PSM began staging theater plays produced entirely by Zorlu PSM itself. PSM Workshop, which was launched to ensure the sustainability of the culture and arts sector, completed its first academic year and produced its graduates. In the last quarter of 2022, Zorlu PSM opened its 10th season with the motto #OnlarıÇokSeviyoruz, bringing Fazıl Say and Refik Anadol together on the same stage. Zorlu PSM realized a first in the world by blending two valuable art forms and offered art lovers an unforgettable experience that appeals to three senses.

In 2022, our Mining Group continued its efforts to produce value-added forms of nickel and cobalt at our Meta Nikel Kobalt facility in Gördes, Manisa, as well as to recover other metals and evaluate rare earth elements with the same determination. Meta Nikel, which exports all of its production, continued its investments focused on R&D, technology, innovation and process management in order to increase its value-added production capacity and develop products that will meet the increasing demand for the rapidly developing electric vehicle ecosystem. It also conducted the feasibility studies of the investment facility for the “scandium” intermediate product, a rare earth element found in the ore. The company continued its investments in the Nickel-Cobalt Sulfate/Derivatives Production Facility for the production of nickel and cobalt in sulfate form, which is used as the main component in lithium batteries, and the MHP Production Facility planned as the phase 2. In addition, Meta Nikel

also carried out waste minimization and waste recovery activities, as it does every year. As of the end of 2022, Meta Nikel's wastewater utilization rate approached 52%. Within the framework of Smart Life 2030, Meta Nikel continued to work towards the goal of recovering all of the water used by 2050. Meta Nikel, which started to work on the establishment of the ISO 50001 Energy Management System as of 2022, expects to complete the certification in 2023. Meta Nikel will become a company that creates even more sustainable value in the near future with all these investments that increase productivity, ensure sustainability, develop value-added products and provide additional capacity.

We continued to increase our impact with our people-oriented approach.

At Zorlu Holding, we focused on creating value for our entire stakeholder network, especially our human resources, with the approach of strengthening people-oriented ecosystems in 2022. We continued to realize studies and develop projects to contribute to the development of our colleagues, our most valuable asset, to ensure the sustainability of our business and to increase our social contribution. Within the framework of the principle of equal opportunity, with a diversity and inclusion perspective, we continued our efforts in line with our "An Equal Life" (Eşit Bi'Hayat) approach, which we have created with a focus on gender equality. We published the basic gender equality training to raise the awareness of all our colleagues at Zorlu Group on this issue. Through this training, we aim to take employees' knowledge and sensitivity on gender equality one step further. Through our corporate volunteering program, Kivılcımlar (Sparks) Movement, Zorlu Group employees participated in more than 40 projects in 2022 and spent 3,700 hours on voluntary works. In 2022, we completed the fourth term of the "Sustainability 101" trainings in Smart Life Academy, which we organised for our human resources to become informed and equipped on environmental, social and governance issues. We contributed to the development of the social innovation ecosystem by supporting imece, the social innovation platform we co-founded, in different programmes. Within the scope of "Education for a Sustainable Future", which is an extension of the Smart Life Academy we organised with imeceLAB, we designed a co-learning experience where young university students are supported with training and inspiration conversations on different topics such as sustainability and life cycle, climate, diversity and inclusion, impact, communication, storytelling. With this program, we aimed to train young people as change-makers in the field of sustainability and to overcome the lack of qualified human resources in this field. Through the Mehmet Zorlu Foundation, we continued to support quality education and contribute to equipping our young people, our future, with 21st century competencies. Since 2016, we have been supporting the MZV-MEF YetGen 21st Century Competencies Training Programme. As of 2022, the number of high school and university students who graduated from the MZV-MEF YetGen 21st Century Competencies Training Programme, which was designed for high school and university students for the first time in Turkey with the aim of raising competent individuals by aiming to provide 21st century competencies and awareness, exceeded 8 thousand. In

2022, we opened the MZV-MEF YetGen 21st Century Competencies Training Programme to the participation of teachers. Over 1,000 teachers participated in the program and nearly 700 teachers participated in the Teacher Summit; 465 teachers completed the program and were awarded certificates.

In 2023, we will work for a more sustainable life together with all our stakeholders.

2023 will be a critical year in which we need to focus on innovative work for a sustainable life, despite global uncertainties and the earthquake disaster we unfortunately experienced at the beginning of the year. As the world adapts to the post-pandemic period, this will challenge companies and institutions even more as a year in which risk definitions change and we will experience the transformation arising from sustainability-oriented areas, especially the climate crisis. For those who are prepared for this change and transformation, 2023 will bring new opportunities for long-term growth initiatives to the forefront.

In line with our Smart Life 2030 vision, we have been preparing ourselves for this change and transformation for many years, and together with our Group companies, we are working for a world where water and energy consumption is reduced and technology and innovation improve life. I believe that 2023 will be a year in which the investments we have made to date with a focus on sustainability will be even more visible, and the impact of the value we generate will be felt more by our ecosystem and all our stakeholders. We will continue to reflect this in our financial and non-financial performance as our innovative businesses contribute even more to sustainable living. The value we create in cooperation with all our stakeholders will increase the belief in a better future as a beacon of hope for the world and our country.

I would like to thank all of our stakeholders, especially Zorlu Group's valuable employees, investors, customers and business partners, with whom we work with all our strength for a sustainable life, for the value they have added to us, and I would like to state that we will be pleased to continue to create a positive impact for our country and the world together by working in line with common goals in 2023.

Yours sincerely,



Ömer Yüngül
CEO

CEO's Assessment



We aimed to further strengthen Zorlu Group's business model that produces value-added products, services and solutions with important activities in different sectors such as investments on smart textiles and household appliances, renewable energy and electric vehicle ecosystem that focus on sustainability, new generation sustainable living spaces, and new generation mining shaped by research and development.



Ömer Yüngül
CEO



Senior Management



Ömer Yüngül

Board Member & CEO

Ömer Yüngül obtained his bachelor's degree in mechanical engineering at Boğaziçi University in 1978. He started his career at Tekfen İnşaat, and went on to hold various managerial positions at Metaş, Faz Elektrik, and Merloni Elettrodomestici. In 1997, he was named General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, and became Chairman of the Executive Board of Vestel Group in 2000. After serving as an executive at Vestel for 15 years, Ömer Yüngül was named the CEO of Zorlu Holding in 2013. Yüngül also assumed the position of Board Member in Zorlu Holding as of 2022.



Bekir Cem Köksal

Board Member & CFO

Cem Köksal graduated from the Mechanical Engineering Department of Boğaziçi University in 1988 and obtained a Master's degree at Bilkent University in 1990. After serving in the banking industry between 1990 and 2001, Cem Köksal was named Deputy General Manager of Denizbank in 1997. Köksal joined Vestel as the Chief Financial Officer in 2002. He currently serves as an Executive Committee Member at Vestel Group of Companies, and is the Chief Financial Officer and Chairman of the Sustainability Committee at Zorlu Holding, a Board Member at Zorlu Enerji, and a Board Member at TOGG. Köksal also assumed the position of Board Member at Zorlu Holding as of 2022.



Enis Turan Erdoğan

CEO, Vestel Group

Enis Turan Erdoğan obtained his bachelor's degree in mechanical engineering from Istanbul Technical University in 1976 and his MBA from Brunel University in the UK in 1979. Following his return to Turkey, he worked in managerial positions in various companies in the private sector before joining Vestel in 1988. Having assumed various managerial positions at Vestel since 1988, Mr. Erdoğan served as the Chairman of Vestel Foreign Trade and as an Executive Committee Member at Vestel Elektronik until 2013. Since January 1, 2013, Turan Erdoğan has been the CEO of Vestel Group of Companies. Mr. Erdoğan served as the President of TURKTRADE (Turkish Foreign Trade Association) for two terms between 2002 and 2006. From 2010 to 2014, he sat at the board of Europe's largest ICT Confederation, DIGITALEUROPE, as the first Turkish national to hold this position.



İbrahim Sinan Ak

CEO, Zorlu Holding Energy Group

Sinan Ak graduated from the Department of Management Engineering at Istanbul Technical University. He started his career as an investment specialist at Evgin Yatırım Menkul Değerler. He then received his MBA degree from Old Dominion University in the USA. Between 2000 and 2002, Ak worked as Finance Chief at Vestel Komünikasyon and between 2002 and 2006 as Finance Manager at Vestel Beyaz Eşya. He joined Zorlu Energy Group in 2006. Ak served as Deputy General Manager in charge of Financial Affairs at Zorlu Enerji Elektrik Üretim AŞ until 2012 and became the General Manager of Zorlu Enerji in January 2012. Ak has been the CEO of Zorlu Energy Group encompassing Zorlu Enerji Elektrik Üretim AŞ since December 1, 2016. Sinan Ak is also the Chairman of DEIK Turkey-Israel Business Council, a Board Member of ELDER (Electricity Distribution Services Association) and a Member of the Advisory Board of the Electricity Producers Association.



Necat Altın

CEO, Zorlu Holding Textile Group

Necat Altın graduated from Uludağ University Department of Textile Engineering in 1987. After starting his career at Korteks Mensucat Sanayi ve Ticaret AŞ, a Zorlu Holding company, in 1992, Altın assumed the critical role of coordinating the investment process for the integrated polyester yarn manufacturing facility between 1995 and 1998, and contributed to the completion of the investment in record time. Necat Altın served as Deputy General Manager for Production at Korteks Mensucat Sanayi ve Ticaret AŞ from 1994 to 2004 before being appointed as General Manager. Having held the position of Deputy CEO of Zorlu Holding Textile Group since 2016 in addition to his position as General Manager, Altın was named CEO of the Textiles Group on January 1, 2018. Altın is also a board member at several NGOs including Synthetic Yarn Manufacturers' Association of Turkey, Altın was the president of European Man-Made Fibres Association, one of the leading artificial and synthetic yarn platforms in the world in November 2017-2021. He is currently a board member at European Textiles Union, Istanbul Textiles and Raw Materials Exporters Union and TIM Brand Council.



Orhan Yılmaz

CEO, Zorlu Holding Mining Group

Orhan Yılmaz obtained his bachelor's degree in chemical engineering at Gazi University in 1984. Yılmaz also holds master's and PhD degrees from the same university. In 1986, he launched his career as an engineer in boron and acid factories of Etibank. He served as chief engineer, principal engineer and manager, respectively in the same company and was named Deputy General Manager in 2003. In 2004, he was named General Manager and Chairman of the Board at Eti Maden, positions which he held until 2015. Between 2015 and 2017, he served as an advisor in the Ministry of Energy and Natural Resources. Orhan Yılmaz has been the CEO of Zorlu Holding Mining Group since January 2017.

Senior Management



Necmi Kavuşturan
CHRO, Zorlu Holding

(1956 - Gaziantep) Necmi Kavuşturan graduated from the Faculty of Political Sciences at Ankara University in 1979. Kavuşturan began his career as an expert at İşbank in 1979 and became the Deputy General Manager of Interbank in 1985. Pioneering various projects at Interbank such as the “Management Trainee” program, open performance systems and overall quality management, Necmi Kavuşturan was appointed as the Deputy General Manager in charge of Management Services at Denizbank, a title he held between 1997 and 2003. During this period, Kavuşturan also managed the Advertisement, Public Relations, Construction and Purchasing Departments of Denizbank. Since 2003, Kavuşturan has been the CHRO of Zorlu Holding. He is also an Executive Committee Member at Vestel Group of Companies and a Board Member at Zorlu Gayrimenkul.



Burak İ. OKAY
CLO, Zorlu Holding

Born in Ankara in 1967, Burak Okay completed his secondary and high school education at TED Ankara College and graduated from the Faculty of Law at Ankara University in 1990. After completing the International Law Program at New York University, he started his career as an Attorney in the Department of Legal Advisory at İşbank. He later worked at Garanti Bank as an Assistant Legal Advisor, at MNG Bank as a Legal Advisor and at Nortel Networks Netaş as the Legal Affairs Director before joining Bener Law Office as a Partner. He joined Zorlu Group in 2006 and played an active role in the structuring of the Legal Department which serves all Zorlu Group companies. Burak İ. Okay is married and has two children.



Murat Zeren
CIO, Zorlu Holding

Murat Zeren obtained his bachelor’s and master’s degrees in electrical-electronic engineering at Bilkent University and his PhD degree in the same field at Ohio State University, USA. Upon his return to Turkey, Murat Zeren managed the R&D and software teams at Alcatel Teletaş, Telsim and Oksijen Teknoloji. He held tenure at Boğaziçi University as an Associate Professor of Computer Engineering between 2002 to 2004, during which he acted as a reviewer concerning projects by TÜBİTAK (Scientific and Technological Research Council of Turkey) and acted as a consultant for various technology companies. Murat Zeren served in several managerial positions at Ülker Group, Argela Teknoloji and Türk Telekom before his appointment as the Chief Information Officer at Doğan Online. He joined Zorlu Holding as CIO in 2013.



Billur Demet Atan

Audit General Manager, Zorlu Holding

Billur Demet Atan obtained her bachelor's degree in Business Administration in 1986 and her master's degree in International Management in 1988, both from Istanbul University. She started serving as an independent auditor at Ernst & Young. Between 1995 and 1996, she worked in the Chicago, US office of Ernst & Young and was named Audit Partner in 1998. From 2000 to 2012, she also served as the Independent Audit Leader of Turkey at Ernst & Young. Billur Demet Atan joined Zorlu Holding in 2013. Between 2013 and 2021, he was the General Manager of Audit at Zorlu Holding, where she worked on internal audit, tax audit and financial audit. On May 1, 2021, Billur Demet Atan was appointed as Deputy Chairman of Zorlu Real Estate Group, also holding the position of Zorlu Center General Manager. On June 1, 2022, she was appointed as the Head of Zorlu Holding Audit Group. Atan, who reports directly to the Zorlu Holding Board of Directors and is responsible for the audit function at all domestic and international Group Companies, is a member of the Expert Accountants' Association of Turkey, the Istanbul Chamber of Certified Public Accountants and The Institute of Internal Auditing - Turkey.

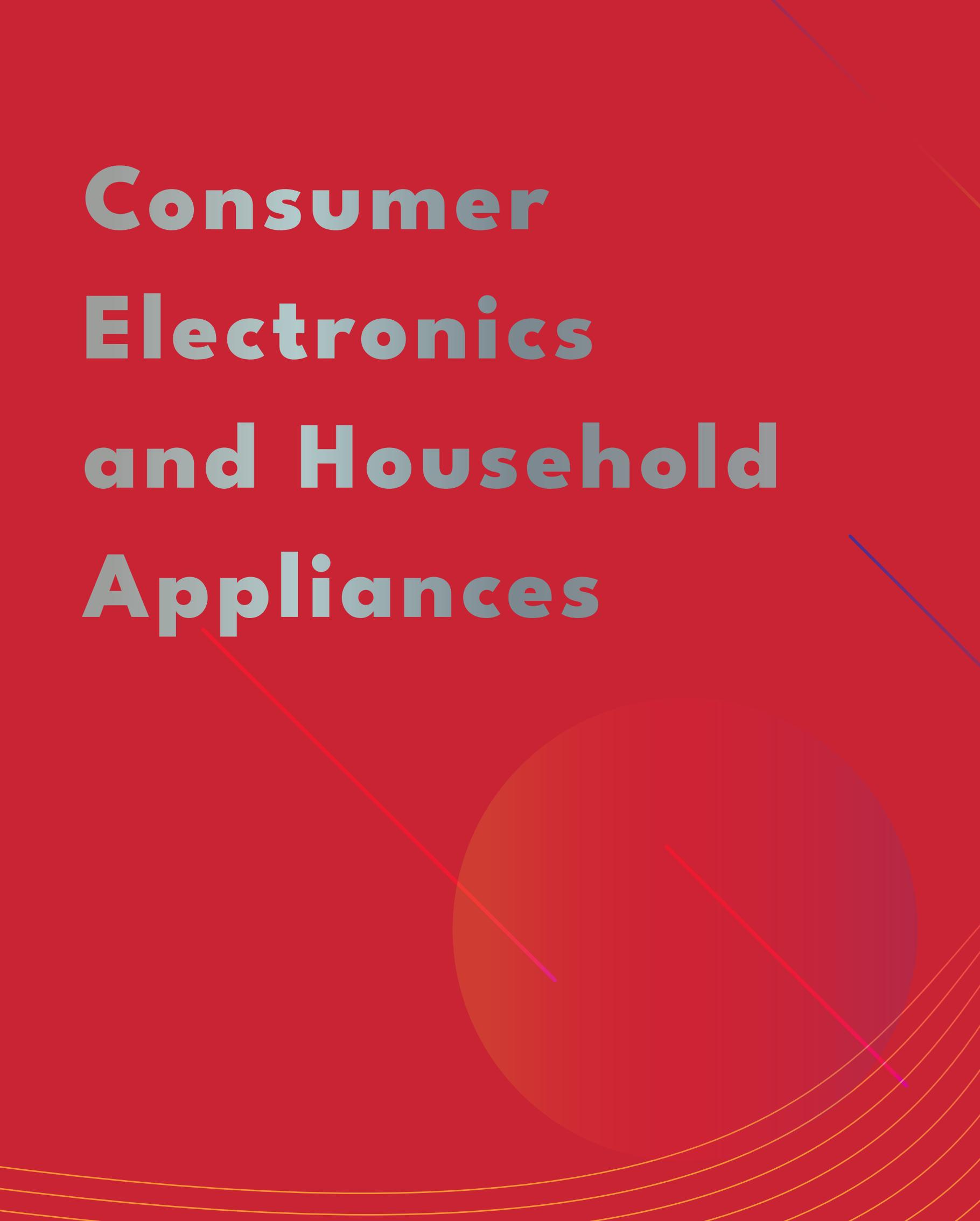


Arzu Pişkinöğlü

Internal Control General Manager, Zorlu Holding

After graduating from Üsküdar American Academy, Arzu Pişkinöğlü completed her undergraduate study at the Department of Economics of Boğaziçi University before starting her professional career as an independent auditor at Ernst & Young. Pişkinöğlü then worked as Quality Assurance Department Manager at Citibank Retail Banking and was appointed as Manager at Ernst & Young's Consultancy Department. In this position, Pişkinöğlü provided consultancy services on internal control, process development, risk management, internal audit, harmonization and financial transformation among others to domestic and foreign companies in various sectors, and later became Consultancy Department Partner in charge of Risk Services in 2007. Pişkinöğlü joined Zorlu Holding in 2016. As the General Manager of Internal Control, Arzu Pişkinöğlü led Zorlu Group's efforts in internal control, process risk management, process effectiveness and efficiency improvement. Between July 2021 and June 2022, as the General Manager of Audit (v.), she also undertook the internal audit, tax audit and financial audit activities of the Holding and its affiliated Group companies. Arzu Pişkinöğlü served as a Board Member at The Institute of Internal Auditing - Turkey (TIDE) between 2018-2021 and is currently serving as a member of the Supreme Council of TIDE. She holds various domestic and international certificates including Independent Accountant and Financial Advisor, Certified Internal Accountant (CIA), Certification in Risk Management Assurance (CRMA), Certified Internal Control Auditor (CICA).

Consumer Electronics and Household Appliances



Consumer Electronics and Household Appliances

With approximately 20,000 employees, production capacity built on advanced technology and its contribution to country's exports, Vestel represents an important source of power for the Turkish economy.





Consumer Electronics and Household Appliances



While realizing human-oriented transformation with our technology, we are building new business models for a net zero emission economy. We integrate the circular economy into our corporate culture and way of doing business. Our main strategy is to meet the needs of the future by creating environmental and social benefits.



Enis Turan Erdoğan
CEO, Vestel Group

Dear Stakeholders,

The chaos in the global economy in recent years took on a new dimension with the outbreak of the Russian-Ukrainian war last year. In 2021, recovering economies faced high inflation fueled by supply chain issues, raw material shortages and supply shortages. A major energy crisis emerged when the US and European countries imposed an embargo on Russia, the world's largest energy and commodity supplier, due to the Russia-Ukraine war. Energy and commodity prices, which reached record highs, also pushed inflationary pressures to their peak. These actions of central banks, which started to use tight monetary policy and interest rate hikes to fight inflation, also increased recession concerns. The recessionary trend in European countries, which were particularly affected by the energy crisis, also affected sales of televisions and household appliances. In Turkey, despite rising inflation, demand was moved ahead with the expectation that price increases would continue, and as a result, household appliances sales remained at similar levels to 2021, while TV sales increased by 7%.

With its strategy of increasing market diversification and strong growth in non-European markets, Vestel increased both its international sales volume and its share in Turkey's total household appliances exports in 2022. In particular, freight prices from the Far East to Europe remained high for most of the year, and the ongoing COVID restrictions in China had a negative impact on supply, which accelerated

the search for alternative suppliers in Europe and the US and led to new customer acquisitions for Vestel. In television, Vestel managed to maintain its international sales volume in a year when the European market contracted.

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

In the domestic market, our wholesale TV sales and household appliances sales were in line with the developments in the market. The success of our online sales organization, which we have built into a competitive structure, was reflected in our sales. In 2022, our domestic and international sales revenues increased by 124% and 66%, respectively, while our total consolidated turnover grew by 80% to TRY 58.4 billion. In 2022, we achieved an EBITDA of TRY 6.2 billion and a net profit of TRY 1.1 billion, with significant increases in labor, logistics and energy costs as well as rising raw material costs, especially in household appliances.

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

We continue to expand our sphere of influence in the Internet of Things (IoT) with products, digital services, collaborations and organization participations; we implement scenarios in the IFTTT ecosystem in cooperation with other companies. Under the umbrella of HCA, we take action to ensure that Vestel products work together with other leading brands in the durable household appliances sector, to offer energy saving solutions, and to ensure the

proper use of technology in addition to producing it. We help reduce energy and water consumption in homes with our IoT solutions and aim to improve the quality of life of users with our smart devices.

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

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

In accordance with our smart mobility vision, we identify automotive electronics applications and electric vehicle charging and battery solutions, in which we lead the sector, as our new growth areas, and we consider sustainability as the main criterion in the areas we invest in.

Our electric vehicle chargers are compatible with power grid load management systems and include OCPP-based remote management and other smart management technologies. As part of our sustainability mission, our Type AC chargers are integrated with PV (Solar Panel) systems, enabling electric vehicles to be charged with 100% renewable energy without carbon emissions.

Thanks to the collaborations we have established with the most important players of the sector in Europe, we play an active role in the spread of electric vehicle charging stations in Europe. With our electric vehicle charging solutions, we enable our business partners to support the circular economy while significantly reducing carbon emissions through the use of renewable energy.

As a company that has been investing in e-mobility for many years, we take the technology in this field one step further with our battery solutions tailored to customer needs. In parallel with the increase in sales of electric bicycles, a sustainable transportation alternative, we are developing customer-specific battery solutions. We also produce batteries for vacuum cleaners, portable televisions and the health sector. In the field of energy storage systems, we are planning to start mass production of lithium-ion batteries that will be used as backup energy storage in base stations in the telecom sector in the near future.

We implemented our onboard display solutions for the first time in Togg. We successfully passed the tests on Togg's display and entertainment/information screens and received the necessary certificates. In the field of onboard infotainment displays, we are also in conversation with major automobile manufacturers in Europe.

While realizing human-oriented transformation with our technology, we are building new business models for a net zero emission economy. We integrate the circular economy into our corporate culture and way of doing business. Our main strategy is to meet the needs of the future by creating environmental and social benefits.

Vestel branded products are used in more than 160 countries around the world, which means a huge environmental impact. We also help consumers reduce their environmental impact with our eco-friendly smart products that are energy and water efficient and have technologies that prevent food waste. In this context, we launched the Domestic Transformation Project in 2022, where we included consumers in our environment-oriented activities. Thus, we support not only our Company but also individuals to reduce their carbon footprint.

Due to the negative effects of plastic waste on the environment and human health, we use bioplastic and recyclable parts in our products and packaging that are more easily biodegradable and leave no toxic residue. These parts were used in built-in ovens and hobs, which

were among our first products in this scope. In 2023, we aim to further increase the use of bioplastics and recyclable parts. We have also increased our R&D efforts on material technologies that reduce the use of materials and increase the recyclability of products.

We are aware that retaining our talents is the most important factor that will carry our Company into the future with our academy programs that develop the competencies and skills of our employees within the scope of our sustainable business models and with our constantly improving working conditions. We continuously strive to be an employer that adheres to ethical values, respects human rights and supports equal opportunity, inclusion and diversity.

We take concrete steps that go beyond raising awareness by spreading gender equality to the grassroots. With our corporate volunteering program, Kivılcımlar (Sparks) Movement, we expand our social impact by collaborating with NGOs in different fields. We are implementing projects to increase the employment of disabled people and to include our disabled citizens more in life.

We have confirmed our environmental, social and governance impact by increasing our S&P Global ESG score by 44% to 65 points in 2022, in parallel with increasing our financial performance with our operations.

Guided by our Smart Life 2030 strategy, we will continue to take firm steps for a better future by ensuring sustainable growth.

We believe that we will continue to improve our performance with our strong financial structure and corporate competencies in 2023. As a net foreign currency earner, we will continue our strong and sustainable growth in Europe and non-Europe regions by making the most out of the opportunities offered by export markets.

Consumer Electronics and Household Appliances

As one of Turkey's and the world's leading technology companies, Vestel continues its efforts to complete the Industry 4.0 transformation and transition 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).

Vestel Group of Companies

Vestel Group of Companies ("Vestel" or "Vestel Elektronik") consists of Vestel Elektronik Sanayi ve Ticaret AŞ and its subsidiaries and affiliates.

Operating in the fields of electronics, household appliances, and digital and mobile products, Vestel is comprised of 25 companies 15 of which operate overseas.

Consumer electronics, digital and mobile products of the Vestel Group are produced by Vestel Elektronik, while household appliances are manufactured by Vestel Beyaz Eşya Sanayi ve Ticaret AŞ ("Vestel Beyaz Eşya"), in which Vestel Elektronik holds 80.66% share.

Vestel City, built on an area of 1.3 million m² in Manisa, where Vestel's production facilities are located, is one of the largest single-location industrial complexes in Europe.

As one of Turkey's and the world's leading technology companies, Vestel continues its efforts to complete the Industry 4.0 transformation and transition 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).

Vestel in Turkey

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

As part of its omni-channel marketing strategy, Vestel reaches a wide range of consumers through dealers, sales points and online stores, as well as dowry stores, hypermarkets, discount markets, electronics retail chains and e-commerce websites.

Consumer Electronics and Household Appliances

Vestel brings its wide product range, based on its competencies in technology-design development and product customization, to consumers all over the world. With more than 20,000 employees, a production capability backed by technological superiority and its contribution to the country's exports, Vestel represents a significant strength for the Turkish economy.

Domestic sales network

- 1.334 Vestel stores (including 132 Vestel Ekspres and 68 Vestel Corporate Stores)
- 10 Vs Outlet stores
- 755 Regal Outlets
- vestel.com.tr
- vsoutlet.com.tr
- regal-tr.com
- After-Sales Services
- Call Center
- 355 Authorized Service Providers
- 4 Central Services
- 1 KEA Base
- 4 Recovery and Repair Centers

Vestel's Global Operation Network

Vestel structures its sales strategy in global markets through ODM sales to A brand manufacturers, distributors and retail chains, and brand sales to regional brands owned by Vestel Group and global brands of which Vestel has the license.

Vestel's international marketing and sales activities are carried out through the local sales and distribution network of the foreign trade companies under the umbrella of its subsidiary Vestel Ticaret. Vestel's sales-distribution network consists of foreign trade offices in the UK, France, Germany, Spain, Netherlands, Poland, Romania, Russia, Kazakhstan, United Arab Emirates and United States of America. Sales and marketing operations in other international markets are directly undertaken by Vestel Ticaret. Vestel has around 2500 stores and sales points abroad.

Vestel's Position in Turkey and International Markets

Vestel brings its wide product range, based on its competencies in technology-design development and product customization, to consumers all over the world. With more than 20,000 employees, a production capability backed by technological superiority and its contribution to the country's exports, Vestel represents a significant strength for the Turkish economy.

Consumer Electronics and Household Appliances

Vestel has one of the most extensive sales and after-sales service networks in Turkey, reaches a wide range of consumers through its “multi-brand and multi-channel strategy”, and accounts for 90% of Turkey’s TV exports and one-third of Turkey’s household appliances exports.

Vestel, one of the world’s leading ODM (Original Design Manufacturer) providers in the consumer electronics and household appliances sectors, is one of the top three players in the LCD TV and one of the top five players in the household appliances market in Europe. It is among the most well-known brands in the Turkish market, as the market leader in TVs, and one of the top three household appliance manufacturers.

In addition to expanding the customer portfolio to which it provides ODM services in the global market, Vestel also aims to increase its brand penetration and market share in foreign markets with the regional brands it has acquired in Europe and the global brands it has licensed. Vestel’s market position is strengthened by its collaborations with Sharp in household appliances, Toshiba in television sets and Daewoo in both white household appliances and television sets, which are among the strong brands for which the Company has obtained production and sales licenses for the European market.

Vestel has one of the most extensive sales and after-sales service networks in Turkey, reaches a wide range of consumers with its “multi-brand and multi-channel strategy”, realizes 90% of Turkey’s TV exports and one-third of household appliances exports, and has been the export champion of the electronics sector for the last 24 years.



Consumer Electronics and Household Appliances

Vestel outperformed the sector as a whole in Europe, thanks to its ongoing new customer acquisitions and new projects, and recorded strong growth in non-European regions - particularly Central Asia-Turkic Republics, Sub-Saharan Africa, North and South America and emerging Asia - where the Company focuses as part of its market diversification strategy.

Operational and Financial Results of Vestel in 2022

Household Appliances Market

In 2022, as the effects of the pandemic subsided, demand began to normalize, while the uncertainties created by the Russia-Ukraine crisis, increasing inflationary pressures on a global basis and the decline in the purchasing power of consumers led to a contraction in the European market, Vestel's main export market.

According to GfK data, the European household appliances market, which covers 25 EU countries (EU25), shrank by around 8% in 2022, following 4% growth in 2021, due to the negative effects of high inflation, rising cost of living and geopolitical uncertainties on consumer confidence.

Vestel outperformed the sector as a whole in Europe, thanks to its ongoing new customer acquisitions and new projects, and recorded strong growth in non-European regions - particularly Central Asia-Turkic Republics, Sub-Saharan Africa, North and South America and emerging Asia - where the Company focuses as part of its market diversification strategy. During the year, products with different technical specifications suitable for non-European markets were developed and introduced to new markets. New business initiatives in North America, Latin America, Sub-Saharan Africa and Asian countries such as Russia, China and Vietnam contributed significantly to revenue growth.

In the European market, a very strong sales momentum was achieved in 2022, the first year with the Daewoo brand which was licensed in July 2021. This momentum is expected to continue increasing in 2023.

Thanks to the focus strategy and strong growth in non-European markets, Vestel increased both its international sales volume and its share in Turkey's total household appliances exports in 2022.

Domestic wholesale household appliances sales, covering 6 main household appliances as published by TÜRKBEŞD, contracted by 8% in 1H2022 due to the high base effect of the previous year (1H21: 27%), but increased by 6% in 2H2022 as the base effect (2H21: -7%) disappeared and consumers brought their demands forward in a high inflation environment. Accordingly, domestic wholesale household appliances sales declined by 2% in the whole year. Vestel's domestic household appliances sales in 2022 were in line with the developments in the market.

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

With its competitive products and new technologies, Vestel continues its efforts to increase its sales in the entry and middle segments as well as in the upper segments and to create new segments for its customers.

Consumer Electronics and Household Appliances

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

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

Television Market

According to GfK data covering 25 European countries (EU25), the European TV market, which is the main export market for Turkish TV manufacturers, shrank by 7% in 2022 due to the strong growth experienced during the pandemic period, the uncertainties created by the ongoing Russia-Ukraine war and the decline in consumers' purchasing power.

In Turkey, after a double-digit contraction in 2021, television sales increased by 7% in 2022 due to the low base effect and demand being moved ahead in an inflationary environment.

While Vestel increased its domestic wholesale TV sales in line with the market, it managed to maintain its international sales volume in a year when the European market contracted.



Consumer Electronics and Household Appliances

In 2022, Vestel continued to develop new projects with its existing A-brand customers and started negotiations with a global TV brand to work with them in the coming period. During the year, Vestel collaborated with Xperi Holding, one of the largest TV platforms in the United States, and took an important step towards developing its Smart TV platform.

2022 was a year of major changes in cell/panel production, the main component of LCD TVs. During the year, Korean cell/panel manufacturers continued to exit LCD production, while Chinese panel manufacturers gained more dominance on the market. The new capacity investments of Chinese companies combined with the rapidly falling demand after the pandemic led to a sharp decline in cell/panel prices from July 2021 to October 2022. In the face of historically low panel/cell prices, panel manufacturers severely cut their production starting from the third quarter of 2022, while panel/cell prices saw a limited recovery in October and November.

In the first half of 2022, TV manufacturers' sales were negatively impacted by falling demand as the pandemic ended, the World Cup taking place for the first time in the second half of the year, and stocks accumulating in retail channels as a result of supply chain disruptions. In the last quarter of the year, both the World Cup and the traditional year-end sales campaigns helped to clear the backlog in November and December, while television sales recovered.

In 2022, Vestel continued to develop new projects with its existing A-brand customers and started negotiations with a global TV brand to work with them in the coming period.

As demand for large screen and more specialized products increased in the LCD TV market, Vestel responded to market demand by increasing sales of QLED and large screen TVs.

During the year, Vestel collaborated with Xperi Holding, one of the largest TV platforms in the United States, and took an important step towards developing its Smart TV platform.

Digital Screen Solutions

While there was a strong increase in digital display demand in the first nine months of 2022 as post-pandemic deferred needs started to be met, the ongoing Russia-Ukraine war, rising energy prices and recession expectations led to a slowdown in the European market in the last quarter of the year. Affected positively by the growth in export markets, Vestel's digital display sales revenues grew by double digits in USD in 2022.

The new motherboard platform developed for the digital signage product group was commissioned in the third quarter of 2022, and the Company started to work with the leading CMS (Content Management Software) companies in the sector, increasing the number of collaborating companies to more than 20 by the end of 2022. New collaborations are expected to increase the business volume in export markets in the coming period.

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Consumer Electronics and Household Appliances

In 2022, a distributorship agreement was signed with a leading distributor company in Europe for the distribution of digital display products in the UK, Germany, Spain and Hungary markets.

In 2022, LED VideoWall was sold abroad for the first time. Vestel's ability to competitively design and produce LED VideoWall technology, which offers a solution to the transportation problems of large screens with its modular structure, provides a significant competitive advantage, while international sales and market share in this product group are expected to increase in the coming years with the expansion of the product range. Again in 2022, in parallel with the growth strategy in the Indian market, a new business development team was established in India and Vestel branded digital display products were sold to India for the first time. With India, the number of countries to which exports are made in this product group increased to 108. Although India is a new country, it ranked fifth among export markets in 2022. In 2023, it is aimed to participate in important fairs in this region and to establish new collaborations that will support the growth in India and South East Asia.

In 2022, a distributorship agreement was signed with a leading distributor company in Europe for the distribution of digital display products in the UK, Germany, Spain and Hungary markets. This agreement is planned to be extended to Italy, Benelux and Scandinavian countries in 2023. In addition, the scope of the existing agreement with the distributor company in Germany was expanded and the sales support provided for Vestel products was increased.



Consumer Electronics and Household Appliances

In 2022, Vestel won the “Best Large Stand” Award at ISE (Integrated Systems Europe), Europe’s largest Digital Displays Exhibition. In addition, the Best Supplier of EMEA Award was received from ADI Global.

In 2022, in order to increase sales in the Middle East region, a distributorship agreement was signed with one of the major distributors in the United Arab Emirates and accordingly, the first products were shipped. In addition, product sales to Saudi Arabia resumed during the year. Growth in the Gulf region is expected to continue in 2023.

In the Scandinavian countries, two new regional distributorship agreements were signed, bringing the number of distributors to four. Vestel plans to participate in the SETT fair in Sweden in April to introduce Vestel’s education solutions to the Scandinavia region.

In North America, Vestel’s largest market in this product group, negotiations have started with new customers. In this context, the first product shipments are planned to be made in 2023. It is also planned to start working with a new global distributor in the USA in 2023.

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Automotive Electronics

The automotive industry is undergoing radical change. This transformation in the industry can be categorized under 4 headings (“CASE”): Connected, Autonomous, Shared, Electric. These trends are transforming today’s vehicles into high-tech devices on wheels. 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 electric vehicles in the coming period, will be critical for the development of the automotive industry in terms of sustainable competitiveness. The automotive sector is moving towards a brand new ecosystem. Vehicles with internal combustion engines are gradually transforming into smart devices, with electronic and software-based vehicles replacing mechanical components. While electronic components in current internal combustion engine vehicles account for around 10% of the total vehicle cost, this figure rises to over 50% in electric vehicles. By 2030, it is expected to exceed 60%. While a significant portion of the electronics will be made up of batteries and power electronics due to the transition from internal combustion engines to electric vehicles, another significant portion will be made up of domain control units (DCU), information/entertainment (IVI - In Vehicle Infotainment) and digital driver information displays (Instrument Cluster). As of 2022, this market, which has a size of USD 45 billion, is expected to reach USD 65 billion with the increase in the number of onboard displays, larger screen sizes and technologically more advanced electronic control units.

Consumer Electronics and Household Appliances

Vestel continues to enrich its automotive technologies with both IVI and end-to-end vehicle cockpit display solutions and display control cards.

Onboard driver, infotainment and control display system technologies are the focus of major automotive manufacturers (OEMs). As technology advances, these systems have now incorporated capabilities such as satellite systems, wireless communication systems and onboard communication protocol applications and have entered an era of digitalization. Vehicles are moving from mechanical instrumentation to digital displays, from conventional radio to large screen infotainment systems. In this sense, IVI displays are being developed in different sizes and offer many conveniences to the driver and passengers. Although IVI technologies are becoming widespread globally and new products are emerging, locally there is still a dependence on imports. In this context, an important window of opportunity has emerged for Vestel, which has many years of expertise and experience in the field of consumer electronics in Turkey, especially in displays, in order to reduce foreign dependency, to create know-how locally and to keep the added value in Turkey.

Vestel continues to enrich its automotive technologies with both IVI and end-to-end vehicle cockpit display solutions and display control cards. The company offers automotive manufacturers display solutions in different sizes, ranging from small 8-inch displays to large 29-inch displays.



Consumer Electronics and Household Appliances

Vestel broke new ground in the sector with its 12.3-inch + 29-inch large screen cockpit technologies designed uniquely for Togg, Turkey's first domestic electric vehicle manufacturer. Vestel's adventure, which started with Togg's screen design processes in 2020, will continue with the transition to mass production in 2023.

Vestel continues to lead the main automotive manufacturers as a direct supplier with the new technologies (multi-core ARM processors, Android and QNX operating systems, GMSL2 and Gigabit Multimedia Serial Link communication protocols, etc.) it offers in these projects. Vestel broke new ground in the sector with its 12.3-inch + 29-inch large screen cockpit technologies designed uniquely for Togg, Turkey's first domestic electric vehicle manufacturer. Vestel's adventure, which started with Togg's screen design processes in 2020, will continue with the transition to mass production in 2023.

Vestel has also reached the nomination stage with the major OEM manufacturers of the global automotive market with the display designs developed during this process.

In addition to infotainment systems and digital instrument panels, the Company continues to develop and manufacture products such as motherboards (domain controllers), vehicle body control cards (BCU - Body Control Unit), onboard wireless charging units (WCU - Wireless Charger Unit) and communication control units (TCU - Telemetry Control Unit) for the automotive industry.

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 has one of the largest and most technologically advanced PCBA (printed circuit board assembly) production and module assembly facilities in Europe, providing high quality services to the leading OEMs of the automotive industry and the supplier companies that directly produce for them.

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

In 2022, Vestel demonstrated its commitment to this sector by participating in the IFA fair and the IZB fair, which is attended by the world's leading automotive manufacturers, with its new display technologies, head-up displays and automotive connectivity system technologies.

Vestel will continue to work with European automotive manufacturers within the framework of its strategic plans for 2023.

Consumer Electronics and Household Appliances

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

Electric Vehicle Charging Solutions

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

In addition to the EVC04 single socket and EVC05 dual socket AC chargers with power ranging from 7.4kW to 22kW, the company continues to develop new models and aims to launch two new generation AC chargers in 2023, one for home and one for professional applications. In addition, the development processes of the new generation of the existing EVC04 AC charger have started and it is planned to be launched in 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.

In this context:

- The adaptation processes for the “smart charging” and “cybersecurity” requirements, which have become mandatory in the UK, have been completed.
- Integration into Linky electricity meters used in households in France was completed and sales of the “Linky” certified EVC04 AC charger started. Vestel’s AC type charger was the first charger in the world to receive “Linky” certification.



Consumer Electronics and Household Appliances

Vestel's 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 OCPP-based remote management and other smart management technologies. As part of Vestel's sustainability mission, AC charging stations are integrated with PV (Solar Panel) systems to enable electric vehicles to be charged with 100% renewable energy without carbon emissions.

- The certification process of the "Eichrecht" meter and measurement application, which is mandatory for use in public areas in Germany, is about to be completed. In addition to its existing sales in Germany, Vestel will soon start selling products with these features.
- The "UL" certification process required for the US market has been completed and sales of the EVC04 AC charger are expected to start in the US in the second quarter of 2023.
- "Drive Green", a mobile application developed by Vestel for AC type charging stations to facilitate the usage for end-users and enable them to monitor charging processes, was launched in Apple and Android app stores

Vestel's 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 OCPP-based remote management and other smart management technologies. As part of Vestel's sustainability mission, AC charging stations are integrated with PV (Solar Panel) systems to enable electric vehicles to be charged with 100% renewable energy without carbon emissions.

Due to capacity constraints in urban electricity distribution networks, Vestel's 60kW DC charging station stands out in meeting urban fast charging needs, while fast charging needs on intercity roads are met by fast charging stations with power outputs between 120kW-180kW. With the development of vehicle charging technologies, the need for faster charging stations is increasing. In order to meet this need, Vestel continues the product development processes of fast charging stations with 240kW and 320kW power outputs, and has started works to commission the 640kW ultra-fast DC charging station in 2024.

Battery Solutions

Pandemic conditions and the focus on sustainability continued to have a positive impact on the electric bicycle industry in 2022. With the pandemic, the rapid growth in electric bicycle sales is expected to continue in the coming period, albeit at a slightly slower pace.

Vestel continues its project-based and long-term business development activities in the field of electric bicycle batteries, one of its new business lines. In these projects, which the Company handles in a tailor-made manner, the Company stands by the bicycle manufacturers from the very beginning and offers battery solutions that will provide the best experience to end users, with quality standards that exceed market expectations and the latest technological features developed by Vestel engineers.

Consumer Electronics and Household Appliances

As part of its strategy to “develop special projects with major electric bicycle brands”, Vestel was selected by one of the world’s leading bicycle manufacturers as a battery supplier for electric bicycle projects in 2021.

First Export to Europe in Electric Bicycle Batteries

Vestel started exporting Vestel branded electric bicycle batteries in 2022 and realized its first overseas sale to the Netherlands in 2022.

Projects with Leading Bicycle Manufacturers

As part of its strategy to “develop special projects with major electric bicycle brands”, Vestel was selected by one of the world’s leading bicycle manufacturers as a battery supplier for electric bicycle projects in 2021. Following the completion of the project development process, Vestel battery-powered bicycles are expected to be available for sale in Europe in early 2024. In 2022, a preliminary agreement has been made with a major bicycle manufacturer in Germany, and battery pack production within the scope of the project will start at the end of 2024.

Shimano, one of the world’s leading manufacturers of bicycle parts, introduced Vestel as its battery partner at its stand at the Eurobike Fair in 2022. Thus, Vestel became one of the three approved manufacturers in the world authorized to produce battery packs compatible with the Shimano system.



Consumer Electronics and Household Appliances

Designed by Vestel engineers to meet all the needs of telecom operators, the smart li-ion battery pack reaches 80% charge rate in just two hours with its fast charging feature. It has a smart heating system to operate at low temperatures and can work with the gel batteries already used in base stations.

Energy Storage Systems

The need and demand for energy storage systems is increasing rapidly in order to rapidly expand renewable energy applications, increase energy efficiency, store the excess energy produced and use it when needed, and back up the electricity received from the grid in case of interruptions. Vestel has been working in the field of energy storage for some time in order to become one of the first players in this market, which is growing rapidly due to the increase in energy prices, the sustainability goals of countries and companies, and the additional incentives provided by governments.

Special Battery Solutions for Telecom Industry

In 2023, Vestel will start mass production of a battery solution designed specifically for the sector, which will be used as backup energy storage in base stations in the telecom sector. In 2023, it is also planned to commission home energy storage solutions that can be used in integration with solar energy systems.

Designed by Vestel engineers to meet all the needs of telecom operators, the smart li-ion battery pack reaches 80% charge rate in just two hours with its fast charging feature. It has a smart heating system to operate at low temperatures and can work with the gel batteries already used in base stations. In the coming period, with the start of 5G transformation, it is expected that the existing gel batteries used in base stations will be replaced with lithium-ion batteries, which are more environmentally friendly, require less maintenance, have a longer lifespan and higher energy density.

Smart Life Solutions

Starting with the smart home concept, Vestel is taking strong steps forward in its smart life journey and continues to be a pioneer.

Maintaining an interactive communication with end users at all times with its mobile applications “Evin Akli” in Turkey and VeeZy abroad, Vestel adds value to consumers’ lives with its digital services.

With the ever increasing sales of smart products, Vestel is expanding its ecosystem and realising new business models with its customers.

Consumer Electronics and Household Appliances

Maintaining an interactive communication with end users at all times with its mobile applications “Evin Akli” in Turkey and VeeZy abroad, Vestel adds value to consumers’ lives with its digital services.

Through the Smart Life Idea Pool project, Vestel creates value by transforming its employees’ ideas on smart life ecosystems into projects.

Vestel participates in the IFTTT (If This Then That) automation ecosystem, enabling end users to create scenarios with more than 700 services. In this way, self-running scenarios can be designed, such as turning on products when electricity is cheap, turning on the smart lamp when the washing machine is finished washing, or playing your favorite song from the music app when the food is ready in the oven.

Vestel is a Board Member of the Home Connectivity Alliance (HCA), which was established a year ago and has already made a name for itself with its pioneering work. With HCA, barriers between ecosystems are removed and the vision of “any product can be controlled from any application” is pursued within the framework of the interoperability strategy. For the first time in the industry, an important threshold was crossed in the IoT field by organizing an interoperability demo where CEOs from many different companies came together.



Consumer Electronics and Household Appliances

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 also a member of the Connectivity Standards Alliance (CSA), which eliminates communication infrastructure barriers between different manufacturers and ecosystems, and closely follows innovations such as CSA's Matter standard, which simplifies the lives of end-users by collaborating on the software infrastructure of smart products, streamlines the processes of connecting smart products to the Internet and enables different brands to work together.

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 realizing its first collaboration with the automotive industry by integrating the Vestel IoT ecosystem, which puts the smart living concept at the center of life, with the displays in Togg's vehicles. In this way, Vestel smart products can be actively controlled from onboard displays. On October 29, 2022, visitors had the opportunity to experience these technologies at the opening ceremony of Togg's production facilities.

Financial Performance

In 2022, gross sales revenues amounted to TRY 62.2 billion, of which TRY 43 billion (69%) was generated from international sales. Of total sales, 55% were to European countries, 31% to domestic markets and 14% to other countries. Net sales revenues (TRY 58.4 billion) grew by 80% year-over-year, while sales units increased by 5%.

While gross profit increased to TRY 13.7 billion, gross margin declined to 23.4% during the year due to high raw material costs, especially in the household appliances segment, as well as increases in labor, freight and energy costs.

Consumer Electronics and Household Appliances

In 2022, gross sales revenues amounted to TRY 62.2 billion, of which TRY 43 billion (69%) was generated from international sales.

EBITDA increased by 13% to TRY 6.2 billion, with an EBITDA margin of 10.6%. Net profit was realized as TRY 1.1 billion, with a net profit margin of 1.9%.

In 2022, Net Debt/EBITDA ratio was realized as 3.2x.

Vestel has managed to keep its net working capital/net sales ratio at single digit levels over the years. By the end of 2022, this rate is 3.7%.

In 2022, the geopolitical and economic developments resulting from the Russia-Ukraine war in the European region, which is Turkey's and Vestel's main export market, affected working capital management in various ways. Economic stagnation in the European region as a result of interest rate hikes led to a drop in demand. Due to the decrease in demand, inventory management and inventory optimization projects were the most prominent managerial issues in 2022. In line with the targets set, inventory levels improved at year-end compared to the high levels seen during the year, while average collection and payment terms also decreased compared to the previous year. As a result of these developments, the net working capital/net sales ratio, which was at a very low level of 1% in 2021, increased to 3.7% by the end of 2022.



Consumer Electronics and Household Appliances

VESTEL ELEKTRONİK - FINANCIAL RESULTS FOR 2022



NET SALES
TRY **58.4**
BILLION



EBITDA*
TRY **6,183**
MILLION

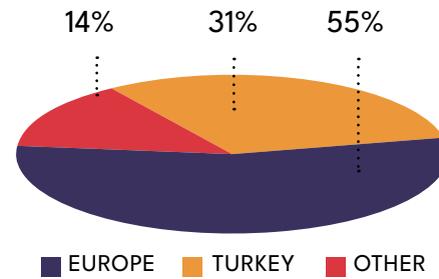


EBITDA MARGIN*
10.6%



NET PROFIT
TRY **1,108**
MILLION

SALES BREAKDOWN BY REGION



VESTEL BEYAZ EŞYA - FINANCIAL RESULTS FOR 2022



NET SALES
TRY **31.4**
BILLION



EBITDA*
TRY **2,900**
MILLION

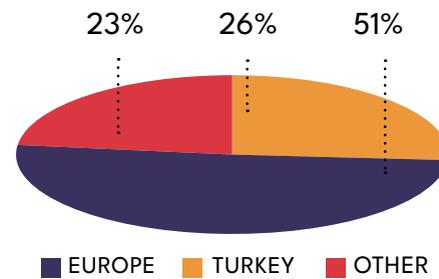


EBITDA MARGIN*
9.2%



NET PROFIT
TRY **1,424**
MILLION

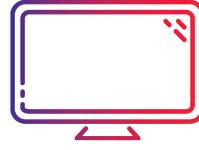
SALES BREAKDOWN BY REGION



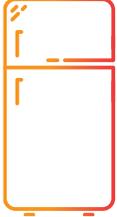
* *Other revenues and expenditures from main operations are not included.



EXPORTS TO
>160
COUNTRIES



95%
SHARE IN TURKEY'S
TV EXPORTS



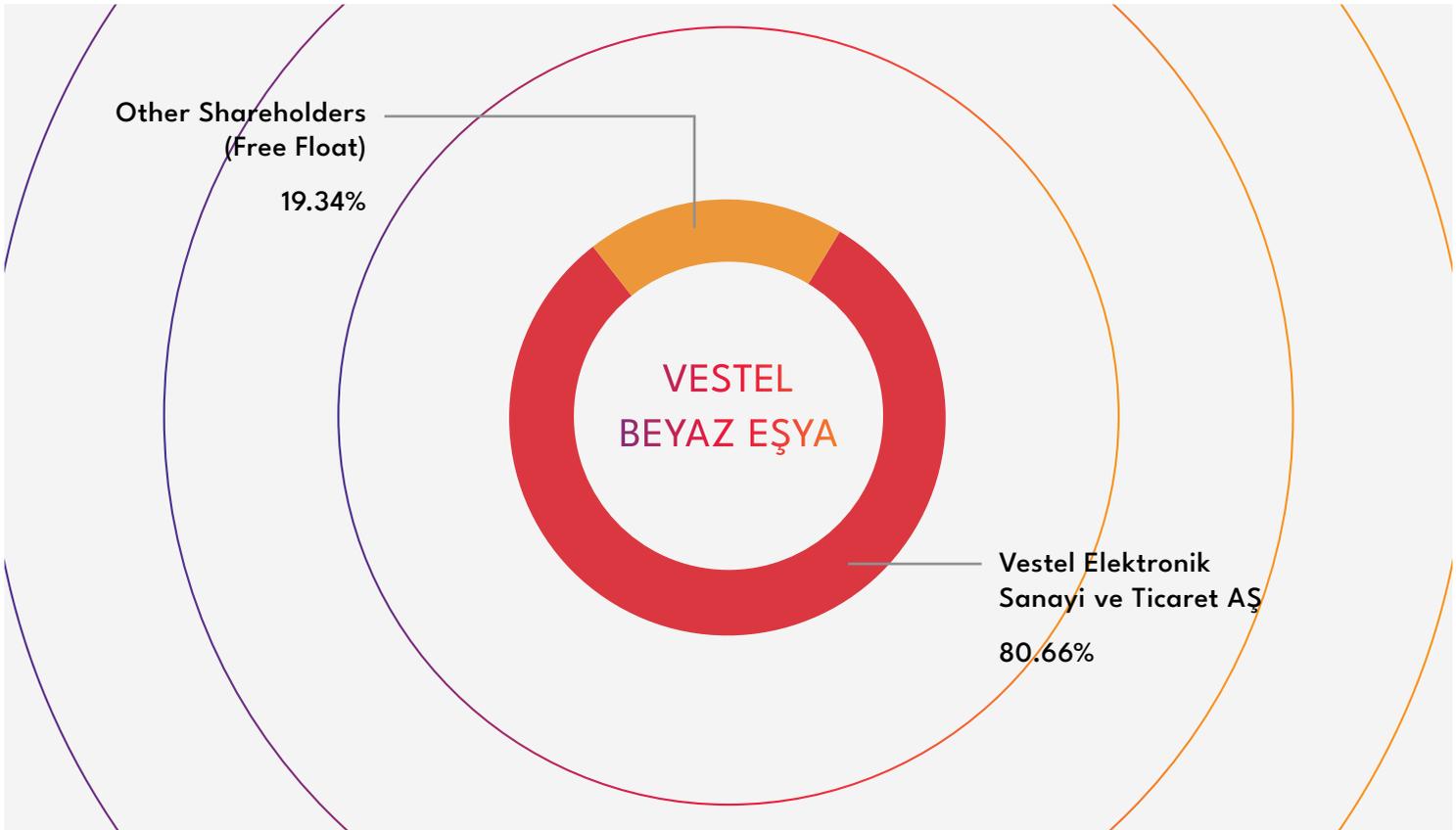
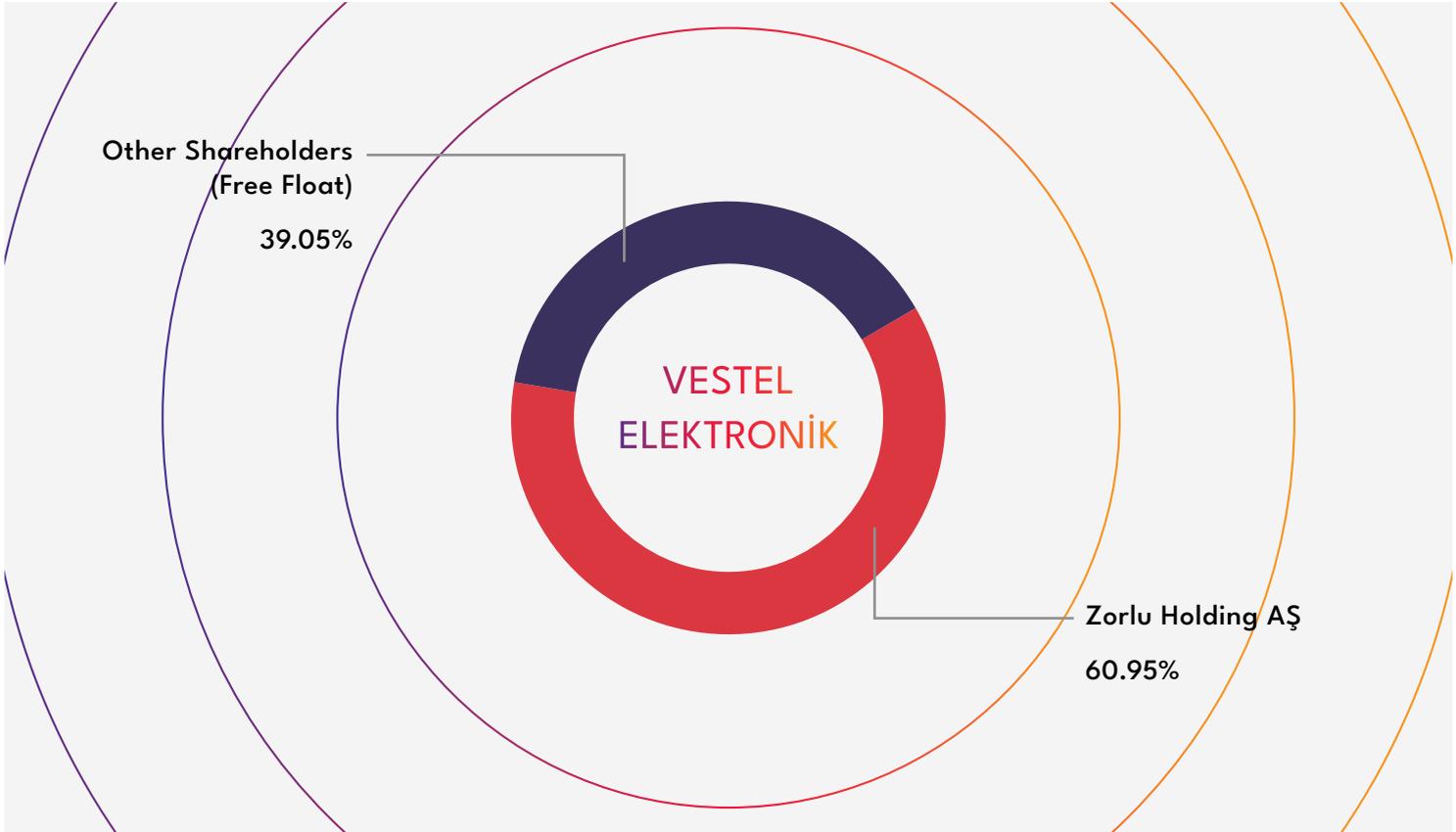
37%
SHARE IN TURKEY'S
HOUSEHOLD APPLIANCES
EXPORTS



**EXPORT
CHAMPION
FOR 24 YEARS
RUNNING**
IN THE TURKISH
ELECTRONICS SECTOR



Shareholding Structure



Consumer Electronics and Household Appliances

Vestel aims to transform its operations and human resources in parallel with technological developments; in this context, the Company increases its production capacity in a smart and responsible manner through the power of R&D and innovation.

Production and Innovation Power

Vestel aims to transform its operations and human resources in parallel with technological developments; in this context, the Company increases its production capacity in a smart and responsible manner through the power of R&D and innovation. Closely monitoring changing consumer behaviour and developing innovative production processes that respond to their needs while reducing its environmental impact, Vestel adapts today's technologies such as artificial intelligence (AI), the Internet of Things (IoT) and autonomous systems to its production facilities.

Vestel has been conducting R&D activities with successful collaborations for 35 years. The R&D team of approximately 1,800 people is continuously supported with the trainings they need to adapt to the requirements of the age and improve their competencies. In 2022, the ratio of R&D expenditures made by the Company to sales revenues was realized as 1.8%. More than half of TV product turnover comes from new and significantly changed products.



Consumer Electronics and Household Appliances

Working with the goal of leading the sector in Industry 4.0 and digitalization practices, Vestel's digital transformation teams work on artificial intelligence software for horizontal-vertical value chain integration, Internet of Things (IoT) technologies, smart automation, Automated Guided Vehicle (AGV) and Autonomous Mobile Robots (AMR) applications.

Industry 4.0

While production methods are changing day by day with developing technologies, Industry 4.0 transformation is among the most important issues to gain competitiveness and advantage in local and global markets and to ensure profitability and continuity in the sector. Thanks to its R&D activities and investments and the intellectual capital on which they are based, Vestel is implementing Industry 4.0 practices and aims to contribute to the transformation of the consumer electronics and household appliances sectors in Turkey.

Working with the goal of leading the sector in Industry 4.0 and digitalization practices, Vestel's digital transformation teams work on artificial intelligence software for horizontal-vertical value chain integration, Internet of Things (IoT) technologies, smart automation, Automated Guided Vehicle (AGV) and Autonomous Mobile Robots (AMR) applications. Vestel also focuses on Total Productive Maintenance (TPM) efforts to achieve operational excellence in production.

Within the scope of the Excellence Awards given annually by the Japan Institute of Plant Maintenance (JIPM) to the companies that best implement Total Productive Maintenance (TPM) activities in the world, Vestel Elektronik was deemed worthy of the "TPM Excellent Factory Award" in 2012 and the "TPM Excellent Factory Continuity Award" in 2014 for its efforts initiated in 2010, and successfully passed the evaluations in the TPM Special Award category and became the first TV manufacturer to receive the "TPM Special Award" in television production in 2016. Continuing to work with this title without interruption, Vestel Elektronik was awarded the "Advanced Special Award for TPM Achievement" in 2018, and as a result of this process, Vestel Elektronik also received the TPM WCM (World Class Manufacturing) Award, the highest level of the TPM Program, in 2020. Vestel Elektronik, the first and only company in the world to receive this prestigious award in the consumer electronics sector for its work carried out simultaneously in six different factories, is also one of only 13 brands worldwide to receive this distinction in the 55-year history of the organization. After winning the TPM Excellence Award in 2014 and the TPM Continuity Award in 2017, Vestel Beyaz Eşya became the first and only company to receive the TPM Special Award in 2019 for seven different product families (refrigerators, washing machines, tumble dryers, dishwashers, cooking appliances, air conditioners, thermosyphons) in seven different factories.

Consumer Electronics and Household Appliances

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

R&D Studies

Vestel continues to draw inspiration from its nearly 40 years of experience in the consumer electronics industry with the purpose of spreading technology and people-oriented transformation throughout the company. In order to develop its production and R&D strategy in line with global trends, Vestel combines innovative perspectives with its existing experience in different sub-sectors and fields.

The Republic of Turkey Ministry of Industry and Technology General Directorate of Strategic Research and Productivity organizes the “Productivity Project Awards” every year in order to raise productivity awareness throughout the country, to increase the sharing of knowledge and experience among institutions and organizations, to announce the projects carried out on productivity to the public, to promote the benefits of implemented projects and to encourage new projects to be carried out to increase productivity. Vestel Elektronik received the second prize at the 2022 Project Awards with its Paintshop Line Transformation and Game Plan Line Balancing and Man Hour Optimization projects.

Vestel’s Electric Vehicle Charging Station Design project was accepted by the “Technology-Oriented Industrial Move” incentive program, which aims to support the production of high value-



Consumer Electronics and Household Appliances

In 2022, Vestel Elektronik filed a total of 32 patent applications, including 7 EP patent applications to the European Patent Office (EPO), 9 PCT patent applications to the World Intellectual Property Organization (WIPO) and 16 TR patent applications to the Turkish Patent and Trademark Office (TURKPATENT) for 16 inventions that met the criteria, and received 46 EP patents (European Patents). Vestel Beyaz Eşya filed 150 patent applications in 2022 and 97 patents (13 European Patents and 5 US Patents) were registered.

added, medium-high and high-tech products with domestic facilities and capabilities, carried out by the Republic of Turkey Ministry of Industry and Technology in 2022.

Automotive Innovative Technologies Group

In addition to its core R&D groups, Vestel Elektronik established the Research Group in 2016, which consists of researchers with PhD degrees and works on advanced research topics, in order to strengthen its research-oriented activities. The name of the Research Group was changed to the Innovative Technologies Group (InTech) in 2020 in order to expand its field of work and to transform research results independent of production into Proof of Concept (PoC) products, and the Group started to continue its activities under the Assistant Directorate General of IoT. As of 2022, the Innovative Technologies Group is developing projects focused on automotive technologies. One of the Group's other areas of activity is the ArGeTa (Research, Develop and Design) Laboratory, a rapid prototyping and hardware acceleration laboratory established by Vestel with Manisa Celal Bayar University Technology Development Zone and supported by the Zafer Development Agency. Thanks to this laboratory, it is aimed to create prototypes of any product in a very short period of time, such as one week, while at the same time Vestel's prototype costs are significantly reduced. On the other hand, the prototyping work of the companies invested in by Vestel Ventures can be carried out quickly and economically thanks to this laboratory.

Patent Studies

In 2022, Vestel Elektronik filed a total of 32 patent applications, including 7 EP patent applications to the European Patent Office (EPO), 9 PCT patent applications to the World Intellectual Property Organization (WIPO) and 16 TR patent applications to the Turkish Patent and Trademark Office (TURKPATENT) for 16 inventions that met the criteria, and received 46 EP patents (European Patents). Vestel Beyaz Eşya filed 150 patent applications in 2022 and 97 patents (13 European Patents and 5 US Patents) were registered. Thus, the number of patents owned by Vestel Group of Companies from which commercial revenues were generated reached 81.

Commercial evaluation studies are conducted to determine the value of the existing patent portfolio and to ensure that the patent pool consists of valuable patents. Meetings are held with managers specialized in the technical field related to patent applications and decisions are taken. For patent applications deemed valuable as a result of commercial evaluation, infringement evaluations are carried out in more detail, products in the technology of the relevant patent are investigated within the scope of this study and reports are prepared on whether the patents are infringed.

Consumer Electronics and Household Appliances

Within the scope of the activities of Vestel R&D units, strong collaborations are established with many national and international institutions and organizations, particularly universities.

Standard Essential Patent (SEP) Studies

While participating in meetings organized on next generation wireless communication technologies, candidate studies that may be included in the development of the IEEE802.11 WLAN Standard continue within the scope of Vestel - Istanbul Medipol University and Vestel - Koç University collaborations. In 2022, meetings were started to be attended in order to contribute to 3Gpp standard studies on behalf of Vestel. An active working group of 15 people, formed in cooperation with the University, actively participates in the general meetings organized in relation to the standard, making presentations on behalf of Vestel Elektronik at these meetings and filing patent applications. In the coming period, it is planned to contribute to the development of new generation communication technologies for smart home technologies with Vestel Elektronik members taking part in the meetings regarding the standard.

Within the scope of the activities of Vestel R&D units, strong collaborations are established with many national and international institutions and organizations, particularly universities. Intensive activities in R&D collaborations and open innovation were continued in 2022.



Consumer Electronics and Household Appliances

Considering issues such as the use of recyclable materials and less use of raw materials in production, Vestel aims to reduce the environmental impact of its production processes by monitoring sustainability performance indicators such as energy saving, waste reduction, reuse and recycling, limiting or eliminating harmful chemicals, etc.

Vestel's Sustainability Approach

Vestel's sustainability approach is shaped by the goal of a better future on the basis of economy, people, environment and social contribution.

As a global manufacturer, Vestel manages its processes with a sustainability vision, taking into account all environmental impacts of its products, from their design and production to the processes carried out after the end of their lifecycle. Increasing the number of products in its product range with world records in energy and water savings, Vestel reduces the environmental impact of its operations and minimizes production costs and risks through modern and environmentally and human-oriented production processes.

Vestel's sustainable product portfolio includes highly energy efficient televisions, electric vehicle charging units, LED lighting products and household appliances with high energy and water efficiency. The R&D designs of this entire product portfolio are carried out in accordance with sustainability criteria, and all processes from product design to the recycling of waste are managed with this focus.

Considering issues such as the use of recyclable materials and less use of raw materials in production, Vestel aims to reduce the environmental impact of its production processes by monitoring sustainability performance indicators such as energy saving, waste reduction, reuse and recycling, limiting or eliminating harmful chemicals, etc.

Vestel considers its own development akin to the development of the society. Guided by this philosophy, Vestel is an avid supporter of social responsibility projects in addition to its contributions towards achieving economic and environmental sustainability for a better future, and continues to lead and dedicate resources to such projects.

In parallel with the "Smart Life 2030" vision of Zorlu Holding, which is based on the United Nations' 2030 Sustainable Development Goals and guides all Group companies, Vestel manages its sustainability strategy integrated to its business strategy. Smart Life 2030 aims to deliver long-term and quantifiable solutions towards global economic, environmental and social issues.

Vestel's sustainable and inclusive integrated business strategy is a holistic approach under the subtitles of "Technology and Human-centered Transformation," "Net Zero Company", "Accessible Smart Solution to Facilitate Life."

Consumer Electronics and Household Appliances

In 2022, Vestel increased its score by 44% to 65 in the 2022 Corporate Sustainability Assessment conducted by the international rating agency S&P Global, which evaluates over 1,000 companies worldwide.

Sustainability Management

It is highly important to have an efficient management structure for the integration of environmental, social and governmental (ESG) issues in the entire company. Sustainability issues are managed by the Sustainability Directorate affiliated to the CEO. The Sustainability Committee, comprised of senior management and led by Vestel's CEO, was established in 2022. The Committee convenes quarterly and its decisions are reported to the Board of Directors. The duties and responsibilities of the Vestel Sustainability Committee are as follows:

- Determine corporate policies and strategies on environmental, social and governance (ESG) issues,
- Ensure the integration of sustainability policies and strategies, including climate change and water management, with corporate business objectives,
- Assessing and making strategic decisions on non-financial risks and opportunities, including climate and water related issues, and managing identified risks and opportunities,
- Identify KPIs and targets for critical sustainability issues,
- Ensure the implementation of decisions taken for sustainability and the climate crisis, approve the financial investments required for them and monitor performance to ensure that targets are met,



Consumer Electronics and Household Appliances

Vestel Elektronik and Vestel Beyaz Eşya have been included in the Borsa Istanbul Sustainability Index since 2015 and 2016, respectively. With an Environmental, Social and Governance (ESG) score of 75 from the Refinitiv rating agency, Vestel Elektronik (Vestel Group of Companies) was included in the BIST Sustainability 25 Index, a list of large and liquid companies with high sustainability performance, which was launched by Borsa Istanbul on November 21, 2022. Moreover, with this ESG score, Vestel Elektronik ranks 12th among 124 companies in its sector on a global basis.

- Determining the strategic framework of external assessment and rating tools (CDP, DJSI, Refinitiv, etc.) on sustainability and monitoring the results,
- Revise the company strategy when necessary according to global trends in sustainability-related issues,
- Promote cooperation with NGOs, public institutions and universities on sustainability-related issues.

Under the coordination of the Vestel Group of Companies Sustainability Department, there are Sustainability 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 appointed by each department to be responsible for sustainability issues. 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 road maps prepared, and the work continued at an increased pace in 2022.

In addition, Zorlu Holding contributes to Zorlu Holding's sustainability efforts together with all Group companies within the scope of Zorlu Holding Smart Life 2030 strategy.

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

Vestel's performance in ESG issues is monitored through sustainability indices. Vestel Elektronik and Vestel Beyaz Eşya have been included in the Borsa Istanbul Sustainability Index since 2015 and 2016, respectively. With an Environmental, Social and Governance (ESG) score of 75 from the Refinitiv rating agency, Vestel Elektronik (Vestel Group of Companies) was included in the BIST Sustainability 25 Index, a list of large and liquid companies with high sustainability performance, which was launched by Borsa Istanbul on November 21, 2022. Moreover, with this ESG score, Vestel Elektronik ranks 12th among 124 companies in its sector on a global basis.

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Vestel Elektronik, Vestel Beyaz Eşya and Vestel Komünikasyon started to respond to the EcoVadis Sustainability Assessment in 2021 and the HIGG Sustainability Assessment in 2022. Vestel Komünikasyon plant's EcoVadis score for 2022 is Silver. Vestel Beyaz Eşya and Vestel Elektronik plants received a "Bronze" score in the EcoVadis 2022 assessment.

Consumer Electronics and Household Appliances

Moving towards becoming a climate-friendly company by spreading low-carbon technologies, Vestel took an important step in 2021 towards achieving net zero by issuing a commitment letter to set Science Based Targets initiative (SBTi).

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

Vestel carries out its sustainability activities by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).

Climate Crisis and the Net Zero Goal

Vestel aims to achieve net zero emissions by 2050, first in its own operations and then in its entire value chain. Moving towards becoming a climate-friendly company by spreading low-carbon technologies, Vestel took an important step in 2021 towards achieving net zero by issuing a commitment letter to set Science Based Targets initiative (SBTi). In this context, it is aimed to switch to technologies that lead to less greenhouse gas emissions during production, to increase renewable energy investments and to produce products with high energy efficiency, less water consumption, less carbon emissions and low environmental impact. In 2021, a detailed data collection process was carried out to calculate Scope 3 emissions within the scope of SBTi studies. Within this process, a plan is created for decarbonization of both operations and the value chain.



Consumer Electronics and Household Appliances

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.

Vestel Beyaz Eşya has been reporting to the Carbon Disclosure Project (CDP) since 2012 and Vestel Elektronik since 2013. In the 2022 CDP report, where 2021 was evaluated, Vestel Elektronik's Climate Change score was B and Water Program score was C. Vestel Beyaz Eşya's Climate Change score was A- and Water Program score was C. Direct and indirect emissions within the boundaries of the organization are verified by independent third parties according to ISO 14064 standard.

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.

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

Vestel participated in the Circular Transitions Indicators (CTI) training program organized with BCSD Turkey to measure its circular economy performance in 2022. Using the CTI Tool software, the total circularity metrics of Vestel production facilities were

Consumer Electronics and Household Appliances

With the Domestic Recycling Project, consumers who want to take a step towards a sustainable world are included in the recycling ecosystem, contributing to the recycling of electronic waste without harming the environment.

measured in terms of materials, energy and water. According to 2021 assessments, Vestel's total circular performance was measured as 27.39%. 12% of raw material inputs are obtained from circular sources. When products and waste are evaluated, 39% of outputs are circular. Within the scope of this program, raw materials and products that will increase circularity the most have been identified. Relevant risk and opportunity analyses were conducted and action plans were subsequently prepared to improve the results of the Circular Transition Indicators.

With the Domestic Recycling Project, consumers who want to take a step towards a sustainable world are included in the recycling ecosystem, contributing to the recycling of electronic waste without harming the environment. Unused old electronic products are collected by Vestel authorized services from the consumer's home by appointment, delivered to Vestel via reverse logistics, recycled under appropriate conditions and the proceeds from the sale to the recycling company are donated to non-governmental organizations for use in environmental projects. In addition, within the scope of the project, afforestation works were carried out with the seed ball method by means of drone in areas difficult to be afforested through Ecoriding company and 500,000 seed balls were dropped.



Environmental Sustainability

Vestel Elektronik, consolidated (all production companies) as part of its sustainability efforts;

continues to verify and certify greenhouse gas emissions with ISO 14064 Greenhouse Gas Verification Declaration Certificate since 2017.



ISO 14064

increased the awareness of its employees by providing 3,690 person hours of environmental training in 2022.



3,690 person hours

IN 2022 COMPARED TO 2021 IT REDUCED



CARBON EMISSIONS
(SCOPE 1 AND 2) BY
14%



DIESEL OIL
CONSUMPTION BY
48%



HOT WATER
CONSUMPTION BY
10%



WASTES BY
2%



WATER
CONSUMPTION BY
4%

Within the scope of sustainability efforts Vestel Beyaz Eşya:

continues to verify and certify greenhouse gas emissions with ISO 14064 Greenhouse Gas Verification Declaration Certificate since 2016.



ISO 14064

Provided 1,036 person hours of environmental training to its employees in 2022.



1,036 person hours

IN 2022 COMPARED TO 2021 IT REDUCED



CARBON EMISSIONS
(SCOPE 1 AND 2) BY
15%



DIESEL OIL
CONSUMPTION BY
10%



HOT WATER
CONSUMPTION BY
16%



WASTES BY
1%

Consumer Electronics and Household Appliances

Acting with the focus of creating and developing the most ideal working environment for 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 business success and development, meet their expectations and needs with fairness and equal opportunity and contribute to the country's employment.

Social Sustainability

Employees

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

Acting with the focus of creating and developing the most ideal working environment for 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 business success and development, meet their expectations and needs with fairness and equal opportunity and contribute to the country's employment.

Gender Equality, Human Rights and Inclusion

Active involvement of women in corporate life has positive impacts on companies' productivity and financial performance. Studies to achieve gender equality in Vestel, including employment processes, are encouraged. Guided by Zorlu Holding's signatory status to the "An Equal Life" (Eşit Bi'Hayat) Gender Equality Manifesto and the United Nations Women's Empowerment Principles, responsibility is assumed to ensure gender equality in society, in the electronics and household appliances sectors and among employees at all levels of the Vestel Group of Companies.

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

With the motto "An Equal Life for All Is Possible", Vestel established the Gender Equality Group to develop projects that raise awareness on a voluntary basis. In this context, the Domestic Violence Prevention Policy was published covering Zorlu Holding Group companies, including Vestel, which works to ensure that working mothers have more equal conditions in working life through the Mutlu Bi'Anne (A Happy Mother) Project. In 2022, 4,381 people received 2,194 hours of gender equality training. The relevant processes are being carried out to obtain the Equal Opportunity Model certificate of Women Entrepreneurs Association of Turkey (KAGIDER). In addition, in cooperation with KAGIDER, a mentoring

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Zorlu Holding and all of its companies (Zorlu Group) are committed to conducting all of their activities within the framework of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact.

program is also implemented to help young women who have recently graduated from university or have a maximum of two years of work experience to start their professional lives better equipped and to facilitate their job search processes. There are a total of 20 volunteer mentors in the project.

Within the scope of gender equality approach, "Eşit Bi' Hayat (An Equal Life) Dictionary" was published to serve as a guide to avoid sexist discourse patterns and idioms that are embedded in our language.

In 2022, 289 female and 550 male employees benefited from maternity and parental leave. In 2022, 61% of female employees who took maternity and parental leave returned to work and re-entered working life.

Integration of Employees with Disabilities

The Equal Chance Project aims to eliminate barriers to the participation of persons with disabilities in working life. To this end, deaf and speech impaired people are trained and supported to actively participate in business life. Within the scope of the project which was initiated in 2015, 465 disabled people were employed by Vestel in cooperation with 17 special vocational high schools in Turkey for deaf people. As part of this project, sign language interpreters were assigned to all electronics factories to meet the needs of disabled employees.

Since 2019, a total of 20 mentally impaired people, 10 at Vestel Elektronik and 10 at Vestel Beyaz Eşya, have been employed at the Mentally Impaired People Friendly Workplace (Z.E.K.İ. Life Center), the first of its kind in Turkey, established in the Manisa Organised Industrial Zone in order to bring the mentally impaired people into business life and provide social support to their families. In this context, protected and ergonomic work areas have been created within the production areas of the factories.

Human Rights

Zorlu Holding and all of its companies (Zorlu Group) are committed to conducting all of their activities within the framework of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact. This commitment includes standing against all forms of discrimination, providing a safe working environment, not allowing child labor,

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Considering the personal and professional development of all employees as its most valuable investment for the future, Vestel adopts working models that develop employees' talents and increase their adaptability to innovation and change as the foundation of its technology and people-oriented transformation.

and ensuring a working environment where employees can freely express themselves, and its sustainability is guaranteed by the "Zorlu Holding Human Rights Policy" and "Zorlu Holding Code of Ethics".

Vestel respects, protects and observes the human rights of its employees. Working 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 Turkey; in addition, as a signatory of the United Nations Global Compact (UNGC), the Company continues to work towards compliance with human rights.

- At Vestel, where discrimination is not tolerated in any of the human resources processes starting from recruitment practices, no discrimination is made on the basis of gender, age, religion, language, race, sect, social status, physical appearance, ethnic origin, nationality, sexual orientation or any other personal characteristic.
- Employees are offered equal opportunities in line with their skills and experience.
- In the remuneration system, the policy of equal pay for equal work is applied.
- Child and forced labor and human trafficking are not tolerated.

Work is underway to develop an audit system to check human rights compliance in the supply chain. Compliance with human rights at Vestel's production facilities is audited within the scope of Social Compliance Audits (BSCI, SEDEX, etc.) conducted by its customers.

Measures Taken Against Discrimination and Harassment

Vestel protects the personal rights of its employees without tolerating all forms of physical, sexual and psychological harassment and any discomfort and injustice that may be caused by such harassment. Employees can make their notifications to the Ethical Principles Notification Line within the scope of the Ethical Principles. In case of any violation, the situation subject to the complaint is investigated, the process is managed in a transparent and fair manner and the necessary sanctions are imposed. Vestel's policy on this issue is shared in the Ethical Principles and Workplace Regulation. In 2022, there were no cases of discrimination detected at Vestel.

Consumer Electronics and Household Appliances

Vestel continues to expand its social contribution in various social and environmental issues, taking into account the needs of society. Among the Sustainable Development Goals, various social projects are carried out with a primary focus on Quality Education, Gender Equality, Decent Work and Economic Growth.



Personal Development of Employees and Talent Management

Talent gap or shortage are among the top issues companies might confront in the 21st century. As a company operating in engineering and technology, Vestel is aware of the fact that any investment in talent would mitigate the risk of talent gap or shortage.

Its main strategy is to attract new and right talents to the company under the motto of “Be where the talent is.” Finding the best talent to pioneer in technology and digitalization, retaining existing talents and ensuring their engagement with Vestel are one of the top priorities.

Considering the personal and professional development of all employees as its most valuable investment for the future, Vestel adopts working models that develop employees’ talents and increase their adaptability to innovation and change as the foundation of its technology and people-oriented transformation.

Social Support

Vestel continues to expand its social contribution in various social and environmental issues, taking into account the needs of society. Among the Sustainable Development Goals, various social projects are carried out with a primary focus on Quality Education, Gender Equality, Decent Work and Economic Growth.

In 2022, Vestel Group of Companies contributed a total of TL 27.5 million to social investments, including social sponsorships.

One of Vestel’s important goals within the framework of its sustainability approach is to increase corporate volunteering efforts. Launched in 2019, the “Kivilcmlar (Sparks) Movement” is a volunteering initiative carried out within Vestel Group of Companies in five main groups: “environment”, “children”, “people with disabilities”, “material utilization” and “animals as our friends”. In 2022, 515 Vestel employees voluntarily participated in these activities for a total of 2,903 hours.

Occupational Health and Safety

Vestel is sensitive to Occupational Health and Safety (OHS) policies and practices to ensure a safe and healthy working environment.

Vestel is sensitive to Occupational Health and Safety (OHS) policies and practices in order to ensure a safe and healthy working environment and attaches importance to the assessment and management of all risks that may result in loss, injury or damage arising from any hazard in the workplace and the potential impact

Consumer Electronics and Household Appliances

Vestel is sensitive to Occupational Health and Safety (OHS) policies and practices in order to ensure a safe and healthy working environment and attaches importance to the assessment and management of all risks that may result in loss, injury or damage arising from any hazard in the workplace and the potential impact on employees, subcontractors, sub-industries, visitors, solution partners and other employees in the workplace.

on employees, subcontractors, sub-industries, visitors, solution partners and other employees in the workplace. The Company aspires to ensure on-site assessment of risks that its employees might face in the workplace, improve and develop processes, create ergonomic working spaces, maximizing safety measures for changing production processes, create a safe and healthy workspace for its employees, prevent workplace diseases and zero accidents.

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 an 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.

Employee representatives play an important role in increasing participation in and monitoring work on occupational health and safety in factories, and each department has an elected employee representative. The duties of the chief employee representatives include identifying sources of hazards and risks, requesting necessary measures to be taken, representing employees at relevant meetings, taking part in risk analysis and occupational safety activities in the field. 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 factories. Each notification is evaluated and analyzed in the field with the relevant department manager, occupational safety specialist and occupational physician, and necessary action plans are created.

Within the factory sites, all employees are provided with personal protective equipment specific to their work and at certain standards. Regular checks are carried out to ensure the safety of the equipment. Occupational hygiene indoor environment measurements are carried out regularly every year by accredited organizations and necessary measures are taken in case of non-compliance. Periodic examinations of all employees are carried out. The entry of chemical substances into the factory is approved after technical and preliminary assessments and the opinions of the occupational safety specialist, workplace physician and relevant department heads. Chemical use is authorized after field trials and training of employees are completed.

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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. Thanks to the extensive measures taken under the leadership of the Vestel Pandemic Management Board, which was formed with a similar mindset, production was not halted for a single day due to the pandemic and the safest working environment was provided for the personnel.

Within the framework of the understanding of “suitable work for personnel and suitable personnel for work”, which is the most important principle of preventive health services, working conditions are determined and necessary health restrictions are specified in the recruitment examinations carried out even before the employees are accepted to work. Within this framework, personnel assigned to appropriate positions are included in regular periodic health examinations planned according to both their own health status and the risks in the current duty area in the following period. Necessary work arrangements are made for changing health conditions, thus preventing both occupational diseases and work accidents and allowing the personnel work in the most efficient manner. By providing outpatient examination and treatment opportunities for simpler health problems, workforce losses are prevented, and only personnel 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. Thanks to the extensive measures taken under the leadership of the Vestel Pandemic Management Board, which was formed with a similar mindset, production was not halted for a single day due to the pandemic and the safest working environment was provided for the personnel. In the period when the severity of the pandemic decreased, gradual normalization plans were implemented and recurring case increases were prevented.

Vestel Elektronik continued to provide OHS trainings to all employees and organized a total of 150,991 hours of basic OHS training during the year.

ISO 45001 Certificate remained valid in 2022 as well after the audit performed.

Thanks to the rapid actions and measures taken during the pandemic period, the “COVID-19 Safe Production Certificate” obtained in 2020 was entitled to be renewed this year as well.

Awards Received in 2022

Digitalization-Technology Awards

Award for Vestel's HCA Cloud Solution

Vestel won second place in the PaaS category at the IDC Cloud Awards organized by the International Data Corporation (IDC) with its HCA (Home Connectivity Alliance) solution, which was implemented to create a common IoT standard with international technology companies.

Sustainable Business Awards

Vestel's washing machine with microfiber filter received the 'Sustainable Innovation' Award in the product category at the Sustainable Business Awards.

Top Grading from the German VDE

Vestel's household appliances, which consume less energy and water thanks to their innovative technologies, received top grading from the German VDE, one of Europe's most prestigious independent testing organizations.

R&D Award

ITEA Award of Excellence 2022 for Business Impact

The CyberFactory project, in which innovative technologies were developed to address the security and cyber security requirements of production processes, was completed with the participation of 34 partners from 6 countries. The project, led by Vestel Software and IoT Group, was awarded the "ITEA Award of Excellence 2022 for Business Impact 2022" by EUREKA ITEA (Information Technology for European Advancement).

Innovation Award

Vestel's battery-powered, portable smart TV, WiFi Mobile TV, received the Innovation Award at the Innovation Day 2022 event organized by Denmark's largest retailer Salling Group. With this award, Vestel WiFi Mobile TV will meet consumers on the front shelves of Denmark's largest retail chains, Bilka and fõtex.

Design Awards

Good Design Awards

Good Design, one of the world's most recognized and prestigious design award programs organized by the Chicago Athenaeum Museum of Architecture and Design, has been recognizing successful products since 1950. Vestel received 24 awards for its designs at Good Design, which aims to raise awareness about contemporary product design and honors industry leaders together with the products.

Plus X Award

In 2022, more than 700 international brands from 80 different sectors competed in the Plus X Awards, one of the world's leading awards in the fields of technology, design, sports and the lifestyle, and Vestel received a total of 23 awards for its five products and became the Most Innovative Brand of the Year.

European Product Design Award (EPDA)

Vestel received seven awards and eight honorable mentions, including the Top Design Award, from the European Product Design Awards (EPDA) for a total of 15 products in both electronics and household appliances.

Red Dot Design Award

Vestel's Zenith Daylight Side-by-Side Refrigerator and T110 Aqua Microfiber Filter Washing Machine were awarded at the Red Dot Design Award 2022, one of the world's leading design competitions that selects the world's best with its long history.

Vestel UX Group Ranks First in Design Leaderboards

Vestel UX Group ranked first in the Design Leaderboards created by A Design Award, one of the world's most prestigious design competitions, with 8 awards in the "Interface & Interaction Design" category among the design groups and agencies participating in the competition.

Awards Received in 2022

Export Award

At the TIM Export Awards, an annual award organization by the Turkish Exporters Assembly, Vestel maintained its uninterrupted export championship in the electrical-electronics sector in 2022 with export revenues of USD 2.6 billion, becoming the top exporting company in its sector for the 24th time, and ranked 5th in the country's overall export ranking.

Customer Service Awards

Award to Vestel from Stevie Awards

At the Stevie Awards for Great Employers, a global awards program that recognizes the world's best employers, Vestel's Termonline project, a measurement and diagnostic device that can measure temperature for the control of heating and cooling performance in durable goods and instantly transfer this temperature data via the cloud, was awarded the Bronze Award.

Successful Team of the Year Award by Turkish Quality Association (KalDer)

With its Termonline project, Vestel Customer Services Technical Directorate Household Appliances Team won the Bronze Award at the 22nd Aegean Region Local Quality Awards organized by the Izmir Branch of the Turkish Quality Association (KalDer).

Best Project Team Award by Çetin Ceviz Awards

The Remote Software Installation project, in which Vestel Customer Services and Vestel Elektronik teams worked together, won the Best Project Team Award at the Çetin Ceviz Awards.

Turkey Call Center Awards

Vestel Call Center was awarded first prize in the "Best Team" and "Best Team Leader" categories, as well as the Commendable Award in the "Best Customer Representative" category.

Marketing and Corporate Communications Awards

Crystal Apple Awards

Vestel received 7 awards in 2022 from the Crystal Apple, organized annually by the “Association of Advertising Agencies”.

Felis Awards

Vestel received a total of 9 awards in 2022, including 3 Felis, 1 Bronze and 5 Achievement awards, at the Felis Awards organized by MediaCat to emphasize the role of effective creativity in marketing efforts in the advertising and marketing industry and to reward the achievements of all teams contributing to the creative world.

Hammers Awards

Vestel received a total of 6 awards, 1 of which was Gold, at the Hammers Awards in 2022.

Effie Awards

Vestel received 1 Gold Award with the communication “We are a Volleyball Country” at the Effie Awards, organized since 2005 by the Advertisers Association and the Association of Advertisers under license from the American Marketing Association (A.M.A.) and Effie Worldwide Inc. Vestel also received a total of 58 awards from award ceremonies such as Direct Marketing Awards, Martech Awards, A Awards, MMA Smarties, Brandverse Awards and Istanbul Marketing Awards.

Other Awards

Efficiency Award

Vestel Elektronik received the ‘Efficiency Award’ at the 8th Efficiency Project Awards organized by the Republic of Turkey Ministry of Industry and Technology.

Vestel Elektronik’s Game Plan Line Balancing and Person-Hour Optimization Project, which made it to the finals among 593 projects, was deemed worthy of the Second Prize in the Large Scale Enterprises category.

Golden Hygiene Certificate

According to tests conducted by the world-renowned InFLuenc_H Institute in Germany, dishwashers with the Vestel Hygiene 70°C program proved 99.99% effective against viruses and were awarded the highest level, Level-3 Gold Hygiene Certificate.

Stand Design Awards

The stand designed by Vestel Ticaret’s Overseas Marketing Team received the “Best Large Stand” Award at the Integrated Systems Europe Fair, which is recognized as one of the world’s most important exhibitions in the AV industry.

Consumer Electronics and Household Appliances

Vestel in 2022

Vestel is export champion for the 24th time

In the TIM Awards announced in 2022, Vestel became the export champion in its sector for the 24th time and ranked 5th among all sectors with sales of TRY 26 billion in foreign markets. In household appliances, Vestel increased its sales to non-European countries, including the US market, and increased its market share in the European market.

Vestel Sustainability Committee was established.

The Sustainability Committee, comprised of senior management and led by Vestel's CEO, was established in 2022. The Committee convenes quarterly and its decisions are reported to the Board of Directors.

Vestel increased its Environmental, Social and Governance (ESG) scores.

Increasing its efforts to integrate environmental, social and governance (ESG) issues across the entire company, Vestel raised its S&P Global ESG score by 44% to 65 points in 2022. The CDP climate change score of Vestel Elektronik and Vestel Beyaz Eşya plants have risen to B and A-, respectively. Vestel Komünikasyon factory's EcoVadis 2022 score is Silver.

In addition, Vestel Elektronik was included in Borsa Istanbul's BIST Sustainability 25 Index, which was calculated for the first time in 2022 and is composed of large and liquid companies with high sustainability performance.

Vestel is increasing its renewable energy investments.

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

Vestel, Turkey's 4th most valuable brand

Vestel achieved its highest brand value and brand ranking to date in the 2022 list of the most valuable brands by the international financial institution Brand Finance. Having achieved a historic



success by entering the top 5 most valuable brands in Turkey, Vestel has moved from 11th to 4th place in the last year and is rapidly progressing towards its goal of becoming one of the top 3 most valuable brands in Turkey.

Togg is ready for mass production

Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret AŞ ("Togg"), in which Vestel is a founding partner with a 23% stake, is ready for mass production with the official opening of the Gemlik Campus on October 29. Commercial sales are planned to start in March 2023. Togg is a future technology company that designs electric vehicles, builds a mobility ecosystem around these vehicles and aims to create a sustainable future by making life easier for the masses through this ecosystem. The company, which will have a production capacity of 175,000 units per year and will employ 4,300 people when these production numbers are reached, aims to produce a total of 1 million vehicles in 5 different models by 2030.

Vestel completed the establishment of its new company in the US.

Vestel established a new company, Vestel USA Inc. in New York, USA, in order to closely monitor and manage the increasing business volume and customer portfolio in North America, to accurately identify market needs through market research, to adapt the existing product range and to develop market-specific products.

Vestel Beyaz Eşya increased its capacity.

Vestel Beyaz Eşya increased its total annual production capacity from 13.6 million units to 15.6 million units as part of its ongoing capacity expansion program.

Vestel continues its rapid progress in Smart Living ecosystems.

Starting with the smart home concept, Vestel is taking strong steps forward in its smart life journey and continues to be a pioneer.

Vestel adds value to the lives of end-users with its digital services, with which it is in interactive communication at all times through its mobile applications Evin Akli in Turkey and VeeZy abroad.

Growing its ecosystem with the ever-increasing sales of smart products, Vestel realizes new business models with its customers.

Vestel closely follows the innovations in IoT technologies by participating in the Home Connectivity Alliance (HCA) and the Connectivity Standards Alliance, which were established to remove communication infrastructure barriers between different manufacturers and ecosystems.

Placing the smart life concept at the center of life, Vestel has also started to serve the automotive industry with the onboard displays produced for Togg. Vestel's smart products can be actively controlled from Togg's onboard displays. This feature offers end



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Vestel meets the needs of major players in the bicycle industry and continues to develop joint projects with its EN50604-1 certified safe and high quality battery packs.

users many possibilities, such as being able to turn on their Vestel air conditioners from their vehicles before coming home. At the launch of Togg on 29 October, visitors had the opportunity to experience these technologies.

Vestel Electric Bicycle Batteries are in Europe

Vestel made its first export of Li-Ion battery packs produced at its factory in the Aegean Free Zone in Izmir to the Netherlands with electric bicycle batteries. Vestel, whose electric bicycle batteries have been in use in Europe since the second half of 2022, meets the needs of major players in the bicycle industry and continues to develop joint projects with its EN50604-1 certified safe and high quality battery packs.

More than 170 awards for Vestel

Vestel has achieved many successes in the fields of R&D, production, design, marketing, corporate communication, human resources and customer relations, and has received more than 170 awards in various fields. Detailed information on the awards received can be found in Annex 5.

Collaboration with Eneco eMobility for electric vehicle chargers

Vestel signed an agreement with Eneco eMobility, one of Germany's leading brands and one of the three largest charging service providers in the Benelux Region, for the supply of electric vehicle chargers. Under this agreement, Eneco eMobility will procure electric vehicle chargers from Vestel to be installed in the Benelux Region, comprising Belgium, the Netherlands and Luxembourg, and in Germany.

Vestel at IFA for the 30th time

Taking strong steps towards its goal of becoming a technology company that creates social and environmental benefits with its accessible and smart products that make life easier, Vestel introduced its new product range consisting of consumer electronics, household appliances, smart products, electric vehicle chargers, professional displays, automotive and battery solutions to the world at IFA for the 30th time.

Cooperation between Vestel and Xperi

Vestel signed a cooperation agreement with the US-based Xperi Holding, under which TiVo, a subsidiary of Xperi, will be offered to users on televisions manufactured by Vestel. Smart TVs featuring the TiVo platform, which offers users ease of use and access to thousands of different content, are planned to be offered for sale in Turkey in 2023, immediately following their launch in Europe.

Consumer Electronics and Household Appliances

To date, Vestel Ventures has invested in 25 startups and established many programs and structures to develop the entrepreneurship ecosystem.

Other Companies Affiliated to Vestel

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 Vestel. Having invested in 25 initiatives up until today, Vestel Ventures installed various programs and structures to develop the entrepreneurship ecosystem, developed many programs to embed innovation in the business style of Zorlu Holding, and trained countless employees on this matter.

Believing in the capacity of initiatives to liberate life in their focus areas and working styles, increase social impact and efficiency and create difference with their innovative styles, Vestel Ventures presents Vestel know-how and facilities to entrepreneurs in all phases of the business cycle including product design, industrial design, multi-faceted interface design, prototyping, test, certification and manufacturing. The company supports initiatives with experts in marketing, accounting, human resources, patents, law and many other areas where initiatives need help. Vestel Ventures, assisting many corporate companies with regards to investment branch formation and management, as well as innovation operation administration, also supports external companies for the sake of the development of the overall ecosystem.



Vestel Ventures brings together the start-ups in which it invests and Zorlu Group companies, enabling the establishment of new business lines with the speed and agility of a start-up, thereby stepping into new areas of activity. Experiences in different sectors expand the experience pool, increase competences, and ease transition into new areas.

Vestel Ventures acts as an intermediary to assist entrepreneurs' meeting with companies under the roof of Zorlu Holding, companies' becoming customers of these entrepreneurs and cooperate with them. The output of this cooperation contributes to Vestel's intellectual copyrights and lay the ground for ideas which will eventually expand its patent pool.

Vestel Ventures conducts many different support programs such as Z-port Program for the local and international entrepreneurs in the ecosystem other than the ones it invests in, and becomes a mentor of entrepreneurs and get them meet with Zorlu Holding companies. Highly creative and innovative human capital of these initiatives developing under Vestel's leverage affect, thus has the chance to work with Vestel employees during this process, and the resulting synergy creates cultural interaction between the entrepreneurs and Zorlu Group employees.

Vestel Ventures strategically presents Vestel's R&D and design strength; manufacturing, marketing, distribution, sales channels, law, human resources, business network resources and management

experience for the use of the entrepreneurs. It also acts as an intermediary for the state-supported incentives of Vestel in Turkey, entrepreneurship capital funding network in Europe and the USA so as to foster entrepreneurs' access to these funds. Guiding them on intellectual copyrights both locally and internationally, it also supports them in research and application processes. Supporting successful initiatives to expand outside the borders of Turkey, Vestel also gives know-how support to them through the best academics, industrial experts and internationally renowned consultants.

LENTATEK UZAY HAVACILIK VE TEKNOLOJİ AŞ

Lentatek Uzay Havacılık ve Teknoloji AŞ offers 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, Digital Health Technologies, with its high technology know-how and expertise of nearly a quarter century. In line with the increasing local and global demand for advanced technologies and services due to the pandemic, Lentatek continues to accelerate its R&D investments and product development efforts.

As Turkey's leading UAV platform manufacturer, the Company contributes to the development of the defense and aerospace industry with its indigenous systems in the field of unmanned systems, each part of which is developed with national capital.

Consumer Electronics and Household Appliances

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As one of the world's rare companies working in the field of Hydrogen and Fuel Cell Technologies, Lentatek, which has carried out hundreds of R&D studies, carries out its award-winning successful studies in the field of advanced technology in university-industry cooperation in its new generation laboratories in line with the Smart Life 2030 vision, which is the core strategy of Zorlu Group's sustainability practices, and shapes the future of clean energy.

Lentatek is recognised in the consolidated financial statements of Vestel Elektronik using the equity method of accounting. Registered value of the company is zero in the consolidated balance sheet, due to its net liability status.





AYESAŞ

Aydın Yazılım Elektronik ve Sanayi AŞ (AYESAŞ), one of the system suppliers in Turkish defense industry, produces advanced solutions in defense and aviation sector, in the areas of command-control systems, as well as manufacture and supply of avionic and electromechanical systems. The company offers a wide range of products and services, from design and development to manufacturing, from systems engineering and integration to safety



critical embedded software development. AYESAŞ develops next-generation Command Control and Platform Control Consoles and Cabinets, Helicopter obstacle Detection Systems, and Digital Moving Map and Mission Planning Systems for aerial platforms. AYESAŞ is recognised in the consolidated financial statements of Vestel Elektronik using the equity method of accounting. Registered value of the company is zero in the consolidated balance sheet, since the company does not have a significant net asset position.

Energy



Energy

Founded in 1993 with the establishment of Zorlu Enerji Elektrik Üretim AŞ, Zorlu Energy Group is a global conglomerate that is engaged in various fields of the energy industry.





Energy

“

As a result of the assessment conducted by Moody's in 2022, we increased our score for our activities in ESG areas by 4 points compared to the previous year. Thus, we raised our rating to “Advanced” level with a total score of 61 points. With our high success in our ESG activities, we ranked 4th among 57 energy companies that are actively evaluated on a global scale.

”



İbrahim Sinan Ak

CEO, Zorlu Holding Energy Group

If we look back to 2022, it was one of the most challenging years for the world economy. After several years in the shadow of the pandemic, 2022 was predicted to be a year of recovery. However, in 2022, when natural disasters such as drought, hurricanes and floods continued with the increasing effects of the climate crisis in the world and the global health crisis was tried to be kept under control, the pressures on the economy increased even more due to the transformation of the Russia-Ukraine tension into a fierce war. The sanctions imposed by the Western countries have also shifted the stones in the energy market. Increases of up to 10 times in petrol and natural gas prices were observed. This situation exacerbated global inflation, leading to a slowdown in the world's major economies and a cost of living crisis in many developed countries.

In our sector, which is one of the main actors of the economy, energy geopolitics has become decisive in international relations. The activity agenda of the energy sector was mainly focused on security of supply, climate crisis, digitalisation, automation, electrification and mobility-centred transformation. At Zorlu Enerji, we continued to be one of the most important players in the transforming energy sector with our 30 years of experience, talent and technology. Accordingly, we continued our efforts to increase the share of renewable energy in our generation portfolio and to improve our resource diversity.

Investing especially in electrification and energy efficiency orientated businesses has been one of the most important items on our agenda. With our consumer brands “ZES” and “electrip”, we continued to realise environmentally friendly and sustainable business models in the field of both solar panels and electric vehicle charging stations. Our goal is to maintain the success we have achieved in our country and to reach a sustainable operation size abroad with the experience we have gained.

We ranked 4th among 57 companies in the world with our sustainability-oriented activities.

In 2022, another investment as important as the financial one was our activities focused on stakeholders, society and the planet. As a result of the assessment conducted by Moody’s in 2022, we increased our score for our activities in ESG areas by 4 points compared to the previous year. Thus, we raised our rating to “Advanced” level with a total score of 61 points. With our high success in our ESG activities, we ranked 4th among 57 energy companies that are actively evaluated on a global scale. Our goal is to raise our rating much higher.

Whatever the circumstances, Zorlu Enerji achieved healthy growth and profitability in 2022.

Our consolidated turnover increased by 158% in 2022 compared to the previous year and reached TRY 30 billion. In this period, EBITDA grew by 121% to TRY 8.2 billion, while our Net Financial Debt/EBITDA ratio declined to 3.8. As a result of strong growth in turnover and EBITDA, we closed 2022 with a net profit of TRY 111 million.

We will continue to grow by diversifying our resources and investing in software and technology.

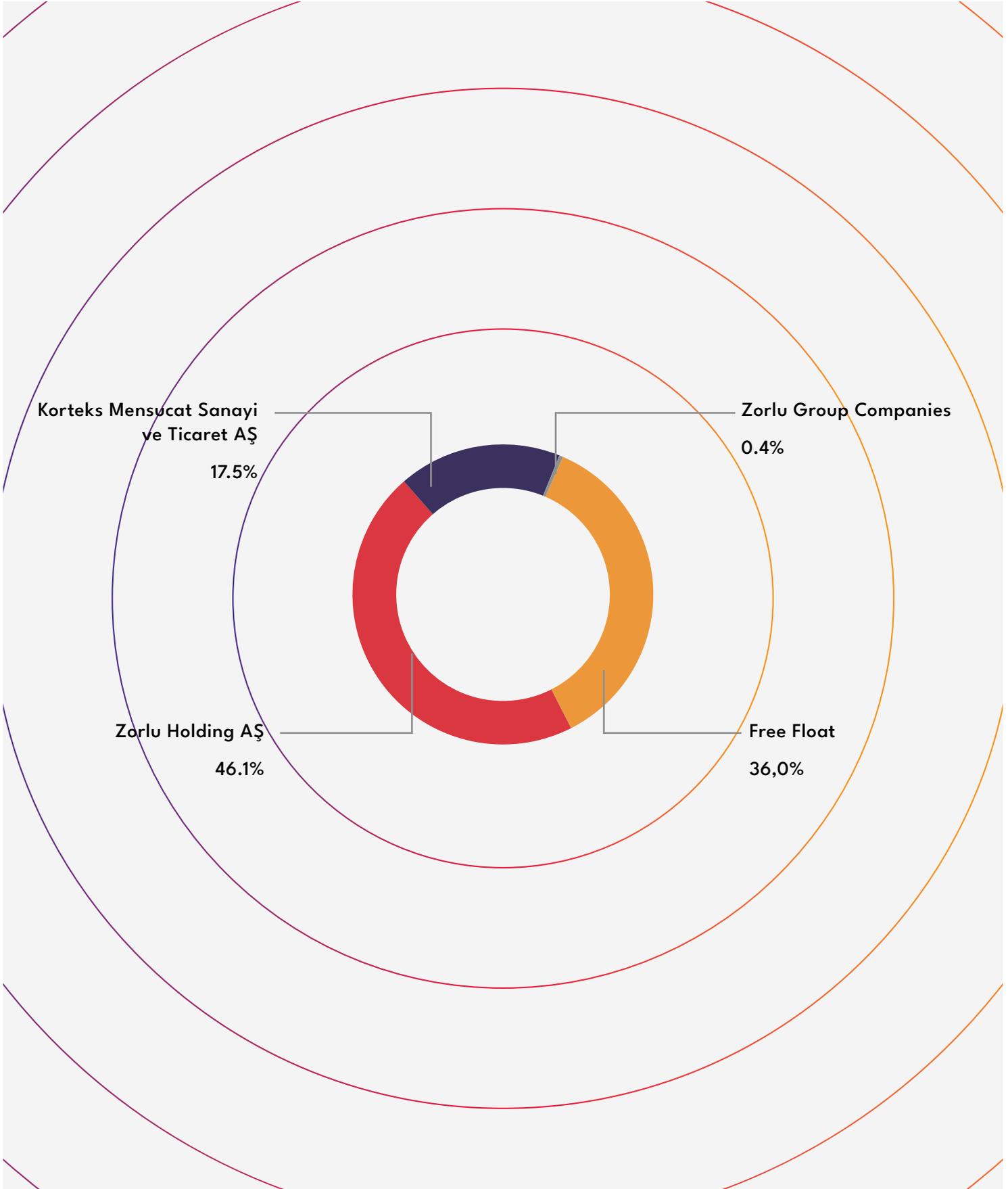
2023 will not be an easy year either. Developments in the energy sector will once again be one of the most determining factors in economic indicators.

At Zorlu Enerji, sustainable growth will again be at our focus in 2023. Our focus areas are renewable energy, energy efficiency, storage solutions and electric vehicle charging stations. We envision differentiation in energy management, especially with the investments we will make in our software and digital technology infrastructure.

Furthermore, as a company operating in line with the UN Climate Goals, we plan to achieve net zero emissions in our operations and energy generation by 2030, to extend this goal to our entire value chain by 2040, and to become a net zero emission company by 2050.

I would like to extend my sincere thanks to our valuable employees, our valuable business partners and shareholders who have worked devotedly on this path, to our esteemed Board of Directors who have never withheld their support, and I sincerely congratulate the 100th anniversary of our Republic and the 70th anniversary of our Holding.

Shareholding Structure



ZORLU ENERJİ - FINANCIAL RESULTS FOR 2022



NET SALES

TRY **31,730**
MILLION

Despite the unfavorable conjuncture in 2022, Zorlu Enerji continued its operations without interruption and increased its sales revenues by 172.7% to TRY 31,730 million.

Energy

In 2022, 3 geothermal power plants benefited from YEKDEM and sales to YEKDEM constituted a significant portion of sales from generation in Turkey.

ZORLU ENERJİ'S ACTIVITIES IN 2022

Electricity Generation and Sales

In 2022, gross electricity generation decreased by 1.8% year-on-year to 2,661 GWh. In 2022, the generation of hydroelectric power plants increased, while the generation of geothermal power plants and Gökçedağ WPP decreased slightly compared to the previous year. In parallel with the decrease in generation, electricity sales from generation decreased by 2.2% to 2,397 GWh compared to 2021. Commercial electricity sales declined by 22% to 6,687 GWh due to the decline in electricity demand. Thus, total electricity sales in 2022 decreased by 18% to 9,084 GWh. In 2022, 3 geothermal power plants benefited from YEKDEM and sales to YEKDEM constituted a significant portion of sales from generation in Turkey. The sales made in US dollar in YEKDEM had a positive impact on the Company's profitability and provided a hedging mechanism against losses arising from exchange rate differences.

Electricity Distribution

Osmangazi Elektrik Dağıtım AŞ (OEDAŞ) distributed a net 6,810 GWh of electricity to approximately 1.98 million subscribers in 2022. The amount of electricity distributed decreased by 1.7% compared to 2021.



Natural Gas Distribution and Sales

In 2022, Trakya Bölgesi Doğal Gaz Dağıtım AŞ and Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ distributed a total of 2,087 billion Sm³ of natural gas, of which 1,431 billion Sm³ to household and independent subscribers and 656 million Sm³ to independent subscribers who purchase natural gas from other suppliers and to whom transportation services are provided. In 2022, natural gas sales to subscribers and independent consumers increased by 6.5%, while sales to independent consumers receiving transportation services decreased by 26.7%, resulting in a 6.7% decrease in the total amount of natural gas distributed.

Domestic Investments

Geothermal Energy

Zorlu Enerji, which accounts for 18% of Turkey's total installed capacity in geothermal energy, aims to reach at least 400 MW of installed capacity in this field by implementing geothermal power plant projects within the scope of its licenses and pre-licenses. Operating in the most productive fields of the Aegean Region, which has 87% of Turkey's geothermal energy resources, Zorlu Enerji continues its investments in the same region and focuses its growth on geothermal energy. In addition to the Aegean Region, the Company holds geothermal resource exploration licenses in the Eastern Anatolia Region, exploring the potential in these regions and continuing its project development activities. As Turkey's leading company in this field, Zorlu Enerji is one of the investors with extensive knowledge and equipment in geothermal energy. The high capacity factor in geothermal energy and the 10-year purchase guarantee provided to geothermal power plants at a price of 10.5 US cents/kWh under the Renewable Energy Resources Support Mechanism ("YEKDEM") and the additional 5-year domestic component support for the use of domestic equipment are important incentives for prioritizing this strategically important field. Renewable energy plants commissioned until June 30, 2021 benefit from the dollar-based price supports provided under YEKDEM, and a new support mechanism was announced on January 30, 2021 for renewable energy plants to be commissioned after this date. Renewable energy plants under the previous YEKDEM mechanism will continue to benefit from dollar-based price and domestic contribution support until their first 10-year term expires.

Kızıldere 1, 2, 3 Geothermal Power Plants: In 2008, Zorlu Enerji won the ADÜAŞ privatization tender for Turkey's first geothermal power plant, the 15 MW Kızıldere 1 Geothermal Power Plant, and took over the operating rights for 30 years. In addition to the existing Kızıldere 1 GPP in the Kızıldere geothermal field, Kızıldere 2 GPP with an installed capacity of 80 MW was activated in 2013 with an investment of USD 250 million. Subsequently, as a result of the reservoir inspections and exploration activities, the investment for the Kızıldere 3 GPP project

with an installed capacity of 165 MW was initiated and the first unit of the project with an installed capacity of 99.5 MW was commissioned in August 2017 with an investment of USD 320 million and the second unit with an installed capacity of 65.5 MW was commissioned in March 2018 with an investment of USD 260 million, bringing Zorlu Enerji's total installed capacity in this field to 260 MW. Kızıldere 3 GPP, one of the world's largest geothermal power plants, is the largest geothermal power plant at single facility in Turkey with an installed capacity of 165 MW. Zorlu Enerji also supports the development of local communities and social investments with its environmentally friendly and sustainable power plants, Kızıldere 2 and Kızıldere 3 GPPs. Kızıldere 2 GPP, a first in Turkey thanks to its integrated use of geothermal energy, meets the heating needs of 2,500 houses in Sarayköy district, which has no natural gas distribution line, in addition to electricity generation. It also provides carbon dioxide gas to the surrounding industrial gas plants supplying products to the beverage industry, geothermal water to thermal hotels and heating support to greenhouses of 500 acres in total.

Within the scope of the regulation published by EMRA on the installation of auxiliary energy sources in power plants, the applications made to EMRA for the installation of 0.99 MWp solar energy auxiliary source in Kızıldere 1 GPP, 11.995 MWp in Kızıldere-2 GPP and 24.75 MWp in Kızıldere 3 GPP were approved. Obligations for Kızıldere 1 and Kızıldere 2 GPPs have been completed and amended licenses have been obtained. Following the completion of the Kızıldere 3 EIA process, it is planned to obtain a production license tailored to the new capacity.

Kızıldere 2 GPP and Kızıldere 3 GPP sell all the electricity they generate at incentivized prices in USD within the scope of YEKDEM. Zorlu Enerji, which uses locally produced ejectors in these power plants, was the first energy company to apply to the General Directorate of Renewable Energy and to be granted incentive for using local components in geothermal energy. Kızıldere 2 GPP has been selling the electricity it generates in YEKDEM since 2014 and Kızıldere 3 GPP since 2018. Kızıldere 3 GPP sold the electricity it generated in 2022 at a total price of USD 11.2 cents/kWh, benefiting from the guaranteed purchase price of USD 10.5 cents/kWh for geothermal power plants, as well as the domestic component support of USD 0.7 cents/kWh, while Kızıldere 2 GPP sold its electricity at a price of USD 10.5 cents/kWh due to the expiration of the 5-year period for domestic component support. The period given to Kızıldere 3 GPP for local component support expired in 2023, and both plants will continue to sell their entire generation in 2023 at a price of 10.5 USD cents/kWh within the scope of YEKDEM.

Alaşehir Geothermal Power Plant: Alaşehir Geothermal Power Plant with an installed capacity of 45 MW was established in Manisa Alaşehir geothermal field by Zorlu Jeotermal Enerji Elektrik Üretim AŞ ("Zorlu Jeotermal"), a 100% subsidiary of Zorlu Enerji. Realized with an investment of USD 178 million, the construction of Alaşehir GPP started in June 2014 and was completed in a very

Energy

Zorlu Enerji, which accounts for 18% of Turkey's total installed capacity in geothermal energy, aims to reach at least 400 MW of installed capacity in this field by implementing geothermal power plant projects within the scope of its licenses and pre-licenses.

short time. The plant's 33.73 MW steam turbine was commissioned on September 12, 2015 and the 11.27 MW binary unit of the second phase was commissioned on January 15, 2016. Within the scope of the regulation published by EMRA on the installation of auxiliary energy source in the power plants, the applications made to EMRA for the installation of solar energy auxiliary source in the power plant were approved. Of the 3.75 MWp of additional solar capacity, 3.588 MWp of land-based installations have been commissioned and 0.1663 MWp of rooftop installations have been commissioned as of January 2023.

Alaşehir GPP sells all the electricity it generates at incentivized prices in USD within the scope of YEKDEM. The plant sold its production in 2022 within the scope of the guaranteed purchase price of 10.5 USD cents/kWh given to geothermal power plants in 2022 and will be sold at this price in 2023.

Ongoing and Planned Geothermal Energy Investments

Alkan Geothermal Power Plant Project: In November 2017, a production license valid for 22 years was obtained from EMRA for 24.9 MW installed capacity for Alkan GPP, which is planned to be established to utilize the additional geothermal potential in Manisa Alaşehir field. In December 2019, the installed capacity in the generation license of the project, for which drilling and construction activities are ongoing, was amended from 24.9 MW to 18.6 MW in order to properly manage the existing resource and reservoir.

Tekkehamam 2 Geothermal Power Plant Project: Within the scope of the geothermal operation license leased from Denizli Metropolitan Municipality in line with the tender won in September 2016, exploration and drilling activities have started in the relevant field in Sarayköy district of Denizli province. The application to EMRA for a preliminary license for the Tekkehamam 2 Geothermal Power Plant project, which will have an installed capacity of 35 MW, was approved in January 2020 and the project was granted a preliminary license valid for 30 months. In 2022, the pre-license extension application made to EMRA was approved and the pre-license period was amended as 57 months. Project development work is in progress.

Alaşehir 3 Geothermal Power Plant Project: In addition to the Alkan GPP project, a 30-month preliminary license was obtained from EMRA in April 2016 for the Alaşehir 3 GPP project, which is planned to be established as the third phase, with an installed capacity of 50 MW. However, as a result of the resource exploration studies carried out later, since it was observed that the resource temperature of the project was lower than foreseen, and considering the geothermal power plants established and planned to be established in neighboring licenses in the relevant region, a trend towards a decrease in the pressure and flow rate of the geothermal resource was observed, an application was made to EMRA on January 3, 2022 to amend the installed capacity in the preliminary license of the project from 50 MW to 10 MW and it was approved.

Kızıldere 4 Geothermal Power Plant Project: As a result of the resource exploration studies conducted for the 24.9 MW Kızıldere 4 GPP project, which Zorlu Doğal plans to establish as the fourth phase in the Kızıldere geothermal field, the application to EMRA to amend the installed capacity of the project's preliminary license to 60 MW was approved in July 2017 and the project was granted a preliminary license for 30 months. The pre-license period was first extended to 54 months based on the application made in May 2018, and then to 78 months based on the application made in February 2020.

Geothermal Energy Resource Exploration and Operation Licenses

In addition to its ongoing investments and existing pre-licenses in geothermal, Zorlu Enerji participates in tenders for new geothermal fields with the aim of continuing to grow in this field. Zorlu Jeotermal, a 100% subsidiary of Zorlu Enerji, participated in the geothermal resource exploration license tender organized by Kütahya Special Provincial Administration on October 27, 2016 and won the tender by accepting and undertaking to pay a fee of TL 450,000 plus VAT. Within the scope of the tender, Zorlu Jeotermal was awarded the right to conduct geothermal resource exploration in the Yeniköy geothermal field located in Yeniköy, Simav district, Kütahya province, covering 4,950 hectares. On November 11, 2020, Zorlu Jeotermal was granted a geothermal operating license as a result of the application made to Kütahya Special Provincial Administration. The operating license expires on November 11, 2050.

Geophysical and geological studies were carried out in the field and well locations were determined. Zorlu Jeotermal won the tender held by Ağrı Special Provincial Administration on July 24, 2020 for the licensing of geothermal resource exploration sites numbered AR-30 and AR-31 by accepting and undertaking to pay TRY 175,000 and TRY 155,000 plus VAT, respectively. Within the scope of the tender, Zorlu Jeotermal has been awarded the right to explore for geothermal resources in the Gedik geothermal field located in Gedik village, Diyadin district of Ağrı province, covering 4,949 hectares, and in the Mutlu geothermal field located in Mutlu village, Diyadin district of Ağrı province, covering 4,345 hectares. The relevant resource exploration licenses are valid for 3 years until August 31, 2023. On April 12, 2021, Zorlu Jeotermal has won the tender organized by Ayter Aydın Termal Turizm ve Jeotermal Sistemleri AŞ for the Kuyucak geothermal resource exploration license area of 3,144.23 hectares with the number 2019-A/6 by accepting and undertaking to pay TRY 6,250,000 + VAT and the tender organized for the Nazilli/Diracik geothermal resource exploration license area of 3,403.14 hectares with the number 2019-A9 by accepting and undertaking to pay TRY 600,000 + VAT.

Wind Energy

Gökçedağ Wind Power Plant (Rotor): With an installed capacity of 135 MW, Gökçedağ Wind Power Plant (WPP) is the eighth largest wind power plant in Turkey and Zorlu Enerji's first domestic wind



Energy

With an installed capacity of 135 MW, Gökçedağ Wind Power Plant (WPP) is the eighth largest wind power plant in Turkey and Zorlu Enerji's first domestic wind power plant.



power plant. In 2013, Gökçedağ WPP was awarded the Sustainability Award in the “Environmental and Social Performance” category by the European Bank for Reconstruction and Development (EBRD) for its contribution to sustainable development and greenhouse gas reduction achieved through clean energy. Since 2016, Gökçedağ WPP has been included in YEKDEM and sold all the electricity it generated in 2020 at the guaranteed purchase price of USD 7.3 cents/kWh for wind power plants within the scope of YEKDEM. The power plant started to operate in the free market in 2021 due to the expiration of the YEKDEM support period.

In 2018, the term of Gökçedağ WPP's generation license was extended from 30 years to 49 years, effective from December 19, 2013. As a result of the efforts to increase the installed capacity of the power plant, the 15.6 MW additional capacity project submitted to EMRA was approved. Within the scope of the capacity projection announced by TEİAŞ in the region, the development of an additional 31 MW wind project has been approved by EMRA and the EIA process is in progress. Following the completion of the EIA process, it is planned to obtain a production license tailored to the new capacity. An application has been made to EMRA for the installation of a 9,688 MWp solar power plant as an auxiliary source for the power plant and the related obligations have been completed. Project development phases are in progress.

Hydroelectricity

Out of 7 hydroelectric power plants with a total installed capacity of 119 MW, 3 are canal type and 4 are reservoir type, which Zorlu Enerji took over the operating rights for 30 years after winning the ADÜAŞ privatisation tender in 2008.

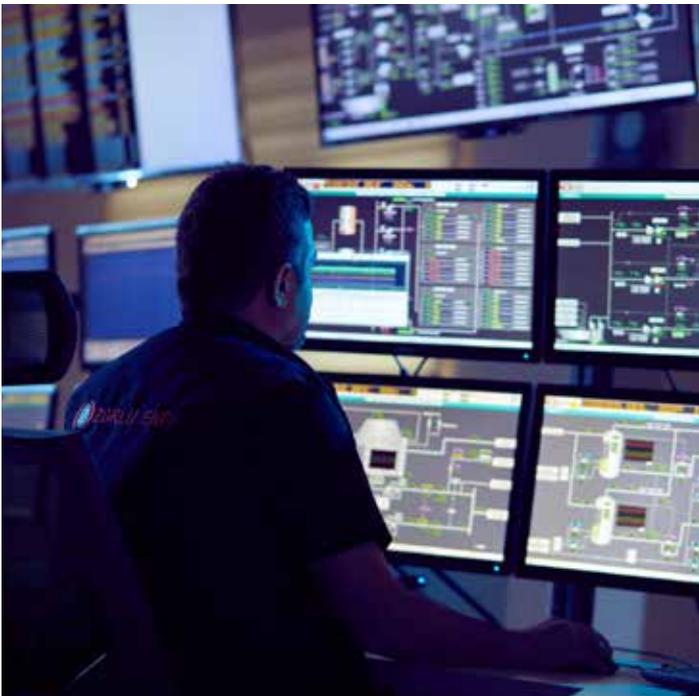
İkizdere Regulator and HEPP: İkizdere Regulator and Hydroelectric Power Plant is located in the İkizdere district of Rize and is one of the first milestones in hydroelectric power generation in Turkey. İkizdere HEPP was technologically strengthened with new turbines and generators within the scope of the rehabilitation works that was started in July 2016 and completed in March 2018 to increase the installed capacity from 18.6 MW to 24.94 MW, and became a power plant that can generate more from the same resource thanks to the renewed and expanded transmission tunnels. With its responsible investment approach, Zorlu Enerji preferred to proceed with a lower capacity in line with the principle of respect for the local community and nature, even though it could have increased the capacity of the power plant more considering the electricity potential. In addition, fish passages were added to the plant for the first time to contribute to biodiversity conservation.

Natural Gas

Zorlu Enerji has 2 natural gas power plants in Turkey with an installed capacity of approximately 84 MW electricity and 98 tons of steam/hour.

Energy

Out of 7 hydroelectric power plants with a total installed capacity of 119 MW, 3 are canal type and 4 are reservoir type, which Zorlu Enerji took over the operating rights for 30 years after winning the ADÜAŞ privatisation tender in 2008.



Lüleburgaz Natural Gas Power Plant Fluidized Steam Bed Boiler:

A fluidized steam bed boiler with a capacity of 2x40 tons/hour was installed at the Lüleburgaz Natural Gas Cogeneration Power Plant with an installed capacity of 49.53 MW in Lüleburgaz, Kırklareli, increasing the steam production capacity to 98 tons/hour. Apart from this unit, the plant also has a natural gas steam boiler with a capacity of 18 tons/hour. With the commissioning of the new steam boiler, electricity and steam generation were separated from each other, allowing Lüleburgaz Natural Gas Power Plant to operate more flexibly.

Hybrid Power Plant Projects in Solar Energy

Kızıldere 3 Combined Renewable Electricity Generation Facility (Main Source GPP + Auxiliary Source SPP) Project:

In order to establish a Combined Renewable Electricity Generation Facility (Main Source GPP + Auxiliary Source SPP) to generate electricity from solar energy integrated with Kızıldere 3 Geothermal Power Plant with an installed capacity of 165 MWm/165 MWe in Buharkent district of Aydın province, the necessary application has been made to the Energy Market Regulatory Authority to amend the existing electricity generation license of the power plant as 189.75 MWm/165 MWe. The EIA (Environmental Impact Assessment) process is in progress within the scope of the relevant legislation.

Kızıldere 2 Combined Renewable Electricity Generation Facility (Main Source GPP + Auxiliary Source SPP) Project:

In order to establish a Combined Renewable Electricity Generation Facility (Main Source GPP + Auxiliary Source SPP) to generate electricity from solar energy integrated with Kızıldere 2 Geothermal Power Plant with an installed capacity of 80 MWm/80 MWe in Sarayköy district of Denizli province, the application made to the Energy Market Regulatory Authority to amend the existing electricity generation license of the power plant as 91,995 MWm/80 MWe was approved in September 2022.

Kızıldere 1 Combined Renewable Electricity Generation Facility (Main Source GPP + Auxiliary Source SPP) Project:

In order to establish a Combined Renewable Electricity Generation Facility (Main Source GPP + Auxiliary Source SPP) to generate electricity from solar energy integrated with Kızıldere 1 Geothermal Power Plant with an installed capacity of 15 MWm/15 MWe in Sarayköy district of Denizli province, the application made to the Energy Market Regulatory Authority to amend the existing electricity generation license of the power plant as 15,99 MWm/15,00 MWe was approved in July 2022. The Project is exempt from Environmental Impact Audit.

Gökçedağ Combined Renewable Electricity Generation Facility (Main Source WPP + Auxiliary Source SPP) Project:

The application made to the Energy Market Regulatory Authority to amend the existing electricity generation license of the power plant to 160.209

Energy

Zorlu Enerji's first solar energy initiative in Pakistan will be realized within the scope of the Quaid-e-Azam Solar Park ("QASP") project, which the Government of Pakistan plans to establish in Punjab province with a total capacity of 1,000 MW.



MWm/150.6 MWe in order to establish a Combined Renewable Electricity Generation Facility (Main Source WPP + Auxiliary Source SPP) to generate electricity from solar energy integrated with Gökçedağ Wind Power Plant with an installed capacity of 135 MWm/135 MWe and a license power of 150.6 MWm/150.6 MWe in Bahçe district of Osmaniye province was approved in October 2022.

Foreign Investments

Pakistan Wind Power Plant

Pakistan is one of the most productive wind corridors in the world. Zorlu Enerji Pakistan Ltd., a wholly owned subsidiary of Zorlu Enerji, has a wind power plant with an installed capacity of 56.4 MW in Jhimpir in Pakistan's Sindh region, which started operations in July 2013.

The Gharo-Kheti Bandar-Hyderabad wind corridor, where the power plant operates, is one of the most productive corridors in the region with wind 12 months of the year, and studies show that there is a wind potential of 50,000 MW in this region.

According to the agreement with the relevant authorities, the plant benefits from a 20-year power purchase guarantee. In addition, there is a production guarantee from the Pakistani government against risks that may affect the electricity production of the power plant, such as changes in legislation and possible fluctuations in wind speed. In 2011, Zorlu Enerji was awarded the "Best Renewable Energy Financing in the Middle East Award" by Project Finance Magazine for its Pakistan Wind Power Plant. In 2016, Zorlu Enerji met the requirements of the "Gold Standard Certificate" for issuing carbon credits and became the first company in Pakistan to receive this certificate.

Ongoing and Planned Projects in Pakistan

Zorlu Enerji's first solar energy initiative in Pakistan will be realized within the scope of the Quaid-e-Azam Solar Park ("QASP") project, which the Government of Pakistan plans to establish in Punjab province with a total capacity of 1,000 MW. In order to realize the Bahawalpur 1 Solar Power Plant ("SPP"), which will be built in this region and will have an installed capacity of 100 MW, Zorlu Enerji participated in Zorlu Solar Pakistan Limited, a company established in Pakistan in November 2016, as a founding partner with a 99.7% stake. Zorlu Solar Pakistan's pre-license application for the 100 MW Bahawalpur 1 Solar Power Plant project was approved by the Punjab Power Development Board in December 2016. This is the first renewable energy pre-license application accepted by the Government of Pakistan after 3 years. In August 2017, the project received a 25-year generation license from the Pakistan National

Electric Power Regulatory Authority. The production license was renewed in 2022. In 2017, project development work was initiated for Bahawalpur 1 SPP and negotiations are ongoing with various banks for the financing of the plant, which is planned to be commissioned in 2024. In February 2017, Zorlu Enerji signed a goodwill agreement with the Government of Pakistan for two solar power plant projects, each with an installed capacity of 100 MW, to be developed in the QASP region. The projects have been put out to tender by the Pakistani government in 2022.

Natural Gas Plants and Projects in Israel

Zorlu Enerji is one of the major players in the electricity sector in Israel, with an installed capacity of 290 MW, its share in three natural gas power plants with a total installed capacity of 1,031 MW. The 840 MW Dorad Natural Gas Combined Cycle Power Plant, in which Zorlu Enerji holds a 25% stake, is the largest private sector power plant in Israel and meets 7% of the country's electricity demand. The power plant is also supported by the Israeli Ministry of Energy and Water Infrastructures for its contribution to reducing electricity costs and its environmentally friendly nature, and the electricity generated from this plant is sold to public and private institutions in Israel. The Ashdod and Ramat Negev Natural Gas Cogeneration Power Plants, realized by Ezotech Electric Limited, in which Zorlu Enerji holds a 42.15% stake, have a total installed capacity of 191 MW and both plants were commissioned in December 2015. The Ashdod Natural Gas Cogeneration Plant, located in the northern part of Ashdod city and commissioned in December 2015, was built with an investment of approximately USD 110 million and has an electricity generation capacity of 64.54 MW and steam generation capacity of 40 tons/hour. Zorlu Enerji's third project in Israel, Ramat Negev Natural Gas Cogeneration Power Plant, which became operational on December 31, 2015 with an investment of USD 230 million in the Neot Hovav region, has an electricity generation capacity of 126.4 MW and steam generation capacity of 70 tons/hour. Both power plants located in the industrial zone sell both electricity and steam to the industrial facilities around them. It has natural gas supply agreements with Delek Group and Noble Energy for the Dorad, Ashdod and Ramat Negev power plants. In addition, in 2017, a "Natural Gas Purchase" agreement was signed with Energean Israel Ltd. ("Energean") to supply natural gas from the Karish and Tanin fields developed by Energean Israel Ltd. in Israeli territorial waters. The agreements signed with Energean help to diversify natural gas supply sources, reduce the average gas purchase costs of power plants and increase security of supply. Natural gas production from Energean's Karish and Tanin fields started in 2022 as planned. Existing loans amounting to 332,862 thousand Israeli shekels for Ashdod and 687,566 thousand Israeli shekels for Ramat Negev, totaling 1,020,428 thousand Israeli shekels, were refinanced in March 2019 at a more favorable interest

rate. The loan interest rate will vary depending on the rating of the projects. Feasibility studies for a fourth project in Israel, the Solad Natural Gas Cogeneration Plant, are in progress.

Existing Power Plants and Planned Projects in Palestine

In 2017, Zorlu Enerji signed a "Goodwill Agreement" with Jerusalem District Electricity Company ("JDECO"), which distributes electricity in and around Jerusalem and provides 25% of Palestine's electricity, for the establishment and operation of solar power plants. A "Joint Venture Agreement" was signed in 2018 to take more concrete steps in this regard. Within the framework of the agreement, it is planned to build solar power plants with a total installed capacity of 100 MW, 30 MW in the first phase, in different regions of the country to meet Palestine's electricity needs. The first of the first phase projects, the Dead Sea Solar Power Plant with an installed capacity of 2x0.999 MWp (1,998 MWp in total), established in the Jericho region of Palestine by ZJ Strong Energy For Renewable Energy Ltd. Co. in which Zorlu Enerji holds a 75% stake and JDECO a 25% stake, was commissioned in November 2020. The power plant will sell its electricity to JDECO under a power purchase agreement (PPA) for 25 years.

Other International Project Development Activities

In 2023, Zorlu Enerji will continue its project development activities in the Middle East, CIS (Uzbekistan and Kazakhstan) and South Asia.

In addition to its investments under Zorlu Enerji, Zorlu Energy Group also has investments in Russia.

In addition to its investments in electricity generation under its publicly traded company Zorlu Enerji, Zorlu Energy Group also owns a combined cycle natural gas power plant in Moscow, Russia (Tereshkovo Power Plant) with a capacity of 217 MW electricity and 150 Gcal*/hour heat generation capacity. The Tereshkovo Power Plant, which was commissioned as a simple cycle plant in November 2011, has been operating as a combined cycle plant since March 2012 with the commissioning of district heating and hot water systems. Tereshkovo Power Plant's annual electricity generation is approximately 1.25 billion kWh, which is sold to REK. The annual heat production of the power plant varies between 150-200 thousand Gcal depending on the heat demand of the region and the power plant sells the heat produced to MOEK.

Electricity distribution and Retail Sales

Zorlu Enerji, which has nearly 30 years of experience and expertise in the energy sector and has implemented the concept of an end-to-end energy company with its infrastructure in sales and distribution, took over the management of Osmangazi Elektrik Dağıtım AŞ (OEDAŞ) and Osmangazi Elektrik Perakende Satış AŞ (OEPSAŞ) on

Energy

Attaching great importance to supply and aiming to provide the best service to consumers, OEDAŞ realized 159 network investment projects within the scope of TRY 1.820 billion worth of investments made in 2022 to eliminate the deficiencies in the Osmangazi region, where it provides electricity distribution services, and installed approximately 900 km of underground network and approximately 460 km of power transmission lines.

February 2, 2017. The Osmangazi distribution region, which covers Afyon, Bilecik, Eskişehir, Kütahya and Uşak, provides electricity distribution services to 1.98 million subscribers.

OEDAŞ

Serving approximately 2 million subscribers by the end of 2022, OEDAŞ is responsible for the operation of the electricity distribution network in the Osmangazi Electricity Distribution Region, realization of necessary maintenance, repair and renewal operations, making expansion, R&D, power increase and technology investments, reading and maintenance of meters of distribution system users in the region, preparation of demand forecasts and investment plans, lighting of boulevards, streets, avenues, alleys, underpasses, bridges, squares, intersections, walkways and pedestrian crossings for the general use of the public, except for highways and privatized access controlled highways located in settlements in the distribution region, and for the installation and operation of the necessary lighting and measurement systems for these, and for the purchase of electricity to compensate for the loss and illegal use of electricity in the region. Attaching great importance to supply and aiming to provide the best service to consumers, OEDAŞ realized 159 network investment projects within the scope of TRY 1.820 billion worth of investments made in 2022 to eliminate the deficiencies in the Osmangazi region, where it provides electricity distribution services, and installed approximately 900 km of underground network and approximately 460 km of power transmission lines.

OEPSAŞ

OEPSAŞ, the incumbent supply company in the Osmangazi Electricity Distribution Region, sells electricity to regulated consumers in the region based on retail sales tariffs approved by EMRA. In addition, electricity is sold to eligible consumers throughout Turkey without any regional restrictions. OEPSAŞ has two types of customers in its portfolio, namely the customer group (K1), which uses energy at regulated tariffs, and the customer group (K2), which purchases energy through bilateral agreements by exercising its right as an eligible consumer, and energy is supplied from different sources for each customer group. For the K1 portfolio, energy purchases are mainly met from EÜAŞ and EPIAŞ, while for the K2 portfolio, energy is purchased from other suppliers and EPIAŞ through bilateral agreements. In 2022, OEPSAŞ sold a total of 4.6 TWh of electricity to approximately 1.95 million eligible and non-eligible consumers. While the Company's electricity sales decreased by 21.5% compared to 2021, 82% of the sales were made to the K1 portfolio and 18% to the K2 portfolio.

Electricity Trade and Electricity Sales to Eligible Consumers

Zorlu Elektrik

Established in 2000, Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret AŞ (“Zorlu Elektrik”) aims to purchase electrical energy from the domestic market and free trade zones and to sell it directly or wholesale in Turkey and export it to foreign countries. Zorlu Elektrik sells electricity to eligible consumers under the “Supply License” issued by the Energy Market Regulatory Authority.

Zorlu Elektrik’s core activities:

- Retail electricity sales to individuals and organizations deemed to be eligible,
- Electricity trading in Organized Wholesale Electricity Markets operated by EPIAŞ,
- Wholesale electricity trading in the Over-the-Counter (“OTC”) and Derivatives (“VIOP”) Market,
- Electricity exports and imports,
- It consists of the sale of I-REC and YEK-G renewable energy certificates to customers and the management of the Group* responsible for Balance.

Zorlu Elektrik carries out demand and price forecasts, generation planning, pricing, sales, risk and portfolio management, settlement and billing operations within the scope of its core activities. In addition to large corporate customers and industrial customers, Zorlu Elektrik sells electricity directly to a wide range of individuals and organizations that fall within the scope of eligible consumers, from households to SMEs. Consumers are offered hourly, periodic and market-adjusted alternative pricing options through bilateral agreements. Offering a strong service infrastructure with its specialized sales and IT teams, Zorlu Elektrik enables customers to save money by preparing special offers where they can choose the most suitable price package for their consumption habits. Eligible consumers are those who consume more than the annual minimum electricity consumption amount (eligible consumer limit) set by EMRA each year and thus have the right to choose their supplier. Consumers who fall within the scope of eligible consumers can procure their electricity needs from the supplier of their choice under more favorable conditions through bilateral agreements without any provincial or regional restrictions. In line with the privatization process in the electricity sector that started in 2001, the eligible consumer limit has been gradually lowered every year since 2002, expanding the scope of the eligible consumer practice, thus enabling a larger number of electricity subscribers, including households, to become eligible consumers. The eligible consumer limit

is determined and announced by EMRA every year. In 2023, this limit is set at 1,000 kWh, a 9% decrease compared to 2022. Accordingly, all consumers who pay a monthly electricity bill of approximately TRY 145 for residential subscribers and TRY 278 and above for commercial subscribers have the right to choose their supplier. The annual consumption limit for customers to be covered by the End-Source Supply Tariff, which was set at 3 million kWh in 2022, was reduced to 1 million kWh on July 1, 2022.

Natural Gas Distribution, Trading and Sales

In June 2018, Zorlu Enerji, through its wholly-owned subsidiary Zorlu Enerji Dağıtım AŞ, acquired 90% of the shares of Trakya Bölgesi Doğal Gaz Dağıtım AŞ and Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ operating in natural gas distribution from Zorlu Group for a total of TRY 293 million.

Trakya Bölgesi Doğal Gaz Dağıtım AŞ

Trakya Bölgesi Doğal Gaz Dağıtım AŞ (“Trakya Doğal Gaz”) was established in 2005 and operates to distribute natural gas to residential and industrial customers.

In the tender organized by EMRA on June 23, 2005 for Edirne, Kırklareli, Tekirdağ natural gas distribution region, Trakya won the tender by offering zero subscriber connection fee for the first five years, zero unit service depreciation fee for the first eight years and a license fee of TRY 2.5 million and within the scope of the natural gas distribution license it obtained on January 25, 2006, Trakya became responsible for the planning, design, construction, operation, maintenance, expansion of the distribution network in accordance with the relevant legislation, and for the fulfillment of services related to the transportation of natural gas to be delivered to subscribers and eligible consumers through this network in the distribution region comprising of Edirne, Tekirdağ and Kırklareli provinces and Lüleburgaz, Çerkezköy, Muratlı, Kavaklı, Büyükkarıştıran, Evrensekiz, Kızılıpınar districts and towns of these provinces for 30 years. Trakya Doğal Gaz extended its distribution license area by including in its distribution license the Keşan, İpsala and Süloğlu districts of Edirne province in 2015, Süleymanpaşa, Şarköy, Malkara, Hayrabolu, Ergene (Ulaş, Velimeşe and Misinli Mh.) and Saray districts of Edirne province in 2016, Uzunköprü, Lalapaşa, Havsa, Meriç and Enez districts and Yenimuhacir Subaşı, Küplü and Yenikarpuzlu towns of Edirne province and Pınarhisar and Vize districts and Ahmetbey town of Kırklareli province in 2017, Pehlivan köyü district and Üsküp, Alpullu, Büyükmandıra, and

* Group responsible for balance: Refers to the group formed by the market participants to reduce imbalance costs. The group notifies the Market Operator (EPIAŞ) about the group and selects one of the market participants in the group to assume the responsibility/obligations for balancing transactions on behalf of the group.

Energy

Trakya Doğal Gaz reached a line length of 5,112 km by the end of 2022. By the end of 2022, 669 km of steel, 4,443 km of polyethylene lines, 35 City Entrance Stations (RMS-A), 15 CNG, 1 LNG discharge stations, 158 District Regulators, 463 Customer Stations and 108,988 service boxes have been installed.

Kaynarca towns of Kırklareli province and Esetçe and Beğendik towns of Edirne province in 2018. Fulfilling its obligations specified in its distribution license on time and in full, Trakya reached a line length of 5,112 km by the end of 2022.

In 2022, a total of 1,287 billion Sm³ of natural gas was consumed in Trakya's operational region.

Of this amount, 909 million Sm³ was sold directly to customers by Trakya, while transportation services were provided to wholesale companies for the remaining 378 million Sm³. With the investments to be made and new subscribers, natural gas consumption in the distribution region of Trakya is expected to reach 1,481 billion Sm³ in 2023.

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Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ

Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ ("Gazdaş") was established in 2005 and operates to distribute natural gas to residential and industrial customers.

In the tender held by EMRA on July 28, 2005 for the Gaziantep, Kilis, Nizip natural gas distribution region, Gazdaş won the tender by offering a subscriber connection fee of USD 30 for the first five years and a zero unit service depreciation fee for the first eight years, and started natural gas distribution activities in the related region by obtaining the distribution license on February 24, 2006. Gazdaş expanded its distribution license area by including Oğuzeli, İslahiye and Nurdağı districts of Gaziantep province in 2015, Araban and Yavuzeli districts in 2017, Karkamış district in 2018 and Polateli district of Kilis province in early 2020. Within the scope of this license, the Company is responsible for the planning, design, construction, operation, maintenance, expansion of the distribution network in the distribution region for a period of 30 years in accordance with the relevant legislation and for the performance of services related to the transportation of natural gas to be delivered to subscribers and eligible consumers through this network.

In 2022, a total of 800 billion Sm³ of natural gas was consumed in Gazdaş's operational region.

Of this amount, Gazdaş sold 522 million Sm³ directly to its customers, while the remaining 278 million Sm³ was transported to the wholesale company BOTAŞ. With the investments to be made and new subscribers, natural gas consumption in Gazdaş Gaziantep

distribution region is expected to reach 883 million Sm³ with transportation service in 2023 and at least 2 billion Sm³ in 2036.

By the end of 2022, 374 km of steel lines, 3,765 km of polyethylene lines, 6 city entry stations (RMS-A), 7 CNG stations, 106 regional regulators, 94 customer stations and 98,887 service boxes have been installed.

Zorlu Doğal Gaz Tedarik Ticaret AŞ

Zorlu Doğal Gaz Tedarik Ticaret AŞ was established in 2010 after obtaining a 10-year Import (Spot) Licence from the Energy Market Regulatory Authority in order to bulk purchase of natural gas directly and/or as compressed natural gas (CNG) and/or in the form of liquefied natural gas (LNG) from domestic production, importer and other wholesale companies for the purpose of resale; to sell directly to licensed wholesale and distribution companies, eligible consumers, to export or to wholesale to exporter companies. Within the framework of the "Import (Spot)" license obtained from EMRA, Zorlu Doğal Gaz Tedarik is able to trade by purchasing natural gas imported from abroad and produced domestically, as well as engage in "wholesale" activities in Turkey. Within the framework of these business lines, Zorlu Doğal Gaz Tedarik operated in line with its license between 2010 and 2020, and at the end of 2020, it applied to the Energy Market Regulatory Authority and extended its license

for 30 years until 2050. In December 2020, Zorlu Enerji Dağıtım AŞ, a wholly-owned subsidiary of Zorlu Enerji, acquired all shares of Zorlu Doğal Gaz Tedarik from Zorlu Holding and Zorlu Group companies for TRY 208.5 million. In 2022, Zorlu Doğal Gaz Tedarik traded 150 million m³ of natural gas with the natural gas supplied from domestic natural gas production companies. Zorlu Doğal Gaz Tedarik, which operates in natural gas trade with the aim of leading the sector and becoming one of the most respected companies in the natural gas market, offers natural gas to eligible consumers through transmission and distribution lines in an uninterrupted, high quality and environmentally friendly manner.

PV MODULE PRODUCTION AND SALES ACTIVITIES

Zorlu Enerji continues its research and investment efforts in solar energy, one of the areas where our country has high potential in terms of clean, green and sustainable energy. Established in the first quarter of 2016, Zorlu Solar Enerji Tedarik ve Ticaret AŞ (Zorlu Solar) is engaged in generating electricity from solar energy in Turkey and abroad, selling, purchasing, exporting, installing on rooftops the solar photovoltaic (PV) panels, providing all kinds of relevant installation services and consultancy services, and engaging in the wholesale purchase and sale of electricity and/or capacity in Turkey.



Energy

As of the end of 2022, Zorlu Solar has reached a panel sales portfolio of over 485 MW and inverter and accessories sales portfolio of over 180 MW with solar energy products sold in Turkey and regional countries, and continues to consolidate its leading position in the sector.

In 2017, Zorlu Solar entered into an exclusive cooperation with First Solar, Inc. (“First Solar”), a company that develops next-generation technologies to provide innovative solutions in the field of solar energy, and became the exclusive distributor of First Solar’s high-performance thin-film photovoltaic solar panels in 26 countries in Eastern Europe, Eurasia and the Eastern Mediterranean regions for five years.

At the end of 2019, Zorlu Solar signed an agreement with Israel-based and NASDAQ-listed Solar Edge, Inc. (“Solar Edge”), the inventor of the optimized panel management system in the field of inverters and one of the industry leaders in its field, and by the end of 2021, Zorlu Solar became the largest distributor of Solar Edge, the representative of inverter and optimizer systems, in Turkey.

In 2021, Zorlu Solar added two more big names to the brands it distributes. Having signed high capacity trade agreements with Jinko Solar Co. Ltd. (“Jinko Solar”), a 100% “bankable” company in the A quality (Tier 1) class, which uses bifacial, half-cut Mono-PERC cell technology in the solar panel market, Zorlu Solar has become the leading supplier of crystalline silicon technology products as well as thin film technology. In addition to Jinko Solar, it has also agreed with a world giant partner for microinverter technology, which will play an important role in the newly developing domestic installation and self-consumption segment of the solar power plant market, with the prediction that the end consumer market will show great development in 2022-2023. The Company signed a distributorship agreement with Enphase Inc. (“Enphase”), the leading name in microinverter technology, which controls 60% of the US inverter market, starting with the Turkish market. In addition, a distributorship agreement was signed with Ginlong Solis, the UK inverter market leader, and sales planning with a 1 GW capacity was made for 2023.

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Domestic and Imported Solutions in Solar Power Plant Components

Zorlu Enerji, one of Turkey’s leading companies in the field of renewable and clean energy, has started selling and distributing solar panels and inverters in cooperation with global solar panel manufacturers and inverter manufacturers for solar energy systems applications on industrial roofs. In addition to this activity, Zorlu Enerji has completed the first contracts with Tier 1 manufacturing companies for the production of domestic solar panels under the

ZES brand, and with these contracts, it has reached its 100 MW production plan and target set for 2022. The component list in the panels manufactured is of equivalent quality to the companies manufacturing in Phase 1 class and mono-PERC half-cut cell technology is used. In addition to the market opening with Turkey in 2022, efforts are underway to make the first sales in the emerging solar markets in Europe and the USA.

Vestel Solar Power Plant Project

In late summer 2021, the first solar power plant installation was completed at Vestel City Auxiliary Facilities in Manisa as part of the pilot project. In this 150 kW power plant, Jinko Solar panels and Solar Edge inverters were used. As a continuation of the project, the contract for the installation of SPPs for Auxiliary Facilities Phase 2 and Air Conditioning/Oven/Dishwasher (KFB) facilities is in the signing phase. The scope of the contract indicates a capacity of 1,152 kW and the products to be used are planned to be ZES domestic solar panels with 450 W power output and Solar Edge inverter and optimizer systems that guarantee safety in rooftop installations. These projects are targeted to be realized in 2023. Negotiations are ongoing for a solar power plant with a capacity of up to 30 MW, which is also planned to be realized within Vestel in 2022-2023. Domestic ZES panels are planned to be used in these projects as well.

Clean Transportation Vehicles for the Future

Vehicles on the roads have a significant impact on carbon emissions, accounting for around 20% of global anthropogenic carbon emissions. According to the IEA's Sustainable Development Scenario, the share of electric vehicles in vehicle sales is projected to reach 41% by 2030. On the other hand, when net zero emission targets by 2050 are taken into account, this rate increases to 52%. As an organization that acts with the mission of being the green and clean energy company of the future, Zorlu Enerji is making significant investments to expand the use of electric vehicle charging stations in Turkey and abroad. In line with the widespread use of electric vehicles, Zorlu Energy Solutions (ZES), which was launched in 2018, installs fast charging stations in the urban area and on intercity roads.

In addition to the fast charging service it offers on urban and intercity roads, ZES also installs charging stations at homes and workplaces in accordance with the demands of users. Launched in 2020 in all 81 provinces of Turkey, ZES provided charging services with clean electricity from renewable energy sources certified with I-REC at a total of 934 points in 81 provinces by the end of 2021, and increased this number to 1,570 points and 2,840 sockets (vehicle charging capacity)



Energy

The Geothermal Emission Control (GECO) Project was implemented to reduce carbon emissions to zero in areas where geothermal activities are carried out, with the understanding that “a sustainable future depends on leaving no trace in our environment”.

in 81 provinces in 2022. In the coming period, in addition to fast charging stations, the Company aims to reinforce its leading position in this field by increasing the number of standard charging stations in residential areas with a high density of residences and workplaces through collaborations with municipalities. As part of its operations in Northern Cyprus, ZES serves end-users at approximately 15 locations, while in Montenegro, ZES continues to install 15 double-socket electric vehicle charging stations in 13 different cities of the country within the scope of the UNDP tender won.

Zorlu Energy Management Systems

In addition to being the first company among domestic energy companies in Turkey to receive ISO 9001 Quality Management System certification, Zorlu Enerji has an Integrated Management System that fulfills the requirements of the standards related to ISO 9001 Quality Management System, ISO 45001 Occupational Health and Safety Management Systems, ISO 14001 Environmental Management System, ISO 27001 Information Security Management System and SA 8000 Social Responsibility Management System certifications.

R&D AND INNOVATION

R&D Projects

Ufuk (Horizon) 2020 Projects

GeoSmart Project

The GeoSmart Project aims to apply high-performance renewable technologies to combined heat and power plants, to test new equipment and technologies by conducting field applications between countries and to transfer know-how. Within the scope of the project, trials are planned to be conducted at Kızildere Geothermal Power Plants and Insheim field in Germany. The objectives of the project include storing geothermal fluid in liquid and vapour phase, investigating the effects of Concentrated Solar Power (CSP) and biomass technologies that can be integrated into geothermal power plants on plant performance and reducing reinjection temperatures.

GECO Project

The Geothermal Emission Control (GECO) Project was implemented to reduce carbon emissions to zero in areas where geothermal activities are carried out, with the understanding that “a sustainable future depends on leaving no trace in our environment”. The project, implemented under Zorlu Enerji Elektrik Üretim AŞ, aims to reduce the carbon footprint and increase the share of green energy to 100%.

PlaMES Project

The “Integrated Planning Of Multi Energy Systems” (PlaMES) Project was launched to create and shape the low-carbon market of the future. In addition to generation and storage systems, integrated planning and operation of transmission and distribution networks is expected to increase efficiency. Through this project, distribution network flexibility and required capacity will be analyzed, using the flexibility in energy to reduce carbon footprint and increase green energy. Focusing on distributed energy systems, different energy generation and consumption sources in the service region of OEDAŞ will be used in the formation of the planning tool that will shed light on how the energy generation distribution in Osmangazi Electricity Distribution Region should be structured with the lowest cost. The relevant model will be created by taking into account all players of the energy sector (electricity, gas, transportation, oil and heating) and the project’s effectiveness will be expanded.

GEOPRO Project

Renewable energy sources play a key role for a low-carbon and climate-resilient future. The GEOPRO Project focuses on research on improving field development and operating conditions to better understand the chemical and physical properties of geothermal. The project, carried out under the umbrella of Zorlu Enerji Elektrik Üretim AŞ, aims to expand the use of geothermal energy and to develop new methods and bring them to the sector.

BD4OPEM Project

As an OEDAŞ R&D project, the Big Data Solutions for Open Energy Marketplace (BD4OPEM) Project is being carried out to ensure the efficient integration of relevant digital technologies into the energy sector. The introduction of new technologies into our lives and the need for grid-connected and integrated systems to minimize the effects of changes in energy production and consumption profiles on the grid is one of the most important issues in the energy sector. In order to solve this problem, a project consortium was formed with the aim of creating an open innovation market where all stakeholders will meet. The consortium partners aim to develop an “Analytic Toolbox” to collect and process data generated in the energy sector. It is aimed to create an innovative market environment through the analysis and calculations to be obtained from the collected data. The grid monitoring, operation, maintenance, planning, loss and leakage tracking, smart ecosystem, energy management and blockchain applications to be developed with the project are expected to serve the flexible market structure. These practices are expected to increase overall efficiency and ensure maximum end-user participation in the system.

FlexiGrid Project

The project, which was realized as an OEDAŞ R&D project to bring flexibility to the distribution network of the future, aims to establish



Energy

The BD4NRG Project, one of OEDAŞ R&D projects, aims to facilitate these processes by using the potential of big data and AI technologies to improve decision-making in the management and optimisation of decentralised energy systems.



a low-cost, flexible and scalable distribution network by creating a flexible market system between local production-consumption points by using state-of-the-art energy storage, distributed energy systems and demand response equipment. While creating this system, a transparent data management system will be created using digital smart grid technologies, vehicle-to-grid energy transfer technologies, Internet of Things (IOT) and Blockchain technology. Four pilot countries, namely Bulgaria, Sweden, Switzerland and Turkey, were selected to implement the project. In Turkey, the region where the project will be implemented is the region under the responsibility of OEDAŞ. OEDAŞ, which is the business package leader, has carried out field installations including Electric Vehicle to Grid (V2G) compatible charging stations and battery storage systems in order to provide flexibility in Eskişehir region.

BD4NRG Project

The BD4NRG Project, one of OEDAŞ R&D projects, aims to facilitate these processes by using the potential of big data and AI (Artificial Intelligence) technologies to improve decision-making in the management and optimisation of decentralised energy systems. Within the scope of the project, a data-driven “Reference Architecture” will be developed for artificial intelligence-based big data management and analytics in smart energy grids. A semantically and commercially interoperable system will be developed for cross-domain end-level analytical applications, cross-context learning and datasets covering the entire Electric Power and Energy Systems value chains. By laying the foundation for a Europe-wide smart grid trusted and certifiable live data ecosystem, the impact of the data economy at EU scale will be maximised. A TRL 7 (technology readiness level) technology for advanced AI-based big data management, learning and analytics will be adapted, developed, scaled and deployed. Within the scope of the project, OEDAŞ will mainly focus on predictive maintenance works at medium voltage.

eCharge4Drivers Project

Zorlu Enerji Elektrik Üretim AŞ is among the partners of the eCharge4Drivers Project, which was initiated in Europe for the same purpose, with its electric vehicle charging stations network ZES and hourly electric vehicle rental platform electrip brands, which are among the investments made by Zorlu Enerji Elektrik Üretim AŞ as an R&D project to realise new generation technologies. Drivers of electric vehicles, whose sales are increasing rapidly across Europe, still have difficulties in finding suitable charging options, limiting the ease of use of electric vehicles. The eCharge4Drivers Project, which aims to significantly improve the electric vehicle charging experience in cities and intercity journeys, aims to develop pilot projects in 10 areas in Europe, including cities and the Trans-European Transport Network, in line with the expectations of users regarding charging options, mobility and parking habits.

JIDEP Project

Continuing to develop its growth strategy on the axis of innovation and R&D, Zorlu Enerji was awarded 100% grant support for the JIDEP (Joint Industrial Data Exchange Pipeline) project, which is applied for under the Horizon Europe (Ufuk Avrupa) program, which is the continuation of the Horizon 2020 (Ufuk 2020) grant program established by the European Union to support research, development and innovation projects. The project, which aims to recycle composite materials used in many different sectors, especially in the automotive and maritime sectors, aims to contribute directly to the circular economy and waste management.

TUBITAK Supported Projects**ACT ERA-NET Program SUCCEED Project**

As an R&D project of Zorlu Enerji Elektrik Üretim AŞ, ERA-NET ACT is a project supported by the Horizon 2020 Program under the “Reliable, Clean and Efficient Energy” topic, with TÜBİTAK as a partner. Within the scope of the project, coordination of national programmes in the field of dissemination and acceleration of carbon storage and sequestration technologies, unity in research priorities and data sharing are planned. With the ERA-NET ACT Project, R&D and innovation activities will be supported to accelerate the development of carbon dioxide capture and storage (CCS) technologies. The Synergetic Utilisation of CO2 Storage Coupled with Geothermal Energy Deployment (SUCCEED) Project, which was applied under this program, was awarded grant support and entered into force as of September 2019. The project aims to contribute to sustainability by pumping carbon dioxide back into the geothermal reservoir under supercritical conditions in order to reduce carbon dioxide emissions from geothermal power plants.

ITEA3 Program - SMART-PDM Project

EUREKA, which is the R&D project of Zorlu Enerji Elektrik Üretim AŞ and of which Turkey is one of the founders, is an international cooperation platform established to encourage the development of advanced technologies, products and services that will increase the competitiveness of industrial and research organisations in European countries in world markets, and to encourage the creation and execution of joint projects between countries. The necessary grant support for Turkish partners is provided by TUBITAK. With the SMART-PDM project, predictive maintenance technology is utilised, thereby reducing operating costs and production losses in wind power plants and increasing the benefit from these plants. The project will be implemented with predictive maintenance technology at Gökçedağ Wind Power Plant.

Eurogia2020 Program - Smart Wind Project

As an R&D project of Zorlu Enerji Elektrik Üretim AŞ, the project, which involves 6 companies and institutes from 3 countries (Turkey, Germany and Spain), aims to develop a decision support mechanism to increase the efficiency of Gökçedağ Wind Power Plant and reduce unit electricity costs.

EMRA Supported R&D Projects

OEDAŞ R&D Department continues to work on e-mobility energy storage, digitalization and innovative issues. With the other EMRA-supported projects mentioned in the report, innovative practices are planned to be implemented in the distribution sector.

Harvesting Energy Efficiency in the Electricity Distribution Sector (HASAT) 2nd Phase Project

2nd Phase of the HASAT project aimed to realise the pilot application in the field of the methods examined and feasibility studies carried out within the scope of the first phase. In this context, pilot applications were carried out at 18 EDAŞ on energy efficiency in transformers, energy storage, compensation, DC network, voltage level conversion, agricultural irrigation and general lighting.

In the 2nd business package involving OEDAŞ, it was aimed to investigate the effect of distributed generation on technical losses. In this context, firstly, the effect of distributed generation plants in two EDAŞ regions on technical losses is investigated and an algorithm is developed for the optimum positioning of distributed generation systems in the distribution network. Through the algorithm, distribution companies will be able to position distributed generation systems by considering the reduction of technical losses, and thus, areas where investments within the scope of unlicensed generation will be prioritised have been created. This mobile energy system has created the infrastructure for microgrid installation in remote end units with both renewable energy system integration and energy storage integration. In this way, it is planned to reduce costs such as line renewal and new line installation in far-end units and to shift these costs to priority areas by consolidating them.

At the same time, the innovative system developed within the scope of the maintenance mobilization initiated by the Ministry of Energy and Natural Resources will reduce the number of outages while reducing operating costs, which will both reduce the operating cost pressure within distribution companies and increase customer satisfaction. In the last phase of this business package, the energy efficiency of the existing distributed generation plants in the regions of two electricity distribution companies was measured by using them for reactive power control. It aims to measure the energy efficiency that will emerge as a result of these practices, to

Energy

With the Domestic Energy Domestic Technology (Yerli Enerji Yerli Teknoloji) Project, it was aimed to reach domestic software solutions specific to DISCOMs through current situation and localization analyses to be carried out in 21 DISCOMs (Electricity Distribution Companies) and the project was completed in June 2022.



study the energy efficiency potential that will emerge as a result of the expansion of pilot practices, and to calculate the energy efficiency potential of the electricity distribution sector for Turkey in general. As a project output, recommendations were presented to the regulatory authority for the positioning of distributed generation systems, studying the microgrid structure at remote end units and comparing it with line investments, as well as increasing the benefits from existing distributed generation plants within the scope of ancillary services. The project was completed in October 2022.

Infrastructure Development and Pilot Implementation for Installation Independent Electricity Distribution Service Project

Enerjim Her Yerde (My Energy is Everywhere): In this project, which is coordinated by the Electricity Distribution Services Association (“ELDER”), a consensus has been reached to include OEDAŞ in the project and the necessary work has begun. With the Enerjim Her Yerde project, it is aimed to develop a system infrastructure for situations where electricity is needed in public areas (electric vehicle charging stations, etc.), independent of the installation, for which the infrastructure is provided by the distribution company and the usage and payment methods are mobilized, to develop a common electricity and technology infrastructure for different service providers and to support the emergence of new business models for distribution companies, supply companies and consumers with facilities such as rooftop SPPs in the future by enabling users to procure electricity anywhere and at any time they want. The project was completed in January 2022.

Domestic Energy Domestic Technology Project

The foreign origin of the software that forms the backbone of distribution companies creates foreign dependency in the energy sector, which is critical for our country. They also have high purchase and subscription renewal fees and maintenance costs. The costs incurred are reflected in energy costs in the energy sector and cause the energy beneficiaries to bear these high costs. Considering the annual maintenance costs and the fact that the distribution sector is a continuous sector, the continuous maintenance costs cause a large current account deficit and foreign dependency in our country. In order to become a largely self-sufficient country in this field, in line with the development goals of our country and the efficient use of national resources, it was aimed to reach domestic software solutions specific to Electricity Distribution Companies (EDCs) with the current situation and localization analyzes to be carried out in 21 EDCs and the project was completed in June 2022. Then, as a complementary project, the “Domestic Software Ecosystem” Project, which was applied and accepted in July 2022 under the coordination of ELDER, aims to have a domestic software pool in the sector according to the results of the localization analysis.

National Smart Meter Systems (NSMS) Project

Within the framework of the Turkey Smart Grids (TSG) 2023 project, it is aimed to determine the minimum features of smart meter systems to be realized within the scope of smart grid transformation, to ensure unity of implementation across the country, to determine the impact of this on tariffs and to regulate the legislation and specifications related to smart meter systems in order to expand the application.

With all these studies, the National Smart Meter Systems project, which aims to develop the Domestic and National Smart Meter System with all its components, from the communication protocol to the modem and the creation of meters according to different user groups under the coordination of ELDER, to carry out pilot applications with prototypes to be produced in accordance with these criteria, and to carry out measurement, analysis and reporting, was completed in October 2022. Then, in July 2022, the studies for Distribution-specific National Processor (DSNP) and NSMS Integrated Independent PLC and RF Communication Protocol and Product Development projects, for which applications are made and approvals are obtained under the coordination of ELDER, will be initiated.

R&D Platform Design and Development Project Phase 2 (Platform F2)

There is a platform where the public and especially the persons and organisations operating in the field of research and development about the requirements of the sector are informed about the R&D projects of distribution companies, and where the interim and final reports of EMRA projects that are deemed appropriate and implemented are published. The R&D Platform Design and Development Project, which was implemented with the awareness that it is not sufficient to only publish the reports, aims to implement an EMRA R&D Platform where all project processes will be evaluated and managed holistically on a professional electronic platform and systematic follow-up and reporting will be carried out by both EMRA and distribution companies, as in the examples of OFGEM, European Union Horizon 2020, TÜBİTAK, etc. The project was completed in June 2022. Then, in July 2022, the Argenerji PRO (R&D Platform Development Phase 3) project, which was applied for and accepted under the coordination of ELDER, will be launched, and its aim is to develop this structure established during the “R&D Platform Design and Development Project Phase 2 (Platform F2)” and to make a common and standardized project management system available to all EDCs.

Next Generation Grid/ENH Design Project

Next Generation Grid Design Project started in March 2022 under the coordination of Elder with the leadership of Toroslar Elektrik Dağıtım A.Ş. and with the support of EMRA and participation of all electricity distribution companies. Within the scope of the project, it is aimed to develop solutions for existing line designs by taking into account factors related to meteorological and geographical conditions, especially climate change, in order to prevent distribution problems and OHS accidents caused by pole-induced tipping, collapses and line breaks experienced by distribution companies in energy transmission lines. Within the scope of the project, it is aimed to renew the existing wind load, ice load maps and energy transmission line design, to determine the problems experienced by the distribution companies regarding the existing line designs, to make comparative studies with new technologies and foreign examples, and to reveal new generation pole designs in the light of developments in material technologies. Within the scope of route modelling and structural analyses, route modelling has been completed and loadings have been entered into the programme. In SAP programme, peak forces are simulated for each pole and capacity strength and exceedance points can be displayed. In the simulations performed by entering route independent loads, capacity exceedances were observed at some points, especially at the BER type pole (3/0 AWG). 477 pole models have been completed. After the SAP transfer, it was decided to complete the studies for 2 pilot routes and to start studies for the swallow route.

Investigation of the Turkish Electricity Distribution Network against Earthquake and Other Natural Disasters, Performance Analyses after Possible Earthquake and Development of Emergency Action Plans Project

Project started in March 2022 under the coordination of Elder with the leadership of TRAKYA Elektrik Dağıtım A.Ş. and participation of all electricity distribution companies. Within the scope of the project, it is aimed to determine the needs regarding the earthquake preparedness of the electricity distribution network, taking into account the natural disasters with a focus on earthquakes, and to create information flow in order to contribute to the organization of operational activities to be carried out during and after the earthquake. It is aimed that the plans related to the management of the network during and after the disaster situation will be prepared automatically and presented to the user by the software to be developed. In addition to the electrical data related to grid operation, seismic earthquake analyses and the results to be obtained from these studies are also planned to be taken into account in the analyses within the software.

Energy

Zorlu Enerji and Smart Systems Approach Zorlu Enerji continues its various activities in the fields of digitalisation, R&D and innovation, particularly in the field of electric vehicles, without slowing down under the roof of the Smart Systems Department, which was established in 2017 in line with the goal of becoming the energy company of the future.

Onboard Radio Frequency Partial Discharge Detection R&D Project (Mobile RFKD)

In this project, which was accepted by EMRA in January 2022, a product will be developed to quickly detect partial discharge in order to prevent faults caused by partial discharge in medium voltage overhead lines. The system to be installed within the scope of the project will be developed entirely with domestic capabilities, thereby reducing foreign dependency. In addition, information on the use of measuring instruments that provide objective, comparable and easy to interpret results for partial discharge detection will be presented to the industry. It is aimed to reduce interruptions by preventing faults caused by partial discharge. There will be financial gains for electricity distribution companies willing to implement the project outputs on the field and a reputation gain thanks to quality and continuous energy supply. Local raw materials will be used within the framework of the project. This is thought to be beneficial also for the country's economy.

As of July 2022, the following 10 projects have been accepted by EMRA R&D Commission and the contract process is in progress.

- 1- ArcOS (Arc Flash Safely Operation System) Increased Safety System against Arc Flash Hazard during Maintenance and Operation Project
- 2- Argenerji PRO (R&D Platform Development Phase3) Project
- 3- Digital Maturity Assessment Model and Development Roadmap Project
- 4- DSNP (Distribution Specific National Processor) Phase-1 Project
- 5- Test Device for Detection of Faults Occurring in Primary and Secondary Windings of Distribution Transformers (DTR-SAFE) Development Project
- 6- Remote Safe Activation System for Rural Street Luminaires R&D Project
- 7- Noca Platform Code-Free Application Development Platform
- 8- NSMS Integrated Independent PLC and RF Communication Protocol and Product Development Project
- 9- Data Centered Safety and Compliance Platform Development Project
- 10- Domestic Software Ecosystems Project

Integration, Infrastructure and Service Quality

Digital transformation approach and applications

Zorlu Enerji and Smart Systems Approach Zorlu Enerji continues its various activities in the fields of digitalisation, R&D and innovation, particularly in the field of electric vehicles, without slowing down under the roof of the Smart Systems Department, which was established in 2017 in line with the goal of becoming the energy company of the future. Thanks to the Smart Systems Department, the needs of customers and the era are better understood and ideas for next generation solutions are integrated with technology and put into practice. The Smart Systems Department continues its efforts to develop the platforms and mobile applications necessary for customers to carry out their transactions on fully digital platforms, with the main objective of generating innovative ideas and focusing on processes that can be digitized.

Projects carried out in parallel with the Innovation and New Business Models topic, which is among the priorities of the Smart Systems Department, aim to offer innovative solutions in different areas such as electric vehicle rental, electric vehicle charging stations, smart home systems and smart energy management systems. It is planned to continue these studies in the fields of digitalisation of the energy sector in parallel with the developments in the world, electric vehicle/electric vehicle charging station examples of which are increasing day by day, and different energy storage alternatives.

Considering the changing and developing alternative energy sources and the Paris Climate Accords targets, the use of new technologies is essential for an uninterrupted service. In this sense, the realization of new practices with uninterrupted and accurate information from the field is of utmost importance for Zorlu Enerji and its subsidiaries. With the energy monitoring project launched in 2020, electricity generation and consumption can be monitored using IOT (Internet of Things) devices, thus contributing to the fight against the climate crisis and sustainability by digitalizing both energy generation and consumption monitoring and reporting processes. In addition, details of all other R&D and digitalization projects carried out to contribute to both the company and the national economy are provided below.

Digital Subscription Services Project

The Digital Subscription Services Project, another first in the sector, enables consumers who receive retail electricity and gas services from Zorlu Enerji to easily perform remote subscription transactions through all transaction channels (customer service centers, e-government, online transactions, call center). With this service, which aims to speed up business processes and increase customer satisfaction, Zorlu Enerji customers can perform their subscription transactions without the need for a signature, view all their contracts digitally and complete many subscription processes



Energy

All users can now digitally complete the charging transactions made with physical ZES cards at the fast charging stations installed in the city and on intercity roads in order to offer environmentally friendly and innovative solutions from anywhere on the ZES mobile application, which was launched as a dynamic version in 2019.

digitally. Digitalization enables consumers to access all subscriber and invoice details online, perform subscription and discharge transactions, manage all their requests, and make invoice payments.

In this sense, 80% of over 250 thousand subscription transactions for electricity subscription services in 2022 were realized through digital channels. Mobile subscription services for gas distribution were completed within the scope of the project. As a result of the implementation of digital subscription services, paper, water and fuel savings were achieved, resulting in significant gains in the fight against the climate crisis.

ZES Mobile Application

In order to offer environmentally friendly and innovative solutions, fast charging stations were installed on urban and intercity roads, and charging was only possible with physical ZES cards. As a result of efforts to digitalize processes, all users can now complete their charging transactions digitally from anywhere on the ZES mobile application, which was launched as a dynamic version in 2019.

Innovation

Innovative Solutions

One of the most important components of the transition to a low-carbon economy is increasing the use of renewable energy. Adopting the principle of utilizing our country's renewable energy resources to the maximum extent, Zorlu Energy contributes to the local economy by paying attention to the use of domestic resources. It leads the sector with its R&D studies based on sustainable solutions and smart technology principles.

Research and Development (R&D) and innovation activities, one of the basic building blocks of Zorlu Enerji's corporate vision, are of great importance for employees to adopt the R&D and Innovation culture and for this culture to spread to all levels of the company. It is aimed to create a research/development ecosystem that is embraced by all stakeholders and continuously improves the work carried out. In this context, the Company is committed to a supportive approach to ideas and projects within the organization and to seizing opportunities for cooperation.

The Company, which carefully carries out innovation activities by establishing the governance structures to carry out R&D activities within its own structure, structured the R&D Directorate in 2021. In 2022, the Impact Oriented Growth Sub-Study Group within the Sustainability Board continued to work on the topic. All R&D activities are carried out in line with global standards by serving the Sustainability Development Goals.

One of the main objectives is to bring the electricity and natural gas distribution systems in Turkey up to global quality standards and to develop the latest technologies to operate those systems. To this end, efforts are being made to generate knowledge, provide a favorable environment for innovative ideas and practices, increase efficiency and service quality, and reduce costs and service losses. Zorlu Enerji complies with EMRA legislation, which sets out the rules for supporting and encouraging research, development and innovation activities of legal entities holding electricity and natural gas distribution licenses, and continuously improves its business models in line with this legislation.

Digitalization of Business Processes

Zorlu Enerji Information Technologies and Business Development Directorate works on digitalization of business processes.

The Sustainability and OHS-E Directorate continues to work on digitalizing our sustainability processes. While the processes are monitored through the QDMS platform, the infrastructure of which is designed for the management of the relevant processes, performance is monitored monthly with the Ensemble platform through OHS-E Organizational scorecards.

Products and Services with Environmental and Social Contribution

Zorlu Enerji has 4 Horizon 2020, 1 Horizon Europe and 4 TUBITAK funded R&D projects, while OEDAŞ, a 100% indirect subsidiary of Zorlu Enerji, has 4 Horizon 2020 and more than 15 EMRA funded R&D projects. The reporting of the projects supported by the European Union Horizon 2020 and Horizon Europe framework program is done by the main coordinators of the projects through the European Commission Portal. TÜBİTAK projects are similarly reported through the ARBIS Portal and supported by Zorlu Enerji in terms of finance, technology and administration. In EMRA-supported projects, OEDAŞ reports to EMRA on a semi-annual basis.



Energy

Zorlu Enerji has 4 Horizon 2020, 1 Horizon Europe and 4 TUBITAK funded R&D projects, while OEDAŞ, a 100% indirect subsidiary of Zorlu Enerji, has 4 Horizon 2020 and more than 15 EMRA funded R&D projects.

Driven by the motivation to make clean and reliable energy accessible, the Company plays a pioneering role in the development of electric vehicle charging station infrastructure in Turkey with the renewable energy power plants and electricity distribution services it operates. Reflecting its vision that prioritizes innovation in its goals, it aims to increase the contribution of its innovation and impact-oriented businesses to 20% of its turnover by 2030. In 2022, investment in R&D expenditures reached TRY 25 million. Horizon 2020, Horizon Europe Programs provide significant support for the strengthening and development of R&D capacity through national and international projects carried out in cooperation with EMRA and TÜBİTAK. Zorlu Enerji and its indirect subsidiary OEDAŞ are ranked among the most successful companies in the “List of the Most Successful Turkish Industrial Organizations in Horizon 2020”.

R&D expenditures in 2022

Organization	Amount (TL)
Zorlu Enerji Elektrik Üretim AŞ	TRY 16,173,841.95
Osmangazi Elektrik Dağıtım AŞ	TRY 9,680,703.68

HUMAN RESOURCES

Employees are the most important key for companies to adapt to a changing world and therefore for sustainable success. In this context, Zorlu Enerji considers its employee profile as one of the most important components of its value chain. In line with Zorlu Holding’s Smart Life 2030 vision, Zorlu Holding integrates sustainability into its business model and expands the circle of positive impact both for the Company and the environment it affects. While taking firm steps towards the future with clean energy investments from renewable resources, it strengthens its position that contributes to both the world and our country with its competent employee profile.

Human Rights

Zorlu Enerji acts with the awareness that people are the building blocks of the steps it takes with a focus on sustainable growth. It attaches importance to ensuring that employees are not adversely affected in business processes and handles its human resources policy within the framework of employee opinions and the principle of people-oriented management. In this approach, in addition to the legislation addressing working life, Zorlu Enerji commits to conduct all its activities within the framework of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Labor Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact.

Inclusion, Equality, Diversity

Zorlu Enerji acts with the belief that growth and development can only be achieved together. In line with Smart Life 2030, it adopts an approach that will promote an innovative and creative business culture of diversity and inclusion in both working life and social life. It implements practices that support gender and opportunity equality not only within Zorlu Enerji but also across the value chain. Zorlu Enerji positions itself in the sector as a company that advocates gender equality and equal opportunity and fights against prejudices. To this end, it implements projects to strengthen women's presence in business life and create employment for disadvantaged groups of workers. The company's business strategy is shaped around Zorlu Holding's Gender Equality Manifesto, which applies to all Zorlu Group companies. With this manifesto, Zorlu Enerji commits to contribute:

- Increasing women's labor force participation rate and strengthening their presence in social and economic life,
- Making gender equality a corporate policy and managing all human resources processes accordingly,
- Increasing the representation of women in senior management,

- Ensuring that awareness on gender equality permeates discourse and all areas of internal and external communication; and
- Contributing to raising awareness of all stakeholders, from suppliers to customers, on this issue

The Company acts responsibly on gender equality and addresses gender equality with a different and sustainable approach. Within the framework of this approach, gender equality is managed on three main focus axes: discourse, business environment and collaborations. Zorlu Enerji takes great care to encourage egalitarian discourse within and outside the organization and not to use discriminatory expressions. An equal and fair working environment is offered regardless of gender, age, language, race, ethnic origin, physical appearance, nationality, sexual orientation, political opinion, philosophical belief, religion and sect, without allowing any discrimination in working conditions in the work environment.

Partnerships are established with civil society, academia and the business world, believing in the importance of collaboration for an innovative work environment free from sexist discourse and improved working conditions. On this path built with the motto "An Equal Life is Possible for Everyone", new practices are implemented with the strength of stakeholders. Since 2020, Zorlu Enerji has been a signatory to the Women's Empowerment Principles (WEPs), a joint initiative of UN Women and the UN Global Compact that provides a roadmap for companies on gender equality and the empowerment



Energy

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of women in business and society and also collaborates with many organizations including the Women in Geothermal (WinG) Platform, the Turkish Women in Renewable Energy (TWRE) Group and the EBRD.

Employee Rights and Happiness

It is an important value for the Company that employees are fairly compensated for their labor. It shapes its remuneration principles around rewarding fair, competitive and high performance. In addition, with the principle of "equal pay for equal work", remuneration principles are applied without discrimination based on religion, language, race or gender. Zorlu Enerji bases all remuneration and benefits processes on the wage market, industry standards, Zorlu Holding practices and national and global macroeconomic indicators. A performance evaluation system based on the content of the job, regardless of title and function, is applied and the remuneration policy is detailed by dividing into levels according to the size and content of the job. In addition, remuneration and benefit strategies are revisited by participating in salary surveys every year.

Zorlu Enerji rewards the performance of its employees with the goal of a fair remuneration system that will keep their motivation high. The remuneration strategy is based on individual performance evaluation, salary surveys, national and global economic indicators and internal balances.

Employee Training and Development

Employees are the most influential and important components in the value chain for Zorlu Enerji and play a key role in achieving our goals. Recognizing that the Company can chart its uninterrupted energy course only with the strength and commitment of its employees, the Company shapes its Human Resources policy with the vision of "Valuing people" in line with this understanding. It endeavors to recruit qualified employees and to increase the skills, welfare and loyalty of existing employees. In this context, a transparent and standardized recruitment process is carried out and sensitivity is shown to ensure that there is no discrimination against all candidates. In the process, candidates are evaluated only on the basis of their suitability and qualifications for the position and their predisposition to professional and personal development, and a fair recruitment process is carried out without any discrimination on the basis of religion, language, race, gender, etc. Even after the recruitment process, employee satisfaction, happiness and motivation are among the priorities of the organization, and it adopts a way of doing business that will protect the work-life balance for employees.

At Zorlu Enerji, employee satisfaction, happiness and motivation are considered as an integral part of individual and corporate development. With this understanding, methods and solution channels are developed to solve problems that may affect employees' performance and quality of life.

Employee Satisfaction and Engagement

At Zorlu Enerji, employee satisfaction, happiness and motivation are considered as an integral part of individual and corporate development. With this understanding, methods and solution channels are developed to solve problems that may affect employees' performance and quality of life. Not only that, they are also given the opportunity to work on social issues by providing them with a work environment where they can do what is good for the world.

The employee engagement survey, which is conducted every two years, was also conducted in 2021 and the employee engagement rate increased compared to the previous survey conducted in 2019. In 2021, the results were communicated with all business units and improvement actions were planned especially for development areas until the next survey planned for 2023. In this context, both management and human resources plans and the actions to be taken by departments are regularly monitored. Recognizing the value that employees add to business processes, the Company appreciates their achievements and supports their motivation through rewarding tools.

The "Management Employee Ambassador" program was launched to ensure that the voices of employees working in different locations are heard within the organization. Through this program, employees can communicate all their demands and problems through the Employee Ambassador assigned to their region. In addition, communication between the field and the headquarters is kept at a high level through regular monthly meetings, incoming messages are evaluated and necessary actions are taken.

The Human Resources Policy, which is based on the opinions of employees and people-oriented management principles, prioritizes that employees are not adversely affected by possible corporate restructuring processes (company sales, mergers, spin-offs, changes in business processes, etc.). As previously mentioned, in addition to the Human Resources Policy, with the "Corporate Restructuring & Human Rights Commitment", in addition to the legislation regulating working life, the Company also pays attention to fulfill and comply with the requirements of the United Nations Universal Declaration of Human Rights and the basic principles of the International Labor Organization, as well as the international conventions to which Turkey is a party in this regard.

Energy

“Kıvılcımlar”, a corporate volunteering movement created in line with Zorlu Holding’s Smart Life 2030 vision and covering all group companies across the holding, supports Zorlu Enerji employees’ participation in social responsibility projects and aims to strengthen the bond between Zorlu Enerji and society.

Right of Organization

While the rights and interests of all employees are protected within the scope of Labor Law No. 4857, the organization of employees within the Company is supported and the right to form labour unions is observed. The Company’s 100% indirect subsidiary Osmangazi Elektrik Dağıtım AŞ has 721 employees working within the scope of Collective Labor Agreement (CLA) and these employees benefit from union rights. The contract, which is re-signed every two years between the union and OEDAŞ managers under the umbrella of human resources, covers all union members. In addition, the CLA is legally based on the Trade Union and Collective Labour Agreement.

Zorlu Enerji carries out activities and projects to instill a sense of responsibility in its employees, which is an important part of the corporate culture. “Kıvılcımlar”, a corporate volunteering movement created in line with Zorlu Holding’s Smart Life 2030 vision and covering all group companies across the holding, supports Zorlu Enerji employees’ participation in social responsibility projects and aims to strengthen the bond between Zorlu Enerji and society. The personal and professional competencies of employees are enhanced through Training and Talent Management, which targets employee development and places employees at the center of value. In addition, studies and trainings are carried out to ensure that the corporate culture in environmental, social and governance areas is spread from employees to the general public.

Activities Contributing to Employee Development

Within the scope of talent and career management, employees are provided with trainings that are complementary to their job descriptions and that will improve their professional competencies. Zorlu Enerji also cares about the personal development of its employees and contributes to employee engagement by providing training programs for different hobbies and interests. In-class and online trainings are planned with Zorlu Academy and third-party training companies, and management days are organized for management level. In this context, a total of 31,665 hours of training was provided in 2022 and 1,705 Zorlu Enerji employees participated in online trainings through Zorlu Academy. For 2022, 75% of all employees were provided with training opportunities and the budget spent on training reached TRY 1,791,895.

A Bright Idea (Parlak Bi’Fikir) Project

Zorlu Enerji takes care to take part in activities that will reveal the talents of its human capital, support the entrepreneurial spirit and strengthen the innovative corporate culture. To this end, Zorlu Holding’s in-house entrepreneurship program, A Bright Idea (Parlak Bi’Fikir), supports open innovation efforts. In total,

Zorlu employees who have a bright idea for the development of innovation culture and entrepreneurial spirit offer a solution by combining problems with technology. After undergoing various evaluations, these ideas are supported to be realized with investments from Zorlu Group.

more than 1,000 ideas were submitted to the program, which was conducted in two cycles, and Zorlu Enerji employees supported the program with 49 ideas. After the jury evaluation, which included senior management, one of the 15 selected ideas belonged to Zorlu Enerji employees. Zorlu employees who have a bright idea for the development of innovation culture and entrepreneurial spirit offer a solution by combining problems with technology. After undergoing various evaluations, these ideas are supported to be realized with investments from Zorlu Group.

Employee Participation in Management Processes

Employees are involved in the following management processes:

- Social Performance Team Meetings conducted within the scope of SA 8000
- OHS Board Meetings conducted within the scope of Occupational Health and Safety
- Meetings conducted within the scope of sustainability working groups

Accountability and Ethics

Zorlu Enerji places ethical values at the center of its corporate operations and shapes its culture on the basis of these values. It follows not only corporate culture but also legal regulations and international standards, and carries out its business processes in compliance with the Turkish Labor Law No. 4857 and the International Labor Organization (ILO). In this direction, it puts employee rights at the forefront in all its activities, especially the prohibition of child labor, the fight against forced labor, collective bargaining and the freedom of association of employees. The Company protects and manages the rights of its employees within the framework of applicable legislation, labor contracts concluded between the employee and the employer and ethical rules. The Company provides guidance and supervision not only within Zorlu Enerji, but also for all suppliers with whom it cooperates to observe the relevant issues. It holds all its stakeholders responsible for acting in accordance with the rules based on employee rights and ethical issues and encourages them to organize their business conduct in this direction. In the event of any ethical or rights violations, supervisory and regulatory actions are taken based on the Code of Ethics of Zorlu Holding, which also includes Zorlu Enerji.

OCCUPATIONAL HEALTH AND SAFETY

Health and Safety

For Zorlu Enerji, employees are the most important components in adapting to a transforming world. For this reason, the health and safety of employees is always seen as a top priority and all work is carried out with a focus on zero occupational accidents.

Energy

Rules and guidelines that center on occupational health and safety are followed in all business practices. Under the guidance of Zorlu Enerji Occupational Health and Safety Policy, all activities are carried out in line with the ISO 45001 Occupational Health and Safety (OHS) Management System.

Rules and guidelines that center on occupational health and safety are followed in all business practices. Under the guidance of Zorlu Enerji Occupational Health and Safety Policy, all activities are carried out in line with the ISO 45001 Occupational Health and Safety (OHS) Management System. In this context, operations are continuously subjected to OHS risk assessments and necessary measures are taken, arrangements and improvements are made. All employees are provided with OHS information before they start their field activities and are equipped accordingly. In this way, employees become aware of all the measures that need to be taken. In addition, as a result of the trainings provided, employees' compliance with the directives is meticulously monitored. Not only national legislative obligations but also current developments in the field of OHS are closely monitored and field managers are constantly informed about changes. Hazard definitions are made at all sites and locations where operations take place, risks are assessed and remedial actions are taken to ensure that employees can act safely.

Zorlu Enerji closely monitors operations to ensure that employees embrace OHS and has a reward system for employees who contribute. In this way, the cooperation of company components is increased within the scope of OHS. In the event of any incident or accident, the situation is reported by taking quick action to prevent recurrence and improve OHS performance. In the Company, operations such as construction and production, where the frequency and risk of occupational accidents are high, are identified and maximum attention is paid. The hierarchy of controls set out in ISO 45001 is implemented to identify business hazards and mitigate risks, and the results are regularly evaluated at management review meetings.

At OEDAŞ, OHS findings are reported daily to provincial operation managers on a provincial basis, and the OHS End-of-Day Report, which covers the entire operational area, is provided to senior management every day. On a weekly basis, open nonconformities and situations involving action are communicated to the managers by informing the senior management. The directorate annual report on OHS performance for Zorlu Enerji is prepared and published on a monthly basis and evaluated in meetings attended by senior management at the General Manager and Director level, thus addressing OHS issues at the company level. In addition, in cases such as the development of new business processes and the opening of new facilities, occupational diseases and risks are taken into account at the project design stage, aiming for a safer work environment.

Zorlu Enerji stakeholders are included in these processes with the belief that OHS development processes will further improve with cooperation. Employee and union representatives invited to monthly

OHS committees contribute to the development of OHS topics at the company level, and Zorlu Enerji closely monitors the issues raised. Union representatives can meet with senior management at any time and submit their requests. Within the scope of the OHS Management System, operations and practices are subjected to internal audit by both internal audit and independent certification bodies at least once a year.

Within Zorlu Enerji, stations are set up in provincial and district operation buildings where employees can report near misses via QDMS, and near misses are detected and distributed through the Video Verification System. The detected notifications are followed up through the OHS-E Directorate and forwarded to the necessary persons for evaluation and actions to be taken. In the instructions used in OEDAŞ applications, there are sections that express that such near-miss situations should be avoided and the work should not continue if they are noticed.

In addition to the instructions, the equipment of employees in this area is improved and periodic and technical trainings, which also refer to the relevant article of the Occupational Health and Safety Law No. 6331, are provided to employees. All employees have the right under the law to refuse the work they consider risky. In the event of an accident, the Accident Incident Investigation Procedure is implemented in order to prevent recurrence, and root cause analyses of the accident are carried out by establishing incident-specific

research groups. In this way, proactive measures are designed in accordance with occupational health and safety management systems and corrective and remedial actions are taken.

As of 2020, the obligation for subcontractors to employ an independent Class C specialist at sites outside the legal obligation has started to be implemented within the scope of Trakya Gaz and Gaziantep Gaz OHS activities. Thanks to the full-time expert, it is aimed to contribute to OHS performance by preventing occupational accidents, “dangerous situations” and “near-misses” that may occur in operations.

All these steps aim to improve Zorlu Enerji’s performance in terms of occupational health and safety, to set an example in the sector in terms of the conditions provided to employees, and to identify areas for improvement and take swift action. Acting with the awareness that employee health forms the basis of performance, regular health screenings are carried out for employees through workplace physicians in all workplaces. Risks to health are assessed through the QDMS platform, which is accessible to all employees.

Increasing employee awareness and development is among the priorities for Zorlu Enerji. Accordingly, the OEDAŞ Academy Department was established within OEDAŞ. The Academy offers both practical and theoretical trainings. The OEDAŞ Academy Practical



Energy

In 2022, an average of 6.15 hours of training was provided to all employees within the scope of the Regulation on the Procedures and Principles of Occupational Health and Safety Training of Employees. All these efforts are aimed at increasing the OHS awareness of employees, reducing the number of accidents and lost days, and achieving an improved OHS performance.

and Theoretical Training Field, where employees can practice all dangerous situations and behaviors that they may encounter in the field and see their application in the environment, continued in 2022. The training officer in the OHS Department visits the sites and provides trainings on major topics such as safe working and rescue at height, electrical risks in the LV-HV maneuvering, grounding, distribution sector, and the use of PPE.

In 2022, an average of 6.15 hours of training was provided to all employees within the scope of the Regulation on the Procedures and Principles of Occupational Health and Safety Training of Employees. All these efforts are aimed at increasing the OHS awareness of employees, reducing the number of accidents and lost days, and achieving an improved OHS performance.

In 2022, Zorlu Enerji operations will employ an average of 684 contractor personnel per month. Personnel of contractors received a total of 6,590 hours of OHS training. The average number of hours of training per person is 9.63 hours.

The following average training durations were realized for OEDAŞ;

AVERAGE HOURS OF TRAINING RECEIVED BY EMPLOYEES ON OCCUPATIONAL HEALTH AND SAFETY

	2021		2022	
	Woman	Man	Woman	Man
Blue Collar	1	14.8	20.32	34.01
White Collar	1.5	0.7	20.32	20.2
Executive Management	0.5	0.9	0	20

PROJECTS REALIZED WITHIN THE SCOPE OF OCCUPATIONAL HEALTH AND SAFETY

Video Confirmation System

Within the scope of OHS, preventing dangerous attitudes and behaviors that can result with work accidents, lost days, injuries and near misses is the key to a healthy and safe working environment. Accordingly, Zorlu Enerji launched the Video Confirmation System in June 2019. The system, which was initially used by OEDAŞ System Operation Department and Distribution Services Department, was expanded as of 2022. With the system, the licence of which was purchased during the reporting period, the communication of the personnel is ensured and live images of the works carried out are shared. In this way, employees contact the Main Control Center before starting work and obtain approval for the operation in question by taking all necessary OHS measures. The employees of the Main Control Center, on the other hand, have been improved in terms of their competencies through various trainings and hold the Certificate to Work Under High Voltage in Electrical High Current Facilities (EKAT).

At the sites where the Video Verification System was implemented, there was a significant reduction in the rate of network-related occupational accidents such as electric shock and arcing, and OEDAŞ became an example among other electricity distribution companies in terms of occupational health and safety.

Zorlu Enerji imposes various sanctions for employees who do not comply with OHS rules and guidelines. A situation or nonconformity report containing an action is issued to the operation manager for the employee who does not work properly, and to the manager of the Main Control Center employee who approves the improper working conditions. The use of the Video Confirmation System is mandatory in all operation areas where it applies, including activities such as working at heights, LV-HV cut-off and activation works, working on highways, and appropriate OHS conditions are ensured in all field operations covering system operation and distribution services involving risky situations. OHS conditions are meticulously monitored at work sites that are more prone to accidents or near-miss incidents, and the positive effects of the project are reflected in OHS performance. At the sites where the Video Verification System was implemented, there was a significant reduction in the rate of network-related occupational accidents such as electric shock and arcing, and OEDAŞ became an example among other electricity distribution companies in terms of occupational health and safety.

Independent Field Audit and Preparation of Action Plans

The Independent Field Audit and Preparation of Action Plans Project was put forward in 2021 to audit OEDAŞ within the scope of the relevant legal legislation, the targets set by the company and international guidelines on OHS, to create recommendations and action plans to improve the system in line with the audit results, and to obtain consultancy for the continuity of the system. In 2021, 20 person*day audits were conducted and the findings were shared with senior management on 31.03.2022.

The project aims to have third parties observe the work site and identify areas for systemic improvement. Action plans were developed for the identified areas of improvement. Independent field audits are expected to be conducted at regular intervals in the coming years, contributing to OEDAŞ occupational health and safety processes.

Measurement of Occupational Health and Safety Culture Level of Employees and Preparation of Action Plan

The efforts of employees are also of great importance in achieving OHS targets. The Measurement of Occupational Health and Safety Culture Level of Employees and Preparation of Action Plan project aims to measure the culture level of employees in the context of OHS and to create action plans for improvement in line with the results. Interviews were conducted by contacting employees face-

Energy

Zorlu Enerji carries out all its activities with the goal of not only reducing environmental impact but also making a positive contribution to systems that are out of balance. In addition, it also contributes to all other sectors and business partners with which it interacts by taking important steps for the sustainable development of the sector through pioneering practices.

to-face, online and through questionnaires. In 2022, with this project which started in 2021, the OHS culture level of all employees was evaluated through these interviews and plans to increase it were specified.

The assessment, which is carried out by taking into account criteria such as technical and managerial assessment, leadership and commitment, safety culture, corporate - social behaviors, responsibility and ownership, communication, consultation, participation, training, competence, performance, continuous improvement and psycho-social risks, is expected to be continued in the coming years by expanding its scope.

ZORLU ENERGY GROUP AND SUSTAINABILITY

Environmental Contribution

Zorlu Enerji recognizes the importance of protecting natural resources in an ever-changing and evolving economic environment. Considering the global climate crisis, which is worsening due to rapid population growth and industrialization, both governments and companies need to take actions to produce effective solutions in order to make our world habitable and ensure its sustainability for future generations. Zorlu Enerji closely monitors the impact of all global developments on the energy sector in which it operates and takes the necessary steps by adapting to changes. Zorlu Enerji carries out all its activities with the goal of not only reducing environmental impact but also making a positive contribution to systems that are out of balance. In addition, it also contributes to all other sectors and business partners with which it interacts by taking important steps for the sustainable development of the sector through pioneering practices.

Zorlu Enerji operates in the fields of electricity generation, sales and distribution of electricity and natural gas, solar roof panels, operation of electric vehicle charging infrastructure, solar roof panel and inverter trade. In carrying out these activities, the Company uses innovative and sustainable financing instruments to diversify all of its capital resources and ensures that its investments support sustainable development in the regions where it operates.

Environmental Investments

2020	TRY 1,451,022 *
2021	TRY 10,172,624 **
2022	TRY 7,838,884 ***

* OEDAŞ and OEPSAŞ environmental investments are not included.

** Calculated on 31.12.2021 based on the USD exchange rate of CBRT.

*** Calculated on 31.12.2022 based on the USD exchange rate of CBRT.

Goal-7, one of the United Nations Sustainable Development Goals: Accessible and Clean Energy aims promoting clean energy and investing in clean energy sources such as solar, wind and thermal to ensure accessible energy for all by 2030.

Supporting Sustainable Development with Environmental Sensitivity and Innovative Financing Structure

Goal-7, one of the United Nations Sustainable Development Goals: Accessible and Clean Energy aims promoting clean energy and investing in clean energy sources such as solar, wind and thermal to ensure accessible energy for all by 2030.

Zorlu Enerji continues its research and investment activities in the field of solar energy, which is one of the areas with high potential, by evaluating the potential in Asian and Middle Eastern markets, where energy demand is increasing rapidly and the liberalisation process is in progress, in order to expand the infrastructure that will provide clean energy and utilize high technology in all developing countries in line with this critically important goal that contributes to the environment while promoting growth.

In this context, following the construction of a 56.4 MW wind power plant in Jhimpir, Pakistan, the first wind power plant in the country realized with foreign investment, by Zorlu Enerji Pakistan, a wholly-owned subsidiary of Zorlu Enerji, works on solar energy in Pakistan have been started. Zorlu Enerji obtained a 25-year generation license from the Pakistan National Electric Power Regulatory Authority (NEPRA) and started its solar energy operations in the Punjab Province of Pakistan.

According to NEPRA's 2021 State of Industry report¹, Pakistan's total electricity consumption is 115,441.40 GWh per year. According to the World Bank's web site, Pakistan's total population in 2021 is 231,402,117 and per capita electricity consumption is 548.64 kWh per year. Zorlu Enerji's wind power plant in Jhimpir, which has a benchmark generation value of 115,431,836.00 kWh and meets the requirements of the "Gold Standard" Certificate, provides electricity to 179,242 people annually.

In line with its targets to deepen and diversify its renewable energy investments, Zorlu Enerji commissioned the Dead Sea Solar Power Plant with an installed capacity of 2 MW in Jericho, Palestine, established by ZJ Strong Energy for Renewable Energy Ltd. Co. in which Zorlu Enerji holds a 75% stake.

According to the Palestinian Central Bureau of Statistics 2020 data², Palestine's total electricity consumption is 6,475,000³ GWh. According to the World Bank's web site⁴, the total population of Palestine in 2021 is 4,922,749, with a per capita electricity consumption of 1.146 kWh. Based on this data, the Dead Sea solar power plant with a benchmark generation value of 3.159 MWh provides electricity to 2,757 people annually.

¹ <https://nepra.org.pk/publications/State%20of%20Industry%20Reports/State%20of%20Industry%20Report%202021.pdf>

² https://www.pcbs.gov.ps/Portals/_Rainbow/Documents/Energy_Consumption_2020_E.html

³ Data for 2021 is not available.

⁴ <https://data.worldbank.org/country/PS>

Energy

As part of its Sustainability Policy and strategy, Zorlu Enerji invests in domestic, renewable and clean energies while pursuing energy efficiency by investing in high technology to combat the climate crisis. Thanks to Zorlu Enerji's renewable energy investments in recent years, the share of renewable energy in Turkey's generation portfolio reached 87% by the end of 2022.

Tackling the Climate Crisis

Being aware of the importance of reliable and sustainable energy supply for all sectors, Zorlu Enerji attaches great importance to protecting energy resources, optimising energy use in all its operations and promoting responsible energy consumption awareness. In line with this goal, the company measures energy consumption levels, evaluates the findings and strives to make improvements wherever possible.

Zorlu Enerji is committed to using energy resources efficiently and promoting responsible energy consumption. The Company regularly assesses its energy consumption levels and makes improvements where possible. It consumes natural gas, diesel, gasoline, LPG and coal as non-renewable energy sources.

Zorlu Enerji complies with all environmental regulations and regularly conducts environmental risk assessments in line with its environmental responsibility awareness. The Company gives priority to minimizing environmental impacts in all its activities, including construction, maintenance and repair processes, and takes measures to prevent or minimize direct and indirect impacts on the environment and human health. These measures include managing waste through appropriate disposal procedures, making efficient use of natural resources and preparing for accidents and disasters that could damage the environment.

As part of its Sustainability Policy and strategy, Zorlu Enerji invests in domestic, renewable and clean energies while pursuing energy efficiency by investing in high technology to combat the climate crisis. Thanks to Zorlu Enerji's renewable energy investments in recent years, the share of renewable energy in Turkey's generation portfolio reached 87% by the end of 2022. The Company continues its efforts to become the most effective, visionary and technology-developing player in Turkey in solar energy as well as in wind, hydroelectric and geothermal energy.

Our Important Steps in Combating the Climate Crisis

Science Based Targets Initiative (SBTi)

As Zorlu Enerji, a commitment has been made to improve the "net zero emission targets" set for 2030 and 2040 in line with "Science Based Targets*" in the climate action dimension with the value area of "Restorative Operations & Value Chain", which embraces the

Zorlu Enerji became the first energy company from Turkey to join the Carbon Disclosure Project (CDP) in 2010 and started reporting its corporate policies and targets on climate change, carbon emission amounts and reduction targets.

step of combating the climate crisis of the Sustainability Strategy determined with the vision of “becoming the energy company of the future”.

For the first time in the Turkish energy sector, Zorlu Enerji has publicly announced its commitment through the Science-Based Targets Initiative (SBTi)** to limit the global GHG emission increase to 1.5°C by 2024 in line with the Paris Climate Accords targets, and declared that it will determine the road map in a traceable manner by establishing its responsibility as a company on a science-based approach.

More than 1,300 companies spanning 60 countries and nearly 50 industries, including one-fifth of the Fortune Global 500, have already started working on SBTi.

Carbon Disclosure Project (CDP)

Zorlu Enerji became the first energy company from Turkey to join the Carbon Disclosure Project (CDP) in 2010 and started reporting its corporate policies and targets on climate change, carbon emission amounts and reduction targets.

As part of the project, Zorlu Enerji has been transparently sharing its carbon footprint with the public every year since 2011.

ISO 14064 Greenhouse Gas Verification

As the first energy company in Turkey to perform emission verification and certification in accordance with the ISO 14064 Greenhouse Gas Verification Standard, Zorlu Enerji regularly verifies the amount and measurement methodologies of greenhouse gas emissions while monitoring, controlling and reducing greenhouse gas emissions from its operations. In Zorlu Enerji’s emission-intensive power generation plants and electricity distribution regions, Greenhouse Gas Calculation and Verification are carried out and certified in accordance with ISO 14064 Standard.

United Nations Global Compact

Zorlu Enerji became a signatory to the United Nations Global Compact (UNGC) in 2019, institutionalizing the principles we have adopted since our establishment within the framework of an international commitment.

Energy

Zorlu Enerji also implements the Zero Carbon Footprint Forests Project at the micro level to combat the climate crisis and ensure a sustainable future. In order to raise awareness on Climate Change, the Company calculated the carbon footprint of the visitors who visited the stand and the stand itself at all fairs and summits attended and initiated afforestation efforts in the regions where activities are carried out.

2°C Declaration Signatory and Climate Platform

Zorlu Enerji is a signatory of the 2°C Declaration, a COP 17 Durban initiative, and a founding member of the Climate Platform-Turkey Climate Change Leaders Group.

Gold Standard Applications

In 2010, the Gökçedağ Wind Power Plant Project commissioned in Osmaniye became Turkey's first carbon emission project by obtaining Gold Standard Certification and integrating into the Voluntary Carbon Market. With 135 MW installed capacity, Gökçedağ Wind Power Plant has an annual emission reduction of approximately 300 thousand tonnes of CO₂ equivalent.

Zorlu Enerji undertook the design, installation and operation of the 56.4 MW plant, which is the first wind power plant in Pakistan, and became the first company in Pakistan to receive Gold Standard certification. The power plant, which reduces 100 thousand tons of CO₂ equivalent emissions annually, is considered an important step for countries like Pakistan in terms of building capacity for renewable energy investments and technology transfer.

The 'Gold Standard' certificate is considered to be the most prestigious global program that evaluates renewable energy projects according to different criteria such as the reduction in carbon emissions, respect for nature, and contribution to social development. The Gold Standard Foundation runs the program, which is supported by more than 80 non-governmental organizations around the world and works to develop 1,100 projects.

Zero Carbon Footprint Forests Project

Zorlu Enerji also implements the Zero Carbon Footprint Forests Project at the micro level to combat the climate crisis and ensure a sustainable future. In order to raise awareness on Climate Change, the Company calculated the carbon footprint of the visitors who visited the stand and the stand itself at all fairs and summits attended and initiated afforestation efforts in the regions where activities are carried out. This project, which started as a social/environmental responsibility project, was expanded in 2017 in cooperation with the General Directorate of Forestry of the Ministry of Agriculture and Forestry.

Zorlu Enerji carried out afforestation works consisting of 520 thousand saplings by the end of 2022 in the regions where it operates within the framework of the General Directorate of Forestry Commemorative Forests regulation. 1,150,000 saplings are targeted to be planted each year within the scope of the project

Zorlu Enerji has directed its operations to promote environmental responsibility and nature conservation as a critical aspect of its sustainability strategy. Within the scope of the “Nature Management” component of its strategy, the Company has committed to allocate TRY 10 million to biodiversity and nature conservation activities until 2030. In 2022, the company spent a total of TRY 1.5 million on these activities.

launched with the target of 90 thousand saplings.

2017: 35 thousand saplings Yeğenli/Tire-Izmir

2018: 70 thousand saplings Yenicekent/Buldan-Denizli

2019: 90 thousand saplings Salihli/Manisa

2020: 90 thousand saplings Nurdağı/Gaziantep

2021: 90 thousand saplings Nurdağı/Gaziantep

2022: 145 thousand saplings in Erzincan

GECO Project

Electricity generation from geothermal resources in our country creates significant emissions due to the unique structure of the reservoir. The GECO Project, which was initiated in cooperation with international institutions and organizations within the scope of the EU Horizon 2020 program, carries out studies for the capture and underground storage of geothermal resource emissions. The pilot carbon capture and storage facility was established at Kızıldere III Geothermal Power Plant and capture and storage activities were initiated.

Biodiversity Loss and Deforestation

Zorlu Enerji has directed its operations to promote environmental responsibility and nature conservation as a critical aspect of its sustainability strategy. Within the scope of the “Nature Management” component of its strategy, the Company has committed to allocate TRY 10 million to biodiversity and nature conservation activities until 2030. In 2022, the company spent a total of TRY 1.5 million on these activities. In addition to its financial commitment, Zorlu Enerji has also demonstrated its engagement to the protection of biological and natural life with the renewal of its Commitment to the Protection of Biodiversity in 2022. The Company is committed to developing and implementing various activities in the regions where its power plants are located to support the protection of biological and natural life.

Zorlu Enerji has a strong commitment to environmental responsibility and nature management, as demonstrated by its Environmental Policy. This policy prioritizes the protection of natural assets and minimization of environmental impacts in all activities and investments of the company. To achieve these goals, Zorlu Enerji carefully selects materials and technologies that minimize negative environmental impacts and places great importance on the efficient use of energy and resources. This includes monitoring waste and

Energy

Awareness activities aiming to save resources by raising awareness are carried out in the study areas of the Be Responsible (Duyarlı Ol) project. The measures that employees can take at the individual level in areas such as waste management, water management, energy management and the impact of environmentally friendly choices on the transformation of natural resources are studied.

emissions and setting targets for their reduction through various projects. Zorlu Enerji also takes steps to raise environmental awareness among its stakeholders and transparently shares information on their environmental impacts. This helps to build trust and enhance accountability among stakeholders and supports the company's overall commitment to sustainability.

Projects:

- Zorlu Energy Biodiversity and Ecosystem Management System
- Gökçedağ WPP Monitoring System for Birds and Mammals
- Kizildere GPP Biodiversity Study
- Determination of Agricultural Impacts of Kizildere Geothermal Power Plants

“Be Responsible (Duyarlı Ol) Project”

Awareness activities aiming to save resources by raising awareness are carried out in the study areas of the Be Responsible (Duyarlı Ol) project. The measures that employees can take at the individual level in areas such as waste management, water management, energy management and the impact of environmentally friendly choices on the transformation of natural resources are studied. With the project, the 1st phase of which is planned to be completed by the end of 2023, it is aimed to set an example for the company and stakeholders through employee awareness by saving water and energy and reducing waste. An important output of the Be Responsible (Duyarlı Ol) project is the gains made by employees in understanding how their impact on natural assets through their individual choices also has an impact on the value created financially.

Cooperation for Climate Goals

Zorlu Enerji is a member of many associations and organizations operating in different fields, and aims to lead the sector by maintaining its presence on various platforms and taking initiative.

Water Management

Zorlu Energy has incorporated Natural Resources Management into its Value Chain and Sustainability Strategy. The Company's Environmental Policy guides all activities and investments by prioritizing the protection of natural resources and the reduction of environmental impacts. Water is an important element of Zorlu Enerji's sustainability strategy and the efficient use of water resources is a priority. In line with its environmental responsibility approach, Zorlu Energy prioritizes the protection of water

In line with its environmental responsibility approach, Zorlu Energy prioritizes the protection of water resources and minimizing its environmental impact. The Company transparently reports its water use and impact data through the CDP Water program, and shares it with its stakeholders by verifying with the ISO 14046 standard in power plants with high water use.

resources and minimizing its environmental impact. While adopting appropriate technologies and methods to reduce waste and pollution, it also strives to raise awareness about the importance of water conservation. The Company also transparently reports its water use and impact data through the CDP Water program, and shares it with its stakeholders by verifying with the ISO 14046 standard in power plants with high water use.

Water is a vital resource for all living beings and is also an essential component of energy production processes. Given its critical importance, Zorlu Enerji prioritizes responsible and efficient water management as part of its sustainability strategy. The company's goal is to optimize the use of natural resources and minimize water consumption in line with Zorlu Holding's Smart Life 2030 vision.

To achieve this goal, Zorlu Enerji integrates water-related risks and opportunities into its business plan and closely monitors water consumption levels, particularly in natural gas, geothermal and hydroelectric power plants. In the case of geothermal power plants, the company uses renewable groundwater to generate electricity. The water-steam mixture is separated in separators to produce steam, which is then fed to turbines to generate electricity. After the steam is condensed in the condenser, the resulting water is sent to cooling towers and the geothermal fluid used in the production process is injected back underground. Water used in administrative buildings, reverse osmosis (RO) system, cooling tower, fire tanks and irrigation is supplied from the mains.

Zorlu Enerji takes critical steps to conserve a valuable resource and ensure its sustainability for future generations through efficient water use.

Water Usage Details

	Unit	2020	2021	2022
Surface water	m ³	67,916	22,666	875
Groundwater	m ³	76,158,612	89,479,983	95,617,391
Mains water	m ³	10,414	63,139	7,879
TOTAL	m ³	76,236,942	89,565,788	95,626,145

Wastewater Treatment

Wastewater from Zorlu Enerji's domestic and international operations is of domestic nature. Domestic wastewater from Kizildere 3 GPP and İkizdere HEPP is treated with biological package treatment, while domestic wastewater from other operations is managed by discharge to sewer or temporary storage. In 2022, domestic wastewater generation is 153,802 m³ and CDP water programme reporting, ISO 14046 water footprint verification studies as well as compliance reporting are carried out as a result of controls carried out legally by the Environmental Officer.

Energy

Waste management is another important pillar of Zorlu Enerji's environmental management. All waste from its operations, including electrical and electronic waste, packaging waste and waste contaminated with chemicals, is collected and temporarily stored before disposal by authorized companies.

Responsible Waste Management

Waste management is another important pillar of Zorlu Enerji's environmental management. All waste from its operations, including electrical and electronic waste, packaging waste and waste contaminated with chemicals, is collected and temporarily stored before disposal by authorized companies. Cable wastes generated during the installation of electric vehicle charging stations within the scope of ZES are reused, and metal wastes are recycled as scrap and brought into the circular economy. Recyclable waste such as polyethylene pipes and plastic materials are regularly collected and recycled. The Company has also developed and approved Industrial Waste Management Plans for power plant operations.

"We contribute to Circular Economy Practices"

With the JIDEP project within the scope of its R&D projects, Zorlu Enerji is leading efforts to reuse wind turbine blades that have completed their lifespan or have been damaged and become waste.

In this context, the "Blade Repair and Maintenance Workshop" studies initiated in the region of Kızildere power plants for the repair and maintenance of the related blades has been completed.

Waste Data

	Unit	2020	2021	2022
Hazardous Waste	Ton	21,268.16	19,456.57	22,576.3
Non-Hazardous Waste	Ton	46,157.18	38,451.63	40,393.75

Waste Data by Institution

Company	Unit	Hazardous Waste		Non-Hazardous Waste	
		2021	2022	2021	2022
Zorlu Enerji	Ton	18,087.195	121.817	25,581.376	34,198.887
OEDAŞ	Ton	1,368.786	925.58	12,866.97	3,948.53
OEPSAŞ	Ton	0.015	0.021	0.342	0.514
GAZDAŞ*	Ton	0.572	1.587	2.945	2.819

* Includes Gaziantep Doğal Gaz and Trakya Doğal Gaz.

Emissions from Zorlu Enerji power plants, which include environmental risks, are monitored and reported in accordance with local and international expectations.

Air Quality & Greenhouse Gas Emissions

Emissions from Zorlu Enerji power plants, which include environmental risks, are monitored and reported in accordance with local and international expectations.

The amount of mercury in coal in thermal power plants is regularly monitored. Future plans include determining the amount of mercury remaining in the bottom ash, fly ash and gas phase of the thermal power plant separately. Mercury content in the coal phase was measured as 0.12 mg/kg on 08.10.2021.

In the case of Lüleburgaz thermal power plant, ash analysis was performed on 24.11.2022 and the mercury value was measured below 0.0002 mg/l.

The PM10 measurement results on 04.11.2021 were maximum 0.77 mg/Nm³, which is below the legal limit of 40µg/m³. Measurements will be carried out on a regular basis.

There is a Continuous Emission Monitoring System (CEMS) for thermal and geothermal power plants and instantaneous measurements are carried out and reported to the relevant Provincial Directorate of Environment and followed.

Measurements and realizations for direct emissions are as follows:

Direct emission measurement results

Parameter	Unit	2020	2021	2022	Change
NO_x	ton/year	207.6	296.70	367.76	+
SO₂	ton/year	578.1	1,075.25	1,335.42	+
Toz	ton/year	1.23	8.85	9.89	+
CO	ton/year	14.98	52.75	54.06	+
PM10	mg/nm ³	-	0.77	-	N/A
H2S	Kg/h	-	24.9	41*	-

* Sum of annual average values determined by EÖS over geothermal power plants.

Energy

Zorlu Enerji is working intensively to achieve net zero carbon emissions by 2050, in line with its responsibility to do its part by complying with the targets set by the Paris Climate Accords in order to reduce both the high amount of greenhouse gas emissions caused by the energy sector in which it operates and its negative impact on the climate crisis.

Our GHG Emissions

Zorlu Enerji always acts with an environmental responsibility approach and beyond legal obligations, focusing on energy efficiency, sustainable energy production, distribution and consumption, efficient use of water resources and reduction of greenhouse gas emissions in all its operations.

Zorlu Enerji is working intensively to achieve net zero carbon emissions by 2050, in line with its responsibility to do its part by complying with the targets set by the Paris Climate Accords in order to reduce both the high amount of greenhouse gas emissions caused by the energy sector in which it operates and its negative impact on the climate crisis. It is working on the “Science Based Targets Initiative (SBTi)”, which supports sustainability goals and whose implementation was initiated by the UN Global Compact on a global scale, indexed to the 1.5oC compliance target on a global scale, and plans to set its targets by 2024.

There are no excluded items in the ISO 14001 Standard, and direct and energy oriented greenhouse gas emissions resulting from Zorlu Enerji’s operational activities have been calculated and verified to cover all group companies. Zorlu Enerji, which measures and verifies its carbon footprint in its sector and shares it with investors and all other stakeholders in its Sustainability and Integrated Annual Reports, particularly on the CDP platform, became the first company in the Electricity Distribution Sector to calculate and verify its carbon footprint with the acquisition of OEDAŞ.

Total scope 1 and 2 greenhouse gas emissions from the operations of Zorlu Enerji companies are calculated as 1,063,477.93 tCO₂e and 232,456.77 tCO₂e in 2022, respectively. Scope 3 emissions, which include emissions from fuel-related activities not included in Scopes 1 and 2, waste from production, procurement, business travel and personnel services, are calculated as 212,703.06 tCO₂e in 2022. OEDAŞ’s scope 1 and scope 2 emissions were 202,718 tCO₂e, while scope 3 emissions were 30,291 tCO₂e. Emissions due to losses and leakages arising from electricity distribution activities are reported under Scope 2.

Total GHG Emissions

	Unit	2020	2021	2022	Change
Scope 1	tCO ₂ e	1,209,770	1,093,383	1,063,477.93	-
Scope 2	tCO ₂ e	213,410	240,699	232,456.77	-
Scope 3	tCO ₂ e	4,008	466,473	212,703.06	-
TOTAL	tCO₂e	1,427,188	1,800,555	1,508,637.76	-

Zorlu Enerji believes that investing in future generations and the society in which it operates is an investment in both the company and the future of our country. With social responsibility projects implemented in line with the needs of the people of the region, the Company continues to add value to human life by giving more importance and support to social development every year.

Breakdown of Sector Emissions in 2022

	Unit	Zorlu Enerji	OEDAŞ	GAZDAŞ
Scope 1	tCO ₂ e	1,049,209.38	3,552.02	10,716.51
Scope 2	tCO ₂ e	32,402.46	199,163.19	891.12
Scope 3	tCO ₂ e	181,292.20	30,291	1,119.85
TOTAL	tCO₂e	1,262,904.05	233,009	12,727.49

Social Contribution

Local Socio-Economic Impact

A company's approach to environmental and social issues is equally important for its sustainable growth as its successful business model and strong financial capital. Zorlu Enerji believes that investing in future generations and the society in which it operates is an investment in both the company and the future of our country. With social responsibility projects implemented in line with the needs of the people of the region, the Company continues to add value to human life by giving more importance and support to social development every year.

For the company, the development of all the communities it interacts with is critical. For this reason, Zorlu Enerji contributes to local socio-economic development in the regions where it operates and plans to continue working in this direction. Within the scope of the Company's strategy, it is aimed to implement social investments by focusing on Sustainable Development Goals and to continue to make local communities, with which the Company has neighborhood relations, a part of Zorlu Enerji's decision-making processes. The Company is committed to continue to be a trusted business partner and supplier to all stakeholders and the entire ecosystem.

When making investments, it is important that the projects are part of the relevant region and embraced by the local people. Public information visits and meetings are organized in relevant locations to ensure strong communication before the start of projects. Multifaceted solutions are realized to address the needs of society and social investments are made to address different needs. Some of the investments made in this sense include social services such as supporting local non-governmental organizations, sponsorships for the continuity of events that are part of local culture, improvement of communal areas, protection of natural life, reduction of inequalities, technology and scholarship support. In 2022, Zorlu Enerji provided approximately TRY 14.5 million to social investment projects.

Energy

Social impact assessments are conducted for all Zorlu Enerji operations and the social and economic impacts of planned investments are analyzed in detail. Impacts that will occur due to investment are identified and management plans and programs are developed and implemented in order to eliminate and mitigate these impacts as a priority in projects.

Social impact assessments are conducted for all Zorlu Enerji operations and the social and economic impacts of planned investments are analyzed in detail. Impacts that will occur due to investment are identified and management plans and programs are developed and implemented in order to eliminate and mitigate these impacts as a priority in projects.

While realizing its investments, Zorlu Enerji pays attention to protecting the environment and the health of the local community during the construction and operation phases and closely monitors the potential impacts that may be experienced during this process. In these projects, the Company collaborates with various domestic and international institutions and organizations on soil protection, noise, dust and vibration, water quality, solid waste management, visual impact, occupational safety, interaction with wildlife and protection of natural habitats, and prepares regular reports accordingly. As a result of Zorlu Enerji's operations, there has been no need for "relocation" or any situation that would cause physical or economic displacement of local people during the reporting period.

Coordination groups established by local governments across electricity and gas distribution licenses are actively involved in ensuring both network security and user safety. In this context, contributions are made to the work of the Governorship Investment Monitoring Coordination Boards, AFAD and Municipality AYKOME boards.

Within the framework of socio-economic harmonization, solution mechanisms are implemented for company employees, customers, public institutions and local communities based on the needs in the regions where investments are made. Support for village schools and children in the impact area of the power plants is carried out with educational support, particularly in terms of climatic conditions. With the Natural Gas Usage Awareness Campaign, content on safe natural gas use and the use of the hotline was prepared and worked with public institutions to deliver it to citizens living in the activity area. Training programs have been created and thousands of children have been trained in order to ensure that children, who will shape the world of the future, get to know and experience renewable energy resources. Implementations based on Sustainable Development Goals (SKA) and social needs analyses continue to be implemented in regional investments, and it is aimed

Zorlu Enerji contributes to gender equality within Zorlu Enerji and in the regions where it operates through the “An Equal Life” (Eşit Bi’Hayat) program. The Company carries out equal opportunity projects for woman employees and collaborates with schools to raise awareness on gender equality.

to expand activities that will contribute to the professional and social development of young people, who constitute an important part of the society.

The values of trust, integrity, transparency, accountability, open and equal communication, which are at the core of the corporate culture, are used to create a responsible corporate approach, thereby protecting and enhancing the reputation of the Company in its affiliated regions. As one of the leading companies in the energy sector, we continue to work to prioritize renewable energy investments for the allocation of a sustainable future. In the activities carried out in the economic, social and environmental fields, we act with the principle of standing at an equal distance to the relevant public institutions and organizations, non-governmental organizations and political parties and aim to raise the development index in human rights, working conditions, environment and ethics.

Corporate Social Responsibility Projects

In order to leave a sustainable world for future generations, the Company carries out social responsibility activities with a business approach that is sensitive to people and the environment and with a sense of responsibility towards society. Zorlu Enerji contributes to gender equality within Zorlu Enerji and in the regions where it operates through the “An Equal Life” (Eşit Bi’Hayat) program. The Company carries out equal opportunity projects for woman employees and collaborates with schools to raise awareness on gender equality. The company provides support in the fields of education, culture and health in order to allow young people increase their competencies, gain experience and access to various opportunities. As in previous years, the Company continues to support the Mehmet Zorlu Foundation, which was established to help young people get a head start in life.

Zorlu Enerji has been meeting the energy needs of the Tohum Turkey Autism Early Diagnosis and Education Foundation since 2013, and continues to support sports clubs in its investment regions through sponsorships in order to support sports in all areas. The Children’s Art Festival and the New Year Children’s Festival are supported through sponsorships to increase participation in social life for all age groups. The events organized at Zorlu PSM enabled children to have fun and learn about alternative energy sources.

Energy

With the vision of a sustainable future, the Company pays attention to environmental issues and cooperates with various domestic and international institutions and organizations on soil protection, noise, dust and vibration, water quality, solid waste management, visual impact, occupational safety, wildlife interaction and natural habitats.

The scholarship program provides 9-month scholarships to more than 300 university students each year. With the Power of Women, Power of the Future (Kadının Gücü Geleceğin Gücü) program, which aims to train the female technicians of the future in order to increase women's employment in technical business areas in the energy sector in order to spread gender equality to all segments of society, theoretical and field practice trainings are provided to female students studying at vocational high schools in Gaziantep. Universities located in investment zones are supported with student aids; various aids are provided in the fields of seminars, special events and technological equipment support. The R&D and innovation-oriented work of Maveria Technology Team, the first electric vehicle team of Osmangazi University, is supported, and the main sponsorship of the İTÜ Solar Car Team, which set out to combine alternative energy sources and advanced automotive technologies, is undertaken to support young people producing the technology of the future.

Within the scope of the Our Energy is for Our Region (Enerjimiz Bölgemiz İçin) project, local special days and festivals are supported through sponsorship activities, access to clean water is provided in villages, the energy needs of schools are met, and technology products are supported in line with the needs of the region. In order to support sports in all areas, sponsorship is provided to sports clubs in investment regions. Children in disadvantaged climate zones are regularly provided with winter clothes. Company needs for special occasions are procured from women's cooperatives in the investment region, supporting local women's production and economic development.

With the Fellow Friends (Can Dostlar) Project, more than 3 thousand stray animals were treated in 5 provinces, including surgeries such as tumors and eye diseases, and more than 900 sterilization operations were carried out. Awareness Campaign on Natural Gas Usage in Gaziantep was launched and content on safe natural gas usage and the use of the hotline was prepared and delivered to citizens living in the operation area in cooperation with public institutions. Within the scope of the project, awareness activities are carried out from 7 to 70 with the support of all public institutions in the province. The campaign will be expanded to other provinces after the pilot implementation in Gaziantep.

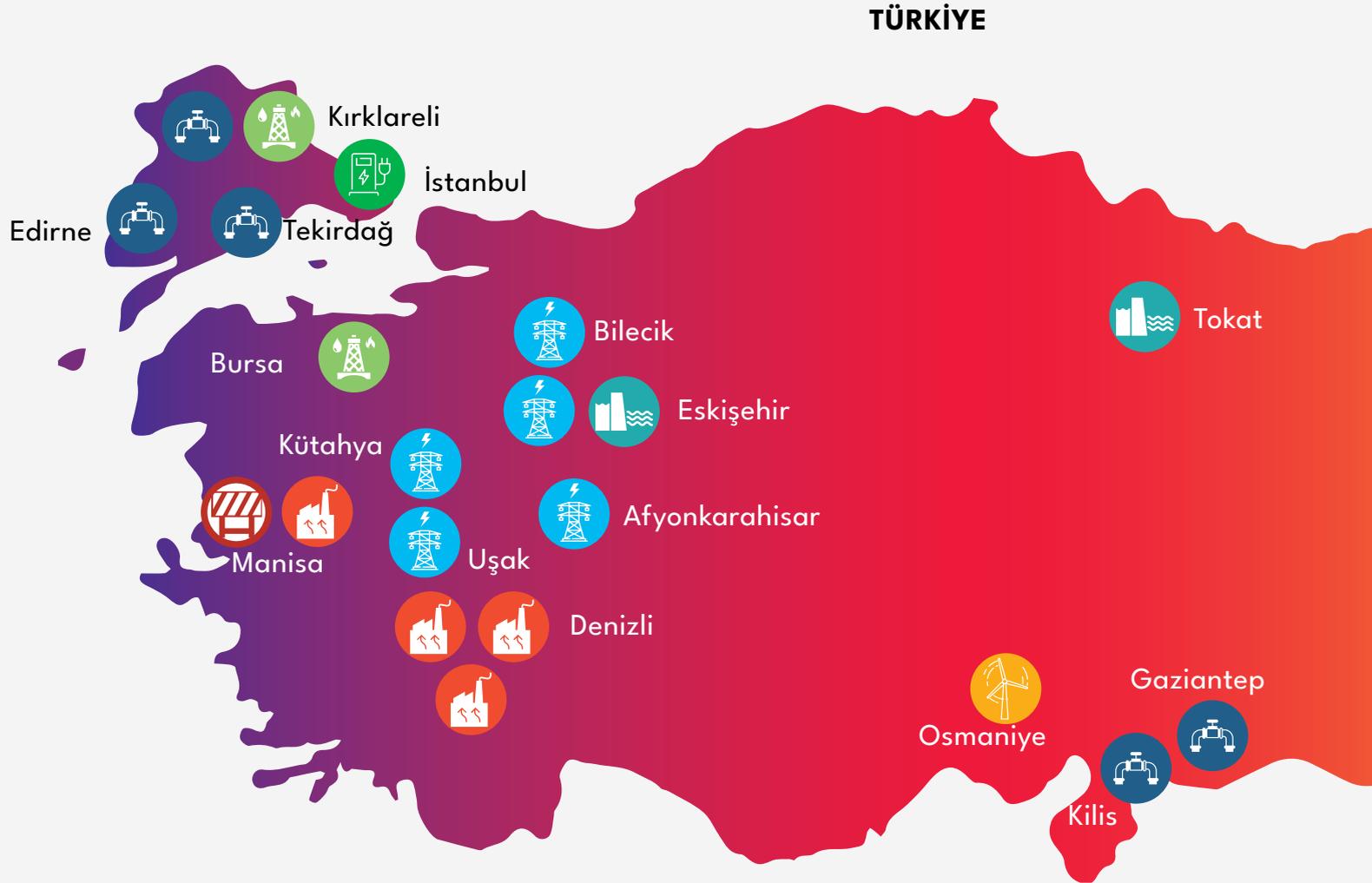
Within the scope of supporting the environment and alternative energy sources, scientific-based studies and meetings were supported and sponsorship activities were carried out for a sustainable world. Solar Vision Congress, Eco Love Festival, Energy Summit and IRENEC are among the most important sponsorships supported in this field.

With the vision of a sustainable future, the Company pays attention to environmental issues and cooperates with various domestic and international institutions and organizations on soil protection, noise, dust and vibration, water quality, solid waste management, visual impact, occupational safety, wildlife interaction and natural habitats. In order to contribute to decision-making mechanisms on environment and climate change, the Company became a member of the TÜSİAD Environment and Climate Change Working Group. Since 2017, a total of 520,000 saplings have been planted through the Zero Carbon Footprint Forests project. Within the scope of supporting the environment and alternative energy sources, scientific-based studies and meetings were supported and sponsorship activities were carried out for a sustainable world. Solar Vision Congress, Eco Love Festival, Energy Summit and IRENEC are among the most important sponsorships supported in this field.

Zorlu Enerji was first awarded the “Zero Waste Certificate” at the Kars Çıldır HEPP and then at the natural gas distribution points it serves in the Thrace region. With the Zero Waste Management System established in the Gaziantep region, which can set an example, the Zero Waste Certificate was obtained from the Ministry of Environment and Urbanization. By participating in the Be Responsible (Duyarlı Ol) project initiated by OEPSAŞ and BCSD Turkey, which aims to adopt sustainable consumption habits in the business world, it is aimed to create a sustainable consumption culture and at the same time to ensure that company employees become responsible individuals in resource consumption and recycling in their daily lives. Within the scope of employee volunteering, forest cleaning is regularly carried out to raise environmental awareness among employees.

Within the scope of projects, donations and sponsorships implemented in line with SDGs in the field of social development, TRY 14,5 million of social investment was realized in 2022.

Zorlu Enerji's Installed Capacity and Investments



ELECTRICITY GENERATION

- A total installed capacity of 1,208 MW, including 643 MW in Turkey, 290 MW* in Israel, 56 MW in Pakistan, 1.5 MW* in Palestine and 217 MW in Russia
- Renewable energy sources account for 87% of the installed capacity in Turkey and 51% of the total installed capacity.
 - Natural Gas*: 591 MW (49%)
 - Wind: 191 MW (16%)
 - Geothermal: 305 MW (25%)
 - Hydroelectricity: 119 MW (10%)
 - Solar*: 1.5 MW (0.1%)

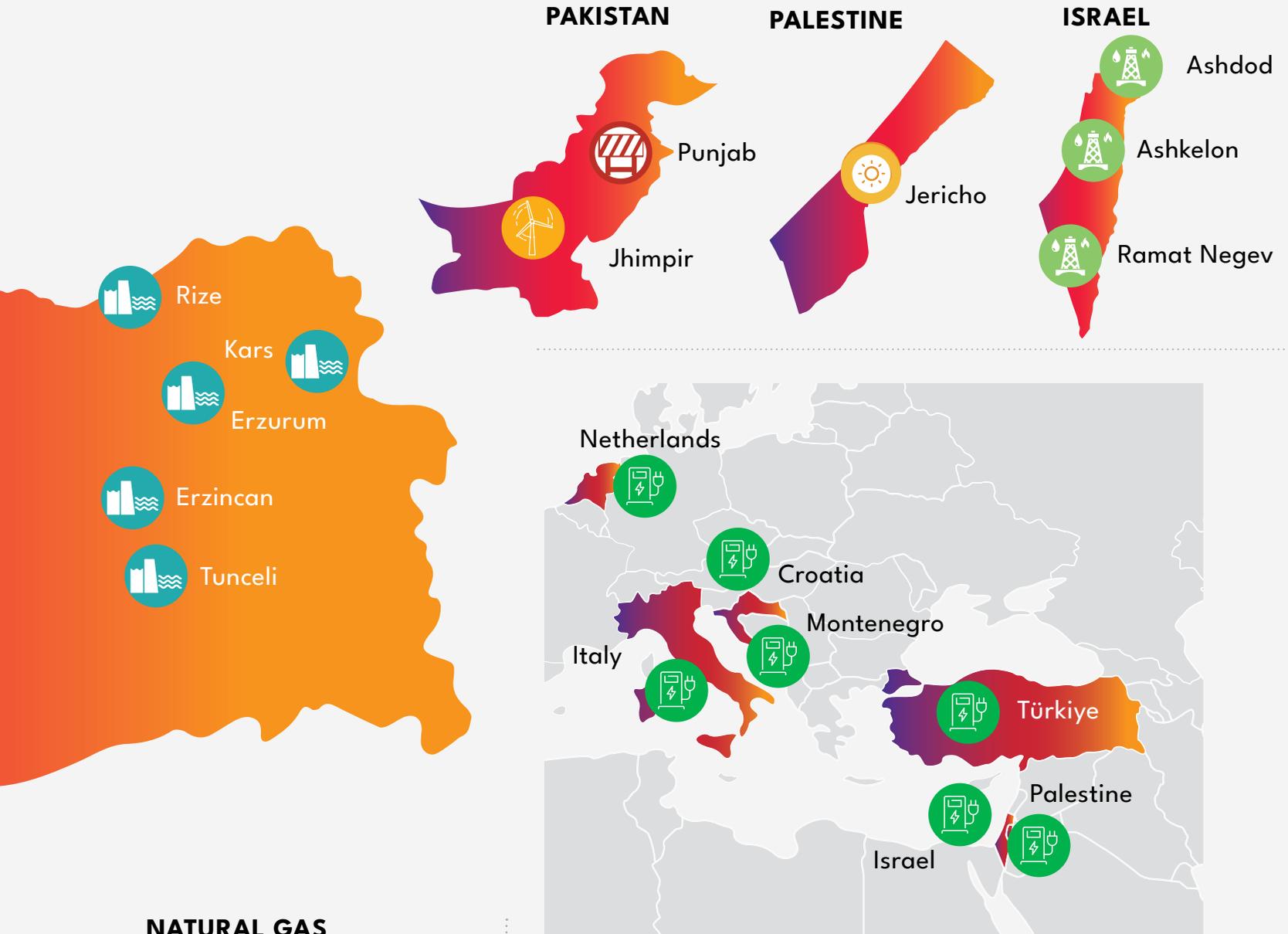
ELECTRICITY DISTRIBUTION

- Electricity distribution in Eskişehir, Bilecik, Uşak, Afyonkarahisar and Kütahya with a total population of 2.8 million
- 1.98 million subscribers
- 6.8 TWh net distributed electricity
- 6.3% loss and leakage rate

ELECTRICITY TRADING AND SALES

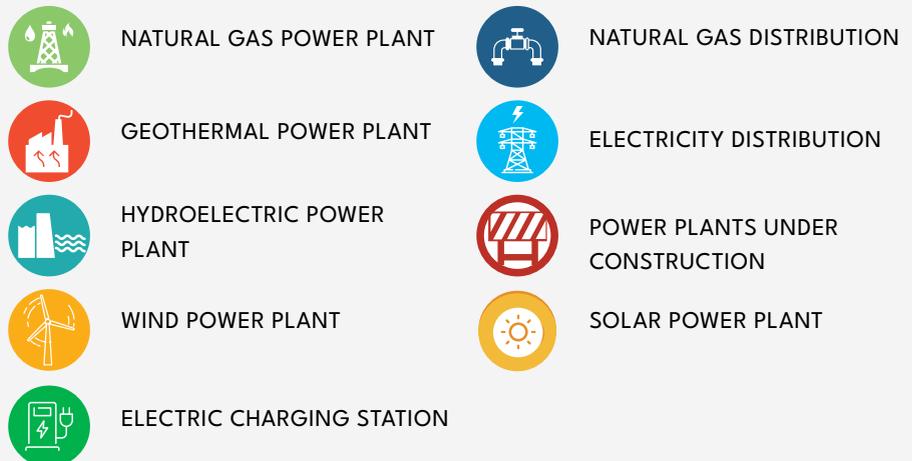
- Total electricity sales of 9,084 GWh
- 72% of sales from generation in Turkey are within the scope of YEKDEM
- Approximately 1.94 million customers
- Customer portfolio (by consumption):
 - Commercial establishments (30%),
 - Residential areas (34%),
 - Industrial customers (25%)
 - Other (11%)
- One of the first market makers of the Futures and Options Market

* According to partnership shares



NATURAL GAS DISTRIBUTION AND TRADE

- Our distribution companies with a population of 3.4 million in Edirne, Kırklareli, Tekirdağ, Gaziantep and Kilis provinces within the distribution license area have:
 - 5,095 km + 4,139 km = 9,234 km natural gas distribution network,
 - 544 thousand + 582 thousand = 1.126 million subscribers,
 - 909 million Sm³ + 522 million Sm³ = 1.431 billion Sm³ natural gas sales,
 - 1.287 billion Sm³ + 799 million Sm³ = 2.086 billion Sm³ natural gas distribution activity



Awards Received in 2022

Silver achievement award at the Sustainable Development Goals Awards

Zorlu Enerji's Zero Carbon Footprint Forests Project, which was implemented to combat the climate crisis and for a sustainable future, received the Silver Achievement Award in the "Climate Action" category at the Sustainable Development Goals Awards organized by the Corporate Social Responsibility Association of Turkey.

Within the scope of the project, which was launched in 2010 in cooperation with the Republic of Turkey Ministry of Agriculture and Forestry and the Mehmet Zorlu Foundation, Zorlu Enerji aims to plant 90 thousand saplings every year until 2030, bringing 1.2 million saplings to the soil.

Gold Award for Zorlu Enerji Call Center at Stevie® Awards

At the 16th Stevie® Awards for 'Sales and Customer Service', the only global award programme recognising the world's best employers and human resources experts, Zorlu Enerji was awarded the Gold prize as the "Call Centre of the Year".

A.C.E. Diamond Award to Zorlu Enerji

Zorlu Enerji, which was selected as the "Brand that Best Manages Customer Experience" at the A.C.E. (Achievement in Customer Excellence) Awards 2021, won the "Diamond Award" as the 1st in its sector. Thus, Zorlu Enerji became the company that best achieved customer satisfaction in the 'Energy' category for the 4th time in a row.

"Leadership in Ethical and Environmental Responsibility" award to Zorlu Enerji

At the Communitas Awards organized by the International Association of Marketing and Communication Professionals (AMCP), Zorlu Enerji was awarded as the best in its sector in the 'Leadership in Ethical and Environmental Responsibility' category for its sustainability strategy-focused projects such as "Zorlu Energy Solutions (ZES), Zero Carbon Footprint Forests Project, Digital Subscription Project".

Best Restructuring Award for Central and Eastern Europe from Achievement Awards 2021

Zorlu Yenilenebilir Enerji received the Best Restructuring Award in Central and Eastern Europe in the Restructuring and Financing category of the Achievement Awards 2021 with its bond issuance of USD 300 million.

“Our Energy is Our Future” award to Zorlu Energy

Zorlu Enerji’s “Zero Carbon Footprint Forests” Project, which was launched in 2010 to mitigate the effects of the climate crisis and where Zorlu Enerji has planted approximately 420 thousand saplings, received the “Our Energy is Our Future” award at the Turkey Energy and Natural Resources Summit.

Grand Prize to Zorlu Enerji at CIO Awards

Zorlu Enerji received an award for its “ZES Domestic Charging Station Installation and Operation Management” project at the CIO Awards, which have been presented in the technology world since 2010.

Zorlu Enerji awarded by ‘Turkey Customer Experience Awards’

Zorlu Enerji received the bronze award in the ‘Customer Experience Transformation’ category at the Turkey Customer Experience Awards organized by Awards International with its R&D project named ‘Satisfaction 4.0’, the first project developed for customer satisfaction and experience in the energy sector.

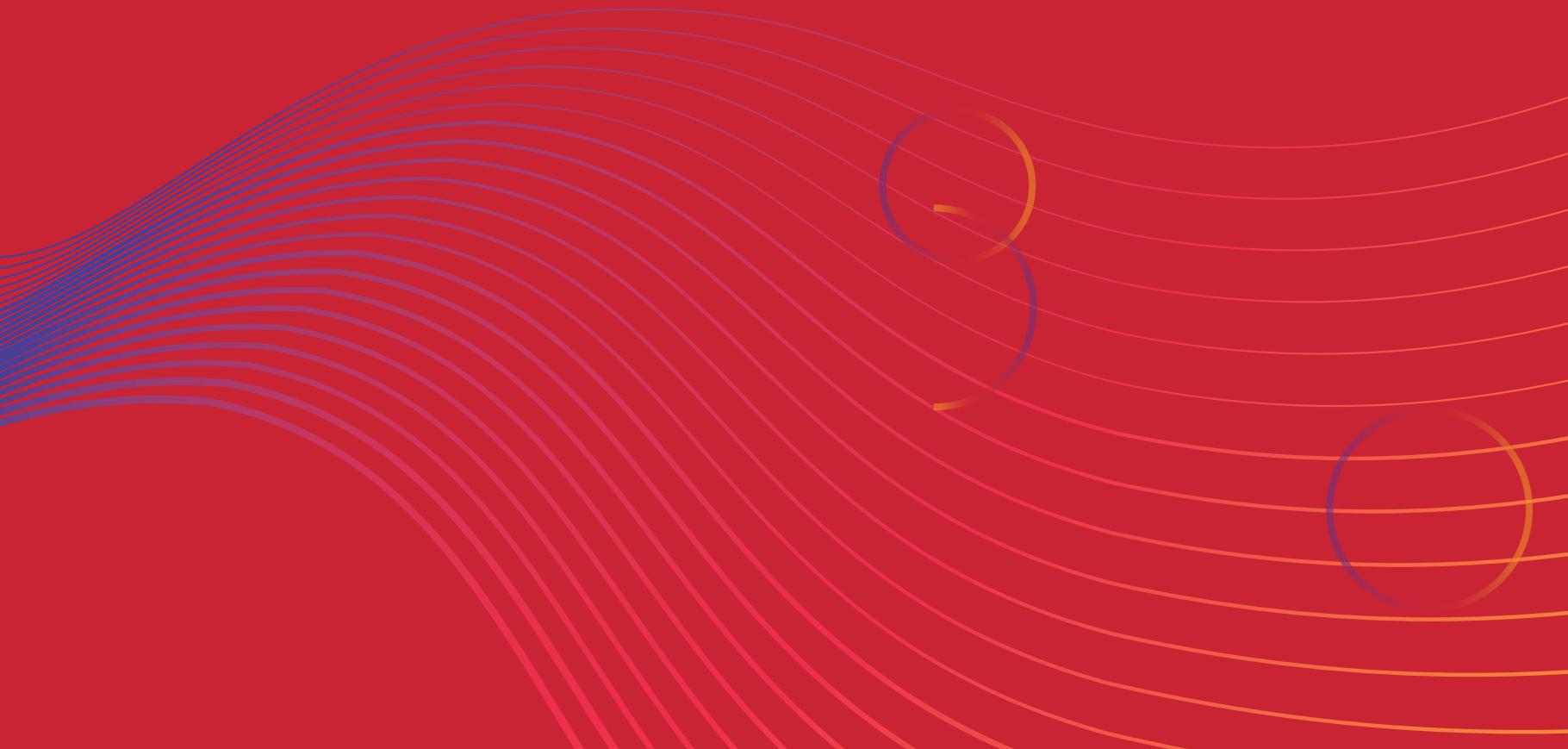
Zorlu Enerji was among the Brands in the Platinum League and the Symbol Brands of 2022.

According to the results of the Economy Benefit Index (EFE) announced by the Turkish Reputation Academy in cooperation with Beykoz University, Zorlu Enerji took its place among the Brands in the Platinum League and the Symbol Brands of 2022.

Best Sustainable Sukuk Award from Achievement Awards 2021

Zorlu Enerji received the Best Sustainable Sukuk Award in the Islamic Finance category of the Achievement Awards 2021 with its SDG-linked wakala sukuk program amounting to TRY 400 million.

Textile



Textile

Zorlu Textile Group has turned sustainability into a business style in line with Smart Life 2030 strategy, and it is an innovative business partner for global companies thanks to its sustainability vision, quality, standards and practices.





Textile



In 2023, we will continue to work with the goal of increasing our positive environmental, social and economic impact for a more livable world. With this understanding, we will continue our investments in smart and technical textiles, our most innovative and powerful muscle, as an integral part of sustainability, and in the circular economy.



Necat Altın

CEO, Zorlu Holding Textile Group

2022 was a difficult year as the post-pandemic economy began to rebalance under the impact of volatile conditions. Rising global interest rates due to global inflation, the ongoing rise in energy prices and Russia's war against Ukraine were the main factors that put pressure on economies.

However, the problems experienced in production in Europe due to the energy crisis created opportunities for Turkish textile manufacturers, which are producers right next to Europe, in terms of exports. The fact that consumers moved their purchases ahead due to the inflation effect kept the domestic market's activity at a certain level throughout the year.

This year, the main trend on a macro scale continued to be green transformation as it was last year. The effects of the change that started with the EU Green Deal have started to spread across the sector. As Zorlu Holding Textile Group, we also had a successful year in 2022 with our activities carried out with this awareness. With Zorluteks, Europe's leading manufacturer of home textiles, and Korteks, Europe's largest integrated polyester yarn producer, we continued to increase our influence and strength. With the Smart Life 2030 strategy, we continued to take actions that will create value in the long term by making sustainability a way of doing business. We have become one of the preferred innovative business partners in the world by quickly meeting the demands of our customers with our value-added smart and sustainable textile products and our flexible and agile production structure.

In home textiles, we continued our growth with Zorluteks, Turkey's leading home textile manufacturer. We increased our strength especially through merchandising and license agreements. We initiated a restructuring in merchandising

and home textiles that will transform us into a fashion and style brand. As part of our strategy to grow through merchandising, we focused on growing with Central Merchandising, which we focused on even more after the pandemic. In addition, we started to expand our domain of influence in merchandising with a multi-channel strategy by developing online channels. We continued to develop license agreements with Zorluteks, which owns the production, sales and marketing rights of the Disney Home brand in more than 80 countries, which plays an important role in our growth as one of Disney's 5 major players in the world.

At Zorluteks, we continued to focus on high value-added technical textiles while continuing to produce home textiles. We continue to work in different areas, including three main areas. We will continue to create added value with our technical textile products in many different areas such as reinforced fabrics for companies producing conveyor systems, filter fabric for the household appliances industry, functional work clothes with features such as flame retardant, anti-static, light panel coated fabrics for the advertising industry, tents, awnings, sleeping bags.

With Korteks, Europe's largest integrated polyester yarn producer, we continued to grow with our investments focused on capacity, sustainability and circular production at a time of both accelerating demand growth for polyester yarn and tax protections. At Korteks, where we completed our capacity increase and modernization investments in 2022, we started to reap the fruits of our investments in the sustainable products category in parallel with our Smart Life 2030 strategy. We have become a pioneer in the market with our Taç Reborn, Dope Dyed, Taç Bioloop yarns that we produce with our high technology and sustainability vision. In addition, Korteks continued to reinforce its position as a sought-after brand in the market with its product diversity, product quality, fast and flexible solutions and technical capacity. In the coming period, Korteks will continue to focus on the automotive sector, specially designed engineering products defined as Biocomponents, products made of composite materials and technical textiles such as wearable textiles.

In line with the Smart Life 2030 strategy, we continued to develop products for the sustainability category, and we continued to obtain certifications in this field. We outperform our industry in many sustainability-focused indices such as the FEM Higg Index and the FSLM Higg

Index. At Zorluteks, we have joined the Higg Index platform, which we believe will directly affect the order-taking mechanism in the future. While the average score for home textiles there was 64, we scored 83 points. Thanks to the STeP by OEKO-TEX certificate we received last year and the right to use the Made in Green label, our customers can work with us with confidence by monitoring our relevant products in terms of sustainability with a QR code. In addition, in 2022, for the first time in the polyester yarn industry, we issued EPD (Environmental Product Declaration) certificates in 4 different product categories with LCA (Life Cycle Analysis) and certified our products in this category in terms of sustainability.

In line with our strategy to grow through R&D and innovation, we continue to develop sustainability-oriented products and solutions with our own R&D Centers and collaborations. In 2022, Korteks was accepted to the Horizon Europe Program for the first time with the PLASTICE Project. With the project, complex textile and plastic wastes, which are very difficult to separate, will be recycled using environmentally friendly, innovative, efficient methods and smart and digital technologies, and final products with low carbon footprint will be manufactured from recycled raw materials, contributing to the circular economy. In addition, according to the results of the "R&D Center 2021 Performance Index" announced in 2022, Zorluteks ranked second in the ranking of the best R&D centers in Turkey, which is an important development that confirms our R&D and innovation-oriented work and makes us proud.

In line with the Smart Life 2030 strategy, we, as Zorlu Textiles Group will continue to work with the goal of increasing our positive environmental, social and economic impact for a more livable world in 2023. With this understanding, we will continue our investments in smart and technical textiles, our most innovative and powerful muscle, as an integral part of sustainability, and in the circular economy. We will continue to move forward in accordance with our goal of realizing various green transformation-oriented innovations by 2025, even extending to producing home textiles for sustainable cities.

Textile

One of the top-ranking textile manufacturers in the world, Zorlu Textile Group strengthens its position as a business and solution partner on a global scale thanks to its high manufacturing capacity, differentiated and quality product line reflecting innovations of the contemporary technology, and superior marketing and distribution capabilities.

Zorlu Textile Group

One of the top-ranking textile manufacturers in the world, Zorlu Textile Group strengthens its position as a business and solution partner on a global scale thanks to its high manufacturing capacity, differentiated and quality product line reflecting innovations of the contemporary technology, and superior marketing and distribution capabilities.

Led by Zorluteks Tekstil Ticaret ve Sanayi AŞ (“Zorluteks”) and Korteks Mensucat Sanayi ve Ticaret AŞ (“Korteks”), Zorlu Textile Group is mainly involved in the manufacturing and marketing of yarn, drapery and home textiles. The Group has 14 manufacturing and marketing companies in total.

The export volume generated by Zorlu Textiles Group, whose activities in home textiles have grown rapidly over the years and expanded beyond Turkey’s borders to four continents, reached USD 197.1 million in 2022. With around 7,000 employees and manufacturing facilities spanning 800,000 m2 in total, Zorlu Textile Group is among the leading polyester yarn and home textiles manufacturers around the globe.

Innovative business partner of world giants with its R&D and innovation competence leading the transformation in textiles

Technologies and processes which develop and rapidly change under Industry 4.0, along with digitalization-led transformation and new business models, bring competition in the business world to a new edge, and pave the way for a brand-new period.





Economic actors strive to build a sustainable future under conditions of fierce competition. These developments also affect the textile industry. Characterized as a traditional industry until recently, textiles stand out in the center of this change and transformation as the most visible face of megatrends.

Industry players that aim to be a part of the future should not limit themselves to manufacturing traditional products such as bed sheets, curtains or yarns, but also create innovation in order to proactively adopt to the changing expectations of consumers, change their lives, and increase their quality of life.

Having become synonymous with innovation in its sector, and effectively applying innovation both to its products and to its marketing strategies, Zorlu Textile Group makes significant investments to develop and manufacture innovative products so as to respond to the expectations of its consumers.

Zorlu Textile Group enjoys a competitive and leading position in technical textiles, testified by its innovative products such as self-cleaning roller blinds and draperies, cooling coverlets, curtains cleaning the ambient air, antibacterial beddings, LED illuminated curtains and automotive project yarns, which have all been made possible by the innovative approach adopted by the Group.

R&D is one of determining factors in the fierce global competition in the textiles industry. Powered by its three R&D Centers, Zorlu Textile Group consolidates and carries to the future its position as the innovative and competitive business partner of world giants.

Technology-intensive business model and digitalization

It is not possible for a textile company that does not utilize and invest in advanced technology to maintain a presence in global markets in the medium and long term. Fully aware of this simple fact, Zorlu Textile Group continuously invests in technology and uses the best digital printing machines available in its manufacturing processes.

Products that go beyond consumer expectations and personalized designs

Managing consumers' needs and expectations well as well as developing more functional, more innovative, more human-oriented, more customized and more striking designs set the stage for competition in the textiles industry.

Textile

Powered by its three R&D Centers, Zorlu Textile Group consolidates and carries to the future its position as the innovative and competitive business partner of world giants.

Zorlu Textile Group accurately predicts consumer trends in world markets, particularly in Europe, and can exceed expectations with a human-oriented design philosophy.

A 360-degree sustainability approach that embraces the entire business cycle

In today's world, sustainability is a holistic, 360-degree approach that involves the entire business cycle, and responds to economic, environmental and social dimensions of life. The world's leading retailers are highly sensitive about whether the suppliers they collaborate with meet the quality and standards of sustainability.

Zorlu Textile Group has turned sustainability into a business style in line with Smart Life 2030 strategy, and it is a highly preferred business and solution partner for global companies thanks to its sustainability vision, quality, standards and practices. In line with its principle of making efficient use of resources as of today to achieve a sustainable world, Zorlu Textile Group is committed to develop environmentally-friendly products. Zorlu Textile Group also owns the first ecological production facility of Turkey.



Smart processes with Industry 4.0

Providing communications between devices, necessitating the interaction of people and devices and also requiring the establishment of a harmonious ecosystem, Industry 4.0 is one of the keys to a sustained presence in a competitive business world.

Industry 4.0 points out to a large and new universe encompassing factories, facilities, suppliers and business partners.

Zorlu Textile Group, currently in the process of implementing Industry 4.0 practices, responds rapidly to the demands of its customers all around the globe and increasingly reaps the fruits of the investments it has made in smart business management processes.

Made by Zorlu: A global brand that stands out with its originality and added value

The most important goals of manufacturers are to be unique and to maximize the value offered to consumers.

Consumers opt for unique brands with high value-added that make them feel special and good, or in other words, brands that can go beyond offering products alone. Textiles industry is one of the industries where this trend is the most visible. Textile companies that wish to compete in the same league with global players in today's competitive markets must develop the capability for flexible production while focusing on creating value for their customers.

This is the approach that enabled Zorlu Textile Group to expand its "Made by Zorlu" brand across the globe.

Zorlu Textile Group reaches customers in domestic and international markets through its leading brands.

Zorlu Textile Group remains the market leader in the Turkish home textiles industry with the drapery and quilt cover products offered under its TAÇ brand.

Zorlu Textile Group has introduced an innovative and pioneering vision to retail home textiles sector with Linens, which stands apart as Turkey's only international home textiles chain store.

Another brand from the Group, Valeron was first launched in Europe before making its way to the domestic market.



Textile

New generation printing machine park gives Zorluteks a competitive edge and contributes to the company's position as one of the most popular textiles companies in international markets, especially in Europe.



Zorlu Textile Group has an extensive retail structure in Turkey and abroad. In addition to this wide-reaching organization, the Group also utilizes e-commerce, alternative and wholesale delivery channels.

The Group has a strong in-house design team, and enjoys another important competitive advantage in home textiles thanks to its ability to offer tailored collections to its customers rapidly and in desired quantities.

ZORLUTEKS

A global and leading player in home textiles

Thanks to its drapery and home textile manufacturing facilities, marketing company and globally known brands, Zorluteks is one of the leading global companies in the home textiles sector.

Zorluteks ranks among the most modern and largest integrated textile producers with its massive manufacturing facilities in Lüleburgaz, Kırklareli with high production capacity and over 4,500 employees, exceptional quality of products, and the importance it places on the environment, occupational health and working conditions.

Zorluteks is Europe's largest integrated manufacturer of cotton home textiles

Zorluteks manufactures curtains in its facilities with a closed area of 60,000 m², consisting of embroidery and finishing plants where it performs weaving, knitting and warping activities with its modern machinery park of 273 units. The Company's curtain production capacity is 20 million meters and 6 million ready-made curtains per year.

Zorluteks, also manufactures 96 million meters of various other home textile products in 108,000 m² production area; these include quilt covers, coverlets, pillowcases, quilts, bed sheets, tablecloths, bed spreads, cotton drapery fabrics, jersey fitted sheets and towels.

In addition to Turkey, Zorluteks has a manufacturing facility in China and marketing offices in New York, London, Munich, Shanghai and France.

One of the few facilities with the largest digital printing machine in the world

In order to meet the needs of its international clients as rapidly as possible, Zorluteks has made significant investments in digital printing machinery.

Textile

Manufacturing for the top brands in Turkey such as TAÇ, Linens, and Valeron, Zorluteks, Europe's largest integrated home linen manufacturer, exports 60% its home textile products to various parts of the world, mainly Europe, US, Far East Countries and Russia.

The first digital printing machine (reactive printing) of Zorluteks entered service in August 2011, the first of its kind in Turkey capable of printing on a 3.2 m-wide fabric. Zorluteks' second printing machine (disperse printing) commenced production in May 2013 and the third machine (reactive printing) in June 2014. The fourth machine (pigment printing), which entered service in July 2014, can print on a 1.8 m-wide fabric. Zorluteks has demonstrated the importance it attaches to technology by purchasing and including to its machinery park the largest printing machine in the world, a rare feat that only few other companies in the world have accomplished.

Putting technology at the heart of its activities, Zorluteks is the world leader at implementing photograph-printing systems. The system makes it possible to print any photograph on fabric in the desired dimensions. 3D patterns were printed for the first time in Turkey on Zorluteks bedding products and introduced to the market.

New generation printing machine park offers many opportunities such as low and sustainable energy costs, eco-friendly and flexible production, and the ability to respond quickly to customer's needs and manufacture in the quantities requested. The machine park gives Zorluteks a competitive edge and contributes to the company's position as one of the most popular textiles companies in international markets, especially in Europe.

Zorluteks has invested USD 4 million in two new digital printing machines (single pass and multi pass) and will continue to use new printing techniques in the coming years.



Textile

Zorluteks, which has registered that it can manufacture with the ‘Made in Green’ label, has reduced its carbon footprint by at least 50% with the Ecodesign product category, the first product category with a low carbon load.

The first home textiles company to receive the “Authorized Economic Operator Certificate” in Turkey

Zorluteks became the first home textile company in Turkey to receive the “Authorized Economic Operator (AEO) Certificate”, which enables trusted companies to carry out their customs transactions at an expedited pace.

Serving as a proof that the required standards on transparency, traceability, accountability, and plant safety are met, the “Authorized Economic Operator Certificate” has increased Zorluteks’ strength in customs transactions.

With the RECLAIM project, which aims to increase service life of machinery, equipment and materials to prevent unnecessary use of resources, Zorluteks has been accepted into the EU’s Horizon 2020 Grant Program for research, development and innovation projects.

Zorluteks continues on with its exports-oriented performance also in 2022, reaching 70 countries in five continents.

Manufacturing for the top brands in Turkey such as TAÇ, Linens, and Valeron, Zorluteks, Europe’s largest integrated home linen manufacturer, exports 60% its home textile products to various parts of the world, mainly Europe, US, Far East Countries and Russia.

Zorlu Textile Group single-handedly accounts for 23% of Turkey’s bedding exports and 17% of curtain exports. Zorluteks exports 34% of its curtain production, and sells the rest in its home market via the TAÇ, Linens and Valeron brands. The company aims to grow its home textiles business through retail stores not only across Turkey, but also in neighboring markets that represent a total population of 700 million. In 2022, the retail growth drive continued and the number of stores and outlets in various regions were increased.

Zorluteks generated USD 134.5 million in export revenues in 2022, presenting its product range to 57 countries and carried out sales under the TAÇ brand to approximately 20 countries and regions including Middle East, the Balkans and Georgia. The aim of the company is to increase its presence in European market, where it already enjoys a strong position, and to enter new markets in the Middle East region.

Working with big retailers in Europe, Zorluteks is committed to establishing long-term and robust relations and ensuring the continuity of business operations. In locations with the necessary infrastructure, Zorluteks keeps online track of store inventories, which enables the company to produce and export rapidly based on demand.

Textile

Zorluteks is the first manufacturer in Turkey to own an ecological production facility to manufacture 100% organic home textiles in Turkey under Global Organic Textile Standard-GOTS Certificate.

Sustainable textile production with 'Made in Green' label

Targeting efficient use of resources while designing the home textile of the future in line with a sustainable environmental philosophy, Zorluteks developed "Clean Production Software" which enables instant monitoring of electricity, water, natural gas and steam consumption of machineries used in its production facility. Thanks to this newly developed software, the target is to monitor and minimize the use of resource.

By completing STeP ("Sustainable Textile Production") certification process in its factories certifying itself as a sustainable textile producer, Zorluteks has certified that it can produce under the 'Made in Green' label used along with Standard 100 by Oeko-Tex and STeP by Oeko-Tex documents.

It reduced its carbon footprint by a minimum of 50% with its Ecodesign product category, the first in kind with a low carbon burden. The target is to manufacture various products, such as bedlinen, table cloth, decorative pillowcase, within Ecodesign product range manufactured with less water, energy and chemicals.

Many innovations around the green transformation strategy, such as home textiles for LEED-BREEAM certified sustainable cities, are planned to be actualized by 2025.

First 100% organic home textile products' manufacturer of Turkey and the first ecological production facilities of the country

Zorluteks continually invests in technology, makes use of the best digital printing machines in its production processes, and benefits from the latest high energy-saving environmentalist technologies.

Considering sustainability a high priority for future survival and a determining marker for competition, Zorluteks is the first manufacturer in Turkey to own an ecological production facility to manufacture 100% organic home textiles in Turkey under Global Organic Textile Standard-GOTS Certificate.

Having operated the first integrated production facility in its sector on a global level, Zorluteks contributes to and supports sustainable economy in its production processes.

The only textile company in Turkey to have three R&D Centers and an additional Design Centre, Zorluteks has an R&D performance a great majority of which involves sustainability-oriented operations. Alongside projects developed in its own R&D Centre, it also collaborates with academia, and engages in R&D projects of the EU.

Zorlu Textile Group's global network

Zorlu Textile Group reaches its customers via thousands of points in Turkey and abroad to offer them a wide range of products.

TAÇ



ABROAD

36 COUNTRIES
110 STORES
750 SALES POINTS



DOMESTIC

1,888 SALES POINTS
29 FACTORY OUTLETS
16 PROVINCES

LİNENS



ABROAD

7 COUNTRIES
8 STORES



DOMESTIC

28 PROVINCES
72 STORES IN

VALERON



ABROAD

41 COUNTRIES
AROUND **200** SALES POINTS,
DRAPERY AND BEDLINEN SALES
THROUGH A TOTAL OF
11 DIFFERENT SALES CHANNELS IN
US



DOMESTIC

1 STORES

60% of Zorlu Textile Group's products reach global customers through export.

KORTEKS

EXPORTS TO **AROUND 50**
COUNTRIES
WITH **OVER 300** CUSTOMERS



ZORLUTEKS

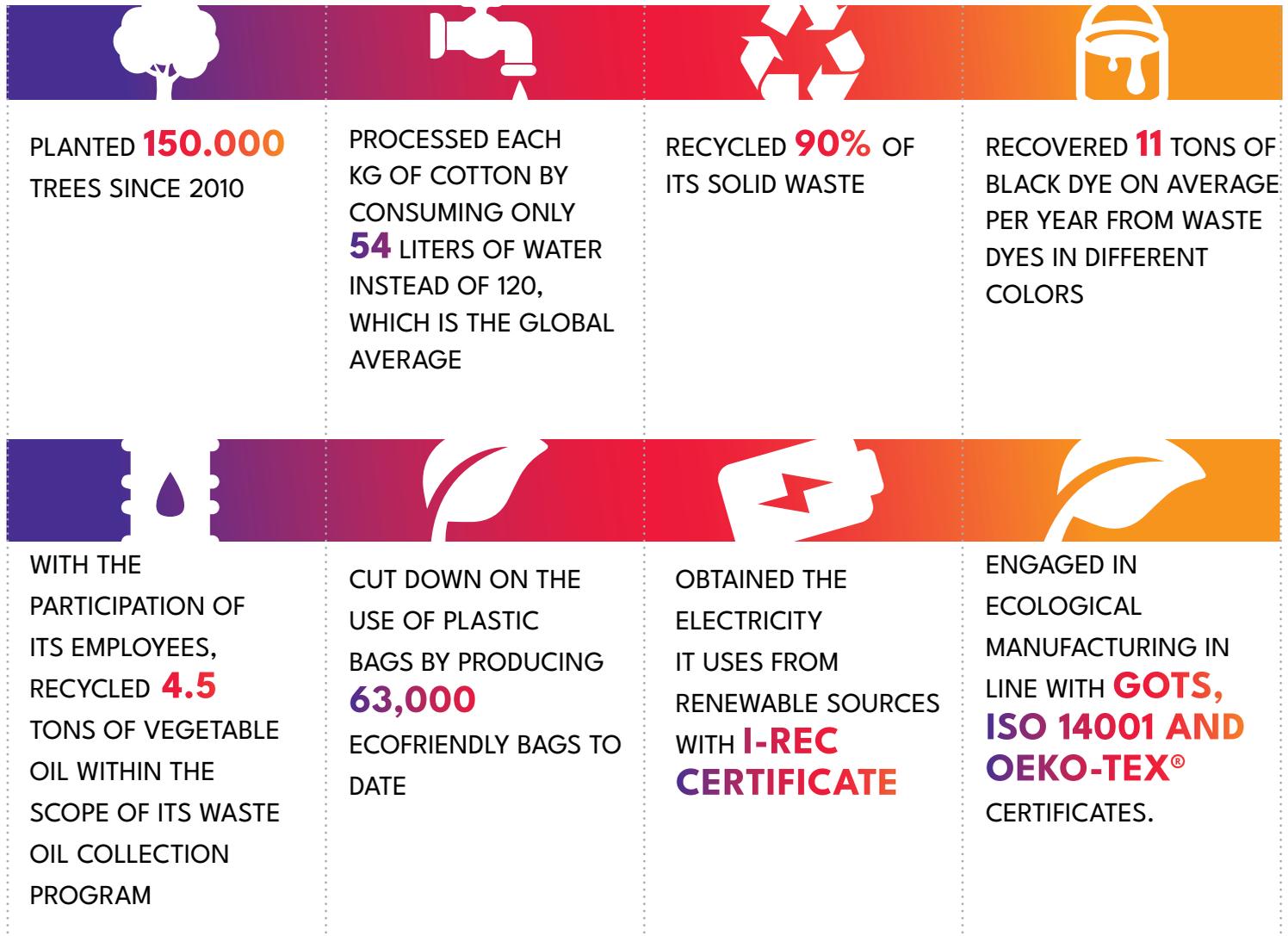
EXPORTS TO **70** COUNTRIES



PRIMARY BRANDS

TAÇ, LİNENS, VALERON, BIANCA LUNA, KRİSTAL, CASABEL, BRIELLE

In its production cycle, Zorluteks:



In its consumption cycle, Zorluteks:



KORTEKS

The largest integrated and innovative polyester yarn manufacturing center in Europe

Polyester based products correspond to more than two thirds of world's overall thread supply. Polyester, the most important raw material in textile industry at the global scale, polyester continuously consolidates its position in the textile industry thanks to its various uses, versatility and flexibility.

Although the initial aim of polyester thread production was to cover the demand from Zorlu Textile Group, it gradually evolved into a separate and significant line of business under Korteks within the Group.

Since its establishment, Korteks has always remained among the top-ranking polyester thread manufacturers in Turkey and the world at large, and over time, it has increased its capacity through systematic investments, supporting its technology with innovation.

World leadership in micro yarn technology with sustainable R&D investments

Korteks features the capacity to develop technology in-house and attaches great importance to R&D investments, one of its major competitive advantages, in order to further reinforce its position in international markets, and develops innovative solutions to its national and international partners. It is a pioneer in micro thread technology at the global scale.

Established in 1989, and augmented the capacity of its polymerization facility up to 580 ton/day thanks to Turkish engineers, Korteks continues to invest in R&D efforts and technology development to improve its product quality. The company's pilot facility consisting of manufacturing and texturing machinery and cutting-edge test and analysis equipment allow for research and development efforts in a rapid and consistent fashion.

Competitive advantage on a global scale supported by high quality and innovative product range

Aiming to increase its market share and grow through customer-oriented, innovative and high-value-added products, Korteks



Textile

Since its establishment, Korteks has been one of the leading polyester yarn manufacturers not only in Turkey but also in the world. Thanks to its technological engineering capability and R&D investments, Korteks holds the world leadership in micro yarn technology.

supplies high quality, unique, novel and eco-friendly polyester thread products to a variety of textiles companies across the global arena.

Korteks adds numerous new and functional products to its portfolio in an effort to enhance product variety with distinct and innovative options. Offering a competitive edge in the textile industry, these products are used in furnishing, carpets, towels, medical products, sweatshirts, top-wear and sportswear, outdoors, and automotive textiles, and are becoming increasingly popular with customers.

Korteks manufactures super-gloss and semi-matte polyester grade chips and super-bright/matte/semi-matte/full-matte ecru and dope-dyed polyester POY, FDY, textured, elastane, air-textured, twisted, bobbin-dyed and flat, mono-filament threads and yarns under the TAÇ brand. All of Korteks's production facilities are designed to manufacture high-quality and special filament threads such as high count.

In addition to POY, FDY, and texturized thread, the company also manufactures the company also manufactures specially-pointed, non-torque, fancy twisted and elastane threads specific for different fields of use with over 3000 dope-dyed color choices.

Korteks product range also includes DRY TOUCH®, TAÇ FLAME RETARDANT, TAÇ COTTON-LIKE, TAÇ ANTISTATIC and TAÇ UV RESISTANT products intended for the technical textiles industry.

Korteks aiming to achieve superior customer satisfaction by combining technology and innovation. Korteks endeavors to continuously expand its product range, manufacture premium quality products, and remain the preferred choice among its customers.

Korteks sells approximately 85% of its production to the Turkish market, where around 1 million tons of polyester thread are consumed annually. Today, Korteks single-handedly supplies 17% of Turkey's total yarn demand.

The company is also an active player in the European market where it consolidates its market presence with technical textile threads, which offer high value-added, require special manufacturing processes and involve advanced technology, and are especially sought after in the automotive industry.

One of Turkey's leading exporters with USD 55 million in export revenues in 2022, Korteks exports its products to around 50 countries in five continents, including Germany, Belgium, China, United Kingdom, Italy, Spain, France, Poland, Portugal, Egypt, United States, Canada, Mexico and South Africa. In 2022, Korteks' top three export destinations were Germany, Italy and Belgium, respectively.

Technological capabilities contributing to sustainability

Korteks ensures corporate sustainability by implementing ISO 9001, IATF 16949, ISO 10002 and ISO 14001 management system standards.

Korteks regularly publishes ISO 14064 Greenhouse Gas Verifications and shares them with all stakeholders.

Korteks has been certifying the reliability of its products in terms of human health with the internationally recognized Oeko-Tex 100 Certificate for more than 25 years and regularly renews it every year.

Korteks puts its technological capabilities to use in line with sustainability goals, embracing an environment friendly approach in both manufacturing and new product development processes.

Standing out with their durability and quality, Korteks products are environment friendly, ecological, sanitary and chemical-free. Korteks can offer to its domestic and foreign clients a wide range of products which can be used in all areas where polyester is used from apparel to home textile and automotive and are produced with an eco-friendly manufacturing technique.

In line with Zorlu Group's Smart Life 2030 strategy, which makes sustainability a way of doing business, Korteks produces 100% recycled polyester yarn, a first in Europe and Turkey, with its Polymer Recycling Plant, which was commissioned with an investment of USD 10 million. At the plant, RPET Chips, the main raw material of polyester, is produced from waste PET bottles and production waste yarns to produce filament polyester yarn, a recyclable product.

First EPD certificates published in the polyester yarn sector

Korteks can produce yarn at zero production waste at its virgin PES yarn plant by using the yarn obtained from the bottles recycled at the Polymer Recycling Plant equipped with a monthly production capacity of 600 tons in a total indoor area of 17,000 m².

This innovative recycling process not only saves energy, but also contributes to the reduction of greenhouse gas emissions, as it requires less energy compared to traditional production practices.

The LCA (Life cycle assessment) studies of this process, which provided significant gains in terms of sustainability, were completed and the first EPD documents were published in the Polyester Yarn Sector.



Textile

With its Polymer Recycling Plant, which was commissioned with an investment of USD 10 million, Korteks produces 100% recycled filament polyester yarn, a first in Europe and Turkey.

Industry 4.0 applications aiming to increase efficiency throughout the commercial and economic cycle

Zorlu Textile Group conducts Industry 4.0 activities that aim to increase efficiency in the entirety of the commercial and economic cycle, from manufacturing to marketing.

As a manufacturer that has embraced the principles of Industry 4.0, Korteks has a team specializing in this field. Industry 4.0 is highly compatible with Korteks' production technologies, and each and every automation process in this context has been custom designed internally. Korteks also cooperates with its business partners for Industry 4.0. A global machinery supplier, a long-time business partner of Korteks, has selected Korteks as its Industry 4.0 implementation partner. The aim of this project is to jointly develop a system that can be marketed internationally.

Korteks utilizes many robots with various functionalities in different stages of its fully automated production processes.



Real Estate



Real Estate

Zorlu Real Estate Group which has internalized sustainability as a way of doing business within the framework of Smart Life 2030 vision, transforms the innovation culture into sustainability-oriented achievements with its smart projects and practices shaped by technology, offering innovative living spaces that make people's lives easier.





Real Estate



In parallel with the common vision of Zorlu Group, Smart Life 2030, we continued our activities under the umbrella of Zorlu Real Estate by offering the best examples of sustainable solutions in our innovative living spaces. We continue our efforts for a sustainable life with a 360-degree approach ranging from waste management to 100% renewable energy use, from smart systems that ensure more efficient water and energy consumption to eco-friendly activities.



İlker Özcan

Zorlu Center General Manager

Dear Stakeholders,

In Turkey in 2022, there was a growth-oriented trend in the economy as the impact of the pandemic gradually diminished, individuals started to meet their postponed needs, participated in art events and started traveling. Thus, despite the impact of volatile conditions, 2022 was a highly productive year for our country and Zorlu Real Estate Group, as change and transformation continued in the world. Zorlu Center continued to offer its guests a unique shopping experience by expanding its brand mix in 2022. While increasing the number of visitors by more than 50% compared to the previous year, it has hosted 120 million people in the 9 years since its opening.

In parallel with the common vision of Zorlu Group, Smart Life 2030, we continued our activities under the umbrella of Zorlu Real Estate by offering the best examples of sustainable solutions in our innovative living spaces. We continue our efforts for a sustainable life with a 360-degree approach ranging from waste management to 100% renewable energy use, from smart systems that ensure more efficient water and energy consumption to eco-friendly activities. We have created opportunities for our visitors to increase their awareness in this area and adopt new habits, especially with unique experience-oriented projects. By making technology and innovation a part of these efforts, we have also provided our guests with good examples of digital experience.

In this context, we organized the second “Eco Love Fest” at Zorlu Center, where we brought together enthusiasts of good life and those who create change with sustainability. We provided our guests with an unforgettable experience with the Tree Mapping Digital Art Show (Breath of the Tree Project) organized as part of the festival, where

we benefited from technology and digitalization, which are among the most critical leverages of our Smart Life 2030 strategy. Many good examples prepared within the framework of the festival have been a nice reflection of our principle of managing sustainability with a 360-degree approach.

The first “Eco Love Fest”, which was attended by competent names in the field of sustainability from Turkey and abroad, was awarded Platinum at the Marcom Awards in 2022 and Silver at the Solal Marketing Awards organized by the European Council of Shopping Places, one of the most important award programs in the sector. While we received 2 Platinum awards in the categories of “Sustainability Awareness” and “Special Event in Public Relations and Communication” at the International Hermes Creativity Awards, we received another award in the category of “Best Event Communication” at the PRIDA Communication Awards organized by the Communication Consultancies Association (IDA). The fact that “Eco Love Fest” was deemed worthy of many international awards was a valuable indicator that registered the success of our project.

In 2022, a year in which Zorlu PSM, the meeting point of culture and arts, and the sector took important steps towards returning to its old days, we had a successful year with various events featuring world-class musicians and actors and with the support of hundreds of thousands of art lovers. Staging PSM-produced theatre plays in 2022, which are fully produced by Zorlu PSM, was among the developments that excited us as an organization that achieved firsts in Turkey. It was very meaningful and valuable for us that PSM Workshop, which was launched with the same understanding to ensure the sustainability of theater in our country, completed its first year and our graduates started to work both in Zorlu PSM productions and in different theater productions in the sector. The “My First Concert, My First Theater is at PSM” project, realized with a focus on creating social benefit, was one of the important steps we took to increase the access of different segments of society to quality culture and arts events. In the last quarter of 2022, Zorlu PSM opened its 10th season with the premiere of Fazıl Say’s new work The Tree of Life (Hayat Ağacı) by bringing Fazıl Say and Refik Anadol together on the same stage with the motto #OnlarıÇokSevıyoruz (#WeLoveThemSoMuch), making us all proud by realizing a first in the world with a fascinating experience that appeals to three senses by bringing two art forms together. This project also won the “Felis Achievement Award” in

the “Digital & Mobile Felis Innovative Use of Technology” category at the Felis Awards, one of the most prestigious marketing and communication awards in our country.

On the other hand, as part of the “PSM Loves Summer” concert series, which was launched in 2022 for the first time to transform Zorlu PSM into a festival area during the summer months, Arctic Monkeys held the first two concerts of their world tour after three years at Zorlu PSM.

Zorlu PSM has achieved another important first in the field of music. In May 2022, for the first time in its history, the EFG London Jazz Festival traveled beyond the borders of London and organized “Zorlu PSM Meets EFG London Jazz Festival” in Istanbul in collaboration with Zorlu PSM.

Zorlu PSM, which creates a free, creative, transforming and developing stage for art lovers, was selected as the “Culture and Arts Institution of the Year” in 2022 by Galatasaray University students at the 17th EN Awards of Galatasaray University.

Raffles Istanbul Zorlu Center, one of the most exclusive, high-end hotels in the world, continued to be the address in Istanbul for distinguished visitors from different countries around the world, including Turkey. The hotel hosted 105,753 local and international guests throughout 2022. Raffles Istanbul, which has received many awards since its opening, has been awarded the Five Star award by Forbes Travel Guide for the fourth consecutive year in Turkey in 2022. Raffles Istanbul was also named the best hotel in Turkey and Greece and the 4th best hotel in the world in Readers Choice 2022, which is organized by Conde Nast Traveler, an authority in the travel industry among international publications and determined solely by readers’ votes. It has been selected as the best hotel in Istanbul, the 4th best hotel in Europe and the 16th best hotel in the world by Travel + Leisure, one of the most followed travel publications in the world, in the World’s Best Awards determined solely by guest voting.

With all these developments, we, as Zorlu Real Estate Group, completed the year 2022 with highly successful accomplishments. In 2023, we will continue to be a pioneer in our sector by offering the best examples for smart living spaces with the innovative projects and experiences we create.

Real Estate

Introduced at Zorlu Center, smart home and smart energy management systems, ZES electric vehicle charging stations, tracking system for customer trends and electric outdoor benches facilitate the lives of our residents and guests. In addition, parking and valet payments at Zorlu Center were moved to the mobile environment with Zorlu World.

Innovative and sustainable new generation living center: Zorlu Center:

Zorlu Real Estate Group offers one of the most impressive examples of innovative and sustainable next-gen living environments with Zorlu Center, Turkey's first five-function mixed-use project.

Comprising Zorlu Shopping Mall, Zorlu Performance Arts Center, Raffles Istanbul Zorlu Center, residences and offices, the five-function Zorlu Center is an exceptional mixed-use development in Turkey and the world at large. Zorlu Real Estate Group continues to enhance Zorlu Center as a next-gen living environment by implementing sustainable technologies and smart systems.

Introduced at Zorlu Center, smart home and smart energy management systems, ZES electric vehicle charging stations, tracking system for customer trends and electric outdoor benches facilitate the lives of our residents and guests. In addition, parking and valet payments at Zorlu Center were moved to the mobile environment with Zorlu World. This application, implemented for the first time in a shopping center in Turkey, provides great convenience to guests.

The goal of reducing environmental impact and increasing contribution to sustainability

Zorlu Real Estate Group develops projects that improve the lives of residents and customers while propagating its focus on sustainability, which it embraces as a way of doing business, across its venues through innovative practices and smart systems. In this context, the Group takes important steps towards reducing environmental impacts, increasing social impact and strengthening governance.

Some examples of best practices for reducing environmental impact at Zorlu Center include a 120-m² recycling room for solid waste, glass waste collection points, as well as recycling operations for waste, including oil waste from restaurants, which is regularly collected by authorized organizations.

Many smart systems that will increase energy savings are also used effectively at Zorlu Center. Significant energy savings are achieved with LED conversion and Smart Energy Management in common area lighting.

Adopting a holistic approach to its environmental impact, Zorlu Center carries out activities for spreading awareness on environment, not only in its immediate vicinity, but across the entire city of Istanbul.

Reduction of energy and water consumption through innovative practices

Ensuring the maximum level of comfort and safety and making quality sustainable at Zorlu Center, Turkey's first five-function mixed-use project, requires a well-orchestrated effort. Zorlu Center



addresses all requests by its residents with a solution-oriented mindset, and develops new initiatives that will provide a benefit in terms of energy and water consumption.

In this context, SkySpark program, a single point of analytics for all energy consumption data across Zorlu Center, is in use to inform efforts towards reducing power consumption and ensuring energy efficiency in all systems within the project.

Zorlu Center has adopted ISO 50001 Energy Management System to continually increase its energy performance, ensure compliance with laws and regulations, support stakeholder engagement in its policies, transform energy management into a corporate culture through company-wide training activities, and guarantee environmental and economic sustainability.

ISO 50001 helps Zorlu Center achieve gains in terms of reducing greenhouse gas emissions, generating less waste and achieving greater efficiency. As a result of these activities, carbon emissions are reduced, contributing to slowing climate change, reducing fossil fuel use, increasing the use of sustainable energy resources and reducing the carbon footprint. In addition, Zorlu Center, in cooperation with Zorlu Enerji, has certified the energy used in the shopping center with the International Renewable Energy Certificate (I-REC).

No barriers at Zorlu Center

In addition to its sustainability-oriented environmental contribution, Zorlu Gayrimenkul also executes many successful projects in areas that will create social impact. In addition to developing practices to make life easier for guests, office employees and residents alike, Zorlu Center also takes significant steps to support projects that raise awareness on people with disabilities.

In the previous years, Zorlu Center collaborated with the Guide Dogs Association as part of the “No Barriers at Zorlu” project, which aims to transform Zorlu Center into a fully accessible venue to facilitate social participation of individuals with disabilities. As part of the project, all food court personnel in Zorlu Shopping Mall received sign language training and all restaurant menus also featured Braille print. Within the framework of this cooperation, an office was allocated free of charge to the association at Zorlu Center.

With its No Barriers at Zorlu project, Zorlu Center was deemed worthy by the International Council of Shopping Centers of the “Social Support” Award in Europe and the “ICSC Foundation Albert Sussman” Award across the world. These awards granted a financial support of USD 25,000 to the association. Zorlu Centre, which works for the convenience and comfort of all its guests and aims to ensure that its guests enjoy their time without encountering any obstacles, intends to continue developing this project.

Real Estate

ISO 50001 Energy Management System helps Zorlu Center achieve gains in terms of reducing greenhouse gas emissions, generating less waste and achieving greater efficiency. Additionally, Zorlu Center, in cooperation with Zorlu Enerji, has certified the energy used in the shopping center with the International Renewable Energy Certificate (I-REC).

Operations in 2022

'Eco Love Fest' brought good life enthusiasts together for the second time.

In line with Zorlu Group's Smart Life 2030 strategy, Zorlu Real Estate treats sustainability as a way of life and organized "Eco Love Fest" for the second time in 2022 to raise awareness on sustainability. The festival draws attention as the first sustainability festival in Turkey to be implemented in shopping centres with different topics. Within the scope of the festival, which took place on the Zorlu Center Square Floor and lasted for 5 days, activities that prioritize sustainability and raise awareness were carried out. Nearly 20 local brands took part in the sustainable market, which was planned to support local brands that respect nature and engage in sustainable production. Many local and foreign experts attended the event as speakers. The event organized different contents including sustainability talks, ecological workshops for children and adults. Various interviews such as "Sustainable Approaches to Taking Care of Yourself and Each Other", "Healthy Kitchen Good Future", "Future of Water", "Sustainable Future & Happy Future", "Ezra Tuba X I'm here too", "Eataly Locals Talk" were organized. Awareness-raising details such as the fact that the gifts prepared for the press and influencers were "upcycled bags made from waste tarpaulins", that the menus were created as zero waste, and that all the flowers used in the event met with nature at the end of the event added value to the project.

Tree Mapping Digital Art Show attracted great attention at 'Eco Love Fest'.

The Breath of the Tree Digital Art Show, which emphasized the importance given to nature and trees within the scope of 'Eco Love Fest', attracted great attention. Bringing technology and nature together in a common language, Tree Mapping Digital Art Show draws attention as a project that seeks answers to the questions "Can digital possibilities, contrary to popular belief, help us hear the spirit of the forest?", "Can it make the invisible visible?", "Can it help us establish a new bond with nature?". In this context, the Tree Mapping Digital Art Show - "Breath of the Tree" was held between September 14-18 with the creation of Ali Aşkın Elibol, one of Zenger's artists. In this project, which was implemented in order to emphasize the importance of nature and trees and to raise awareness on this issue, wonderful music was produced by applying filters to the notes and rhythms produced by collecting bioelectric signals with sensors to be connected to different parts of the tree during mapping, offering a unique experience opportunity for visitors and raising awareness about the unique role of trees in natural life.

Real Estate

In line with Zorlu Group's Smart Life 2030 strategy, Zorlu Real Estate treats sustainability as a way of life and organized "Eco Love Fest" for the second time in 2022 to raise awareness on sustainability.



'Eco Love Fest' received many awards.

Zorlu Center has received many awards for 'Eco Love Fest', which is the first and most comprehensive sustainability festival in its sector. While 2 Platinum awards were received in the categories of "Sustainability Awareness" and "Special Event in Public Relations and Communication" at the International Hermes Creativity Awards, another award was also received in the category of "Best Event Communication" at the PRIDA Communication Awards organized by the Communication Consultancies Association (IDA). In 2022, it also received a Platinum award from the Marcom Awards and a silver award from the Solal Marketing Awards organized by the European Council of Shopping Places. Zorlu Center is working for the continuity and sustainability of 'Eco Love Fest', which has received many awards so far.

Moviegoers Gathered at Zorlu Center Open Air Cinema.

In 2022, Zorlu Center prepared a special summer program sponsored by Atelier Gelarto, offering moviegoers the pleasure of watching movies at the Open Air Cinema. The romantic fantasy musical film 'Beauty and the Beast', the 6 Oscar-winning 'La La Land' (City of Lovers), the black comedy 'The Grand Budapest Hotel', 'Interstellar', one of the most watched films, the fantasy-adventure film 'Alice in Wonderland': Through the Looking Glass', 'Cruella' set in 1970s London in the midst of the punk rock revolution, The sequel to Mamma Mia, a musical featuring ABBA's popular songs, as 'Mamma Mia! Here We Go Again', the first film in the third trilogy of the franchise directed by J.J. Abrams, 'Star Wars: The Force Awakens' were brought to moviegoers and a unique cinematic feast was presented.

New Year enthusiasm was experienced at the 'Zorlu New Year Festival'.

Zorlu Center brought the joy of the New Year again in 2022. Zorlu New Year Village, Turkey's first New Year's Village, welcomed its guests for the ninth time on the Zorlu Center Square floor, offering thousands of gift alternatives for every taste, from specially designed jewelry and accessories to textile products, from Christmas ornaments to decoration materials, as well as different gift options and stylish designs of very special brands. Music performances throughout the month and a concert by master artist Nükhet Duru and renowned pianist Emir Ersoy added color to the festival.

Zorlu Open Air Concerts attracted great interest from the audience.

Zorlu Center's Zorlu Open Air Concerts, specially prepared for the open air with the slogan "Don't Let it Turn to a Story" (Hikayede Kalmasın), attracted great interest. The famous actress Gökçe Bahadır, who has received acclaim with her songs at Zorlu Open

Real Estate

Thanks to its activities and satisfaction-oriented approach, Zorlu Centre increased the number of visitors by more than 50% in 2022 compared to the previous year and approached the pre-2019 level.

Air Concerts, was the guest of the famous musician Emir Ersoy's stage full of Latin tunes with her repertoire of her favorite songs. Kaan Sekban, one of the most prominent comedians of Turkish television, and musician Emir Ersoy, who worked together for two seasons on 'Alt Tarafı Bi' Talk Show, provided the audience with pleasant moments. Kaan Sekban performed his first concert here and achieved another first.

Tango lovers met at Zorlu.

Zorlu Center brought tango lovers together for a Milonga night with Latin vibes. Ali Alper Özdemir and Özge Çolak, who made a name for themselves with their tango and dance performances, met Zorlu Center guests with their special performances for the night. In addition, a live performance by La Fortune The Tango Orchestra took place on the Zorlu Center Square Floor, open to everyone free of charge.

Zorlu Center continued to offer Istanbulites unique examples of art.

The works of ceramic and sculpture artist Prof. Dr. Erdiñ Bakla met with art lovers at Zorlu Centre Square Floor. The art collection of Erdiñ Bakla, whose works are inspired by the artefacts unearthed and the information obtained in archaeological excavations in different parts of Turkey, includes works interpreted from different cultures such as Hittite, Göbeklitepe and Troy. The Anatolian Civilisations Exhibition curated by ISD ART, featuring more than 30 works by Prof. Dr. Erdiñ Bakla, was highly appreciated.

Zorlu Center inspired all sectors with its social responsibility projects.

As always, Zorlu Centre attached importance to social responsibility in 2022, implementing many projects in this regard and inspiring the sector. In this context, Memorial Health Group's "Women Shoulder to Shoulder" (Kadınlar Omuz Omuza) exhibition was supported. Within the scope of the project, the "Memorial Pink Awareness Festival" was organized with Memorial Health Group to raise awareness about breast cancer. In the festival held at Zorlu Centre to raise awareness on breast cancer and draw attention to the importance of early diagnosis, cancer survivors and those still undergoing treatment came together and shared their experiences with each other. In addition to this project, Zorlu Real Estate Group illuminated Levent 199 and Zorlu Center in orange to support the "16 Days of Activism to Combat Gender-Based Violence" campaign. In addition, the "No Barriers at Zorlu" project, which was launched in 2016, continued to expand the social impact of Zorlu Center as one of the projects developed with great care.



New brands have been added to Zorlu Center brands.

Zorlu Center continued to offer its guests a unique shopping experience by expanding its brand mix in 2022. Newly added brands include Casa Mobilya, which blends aesthetics and comfort with art; Watsons, a health and beauty care chain store; Mediamarkt, the No. 1 brand in consumer electronics; Nev Lokanta Meze, the address of unique tastes; Zara Home, the indispensable brand of home textiles; and Chopard, a combination of classic watchmaking art and jewelry.

The number of tourists increased by 91.25% compared to the previous year.

Thanks to its activities and satisfaction-oriented approach, Zorlu Centre increased the number of visitors by more than 50% in 2022 compared to the previous year and approached the pre-2019 level. In 2023, this number is expected to increase much more. There was also a significant increase in the number of tourists visiting Zorlu Center in 2022. The number of tourists registered at Zorlu Center in 2022 increased by 91.25% compared to the previous year, while tourist turnover was more than 3 times the total tourist turnover of the previous year.

ZORLU PERFORMING ARTS CENTER

The year 2022, when the effects of the pandemic subsided, was a year in which the culture and arts sector revived and important steps were taken to return the sector to its old days. Zorlu PSM successfully completed the year 2022 with the support of millions of art lovers and brought together quality culture and arts events ranging from world-famous musicals to world-class musicians, from large-scale theater productions to one-man performances.

Zorlu PSM achieved many innovations and firsts during the year of operation. For the first time in its history, Zorlu PSM, which hosts the Turkish leg of world-class festivals and organizes different festivals with popular local and foreign names, has launched a new concert series that spans the summer months. The “PSM Loves Summer” concert series took the pulse of Istanbul’s changing atmosphere during the summer season and brought together the giants of alternative pop and rock music with music lovers. With the motto #BuYazıÇokSeveceksin, the legendary names of the world music scene were hosted on Zorlu PSM stages in June, July and August

Real Estate

Zorlu PSM successfully completed the year 2022 with the support of millions of art lovers and brought together quality culture and arts events ranging from world-famous musicals to world-class musicians, from large-scale theater productions to one-man performances.

2022. Thousands of music lovers showed great interest in Arctic Monkeys, Placebo, ALT-J, Chet Faker, Warpaint, DIIV, Vendredi Sur Mer, Half Moon Run and Agnes Obel concerts. First two concerts of Arctic Monkeys' world tour after 3 years, performed on August 9-10 at Zorlu PSM Turkcell Stage, giving 6,500 people two unforgettable nights, and Placebo concert, which turned into an unforgettable night with the participation of approximately 4,000 people, were the biggest and most talked about concerts of 2022. Arctic Monkeys' Zorlu PSM concert was closely followed by the international press.

Continuing its international events and collaborations, Zorlu PSM broke new ground in the field of music. In May 2022, EFG London Jazz Festival, which has shaped world jazz music and is known for its support to many world-renowned names, went beyond the borders of London for the first time in its history and held its first international organization in Istanbul in cooperation with Zorlu PSM. Reinforcing the cultural interaction between the two countries, the "Zorlu PSM Meets EFG London Jazz Festival" concert series brought the most popular names of the British jazz music scene together with music lovers at Zorlu PSM. Continuing its international collaboration with EFG London Jazz Festival throughout 2022, Zorlu PSM also launched the "Air Anatolia" project, bringing Anatolian psychedelic



Real Estate

Zorlu PSM, which brings together many plays that are considered to be the best theatre productions in Turkey with art lovers and has performed co-produced plays many times before, has taken a step beyond being a culture and arts centre and started to stage PSM-produced theatre plays, which it fully undertook the production of in 2022.

music, one of the important musical heritage of our country, to British music lovers. Cult names and young artists representing Anatolian psychedelic music took the stage first in Istanbul and then in London as part of the London Jazz Festival within the scope of the project called “Air Anatolia” in collaboration with British producers.

In 2022, Zorlu PSM continued to bring music lovers together with a wide range of programs from world music to indie rock, electronic music to pop and rock. Zorlu PSM hosted musicians and bands such as Yasmin Levy, Imany, Kovacs, Metronomy, Kid Francescoli, Jungle, Woodkid, Mitski, Maceo Plex, Charlotte Cardin and John Grant on its stage. Once again hosting Sónar Istanbul, which is recognised as one of the most prestigious music festivals in Europe and is followed with great curiosity every year, Zorlu PSM brought together 6 thousand music lovers with world-class artists within the scope of the festival. On the other hand, Monica Bellucci, one of the most important names of the art world, met the audience with her live performance on the Zorlu PSM stage for the first time in Turkey.

While including concerts and dance performances by prominent local and foreign names in its program, Zorlu PSM, which brings together many plays that are considered to be the best theatre productions in Turkey with art lovers and has performed co-produced plays many times before, has taken a step beyond being a culture and arts centre and started to stage PSM-produced theatre plays, which it fully undertook the production of in 2022. In this context, the plays Şehirde Kimse Yokken (When There is Nobody in the City) and Kum Zambakları (Sand Lilies) met with the audience. Continuing its co-productions, Zorlu PSM collaborated with Akbank Sanat for the 50th anniversary of Akbank Children’s Theater and began staging the musical Peter Pan and the Neverland, adapted from a world classic that is as popular with adults as it is with children.

Zorlu PSM took action to ensure the sustainability of the culture and arts sector, which was most affected by the pandemic, and in this context, Zorlu PSM launched the PSM Workshop project with successful writers, producers, directors and actors in its own ecosystem in order to bring new talents to the theater field as writers, directors and producers, and successfully completed the first period of the project in 2022. As a result of the open call, 26 promising people between the ages of 18-30, selected from 400 applicants, were accepted to the PSM Workshop, where participants took courses in Dramatic Writing, Theater Directing and Theater Production, which are the most needed in the field of theater. At the end of 7 months of theoretical and practical training, 10 different plays, which the participants performed with the direction they created at the end of their 7-month theoretical and practical training, were staged in June 2022 as “Marathon of Shorts”. Many participants who completed PSM Workshop trainings were employed both at Zorlu PSM and in the sector. The second semester of the project, which attracted great interest, continues.

Real Estate

Aiming to play a transformative and guiding role in reducing social, environmental and economic inequalities as one of the leading institutions in the culture and arts sector, Zorlu PSM launched the project “My First Concert, My First Theatre is at PSM”.

Zorlu PSM welcomed the new season with the mission of re-strengthening the culture and arts sector in our country and internationally after a very successful summer period. Contributing to the development of the culture and arts sector with its innovative, dynamic, ambitious and extraordinary structure, Zorlu PSM started its 10th season in the last quarter of 2022 with the motto #OnlarıÇokSevıyoruz and brought together two of our great artists, who are known worldwide for their great achievements in their fields, at the season opening. Zorlu PSM brought world-renowned composer and pianist Fazıl Say and world-renowned new media artist Refik Anadol together on the same stage for the first time in the world, providing art lovers with an inspiring and mesmerizing experience that appeals to all three senses. On the unforgettable night, Fazıl Say’s “Tree of Life” suite, specially composed for the opening of Zorlu PSM’s 10th season, made its world premiere, while the accompanying Artificial Intelligence Data Sculpture, inspired by Refik Anadol’s Tree of Life, and the special scent created by artificial intelligence by learning more than half a million odor molecules, made the audience a part of this unforgettable experience realized for the first time in the world.

Zorlu PSM’s 10th season program includes local and international theater plays, concerts, musicals and dance performances, as well as a new project that aims to introduce and bring all segments of society closer to art. Aiming to play a transformative and guiding role in reducing social, environmental and economic inequalities as one of the leading institutions in the culture and arts sector, and



Real Estate

Raffles Istanbul has achieved the highest “guest satisfaction” results among all the hotels of the Accor Group, to which it is affiliated, in guest satisfaction evaluations measured with great sensitivity and has attained a repeat rate of 43.3% since its opening.

taking Zorlu Holding’s sustainability approach Smart Life 2030 as a reference, Zorlu PSM launched the project “My First Concert, My First Theatre is at PSM”. Adults and children living in disadvantaged areas of Istanbul, who have never been to a concert or theater in their lives, have started to be hosted at concerts and theater events at PSM with the “My First Concert, My First Theater is at PSM” project in partnership with the expert non-governmental organizations SosyalBen and the Community Volunteers Foundation. With this project, Zorlu PSM aims to increase the access of different segments of society to quality culture and arts events.

Raffles Istanbul Zorlu Center maintains its place among the best hotels in the world.

Raffles Istanbul Zorlu Center, one of the most exclusive, high-end hotels in the world, continued to be the address in Istanbul for distinguished visitors from different countries around the world, including Turkey. With 185 rooms and 66 residences, the hotel hosted a total of 110,262 local and international guests in 2022.

Raffles Istanbul, which makes a difference with its location in the heart of the city and its superior service concept and embraces emotional luxury, has achieved the highest “guest satisfaction” results among all the hotels of the Accor Group, to which it is affiliated, in guest satisfaction evaluations measured with great sensitivity. As a result of the high satisfaction results, the hotel has achieved a repeat rate of 43.3% since its opening.

Raffles Istanbul, which has been recognized with numerous awards since its opening, has been deemed worthy of various awards in 2022. In 2022, the hotel was awarded the Five Star award by Forbes Travel Guide for the fourth consecutive year in Turkey.

Raffles Istanbul was named the best hotel in Turkey and Greece and the 4th best hotel in the world in Readers Choice 2022, which is organized by Conde Nast Traveler, an authority in the travel industry among international publications and determined solely by readers’ votes.

It was selected as the best hotel in Istanbul, the 4th best hotel in Europe and the 16th best hotel in the world by Travel + Leisure, one of the most followed travel publications in the world, in the World’s Best Awards determined solely by guest voting.

Raffles Istanbul is the most popular hotel in the city in terms of meetings and events, hosting the most wedding organizations in the city with its 1,200-seat ballroom. As a result of intensive sales,

Real Estate

As a result of intensive sales, marketing and public relations activities in Russia, the USA, the Middle East, Europe and Turkey throughout the year, the total advertising equivalent of news stories featuring the hotel's rooms and other services reached a high level.

marketing and public relations activities in Russia, the USA, the Middle East, Europe and Turkey throughout the year, the total advertising equivalent of news stories featuring the hotel's rooms and other services reached a high level.

Focusing on experience and making a name for itself in the gastronomy arena with its unique touches, Raffles Istanbul brought together the unique flavors of Indian cuisine with gastronomy lovers at Rocca Restaurant with chefs 'Kundan Negi' and 'Robin Verma' who came to Istanbul from Fairmont Jaipur in March. Chef Negi and Chef Verma prepared soups flavoured with traditional Indian spices, delicious delicacies prepared with the "tandoori" technique, main courses reinterpreted with chicken, lamb and fish, accompanied by the most traditional garnishes of India, as well as coriander, turmeric, cumin, ginger flavours for Raffles Istanbul guests. Exotic desserts prepared with cardamom, saffron and gold leaf are served to the guests a la carte or as a tasting menu.

In addition, Rocca offered sophisticated experiences for Istanbul's food and beverage lovers with the hotel's signature Raffles Brunch, which has become a city classic on Sundays, and the rich Raffles Iftars during Ramadan.



Real Estate

At Levent 199, electric energy fully supplied from renewable energy resources was used in 2022 in line with its sustainable and environment-friendly management policy, and its renewable energy use was also certified by internationally recognized I-REC. In this way, annual carbon emissions from electricity consumption were reduced by 3,370 tons.

While the legendary Long Bar, located within the hotel, stands out with its signature cocktails and branded events, Lavinia Lounge has become a popular destination for tea time lovers in Istanbul.

Spread over an area of 3,000 square meters and flooded with sunlight, Raffles SPA continues to offer its visitors a unique 'wellness' experience with its distinctive care products and a rich variety of care programs. The products of the Gulsha brand have been added to the high-end SPA products both used in treatments and offered for sale to guests in Raffles SPA.

Located on the first floor of the hotel, ISOKYO, whose name refers to Pan Asia stretching from Istanbul to Tokyo, has continued to bring innovations to the world of food and beverage since its opening in 2018. The restaurant, which has become one of the meeting points of the city, offers its guests the best flavors of Pan Asian cuisine, the world's new and rising food trend, in a modern interpretation of the east.

Levent 199: Turkey's first large-scale A+ office project with a LEED Gold Certificate

Levent 199, positioned in Levent, one of the busiest locations in Istanbul, is the first A+ office project of this scale in Turkey to receive the LEED Gold Certificate from the US Green Building Council (USGBC). Levent 199 earned this certificate due to its eco-friendly features including highly energy-efficient glass facades, use of LED fixtures throughout the lighting system, an exclusive parking lot for electric vehicles, a bicycle parking area, heat recovering fresh air systems, and an expansive 10,000 m² landscape area.

In 2010, Levent 199 was recognized as the best office architecture in Europe-Africa in the commercial buildings category of the International Property Awards, one of the world's most prestigious awards series in architecture and real estate investments. The project also took second place in the Turkey's Most Successful Real Estate Investments lists of 2012.

Real Estate

In line with the concept of smart life, Levent 199 makes effective use of sustainability-oriented technologies such as its double-deck elevators, a first in Istanbul, which reduce the average elevator waiting time to 27 seconds and provide an energy efficiency of over 50%. Levent 199 also supports end-to-end recycling, and has implemented various eco-friendly practices, such as waste disposal and water treatment systems that treat gray water for reuse in the irrigation of green spaces.

It used electric energy fully supplied from renewable energy resources in 2022 in line with its sustainable and environment-friendly management policy, and its renewable energy use was also certified by internationally recognized I-REC. In this way, annual carbon emissions from electricity consumption were reduced by 3,370 tons.

In order to encourage the reduction of fossil fuel consumption in vehicles, a total of 8 charging stations for electric vehicles belonging to Zorlu Enerji's new generation energy brand ZES were installed at Levent 199. These charging stations also obtain the electricity they provide to electric cars from clean energy. It is aimed to make electric vehicles an inseparable part of life by making plans to increase the number of electric vehicle charging stations installed in the following periods.

In order to use water resources efficiently and effectively, a total of 2,912 cubic meters of rainwater was collected and reused throughout 2022. As a result, 8% of Levent 199's total annual water consumption is met by rainwater.

With its Zero Waste Management System, Levent 199 has been awarded the Zero Waste Certificate by the Ministry of Environment, Urbanization and Climate Change in 2022. The waste collected at 49 collection points located throughout the building was delivered to licensed companies and approximately 14 tons of recyclable waste was recycled and recovered in 2022.



Awards Received in 2022

International awards for Eco Love Fest

Zorlu Center Eco Love Fest received 2 platinum awards in the categories of “Sustainability Awareness” and “Special Event in Public Relations and Communication” at the International Hermes Creativity Awards, “Best Event Communication” at the PRİDA Communication Awards organized by the Communication Consultancies Association (IDA), Platinum award at the Marcom Awards and silver award at the Solal Marketing Awards organized by the European Council of Shopping Places.

5 stars from Forbes Travel Guide

Raffles Istanbul Zorlu Center is the first and only hotel in Turkey to be awarded the 5-star category for the last 4 consecutive years in the Forbes Travel Guide “Star Rating” list, which annually evaluates the world’s most prestigious hotels.

Raffles Istanbul Zorlu Center is among the 210 most exclusive hotels in the world, as selected by Forbes, in a list that is positioned as the pinnacle of awards in the tourism sector on a global scale. Being awarded 5 stars by Forbes Travel Guide can be considered as the pinnacle award of the luxury segment in hospitality among the countless awards received to date.

Raffles Istanbul has been named one of the best hotels in the world and Europe by international publications.

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Mining- Metallurgy



Mining- Metallurgy

Producing concentrated nickel and cobalt from ore, Meta Nikel Kobalt Madencilik aims to begin producing high-end products with high value added and rare-earth elements by using advanced technologies in the upcoming period. This project will render Meta Nikel Kobalt Madencilik a global supplier.





Mining- Metallurgy

“

META constantly endeavors to expand its product range of high-quality nickel and cobalt products with other metals, particularly rare-earth elements through their use and production.

”



Dr. Orhan Yılmaz

CEO, Zorlu Holding Mining Group

Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ (META) continues exploration, operation, export, R&D and investment activities with a focus on utilizing the nickel potential of Turkey in benefit of the national economy.

META currently operates a nickel-cobalt facility in Gördes, Manisa, one of the top 10 facilities in the world in its respective category, as well as nickel reserves in Eskişehir and Uşak.

Processing surface-mined ores in a closed-circuit system, the eco-friendly Gördes production facility has introduced “a new and sustainable approach to mining-metallurgy operation”, bringing dynamism to the industry.

Driven by its innovation-focused business approach as well as the learning process and the wealth of expertise, META is now capable of producing concentrated forms of nickel and cobalt from ore.

META constantly endeavors to expand its product range of high-quality nickel and cobalt products with other metals, particularly rare-earth elements through their use and production. Our company has adopted the strategy of expanding its commercial product range by obtaining high-purity nickel and cobalt products and developing products such as batteries and accumulators, which are components of energy storage systems.

META's accurate policies and the ability to keep abreast of developments in the mining and metallurgy industry have enabled the company to become a key production hub that proactively designs its strategies. The Company is also focused on maintaining a strong ecosystem of well-educated employees who closely follow science and technology, who are capable of producing original R&D projects and conducting and successfully finalizing scientific studies by making useful inventions in the industry.

Obtaining the title of R&D Center in the first quarter of 2018, META continues its efforts to become an R&D base in its field with firm steps. Aiming to develop new products, improve product quality and minimize operational costs, the R&D center has adopted the principle of creating a culture in its field with its know-how.

The top goal for META for the years ahead is to achieve full capacity utilization in production with the completion of new investments and planned improvements.

With the new investments to be made, Gördes plant will become an integrated enterprise with the ability to produce its own inputs; it will reach a position to respond quickly to market demand with its activities at a speed and efficiency that can keep up with international changes.

With the vision of an organization that utilizes, researches and develops all conditions to increase added value by using domestic raw material possibilities, META aims to meet the majority of the technology, machinery and equipment

to be used in the planned investments to be made in the coming years domestically with an understanding that supports domestic and national production and to increase its economic contribution to Turkey and its sector.

Adapting to the pace of technological change and the fierce competitive environment in the new global order, META aims to strengthen its presence in international markets and become a global supplier of nickel-cobalt by responding to the expectations of the end user in the best way possible with its production competencies and technical know-how.

Approximately 69% of the nickel produced in the world is used in the stainless steel industry and 6% in the battery industry. China, one of the largest links in the stainless steel supply chain, is the leader on the demand front. While the pandemic shutdowns in China continued, the supply/demand balance turned into a deficit, with existing capacities in excess due to the recent decline in demand for nickel.

In the first quarter of 2022, an abnormal increase in nickel prices was observed due to the war tensions in Europe, and the LME (London Metal Exchange) supported the normalization process of the markets by fixing nickel sales prices. Following this intervention, the price of nickel reached USD 27,000-30,000 with the retraction of LME (London Metal Exchange) metal prices.

Technical negotiations and pre-feasibility studies are being carried out with companies for the plant installation process of the sulfuric acid production facility, which is among our long-term investment projects. In addition to sulfuric acid, the sulfuric acid production facility will also produce high and low pressure saturated steam as a process output and the steam will enable the facility to generate electricity for its own internal needs.

With this high energy saturated steam, META's dependency to external resources will be reduced by generating electricity and the saturated steam requirement of the nickel production plant will be met, contributing positively to operating costs.

Mining- Metallurgy



Aiming to develop new products, improve product quality and minimize operational costs, the R&D center has adopted the principle of creating a culture in its field with its know-how.



As META, our goal is to ensure that our employees make the best use of their knowledge and skills, maximize their contribution to the business and provide a healthy and safe working environment by improving the quality of work-life of all employees. We believe that not the machinery or equipment but “human” is the biggest value of our business. Experienced and talented engineers and technicians are at the core of META’s mining and metallurgy approach. We will feel the support of this human force, as what makes us “we”, regardless of position, and continue to move forward on our journey to become a global supplier.

Mining- Metallurgy

META operates the nickel-cobalt mining facility in Gördes as well as carrying out reserve development and ore production in Eskişehir, geological surveys in Uşak, and nickel-cobalt exploration in various regions across Turkey.

A new and sustainable production approach in mining and metallurgy

Nickel mining in Turkey started with the establishment of META in early 2000.

The company operated in partnership with Zorlu Group from 2007 until its acquisition by the Zorlu Group in 2016. In June 2018, the company's 50% stake was sold to Vestel Elektronik for USD 250 million. The company has been carrying out its activities as Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ ("Meta Nikel Kobalt Madencilik" or "META") since then.

META operates the nickel-cobalt mining facility in Gördes as well as carrying out reserve development and ore production in Eskişehir, geological surveys in Uşak, and nickel-cobalt exploration in various regions across Turkey.

Investments for the Gördes Meta-Nikel project, designed with an annual production capacity of 10,000 tons of nickel metal from around 1.7 million tons of ore, commenced in 2011. The production facility was completed and entered into service in 2014. The facility made its first export in May 2015.

The plant produced 1,790 tons of nickel metal equivalent in 136 workdays in 2016; approximately 4,000 tons of concentrated product in 230 workdays in 2017; 5,001 tons of concentrated product in 242 workdays in 2018; 2,175 tons of concentrated product in



Mining- Metallurgy

Ranking among the top 10 facilities in its industry, the Gördes plant extracts ore with approximately 0.7% nickel content, which is processed and enriched with advanced technologies, resulting in a product with 38% nickel content.

138 workdays in 2019; 4.723 tons of concentrate products in 292 workdays in 2020 due to planned maintenance works and low nickel prices and 5,810 tons of concentrated product in 276 workdays in 2021.

The plant produced 6.384 tons of nickel metal equivalent concentrated product in 264 workdays in 2022.

The facility has produced a total of 28,078 tons of nickel metal equivalent concentrated products in the last 6 years and exported all of them.

In addition to mining-metallurgy activities, META draws from its expertise in metallurgy and chemistry to develop innovative products.

Ranking among the top 10 facilities in its industry, the Gördes plant extracts ore with approximately 0.7% nickel content, which is processed and enriched with advanced technologies, resulting in a product with 38% nickel content.

META extracts surface ores via open pit mining, which is processed using cutting-edge technologies into hydroxide form (MHP-Mixed Hydroxide Precipitate) of nickel and cobalt for export markets.

As part of its vision of gradually expanding its production capacity to become a global supplier, META aims to produce various forms of nickel and cobalt as well as process the rare earth content of the extracted ore in benefit of the Turkish economy.

In the medium term, META aims to:

- blend the industrial and entrepreneurial competence of Zorlu Holding with R&D and innovation to further increase the value-added of its operations by producing more advanced forms of concentrated nickel and cobalt,
- create combined plants maximizing energy efficiency through heat reclamation so as to produce its own input through new auxiliary facilities,
- reduce Turkey's dependence on foreign sources through domestic production and, accordingly, contribute to the reduction of current deficit.

In addition to the stainless-steel industry, nickel is also used to manufacture corrosion-resistant alloys, armor plating, and in the defense industry. The batteries used in electrical vehicles and energy storage systems contain nickel and cobalt. New studies carried out in parallel with the developing technology have shown that battery life increases with the nickel ratio in the battery's composition. In the near future, nickel content of battery and energy storage systems is expected to increase gradually, driving up demand.

Mining- Metallurgy

META, which implements ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System, has started working on the installation of ISO 50001 Energy Management System as of November 2022 within the framework of continuous improvement approach, and it is envisaged to complete the certification by November 2023.

Projects and investments in progress

In line with a sustainable production approach, the Gördes facility reuses the water within process waste transferred to the waste storage facility and feeds back treated water for reuse in processes so as to reduce the use of clean water.

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META features a 3-tiered 25 million m³ waste storage facility for the storage of process waste. The company has the largest impact assessment permit area in the industry with 3,834 hectares.

Continuing its R&D collaborations with various universities, TÜBİTAK and the industry, the company crowned its achievements in next-gen mining in Turkey with the “R&D Center” certification, which it received in March 2018.

R&D and investment projects are being continued with the selfless service of both the management and the technical staff to expand the efficiency of the facility and conduct amelioration and research studies for the facility to reach full capacity. Below is a summary of improvement efforts that took place in that respect in 2022:

- The fixed sieve system investment was completed for on-site sieving of ore and achieving cost advantage.
- The pilot plant for the production of high purity metallic nickel and cobalt was established in cooperation with TEI and metallic nickel and metallic cobalt products were produced.
- Domestic cathode active material for LI-ion batteries was produced from MHP product, and pouch type battery studies were carried out with TUBITAK RUTE and 28 10 Ah capacity pouch type cells were produced.
- Stage 3 phase 2 construction investment to increase the capacity of the waste storage facility,
- Feasibility studies of the investment plant for the intermediate product “scandium”, a rare earth element found in the ore,
- Natural gas pipeline investments for the transportation of the natural gas line in Gördes to the plant,
- Investments to ensure energy efficiency by optimizing the lines used in the HPAL system that feed steam to the autoclave,

Mining- Metallurgy

TUBITAK support was provided to three projects within the scope of eliminating problems in processes, reducing costs, expanding the product range, producing raw materials for advanced technology products and developing battery cathode raw materials through R&D studies, and all projects were successfully completed.

- Investment in Nickel - Cobalt Sulfate / Derivatives Production Plant for the production of sulfate alloyed nickel and cobalt used as the main compound in lithium batteries from the intermediate product mixed hydroxide precipitate,
- Sulfuric Acid Plant investment studies with a capacity of 550,000 tons/year to reduce the cost of sulfuric acid and prevent environmental impacts,
- Phase 2 investment in MHP and Nickel - Cobalt Sulfate / Derivatives Production Plant,
- Studies on the extraction of metal nickel and metal cobalt by electrolysis method from the obtained MHP product,
- Efforts for waste minimization and waste recovery are still in progress.

The Gördes plant is expected to reach full capacity utilization in the years ahead with the completion of the planned improvements in ore preparation, water treatment and waste storage dam, as well as an increase in total workdays. Collaborations with TÜBİTAK and universities for extending equipment and equipment lifetimes are also underway.

Sustainability efforts

META participates in the sustainability working groups established within Zorlu Holding.

The company joins the Employees Working Group under Zorlu Group's efforts towards gender equality, shares its decisions with senior management, and carries out initiatives towards raising awareness. The group develops suggestions for increasing the number of female employees in all levels of the company, as well as for meeting the needs of female employees. 54 personnel of Meta Nikel Kobalt Madencilik AŞ joined Zorlu Group's Sparks volunteer movement initiated in 2019, logged 213 hours of volunteer work in total in 2022, and 244 hours of voluntary work in 2022.

While two of the three projects supported by TÜBİTAK within the scope of eliminating problems in processes, reducing costs, expanding the product range, producing raw materials for advanced technology products and developing battery cathode raw materials through

Mining- Metallurgy

With the completion of the first phase of the project to increase wastewater utilization capacities in 2022 and the use of wastewater at every point possible in production, the wastewater utilization rate was realized as 51.7% by the end of 2022.

R&D studies were successfully completed in 2021, the “Development of the Cathode Active Material Production Process from Domestic Raw Materials, Pilot Scale Process Equipment Design, Prototype Battery Manufacturing and Performing Efficiency Tests” Project was completed on 30.06.2022.

The first phase of META Wastewater Recovery Project is realized in 2017. The water accumulated in the tailings dam was pumped back to the plant, meeting approximately 50% of the plant’s annual water demand. In 2022, 1.28 million m3 of water was reclaimed to the facility, and thus the amount of water supplied from the nature was reduced in the same amount. Other components of this integrated project, namely Waste Dewaterisation and Waste Water Treatment Facility investments, were finalized and their pilot studies are ongoing. With the completion of the first phase of the project to increase wastewater utilization capacities in 2022 and the use of wastewater at every point possible in production, the wastewater utilization rate was realized as 51.7% by the end of 2022. With the completion of the 2nd phase of the project by March 2023, it is envisaged that approximately 60% of the water needed by the plant will be provided by recycling. Within the framework of Smart Life 2030, it is aimed to reduce the use of water from nature to zero by 2050.



Other Areas of Activity



Other Areas of Activity

Zorlu Air Havacılık AŞ (Zorlu Air)

Zorlu Air started its operations under Korteks in 1992. In 1996, Zorlu Air decided to continue on its way as a separate air taxi company. As of 2022, Zorlu Air offers safe and high quality flight services to its customers with its 2016 model AW-139 VIP helicopter with a capacity of 6-8 passengers and 2002 model Bell-430 VIP helicopter with a capacity of 6 passengers.

All of these aircraft were added to Zorlu Air's fleet on their year of manufacture.

A 2012 Gulfstream G-450 Large Cabin aircraft with a passenger capacity of 14 was removed from the Company inventory upon its sale in 2021.



Zorlu Faktoring

Zorlu Faktoring AŞ ("Zorlu Faktoring") was established in 2012 to deliver factoring services in Turkey and abroad.

Zorlu Faktoring's main line of business is domestic revocable factoring transactions, and the company's main customer group includes medium- and large-scale enterprises, as well as industry leaders with widespread supplier and dealer chains.

In line with the principles of its parent company, Zorlu Holding, Zorlu Faktoring focuses on providing reliable, consistent and trustworthy services to all industries and enterprises that shape Turkish economy.

Zorlu Grand Hotel

Launched in 1997 in the city center of Trabzon, Zorlu Grand Hotel is Zorlu Group's first tourism investment. The hotel has a capacity of 160 rooms, including 14 suits, 26 deluxe rooms, and 335 beds.

Situated in a central location only four kilometers from the airport, Zorlu Grand Hotel is the first five-star hotel of the region with six multi-function meeting halls, a spa and a variety of restaurants.

The hotel hosts the most important congresses, seminars, business meetings and social events.

Zorlu Grand Hotel is also the only green-starred hotel in the region, pioneering the service industry with its characteristic architecture and comfort.



ABH Turizm Temsilcilik ve Ticaret AŞ | JULES VERNE BUSINESS MICE TRAVEL

Since 1998, Jules Verne Business Mice Travel has been organizing distinctive “Corporate Trips”, “Corporate Events” and “Personalized Travels” across any part of the world and acts as a solution partner for institutions and individuals alike through its seasoned team of 75. The vision of Jules Verne Business Mice Travel, which joined Zorlu Group in 2004 and became stronger is to turn into a pioneering and exemplary organization that is reliable, creative, dynamic and solution-oriented, adding value to its customers in the global competition with its global-mindset, new technologies and practices, team spirit, and know-how. It sets trends with its creative, innovative projects and borderless trips, and offers different experiences to all the institutions and individuals it sets out with.

Jules Verne Business serves to provide maximum efficiency, savings, security and satisfaction to corporations in all areas of tourism with domestic and international flight tickets, accommodation, visa, car rental and transfer and VIP services for all travel needs of corporations. As of 2020, the Company focused on “Digital Leap” by taking important steps in product development & investments especially in Corporate Travel technologies and launched a very important “Online Business Trip Procurement & Reservation Platform” for Corporate Travel Management: JVSMART. JVSMART is an “Online Business Trip Procurement & Reservation Platform” that enables companies to quickly plan their business trips on their own via their computers or phones without e-mail or telephone traffic with the agency, quickly sort out internal approval processes through the travel policies they will set in advance, and easily check the compliance of the processes with travel policies by creating instant online reports, enable the organization to save money by optimizing travel expenses, and a smart system enabling them to manage reservations and procurement operations concerning all domestic and international flight ticket, accommodation, car rental and transfer services on a single platform 24/7 in a fast and secure manner within the framework of their travel policies.

Jules Verne Mice makes a difference with its creative services ranging from product launches to dealer meetings, from gala nights to roadshow organizations, from press conferences to protocol trips, from congresses and seminars to award trips, from press trips to special invitations, from fair participation to training meetings in Turkey and all over the world. With its experienced and dynamic team that is innovative, curious, inspired by the future, going beyond borders in creativity, it realizes the events and organizations of all institutions’ dreams.

Jules Verne Travel, with its team of travel enthusiasts and experienced travel designers who know no boundaries in exploring, makes all points of the world accessible with personal / group-specific travels, and makes dreams come true with personal / group-specific travel programs tailored to expectations and desired experiences. As of December 2021, Jules Verne Travel has achieved Virtuoso status. Virtuoso is an exclusive, invitation-only community of the world’s best travel advisors and most innovative travel companies, offering travellers extraordinary experiences, privileged access to exclusive amenities, special travel offers and rare experiences. As part of this global network, Jules Verne Travel offers its guests additional advantages with Virtuoso privileges, making their travels even more privileged and enjoyable.

www.julesverne.com.tr

Human Resources



Human Resources

We continue to create an inclusive corporate culture that recognizes achievement and allows employees to fully utilize their talents. We empower our employees to join our aspiration for a better future and a more sustainable world.





Human Resources



As Zorlu Holding Human Resources Group Management, our goal is to attract the talents that will carry our Group into the future and support their sustainable development through our pioneering human resources practices that encourage diversity and innovation and are based on a high performance culture.



Necmi Kavuşturan
CHRO, Zorlu Holding

At Zorlu Group, we believe that our employees constitute our biggest asset. In line with our Smart Life 2030 vision, we shape the future with the strength we derive from our human resources. The engagement and passion of our colleagues play a critical role in realizing our vision.

With this mindset, we continue to create an inclusive corporate culture that recognizes achievement and allows employees to fully utilize their talents. We empower our employees to join our aspiration for a better future and a more sustainable world.

Highly motivated, qualified and competent employees

At Zorlu Group, effective performance management, career management and training programs, continuous development, digitalized HR applications, recruitment and development of young talents are among the main areas of focus for human resources. They are also essential for the sustainability of an organization powered by highly motivated, qualified and competent employees.

We follow and adopt new, trend-setting human resources practices from across the globe to create an environment where creative and productive talent can thrive. Through an array of training programs, we help establish the necessary infrastructure that will both provide personal development opportunities for employees and create value for our group

The constant goal of Zorlu Holding Human Resources Group is to ensure the organization's continuity and employ and develop the talent that will carry the group into the future. Zorlu Holding certified all its human resources processes before national and international community in accordance with KAGIDER's (Women Entrepreneurs Association of Turkey) Equal Opportunities Model.

A leading player in Turkish economy, Zorlu Group employs around 34,000 people in over 60 companies.

Human resources are the most valuable asset of Zorlu Holding. Zorlu Holding believes that innovative ideas and projects by qualified and motivated employees will enhance its competitive edge in all sectors and ensure sustainable growth.

Improving human resources practices in light of global and national best practices, Zorlu Holding Human Resources focuses on creating a satisfying working environment and maintaining the best employment conditions. The group also provides systematic training programs and all-around personal development opportunities for its employees.

In its recruitment processes, Zorlu Holding gives priority to candidates who are open to improvement and change, and display the ability to adapt to the corporate culture of Zorlu Group.

Zorlu Holding and its affiliated companies do not discriminate on the basis of language, religion, race, or gender in any of their human resources processes, including recruitment.

As a signatory of the UN Global Compact, Zorlu Holding strives for full compliance with the Ten Principles governing work environment and human rights, and continues its efforts to fulfill its commitments.

As of the end of 2022, Zorlu Group has a workforce of 33.888. 70% of the employees are blue-collar while 30% are white-collar.

BREAKDOWN OF ZORLU GROUP EMPLOYEES BY INDUSTRY

Industry	Number of Employees* (31.12.2022)
Consumer Electronics and Household Appliances	21,603
Textile	6,579
Energy	3,461
Real Estate	910
Mining - Metallurgy	712
Other	623
Total	33,888

Zorlu Holding Human Resources Policy

In its human resources management activities, Zorlu Holding is guided by an understanding that passionate, determined, professional and competent employees are essential to achieving its corporate goals.

Holding companies hire candidates who have not only expectations but also aspirations, who pursue excellence rather than being content with the mediocre, and share common values, all based on the principles of equal opportunities and non-discrimination.

The main pillars of Zorlu Holding's Human Resources Policy are:

- a remuneration system that recognizes achievement, and a transparent performance management,
- career management that supports entrepreneurship and
- training programs.

Career Management System

Zorlu Holding Career Management System offers diversified career development and progression opportunities to employees. Zorlu Holding employs a vertical and horizontal progression system based on the needs of its companies and the career development of its employees. These systems help coordinate the future goal of companies with the individual goals of employees. The objective of these systems is to enhance the existing competence of employees, build on their professional expertise, and impart them with the skills they will require in their future positions.

Zorlu Holding Career Management System offers both vertical and horizontal development opportunities for the human resources. The system includes a rotation model, as part of which, employees assume new positions within the Group or their respective company in order to gain new skills, competences and experiences.

Human Resources

Zorlu Group's training and development activities are carried out in accordance with the principle of equal opportunities. Based on tested and valid analytical methods, human resources training and development activities help enhance the personal and professional development of our colleagues as well as encourage them to keep up with the development in not only their particular profession, but the industry at large.

At the same time, activities are carried out for the career planning of management staff, and development programs are designed for the leaders in order to make the future success of the Group sustainable. Managers are prepared for their future roles in a way to support their career goals with the succession plans created.

Remuneration System

Informed by market conditions and Group dynamics, Zorlu Holding's Remuneration System is based on employee position, the Group's remuneration policy, and performance parameters.

Zorlu Holding Remuneration Policy may vary within each Group company, as it is based on their existing compensation practices, market positions, and competitiveness. The Remuneration Policy also includes several employee benefits for in accordance with position.

Training and Development

The group plans and implements training and development programs to enhance the competence of human resources.

Zorlu Group's training and development activities are carried out in accordance with the principle of equal opportunities. Based on tested and valid analytical methods, human resources training and development activities help enhance the personal and professional development of our colleagues as well as encourage them to keep up with the development in not only their particular profession, but the industry at large.

There are also personalized competence development training programs offered for managerial positions across Group companies.

Zorlu Akademi

The online training platform "Zorlu Akademi" is active to accompany employees of Group companies on their personal and professional development journeys with a broad range of e-training programs, as well as a list of available programs from which they can request additional courses to support their areas of development. With a rich collection of content on various inspiring topics, Zorlu Akademi offers an enjoyable learning experience.

Management Academy

As Zorlu Group, we take significant steps for a sustainable future in line with our Smart Life 2030 vision, and manage the transformation with an innovative approach. Human is situated at the center of this transformation. With an agile, dynamic and innovation-oriented working culture, we support talent development, and realize our development programs designed to endow our employees with new skills and competences.

The Management Academy development program, which will ensure the sustainable success of our Group and empower our managers who will lead this change and transformation to become inspiring role models, continues with the participation of our managers carrying the Manager title. The Management Academy program is carried out in cooperation with Boğaziçi University. The program is structured as 3 modules under the titles of “New World Order”, “Efficient Management” and “Agile Leadership”.

The Management Academy development program aims to add value to the leadership competencies of our managers within the Group and contribute to their development on their leadership journey.

Vestel Technology Academy

Training programs and Academies help improve the professional, technical and intellectual competencies of employees. The training programs are given by academics and scientists as well as experts from various fields, and help contribute to the development of new technologies and innovations.

Through Training and Development Programs, Vestel Technology Academy offers employees personal development as well as education opportunities.

Developed in collaboration between Vestel Group and Özyeğin University, Vestel Technology Academy offers lifelong training opportunities for participants, as well as technical trainings for engineering personnel to further their experience and expertise in their respective fields. Guided by this vision, Vestel Technology Academy continued to offer graduate programs in Computer, Electrical & Electronics, Industrial and Mechanical Engineering within 2022 academic program.

The project has fulfilled its starting goal of “bringing the university campus into the company.” In 2022, 180 students actively attended courses at Vestel Technology Academy and 366 graduated.

In-house academicians are also involved in the program, which contributes to the education life of employees, in order to respond to the requests of students for the opening of new courses and to benefit from the academic knowledge and career experiences of the employees who have completed their PhD education.

For this purpose, CVs were evaluated by Özyeğin University and employees who fulfilled the prerequisites were appointed to the program as “Adjunct Faculty”. In the 2021-2022 academic year, 2 employees within this scope started to teach in their field of specialization.

Vestel Internal Trainer Training Program

The Internal Trainer Training Project was commissioned in order to utilize our internal dynamics more efficiently by conducting trainings with our internal resources. Continuing their successful work, our 16 internal trainers have provided 12,528 hours of training to 831 employees on technical and personal development topics since 2022.

The Vestel Internal Trainer Training Project, which attracted attention with its effective results and the added value it created, was deemed worthy of the Silver Award in the Internal Trainer Development Program category by TEGEP.

Vestel 1 Million Employment Project

Talented and competent employees in the store management sector are aspired to be gained to Vestel within the scope “1 million recruitment” project of the Ministry of Treasury and Commerce in line with the next-gen retail concept, express store expansion of Vestel. Qualified employees are earned to the sector through Vestel Retail Academy trainings, and new generation “Digital Retail Experts” are raised so as to contribute to the employment of the country.

Digital training series prepared by the corporate trainers of Vestel Retail Academy, established to guide the sector and having adding value to the sector with various award-winning trainings, aims to reach university graduates and students. Upon successfully completing Vestel Retail Academy Digital Retail Specialty training and recruitment process, the attendees will be employed by Vestel.

Zorluteks Academy

Zorlu Textile Group has a key role in Turkey’s textile export. It has focused on training studies to constantly develop the human resources, under the weight of this role.

Employees willing to develop their foreign language skills receive online language learning opportunities fully sponsored by Zorluteks. They have the chance to learn 7/24 with foreign instructors from around the world on an online platform.

Zorluteks Academy offers personal development, professional development and leadership development programs to employees.

Human Resources

With the master's and doctorate program prepared in cooperation with Bahçeşehir University, employees are provided with equal educational opportunities and academic training support to develop their careers.

Zorlu Tekstil was among the participants of the Executive MBA training program implemented in cooperation with the Turkish Exporters Assembly and Istanbul University as part of the Turquality Brand Executive Development Program.

Zorlu PSM Academy

The "Zorlu PSM Academy" project was launched in cooperation with Bilgi University and Galatasaray University in order to increase the competencies of the human resources that feed the sector and to support the sustainability of the organization in the field of human resources. Within the scope of this project, the "Stage Technician Training Program" was completed and 29 people were entitled to receive "Certificate of Participation". Within the scope of Zorlu PSM Academy, infrastructure work was completed for the implementation of new trainings on "Digital Content Management", "Stage Manager Training Program" and "Production Management".

Performance Management System

Zorlu Holding carries out performance management practices in a way to support a high performance culture and develops its performance system in line with company strategies.

The performance evaluation system, which is centered on continuous feedback and development, aims to create and deploy a high performance culture within the Group. Targets set in line with the Company's goals and strategies are conveyed to employees, starting with senior management.

Human Resources Digital Transformation Program

With the digital transformation program for human resources processes, it is aimed to keep the employee experience and efficiency of processes at the highest level. It has been experienced that it is very critical to have human resources applications in a digital environment, especially in remote working conditions during the pandemic period. Within the scope of Zorlu Group's Digital Transformation Program, projects in the areas of recruitment, performance management, training and development have been implemented, and the employee master data management project was finally included and put into use in 2022. In 2023, it is aimed to realize projects related to career development and talent management. With these projects, all end-to-end human resources processes will be able to operate on a single platform, integrated with each other.

Talent Management

By creating a common approach across the Group, all white-collar employees are evaluated for potential to support Career and Talent Management processes. With this approach, the talent pool was specified and critical jobs were identified by assessing the criticality levels of the positions. A critical employee matrix was created that will serve as an output for succession plans and other HR processes.

One Step to the Future (Geleceğe Bi'Adım) Internship Program

Zorlu Holding's four-week-long One Step to the Future online internship program, which enables university students to do internships under pandemic conditions, was held in August 2022 with the participation of 137 students from 56 universities. In the internship program designed to give young people a head start in life, 81 different department managers shared their knowledge and experience with the interns, while 112 internship coaches from within the company guided the students on their learning journey.

Within the scope of the 4-week internship program, which was brought to life with the participation of experts in their fields, rich-content webinars, e-trainings, project studies and digital meetings with managers were organized on many different topics from work experience to personal development, and experience opportunities were offered to prepare young people for the business world. In the training program, which has been continuing for three years with its rich content full of new achievements and discoveries, students have carried out 23 hours of project work and gained 21 hours of work experience.

As part of the programme, interns are given access to e-trainings, articles and TED videos at Zorlu Academy, as well as internal trainings at Vestel Retail Academy. Personal development trainings, webinars with experts in their fields, "Digital Executive Meetings"

where company executives share their career journeys and advices, interactive workshops that pave the way for learning through experience, and conversation opportunities with Human Resources Managers of Zorlu Group companies were offered.

One Step into the Future (Geleceğe Bi'Adım) Information Technologies New Graduate Program

This program was implemented to bring creative, innovative and dynamic new graduate talents to Zorlu Holding by supporting their careers and education through training programs and to position them in different teams within Zorlu Holding Information Technologies Group.

Within the scope of the One Step into the Future Information Technologies New Graduate program, young talents selected among recent graduates from different universities across Turkey were positioned in software development, project management, system and network, test management teams serving different sectors within the Information Technologies Group.

For young people taking a step into their future with the Zorlu Holding Information Technologies new graduate recruitment program, a detailed training program consisting of 3 separate modules, namely Introduction to Data Science, Business Life 101, Innovation and Transformation, was designed in cooperation with Sabancı University in order to support adaptation to business life with a focus on business areas, to contribute to alignment for strong communication with the ecosystem and to create a common language, and technical and personal development-oriented trainings were provided to our new graduate colleagues.

Vestel Talent Management Approach

Guided by its approach to “be present wherever talent is”, Vestel develops change and development strategies. To attract the young talent required to support its rapid growth, Vestel kickstarted its employer brand journey in 2013 with the “Vestel at the Campus” project. As of 2021, it continues to work under the motto of “With Vestel, Why Not?” Via this project, Vestel aims to create alternative channels to reach promising candidates and discover young talent at university campuses prior to their graduation.

Vestel attaches great importance to the ideas and creativity of young people and participated in 60 different career events throughout 2022 in cooperation with career centers and student communities in order to come together with young talents. By participating in these fairs, seminars and workshops, the company took part in different projects with students, and contributed to their development while also having the opportunity of observing their creative ideas.

Engineering faculty graduates have the highest share among Vestel recruits due to the nature of the company’s fields of operation. Engineering students in Turkey must complete a mandatory internship before becoming eligible for graduation. In this context, Vestel offers several short-term internship opportunities for engineering students every year in its production and R&D departments. In addition to engineering, students from economics and administrative sciences and other branches are offered internship opportunities in financial affairs, sales, human resources and relevant departments of Vestel to help them gain professional experience and explore career options.

Vestel MT Program

Vestel MT Program aims to create value-added for Vestel by training the candidate managers of the future. Developed for new graduates, Vestel’s Management Trainee (MT) Program is aimed at final-year students from engineering faculties who wish to improve their technical competencies, as well as economics and administrative sciences students who plan a career in non-technical fields, with the goal of attracting successful students from across Turkey to Vestel.

Designed to prepare high-potential candidates for a future role in Vestel’s management, the program has been offered since 2010. The 13th MT Program was completed in 2022.

The young talents applying for the MT Program undergo a comprehensive assessment process before enrollment. The 13th MT Program in 2022 received a total of 8,978 applications. Of these applicants, 18 candidates successfully completed all stages of the meticulous assessment process and started attending the 13th MT Program.

19 participants were offered a broad range of opportunities to develop their skills in various fields over a course of four months. As part of the program organized in cooperation with Koç University, management trainees undergo various personal development programs to guide them on their upcoming career.

At the same time, the internship program executed within the company offers an experience-oriented and enriched program that brings together the reflections of theoretical knowledge in business life with practice for manager trainees.

Zorluteks MT Program

Zorlu Tekstil New Graduates Program welcomes new graduates who will represent the next generation of achievement at Zorlu Group. Undergoing various stages to be eligible for the MT program, participants are offered a broad range of opportunities to develop their skills in various fields over a course of four months.

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Full time and part time employment opportunities are presented to competent university students in our Talent Pool program conducted in cooperation with universities. Students receive personal development and technical training, as well as mentorship support, within the scope of this program. Successful students are recruited at the end of the program.

Korteks 2244 Industry PhD Program

Within the scope of university-industry cooperation, collaboration activities continue with TOBB University, Bursa Technical University and Uludağ University. "2244 Industry PhD Program" aiming to raise qualified PhDs highly demanded in the textile sector under the academy-industry cooperation is conducted with Uludağ University.

SENERJİ Young Talent Program

The SENERJİ employer brand was created to emphasize the values that make Zorlu Enerji a special place to work, differentiate itself from the competition and share the company's people-oriented approach. Within the scope of the new employer brand, we aim to establish better communication with all our teammates and prospective employees who will have the opportunity to work with us in the future, to work in harmony and to enrich their working experience at Zorlu Enerji. Accordingly, under the SENERJİ brand umbrella, which was launched with the motto "Your Energy, Our Synergy", new projects are implemented in the performance management system, talent management, onboarding, training and development processes by coming together with our colleagues, while taking part in university events, contacting new candidates who want to join the team, and introducing Zorlu Enerji to potential employees. In this way, SENERJİ brand is more visible in both internal and external communication.

As one of the leading brands in the Turkish energy sector, Zorlu Enerji launched the SENERJİ Young Talent Program in order to build its workforce with high performance and talented employees.

Through the program, the Company prepared young people for professional life in line with the company culture, while strengthening its employer brand and increasing its recognition. In the program, which lasts for a maximum of 12 months, 4th year students of universities work at least 3 days a week to participate in the projects carried out, while supporting the development of students through training and mentoring activities. Young talents are encouraged to develop projects with ideas that will contribute to the processes of business units. At the end of the internship, it is planned to provide employment in the relevant teams by giving them the opportunity to present their projects.

Employee Engagement and Satisfaction

Employee engagement and satisfaction are crucial components of the sustainable success and performance of Zorlu Holding.

Fully aware that its human resources are its most valuable capital, Zorlu Holding carries out planned activities to reinforce employee motivation, commitment and loyalty, which are crucial components of the successful and sustainable performance of the Group companies.

Employee engagement and satisfaction are regularly measured through various tools and Group-wide surveys. In addition, analyses are carried out to identify the factors that contribute to employee loyalty in particular, which inform action plans to develop and implement initiatives that will reinforce employee commitment and enhance employee experience.

Gender Equality Approach

Driven by its gender equality approach and an effective corporate leadership, Zorlu Holding is committed to set an example for the business community in the context of equal participation in labor force.

Guided by Smart Life 2030 sustainability vision based on the UN Sustainable Development Goals (SDGs), Zorlu Holding and Group companies have the necessary drive and resources to conduct effective operations towards societal development.

Zorlu Holding, which values dynamism, innovation and creativity in all its business processes, is focused on creating an inclusive and diversity-driven corporate culture and getting one step closer to achieving equality in the business world and society in general.

Zorlu Holding and Group companies support women's empowerment in social and economic life, and increasing their participation in the workforce, having embraced this approach as a corporate policy that governs all human resources processes.

All Zorlu Group companies aim to increase the number of female role models and leaders within their organization and to ensure equal representation of women in their senior management. The Group pledges to advocate gender equality in all discourse and internal-external communication as it strives to spread awareness on this ambition among all stakeholders, from stakeholders to customers.

In line with the Smart Life 2030 vision, all activities related to gender equality are carried out under the "An Equal Life" (Eşit Bi'Hayat) approach. The Gender Equality Committee, which is made up of senior executives, and the Gender Equality Working Group, formed of volunteers from Zorlu Group companies, work towards developing new projects in line with the Gender Equality Declaration.

Published in 2020 to encompass Zorlu Holding and all Group companies, the Domestic Violence Prevention Policy ensures the physical and psychological health and safety of all employees are fulfilled and aims to create a working environment that is egalitarian, safe and does not tolerate any form of violence. The policy is committed to raising the awareness of all employees about domestic violence, and creating support and assistance mechanisms where employees and their children exposed to domestic violence can share their situation in confidence and confidentiality. In line with the goal of establishing a gender-equal workplace, Zorlu Holding promotes and supports gender equality within group companies, guided by the United Nations Women's Empowerment Principles (UNWEP), which the Holding signed in 2015, and Goal 5 of the UN Sustainable Development Goals. Zorlu Holding also supports Equal Opportunities at Work Model aiming to detect inequalities in recruitment, education, career planning and development, and eradicate discriminatory practices leading to gender inequality at work. In order to raise its impact in gender equality, Zorlu Holding work in cooperation with Turkey's leading non-governmental organizations.

As of the end of 2022, women account for 32% of all Zorlu Group employees. Increasing the number of female employees in Zorlu Holding and Group companies is recognized as a strategic goal.

Within the scope of An Equal Life (Eşit Bi'Hayat) gender equality approach, Zorlu Holding published An Equal Life Dictionary to serve as a guide for us to avoid sexist expressions and phrases embedded in our language. The dictionary available for all our stakeholders on our corporate web site includes alternative expressions which are collected based on equality and inclusivity. In parallel to this study,"

Discourse Monitoring Mechanism" became operational to assist us in our use of an equal and inclusive language and self-monitor our language use in all our correspondences.

In 2022, gender equality trainings covering approximately 34,000 Zorlu Group employees were initiated to raise employee awareness on gender equality. Through this training, which has a very comprehensive curriculum with a consultant specialized in Equality and Inclusion, it is aimed to reinforce the basic concepts of gender equality and to take the level of knowledge and sensitivity on the subject one step further. The training is offered digitally through the corporate training platform Zorlu Academy.

In order to ensure that our blue-collar colleagues also have access to this training, our Human Resources teams at all locations received 'train the trainer' training on Gender Equality and provided the relevant transfer to our field employees.

Zorlu Enerji Retail Electric Sales Company OEPSAŞ, operating under the vision to become the energy company of the future, increased the number of female employees year-on-year and achieved gender parity. Prioritizing diversity and inclusivity, OEPSAŞ increased the number of female managers in Eskişehir, its operational area, to 50%, and assigned female general managers in Bilecik and Afyonkarahisar.

At all Zorlu Group companies, efforts are being made to increase the number of female role models and leaders and to ensure equal representation in senior management. Zorlu Holding and Group companies act on the basis of equal opportunity in line with the KAGİDER Equal Opportunity Model (FEM) Certificate, which was implemented to ensure equal opportunity in human resources processes. In this context, the human resources processes of Zorlu Group companies Vestel, Zorluteks, Zorlu Enerji and Zorlu Real Estate Group were reviewed and audited by an impartial audit company with a gender equality perspective in 2022 for the KAGİDER Equal Opportunity Model (FEM) Certificate, which Zorlu Holding was entitled to receive in 2018.

At the same time, a joint mentoring project with KAGİDER was carried out at Vestel. Volunteer mentees meet once a month with 20 mid- and senior-level volunteer mentor managers working at Vestel to share their experiences in business life. The project started in September 2022 and is planned to be completed in April 2023.

Within the framework of our corporate policy on Gender Equality, Zorlu Energy launched the Women Technician Training Program "Women's Power, Power of the Future" in the Gaziantep Region with the aim of empowering women in all areas of social life and increasing women's employment in the energy sector. Within the

Human Resources

scope of the project, future female technician candidates studying in technical departments of technical high schools and vocational colleges will be provided with theoretical and field trainings, rotation between different units and mentoring programs to prepare them for the sector and business life.

On June 23rd, International Women Engineers Day, we came together with future women engineer candidates studying at engineering faculties of different universities. Participants who won the quiz competitions organized during the event received the right to participate in the SENERJİ Young Talent Program and mentoring support from Zorlu Enerji Women Leaders.

With the perspective of Gender Equality, mentoring support was provided with 7 of our managers to the “Woman to Woman Mentoring Program” implemented by TWRE (Turkish Women in Renewable Energy and Energy Sector) for the 2nd time in 2022.

Corporate Well-Being Program “We Are Good Together”

“We Are Good Together” Corporate Well-Being Program which was thought to be good for everyone both psychologically and physically was launched in April, 2020. Thanks to “We Are Good Together” Platform, our colleagues and their family members can consult expert psychologists, dieticians specialized in healthy nutrition, and trainers on Zorludabirlikteiyiz.com web site and Wellbees application by calling the call center specially designed for them. Various events were also held as part of We Are Good Together platform in 2021 to further increase corporate interactions and synergy, and employees’ wellbeing.

The webinar series, where experts in their fields are hosted, provide an opportunity for employees to come together and achieve interactive development. In the first period of the “Parent School” webinar program, which we organized under the umbrella

of Together We Are Better, various trainings were held to support employees who are expecting a baby and who have recently become parents and their families on this journey. In the second phase of the program, a team of experts in the field prepared an inclusive program for parents that will appeal to children of all age groups. In the program, which was interactive with question and answer sessions; positive parenting suggestions that parents can provide healthy guidance to their growing children, approaches that indicate the importance of communication and guidance, attachment-based parenting and healthy boundaries were discussed.

Within the scope of our We Are Good Together Corporate Wellbeing Program, clubs operating in social, cultural, artistic and sporting fields within the Group support the development of employees’ hobbies and contribute to their personal development. Clubs also provide an opportunity to balance work and private life and increase communication and cooperation between employees. The women’s football team, basketball team and mixed volleyball teams of the “Healthy Living and Sports Clubs”, which are composed of employees, successfully represent Zorlu Group in corporate leagues.

Sparks (Kıvılcıklar) Movement

Zorlu Holding attaches great importance to corporate volunteering, driven by the philanthropy and solidarity that is ingrained in its culture.

Activities under the Corporate Volunteering Program “Kıvılcıklar (Sparks) Movement” gathering corporate volunteering projects under a single roof in line with Zorlu Group’s social benefit-oriented approach were performed in 2022 as well. Over 60 volunteering projects were conducted with more than 2.300 volunteers in a total of over 11,700 hours of volunteering since 2018 when the program was initiated until the end of 2022.

In line with Zorlu Holding’s social benefit-oriented approach, e-volunteering projects were developed in cooperation with NGOs that are the members of Açık Açık platform. In this context, Sparks Movement took part in many different projects such as mentorship, fairy tale workshops with different children’s groups, foreign language mentorship, private course volunteering.

Alongside volunteering projects conducted with non-governmental organizations, new volunteering projects developed by Sparks Movement were also implemented. In this respect, e-volunteering project of the Sparks Movements called “Exploration Workshops” conducted science, environment and arts workshops to 3rd and 4th grade primary school students in 2022. In the workshops, more

than 80 of our Sparks conducted workshops with more than 300 children. In the forthcoming period, projects developed by Sparks will continue to be implemented.

At the “15th Awards from the Heart”, the most prestigious awards on employee volunteering organized by the Private Sector Volunteers Association (OSGD) in order to support and mainstream volunteering activities in the private sector and recognize best examples making a difference in the society, our Sparks Movement received an award as “the Best Corporate Volunteering Program” with its Exploration Workshops Project.

At the 9th “Sustainable Business Awards” held in 2022 to proactively evaluate the economic, environmental and social impacts of corporations and to highlight projects that create a major impact, Zorlu Holding received an award in the “Employee Engagement” category for its corporate volunteering program Sparks Movement.

Sparks Movement received the “Private Sector” award at the Red Vest International Volunteering Awards, which aims to popularize the culture of volunteerism and bring it together with society.

Occupational Health and Safety

Zorlu Holding goes well beyond regulatory requirements and endeavors to create a healthy and safe work environment of dignity and respect for all employees across the Group, based on international standards.

A core responsibility of the Holding is to provide a working environment where its employees can work efficiently and effectively to achieve a high performance.

Zorlu Holding Occupational Health and Safety (OHS) Policy is based on providing decent working conditions, assessing risks in the area of activity and taking measures accordingly, and regulating the working conditions of individuals with special needs.

Zorlu Holding is dedicated to maintaining its zero occupational accident rate.

Zorlu Holding conducts planned and systematic Occupational Health and Safety training programs to establish a safe and healthy work environment by raising awareness among employees.

Group-wide practical and interactive training programs are offered to employees to inform about occupational health and safety risks that might be faced in the workplace; these training activities are supported by OHS scenario drills as well as information brochures.

Zorlu Holding focuses on occupational safety as part of its sustainability initiatives in order to maintain its zero occupational accident rate.

Zone: A communication platform gathering Zorlu Holding employees under a single roof

Accessible by all Zorlu Group employees, Zorlu Holding’s intranet platform Zone is a communication platform bringing together employees working at different locations. In addition to information and activities for Zorlu Holding and its Group companies, events, news articles and social information are also shared through the Zone.

Activities We Implemented for Employees: Dialogue Conference, One-on-One with the CEO (CEO ile Bi’Arada), A Small Break (Küçük Bi’Mola)

In the first quarter of 2022, more than 3,000 employees came together at the Dialogue Conference, hosted by Zorlu Holding CEO Ömer Yüngül, which was organized with different guests and themes to broaden the vision of Zorlu Group employees and provide different perspectives on the economic, political and social agenda of Turkey and the world. The event aims to enrich the employees’ knowledge of the global and Turkish agenda and strengthen the dialogue environment by paving the way for the discussion of economic, political, social developments and transformations with the participation of experts and from different perspectives.

Hosted by Zorlu Holding CEO Ömer Yüngül and attended by Zorlu Group employees, One-on-One with the CEO (CEO ile Bi’Arada) meetings aim to exchange ideas, provide employees with the opportunity to get to know each other better, and create an environment of synergy between Group companies. A Small Break (Küçük Bi’Mola) is a series of events that aims to support sustainable well-being among employees and enable them to act in individual and business life under the principle of resilience and agility. The event is monthly held on various topics such as the steps that can be taken individually in the field of healthy nutrition and sustainability as well as speeches and workshops for physical and mental health.

Nearly 5,000 employees annually meet at these events, where experts in different fields participate as speakers and deliver presentations.

Mehmet Zorlu Foundation



Mehmet Zorlu Foundation

Mehmet Zorlu Foundation is a corporate social responsibility initiative focused on education, culture & arts, health and social solidarity, guided by its philosophy of investing in the future of Turkey.





Mehmet Zorlu Foundation

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Mehmet Zorlu Foundation (MZF) has been undertaking charity efforts since 1999 in a broad range of areas, most notably education, as well as culture & arts, health, and social solidarity.

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Necmi Kavuşturan

Executive Board Member, Mehmet Zorlu Foundation

Since its inception, Zorlu Holding has embraced a philosophy of producing and creating value for its country at every step of the way. In all of our fields of operation, we endeavor to create solutions for societal challenges, and to create common value and benefit for the community.

We have inherited this vision from our Group's founder, Hacı Mehmet Zorlu, and the Mehmet Zorlu Foundation (MZF), named after him, has been undertaking charity efforts since 1999 in a broad range of areas, most notably education, as well as culture & arts, health, and social solidarity.

As a Group designing the future today, one of our focal areas is quality education in line with the UN Sustainable Development Goals. In today's stunning pace of transformation, we believe that the momentum of the world and the emerging ways of doing business profoundly affect the youth and make traditional education schemes inadequate.

We are fully aware of the challenges faced by the society and invest in the future accordingly with the schools we develop, scholarships we offer, and our role in the MZF-MEF 21st Century Competencies Awareness Program, all part of our aim to help the youth acquire the skills required by the new world order and create lasting value and benefit for our country by helping train competent human resources.

We thank all of our stakeholders who embrace and contribute to our vision, and offer direct and indirect support to our efforts towards creating value.

Zorlu Holding carries out corporate social responsibility efforts through MZF.

Zorlu Holding carries out its social responsibility activities for creating lasting social benefit through the Mehmet Zorlu Education, Health, Culture and Solidarity Foundation (“MZF”) established on April 25, 1999.

MZF’s activities are focused on education, culture & arts, and health and social solidarity. Committed to investing in the future of Turkey, MZF has pledged to continuously increase its contribution to youth education, culture & arts and sports.

MZF finances its social responsibility activities using its rent and interest revenues as well as donations from Zorlu Group companies.

MZF offered scholarships to more than 28,000 students to date, including in the 2021-2022 academic year.

MZF provides a range of scholarship opportunities in education, as well as in-cash and in-kind aid to schools, associations and foundations. Every year, around 2,000 students receive MZF scholarships.

Scholarships continue until the graduation of students, depending on their individual achievement and support needs. As of the end of 2022, MZF scholarship program’s scope includes 34 universities in Turkey.

40% of MZF scholarship recipients are primary or secondary education students, while the remaining 60% are university students.

In addition to scholarship opportunities, MZF also builds schools in various regions of Turkey to enable young people to realize their aspirations through better education. MZF has built eight schools to date, and contributed to the development and renovation of many universities, high schools and primary schools in Turkey.

Operating since 2003, Zorlu Children’s Theater has reached more than 900,000 children with 14 different plays and nearly 2,000 performances in 18 years. In 2020, Elif Sude Dobra’s story “Bizarre Technological Tales”, which was selected as the winner of the 3rd “A Dream, A Game” (Bir Hayal Bir Oyun) story contest, was scripted by Özlem Saraç Özcan and directed by Gaye Cankaya in 2022 due to the pandemic, and started to be staged under the title Perfect World (Kusursuz Dünya) as part of Zorlu Children’s Theater.

MZF-MEF YetGen 21st Century Competencies Education Program: A comprehensive education program that offers young people with opportunities to enhance their skills, experience and competencies

With the youth at the focus of its social responsibility efforts, MZF participates in the MZF-MEF YetGen 21st Century Competencies Education Program designed to help young people prepare for the future by acquiring the necessary academic, technical and professional knowledge, as well as the life skills and adaptation capabilities required for the 21st century.

Introduced in 2016 and having been continuously improved since, the MZF-MEF YetGen 21st Century Competencies Education Program aims to equip high school and university students with the skills, competencies and awareness they require in order to adapt to today’s rapidly evolving world, offering a broad range of courses on Career Planning, Presentation Techniques & Teamwork, Preparation of Presentation and Written Content, Introduction to Algorithmic Thinking, Modeling with Excel, Technology Literacy, Literacy for the 21st Century, Entrepreneurship, Sustainability and Social Innovation, Self-Development & Active Citizenship, Leadership, GirişGen and Transition to the Business World.

In 2022, 2,005 students participated in the 2nd semester of the program and 1,278 students were awarded certificates. By the end of 2022, more than 8,000 students had participated in the YetGen 21st Century Education Program.

Launched in 2022 for the first time, the YetGen Teacher Training Program aims to raise awareness about the competencies that teachers who are excited about self-improvement and changing the world will need while guiding their students.

Over 1,000 teachers from 75 provinces and 22 different branches participated in the 10-week program that started in May. The Teacher Summit, which was held as the closure of the YetGen Teacher Training Program, was attended by 690 teachers.

The trainings broadcast online during the program received 234,400 views on YouTube.

MZF’s systematic contribution to healthcare

MZF offers medicine, medical product and equipment aid to persons in need of assistance, as well as support and donations to several institutions and associations on healthcare.

Institutions of which MZF is a Stakeholder

Through the Education Reform Initiative aiming to develop education reform policies that will be instrumental for boosting social and economic development in Turkey under the goal of “Quality education for all”, MZF supports the Teacher Network forming a community allowing for developing solutions for the needs of teachers with the help of teachers, consolidating the resources needed regarding education and ensuring sustainable empowerment. The Teacher Network has so far organised more than 1,400 face-to-face and online events and meetings in cooperation with 665 Change Ambassador teachers from 57 different cities and more than 350 stakeholders and institutions, reaching more than 300,000 students through teachers. MZF was also the main partner of the Creative Self-Confidence Festival, which was organized to increase and reinforce teachers’ ability to develop creative solutions to the problems they face every day.

Audit



Denetim



In addition to the effective and efficient performance of audit work, our primary objective is always to ensure the execution of projects that envisage the improvement of Group-wide functions.



Billur Demet Atan

Audit General Manager, Zorlu Holding

Zorlu Holding Audit Department continues to employ an effective, transparent and high-efficiency approach as we work to ensure that company activities are carried out in full compliance with applicable legislation, and as a result, support Zorlu Group in reaching its targets.

We aim to ensure the effectiveness and efficiency of audit operations while also prioritizing development of projects to improve functions across the Group in short term as well as medium and long term.

Organization and Activities of the Audit Group Directorate

The internal audit of Zorlu Group companies is carried out by the centralized Internal Audit Department operating within Zorlu Holding since 2000.

The Internal Audit Department conducts board-approved audit programs in line with International Internal Audit Standards and statutory requirements.

The Internal Audit Department presents its findings to the Board of Directors via both audit reports prepared after each audit, as well as annual reports detailing all audit results. It shares the same information with the relevant units of the companies whose Audit Committees and Group CEO organizations are complete.

Established in 2021 to conduct financial audits within all Group companies, the Financial Audit and Tax Audit Departments commenced their activities in 2012. In the last quarter of 2013, the Internal Audit and the Financial and Tax Audit departments were gathered under the umbrella of Zorlu Holding General Directorate of Audit and Internal Control.

In accordance with the changing needs of the 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 operations as an independent unit as of January 1, 2018.

Audit General Management went through an organizational change as of July 1, 2021. In this respect, tax consultancy previously undertaken by Tax Management was transferred to Financial Affairs Group Management, while Internal Audit Process and Internal Audit Investigation operations, alongside ethics operations, were regrouped under Internal Audit and Ethics Management and the department continues its activities as the Internal Audit and Ethics Assistant General Manager as of December 1, 2021.

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

The purpose, powers and responsibilities as well as operating principles and structure for the internal audit activities have been defined by a series of board-approved documents circulated across the Group, 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, compliance to rules (laws, regulations, internal policies and directives), and 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. Observation results are shared with company executives in a draft report, which is then detailed with executives' feedback and delivered to senior management in its final form. 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 final report, necessary action is taken in line with the 4T approach (Treat, Terminate, Transfer, Tolerate) and reported to the Board of Directors.

During the year, the Internal Audit Department convenes periodically with the companies whose Audit Committee organization is complete, evaluates planned and actual audits, consultancy activities, special audits and other relevant matters for the year ahead, shares findings, reviews action plans and follows up results based on these findings, and reviews plans for the upcoming period.

Zorlu Group supports and encourages the professional development of the members of the Zorlu Group Internal Audit Team, which consists of nine people, as they seek to advance their knowledge, skills and competencies through further training, become a member of relevant organizations (such as the Institute of Internal Auditing, Turkey – IIA Turkey), and obtain international certification.

The team holds 2 CFE (Certified Fraud Examiner License), 1 CRMA (Certification in Risk Management Assurance).

Financial Audit and Tax Audit Activities

The Financial Audit and Tax Audit Departments have been auditing Zorlu Group companies since 2012. Currently, these units have a total of 12 employees, with eight Financial Audit personnel and four Tax Audit personnel.

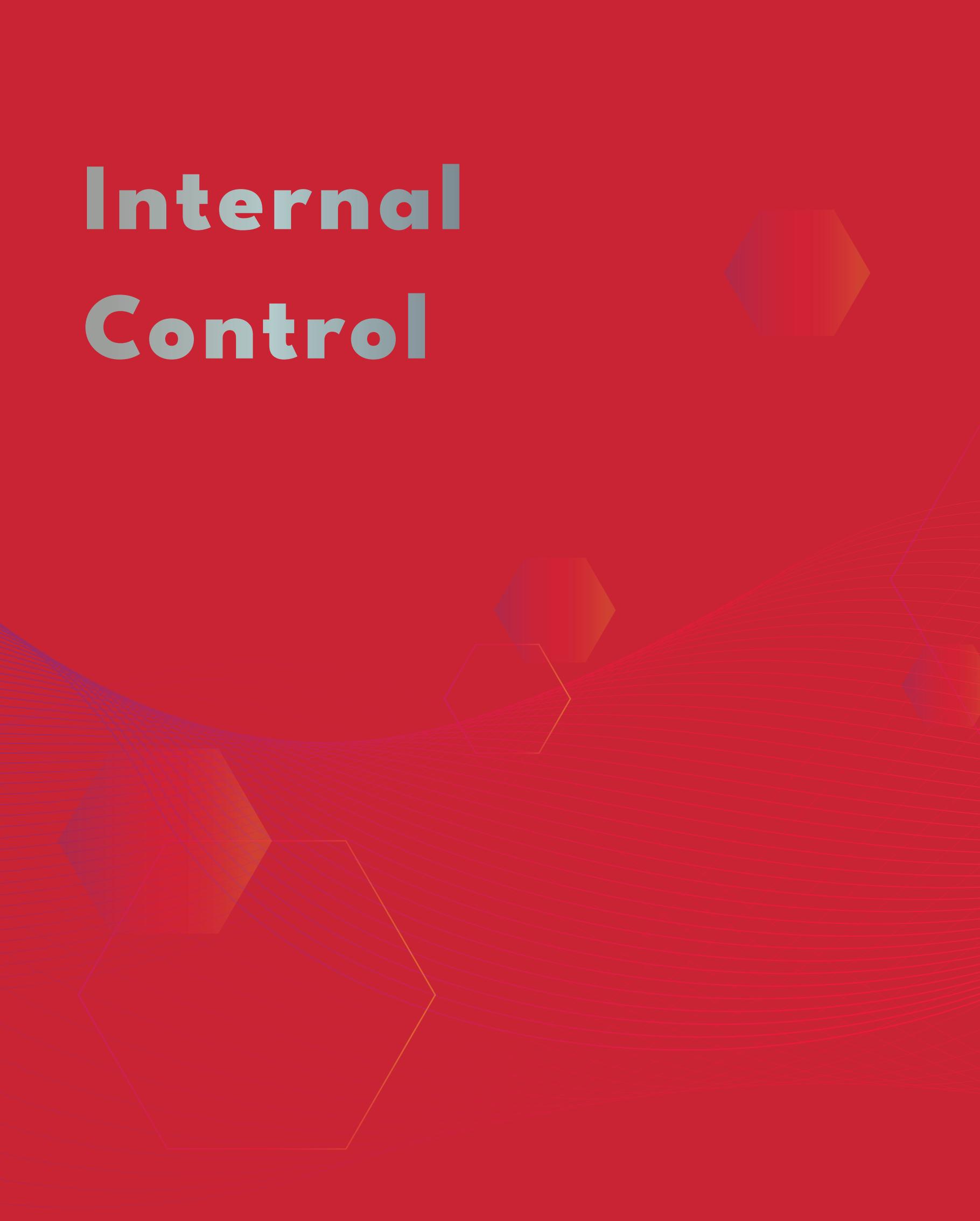
These departments ensure that the Group companies' balance sheets and income statements used for financial and tax reporting purposes are in conformity with the uniform chart of accounts, tax legislation and audit standards and provide reasonable assurance to the Board of Directors in such areas.

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 listed Group companies and shares its comments with the relevant departments.

The Financial Audit Team includes 4 CPAs (Certified Public Accountants) while the Tax Audit Team has 3 CPAs.

Internal Control



Internal Control



In light of the new ways of doing business, risks and technological requirements associated with the changing business world, we follow a needs- and risks-based plan to contribute to the Group's corporate governance progress and sustainability objectives.



Arzu Pişkinoğlu

Internal Control General Manager, Zorlu Holding

Zorlu Holding Internal Control Department works in line with the Group's strategic goals to effectively and efficiently carry out process and risk management, meet standards, support the entire value chain, develop and sustain internal control systems to enable sharing and disseminating best practices across companies.

Under these activities, we offer active support to our Group companies in areas such as process development, benefiting from information technologies, strengthening their internal control structures, and strengthening their corporate memories. We guide related managers and employees on these matters, and engage in working groups of significant projects to contribute to constant improvements in internal control, risk management and efficiency.

In this respect, and in light of the new ways of doing business, risks and technological requirements associated with the changing business world, we follow a needs- and risks-based plan to contribute to the Group's corporate governance progress and sustainability objectives.

Organization and Activities of the Internal Control Department

Internal control of all Zorlu Group companies is carried out via an organization centrally coordinated under Zorlu Holding.

The restructuring of organizational processes for carrying out internal control activities separately under the Audit and Internal Control Department was completed in 2017. Internal Control Department began operations as an independent unit as of January 1, 2018.

While internal control activities are coordinated centrally, the Internal Control Department features teams responsible for the internal control of specific sectors and companies; some of these teams work on the field, and have overlapping organizations.

The purpose, powers and responsibilities as well as operating principles and structure of the Internal Control Department have been defined by a series of documents such as the "Internal Control Regulation" and the "Internal Control Manual" and shared with the relevant directors.

Mission of the Internal Control Department is to establish and maintain an internal control system to ensure efficient, effective, integrated and consistent risk management at Group companies in line with pre-set targets, and to share, disseminate and promote best practices across companies.

The Internal Control Department assists in identifying areas of improvement in existing processes and the internal control system as well as the action to be taken in this context, utilizing information technologies in the aforementioned activities, implementing the specified actions, and monitoring their progress on a regular basis. The Department also provides continuous guidance to managers and process owners on these issues and supports internal control, risk management and process development by taking part in working groups of important projects that will improve processes and information technologies. All relevant executives and employees of Group companies take part in the activities to establish, monitor and evaluate internal control systems and implementing necessary measures.

The Internal Control Department prepares an annual, risk-based internal control plan and carries out its activities in a systematic, consistent and disciplined approach. The internal control work plan is based on risk-based evaluations by the Internal Control Department, requests from Audit and Risk Committee and the Board of Directors and management, findings on internal control from

audit activities conducted by the Audit Department, and corporate risk maps. The annual internal control work plan is submitted to Zorlu Holding's CEO for their comments and approval and to Audit and Risk Committee for their comments and information.

During periodical meetings between the Internal Control Department and the management, internal control activities planned and realized within the year are evaluated, findings are disclosed, action plans based on the findings and follow-up results are shared, and plans for the upcoming period are reviewed.

Zorlu Group Internal Control team is composed of individuals with various sectoral experiences and advanced skills on internal control, risk management, process improvement, and project management. Zorlu Group also supports and encourages the team to build upon their skills and expertise through further training, and to obtain membership in relevant professional associations and international professional certifications (such as CIA, CPA, CISA, CFE, CICA and CRMA).

Assessment of the effectiveness of the internal control system in the annual report

At Zorlu Group companies, it is the responsibility of all managers and employees to develop and implement internal control systems that contribute to the realization of targets. In addition, Zorlu Holding Internal Control Department provides support and guidance to Zorlu Group companies in developing risk-based, effective and efficient internal control systems, implementing the internal control actions decided upon, and regularly monitoring the status of the actions. In line with the risk-based annual audit plan, Zorlu Holding Audit Group Directorate carries out audits on the existence and/or effectiveness of the internal control system in Zorlu Group companies, submits its reports to the Board of Directors and the Audit Committee, and regularly audits the actions on the findings specified in the reports and communicates the results to these authorities.

Corporate Governance



Corporate Governance

ZORLU HOLDING CORPORATE GOVERNANCE FRAMEWORK

Zorlu Holding considers Corporate Governance Principles as one of its core values for building the future of the company. With this understanding, Zorlu Holding, which has three publicly traded companies, Vestel Beyaz Eşya, Vestel Elektronik and Zorlu Enerji, shapes the corporate structure of the entire group in line with the principles of fairness, transparency, accountability and responsibility.

STRUCTURE OF BOARD OF DIRECTORS

Based on the corporate governance principles, majority of the Zorlu Holding's Board of Directors is composed of non-executive members and includes sufficient number of independent members. The Board of Directors currently consists of 9 members, 2 of whom are executive members, 4 non-executive members and 3 independent members.

The composition of the Board of Directors emphasizes diversity in terms of professional and personal characteristics. Accordingly, the Board of Directors includes members with strong experience in various sectors as well as members with expertise in banking, strategic human resources, financial investment and audit/accounting. One third of the Board of Directors is composed of women.

ACTIVITIES OF BOARD OF DIRECTORS

The activities of the Board of Directors are planned in line with the annual work plan created according to the priorities of the Holding. In this context, a total of 12 board meetings were held in 2022, one meeting per month, and all meetings were fully attended by board members.

In these meetings, the Board of Directors mainly performed the following functions: assessing the current situation of the sectors in which the Holding operates, determining the Holding's holistic long-term strategy, approving the holistic strategy, evaluating investment decisions, following-up the realization rate of financial and non-financial targets, determining corrective actions, and reviewing and approving the budget.

One of the tools to support the effectiveness of boards is the board performance evaluation, which is carried out to identify areas for development and to make necessary improvements in

the composition and functioning of the board accordingly. Zorlu Holding's Board of Directors conducted a self-assessment of its activities in 2022 in January 2023, moderated by a consulting organization. At the end of the performance evaluation process, which is carried out at three levels, namely self-evaluation, peer evaluation and general evaluation, actions to further improve the effectiveness of the board of directors were identified and steps were taken in this direction in 2023.

COMMITTEES OF BOARD OF DIRECTORS

Committees have been established to work more closely on certain issues on behalf of the Board of Directors in order to support the Zorlu Holding Board of Directors in fulfilling its responsibilities. The main purpose of the Committees is to carry out preparatory work before the Holding's Board of Directors on the issues determined by the Working Principles and to present advisory opinions to the Board of Directors by evaluating the opinions of the relevant managers and consultants. In this way, committees that do not have the authority to take final decisions carry out extensive preparatory work on the issues to be considered by the Board of Directors.

The Committees record all their meetings in written minutes, inform the Board of Directors about their activities and, if necessary, submit the matters they work on to the approval of the Board of Directors.

The five committees established to support the Holding Board of Directors are as follows:

Audit Committee¹

- Risk Committee
- Corporate Governance Committee
- Strategy and Investments Committee
- Sustainability Committee

	<i>Audit Committee</i>	<i>Risk Committee</i>	<i>Corporate Governance Committee</i>	<i>Strategy and Investments Committee</i>	<i>Sustainability Committee</i>
Chairman	Tayfun Bayazıt	Tamer Saka	Ege Karapınar	Ahmet Zorlu	Ege Karapınar
Member	Olgun Zorlu	Olgun Zorlu	Selen Zorlu Melik	Olgun Zorlu	Olgun Zorlu
Member	Tamer Saka	Tayfun Bayazıt	Şule Zorlu	Tamer Saka	Selen Zorlu Melik
Member	Arzu Pişkinoğlu	Billur Demet Atan	Necmi Kavuşturan	Tayfun Bayazıt	Ömer Yüngül
Member				Ömer Yüngül	Cem Köksal
Member				Cem Köksal	

In 2022, all Board Committees convened in accordance with their annual work plans and fulfilled their duties and responsibilities within the scope of Corporate Governance Principles and Committee Working Principles.

The Sustainability Committee, which is responsible for steering Zorlu Holding's sustainability strategy across the group, received services from an independent consulting organization throughout 2022.

The Corporate Governance Committee, which operates to improve Zorlu Group's Corporate Governance Framework, has also received independent consultancy services, particularly in the areas of strengthening the board structure and creating a candidate pool.

Both firms, from which the Committees received consultancy services, conducted studies in accordance with the independence criteria.

¹ The Committee, which operated as the Audit and Risk Committee in 2022, continues its activities as two separate Committees as the Audit Committee and the Risk Committee As of January 1, 2023.

Additional Disclosures Pursuant to Legislation



Additional Disclosures Pursuant to Legislation

1. GENERAL INFORMATION

Reporting Period

The Annual Report covers the fiscal period between 01.01.2022-31.12.2022.

Corporate Title and Other Information

Corporate Title: Zorlu Holding AŞ

Head Office: Levent 199 Büyükdere Cad. No: 199 34394 Şişli/İSTANBUL

Trade Registry ID: 267687

Tax ID: 999 003 0324

Telephone: (0212) 456 20 00

Fax: (0212) 422 03 40

Website: www.zorlu.com.tr

Central Registration System ID: 0999003032400010

Amendments to the Articles of Association during the Reporting Period:

No amendments were made to the Articles of Association during the reporting period.

Members of the Board of Directors and the Board of Supervisors

Board of Directors:

Name and Surname	Position	Tenure	
		Start	End
Ahmet Nazif ZORLU	Chairman	15.06.2022	15.06.2025
Olgun ZORLU	Vice Chairman	15.06.2022	15.06.2025
Selen ZORLU MELİK	Member	15.06.2022	15.06.2025
Şule ZORLU	Member	15.06.2022	15.06.2025
Bekir Cem KÖKSAL	Member	15.06.2022	15.06.2025
Ömer YÜNGÜL	Member	15.06.2022	15.06.2025
Tamer SAKA	Member	15.06.2022	15.06.2025
Ege KARAPINAR	Member	15.06.2022	15.06.2025
Tayfun BAYAZIT	Member	15.06.2022	15.06.2025

As Zorlu Holding AŞ is subject to independent audit pursuant to the Turkish Commercial Code No. 6102, the firm Arılar Bağımsız Denetim ve Yeminli Mali Müşavirlik AŞ, information about which is listed below, was selected to externally audit Company accounts and transactions during 2022.

Corporate Title:	Arılar Bağımsız Denetim ve Yeminli Mali Müşavirlik AŞ
Fiscal Year:	01.01.2022 - 31.12.2022
Independent Auditor Public Registry ID:	49667
Address:	Altınova Mah. Fuar Cad. Buttım Plaza No: 63/1703 16090 Osmangazi/BURSA

Business Dealings with the Company That Are Authorized by the General Assembly and Involve Members of Company Governing Bodies Acting on Their Own Behalf or on Behalf of Others; No-Competition Clauses

No member of any company governing body is authorized by the general assembly to do business with the company on their own behalf or on behalf of others; neither did any member compete with the company.

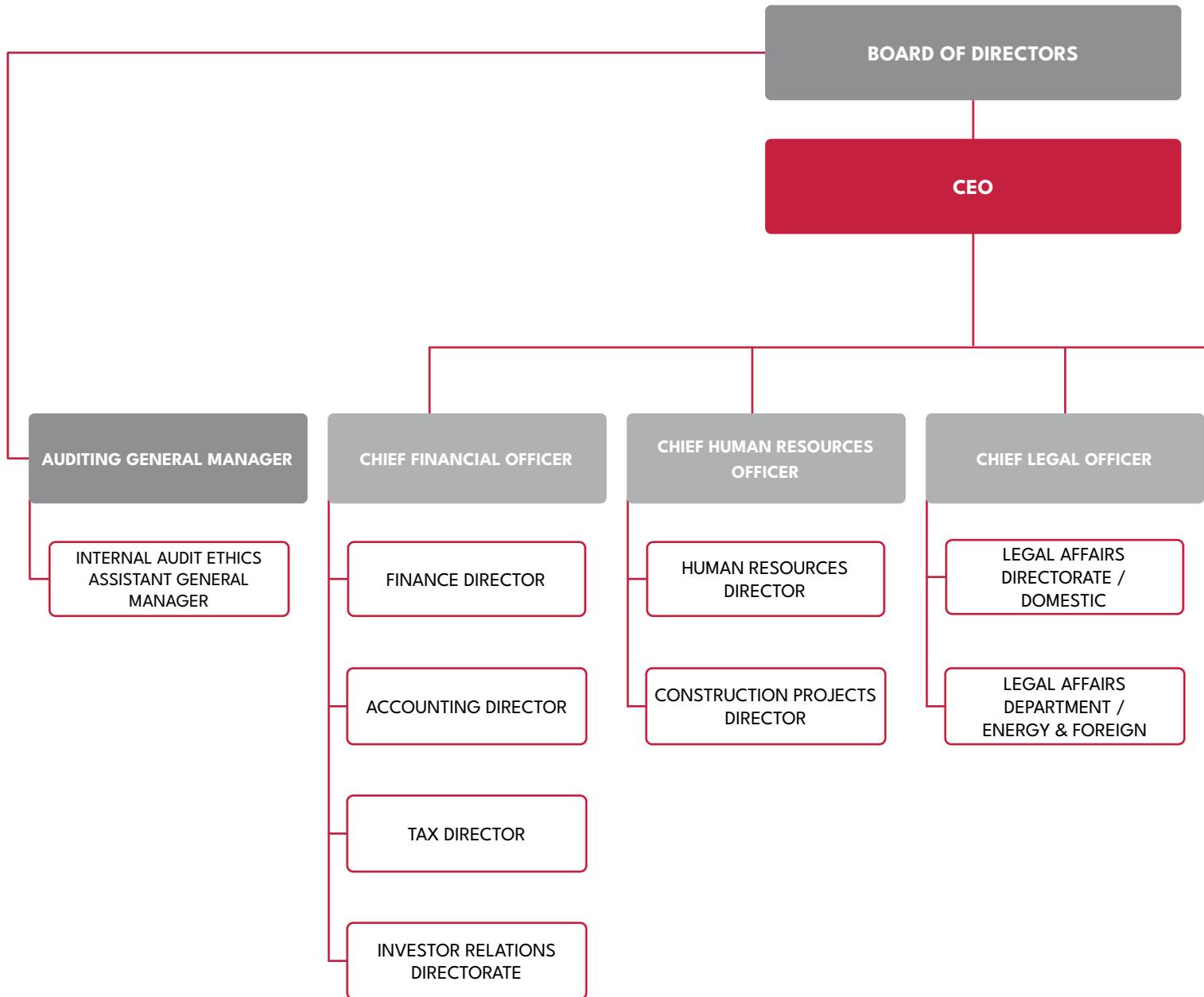
Shareholding Structure and Capital Distribution

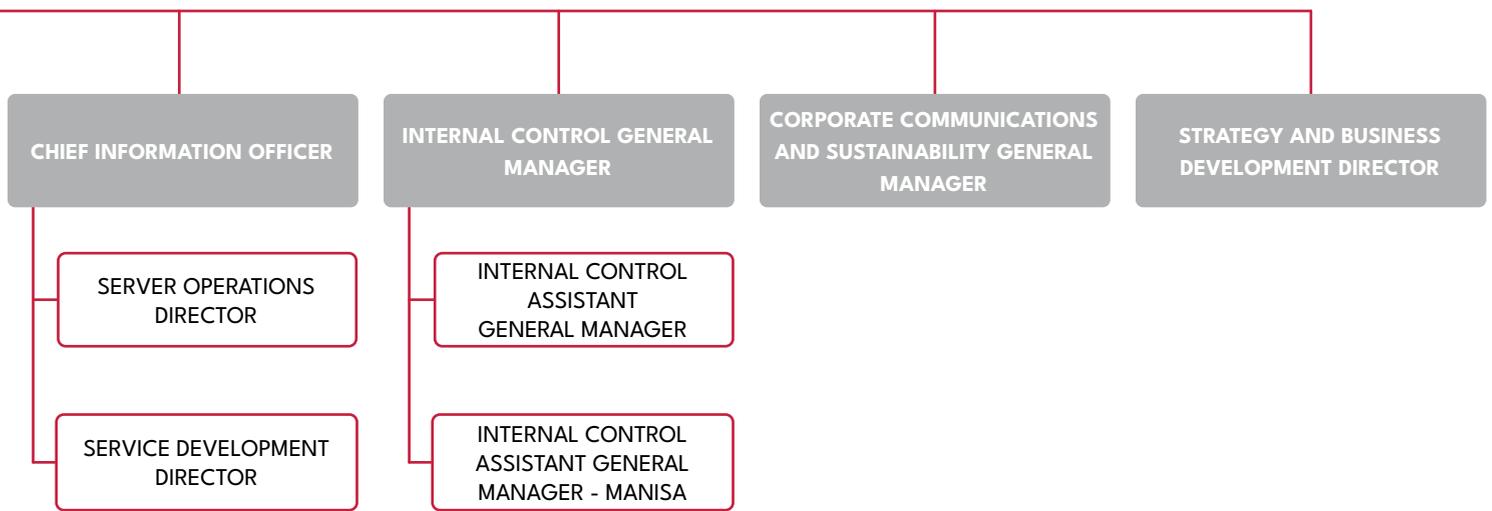
Shareholders	Number of Shares	Nominal Value of Shares (TRY)	Share in Capital (%)
Zeki ZORLU	498,750,000	498,750,000	15
Ahmet Nazif ZORLU	1,529,500,000	1,529,500,000	46
Olgun ZORLU	1,064,000,000	1,064,000,000	32
Türkan ZORLU	33,250,000	33,250,000	1
Zülal ZORLU	33,250,000	33,250,000	1
Selen ZORLU MELİK	33,250,000	33,250,000	1
Fatma Şehenaz ÇAPKINOĞLU	33,250,000	33,250,000	1
Şehminur AYDIN	33,250,000	33,250,000	1
Mehmet Emre ZORLU	33,250,000	33,250,000	1
Şule ZORLU	33,250,000	33,250,000	1
TOTAL	3,325,000,000	3,325,000,000	100

The company's capital is divided into 3,325,000,000 shares each with a par value of TL 1 and all shares are registered.

The company does not have any preferential shares.

Zorlu Holding AŞ - Organization Chart





Additional Disclosures Pursuant to Legislation

2. FINANCIAL BENEFITS PROVIDED TO BOARD MEMBERS AND SENIOR EXECUTIVES

No member of any company governing body or senior management received any per diem for travel, accommodation or representation expenses during the 2022 fiscal period. The aforementioned individuals received a total of TRY 63,699,729.10 as compensation, and a total of TRY 481,964.57 was spent for their insurance expenses.

3. THE COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES

None.

4. 2021 ACTIVITIES

Participation in Capital Increase in 2022

Company Name	Increased Capital	Amount of Increase	Participated Number of Shares	Share Ratio (%)
Bursa Serbest Bölge Kurucu ve İşleticisi AŞ	Non paid up	TRY 1,439,478.00	1,439,478	0.012627

Participation in Capital Decrease in 2022

Company Name	Decreased Capital	Amount of Decrease	Participated Number of Shares	Share Ratio (%)
Rosmiks LLC	RUB 1,572,844.00	TRY 280,721.20	14,684,412,900	100
Zorlu Air Havacılık AŞ	TRY 39,000,000.00	TRY 39,000,000.00	150,000,000	100

Information on Subsidiaries Liquidated in 2022

Company Name	Liquidated Capital	Participated Capital Liquidation Amount	Participated Number of Shares	Share Ratio (%)
Rosmiks International B.V.	USD 1,331,329,733.24	TRY 4,173,954,490.96	18,000	99.99

Share Purchases in 2022

	Nominal Value of Shares Purchased (TRY)	Number of Shares Purchased	Ratio of Shares Purchased in Capital (%)
Linens Dekorasyon ve Tekstil Ürün. Paz. AŞ	50,000.00	50,000	100

Share Sales in 2022

	Nominal Value of Shares Sold (TRY)	Number of Shares Sold	Ratio of Shares Sold in Capital (%)
Vestel Elektronik Sanayi ve Ticaret AŞ	9,252,600,00	9,252,600	2.76
Zorlu Enerji Elektrik Üretim AŞ	175,553,244.83	17,555,324,483	7.02

Shares Transferred and Taken Over in 2022

Company Name	Nominal Value of Shares (TRY)	Share Ratio (TRY)	Share Ratio (%)	Number of Transferred Shares
Zorlu Doğalgaz ve Petrokimya Ürün. İnş. San. Tic. AŞ	50,000.00	50,000.00	100	50,000

Company Name	Nominal Value of Shares (TRY)	Share Ratio (TRY)	Share Ratio (%)	Number of Taken Over Shares
Linens Tekstil Ürünleri Pazarlama AŞ	50,000.00	50,000.00	100	50,000

Administrative or Judicial Sanctions Imposed Against the Company and the Board of Directors Members on Account of Breach of Legislation

There were no administrative or legal sanctions imposed against the Company or Members of the Board on account of breach of legislation during the 2022 fiscal year.

Disclosure on Special and Public Audits During the Fiscal Year

No special or public audit was made in the Company during the 2022 fiscal year.

Compliance/Non-Compliance with General Assembly Resolutions

All resolutions taken at the 2021 Ordinary General Assembly were complied with during the 2022 fiscal period.

Additional Disclosures Pursuant to Legislation

5. FINANCIAL SITUATION

Board of Directors' Statement Concerning an Assessment of the Company's Capital Adequacy and/or Insolvency

According to the calculations based on the ratios specified in article 376 of the Turkish Commercial Code, the company is not insolvent.

Financial Ratios

A. FINANCIAL STATEMENT

31.12.2022

Current Assets/Total Assets	23.5%
Fixed Assets/Total Assets	76.5%
Short-Term Liabilities/Total Liabilities	47.9%
Long-Term Liabilities/Total Liabilities	34.6%
Equity Capital/Total Liabilities	17.4%

B. LIQUIDITY RATIOS

31.12.2022

Current Rate	48.9%
Liquidity Rate	31.6%

C. PROFITABILITY RATIOS

01.01.2022-31.12.2022

Gross Profit Margin	%19.6
EBITDA Margin**	%16.2

*Net loss for the period attributable to equity holders of the parent

**Other operating incomes and expenses from trading activities, except foreign exchange gains and losses, are included.

Profit Distribution Proposal

No contingency reserves will be made as the year 2022 resulted in loss.

6. MANDATORY PARENT COMPANY DISCLOSURES IN CORPORATE GROUPS

Corporations Involved in Consolidation	Ownership interest	Economic interest
Zorlu Enerji Elektrik Üretim AŞ	71.80%	71.80%
Zorlu Enerji Pakistan Limited	100.00%	71.80%
Zorlu Wind Pakistan (Private) Limited	99.70%	71.60%
Nemrut Jeotermal Elektrik Üretimi AŞ	100%	71.80%
Zorlu Solar Enerji Tedarik ve Ticaret AŞ	100%	71.80%
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret AŞ	100%	71.80%
Zorlu Osmangazi Enerji Sanayi ve Ticaret AŞ	100%	71.80%
Zorlu Enerji İsrail Limited	100%	71.80%
ZJ Strong Energy for Renewable Energy Limited Co.	75%	53.80%
Zorlu Enerji Dağıtım AŞ	100%	71.80%
Zorlu Enerji Asia Holding Limited	100%	71.80%
Zador Israel Limited	100%	71.80%
Zorlu O/M Enerji Tesisleri İşletme ve Bakım Hizmetleri AŞ	100%	100%
Rosmiks International B.V.	--	--
Rosmiks LLC	100%	100%
Zorlu Doğalgaz İthalat İhracat ve Toptan Ticaret AŞ	99%	99%
Zorlu Doğal Gaz Petrokimya Ürünleri Petrol İnşaat Sanayi ve Ticaret AŞ	--	--
Electrip Araç Kiralama Ticaret AŞ	100%	71.80%
Zorlu Yenilenebilir Enerji AŞ	100%	71.80%
Rarik-Turkison Enerji AŞ	100%	71.80%
Alkan Jeotermal Enerji Elektrik Üretimi AŞ	100%	71.80%
Electrip Global B.V.	100%	71.80%
Electrip Energy Solutions and Mobility Services Sasu	100%	71.80%
Electrip Bucharest SRL	100%	71.80%
Electrip Albania SHPK	100%	71.80%
Electrip USA Inc.	100%	71.80%
ZES Germany GmbH	100%	71.80%
Electrip Dooel Skopje	100%	71.80%
Electrip Italy S.r.l.	100%	71.80%

Additional Disclosures Pursuant to Legislation

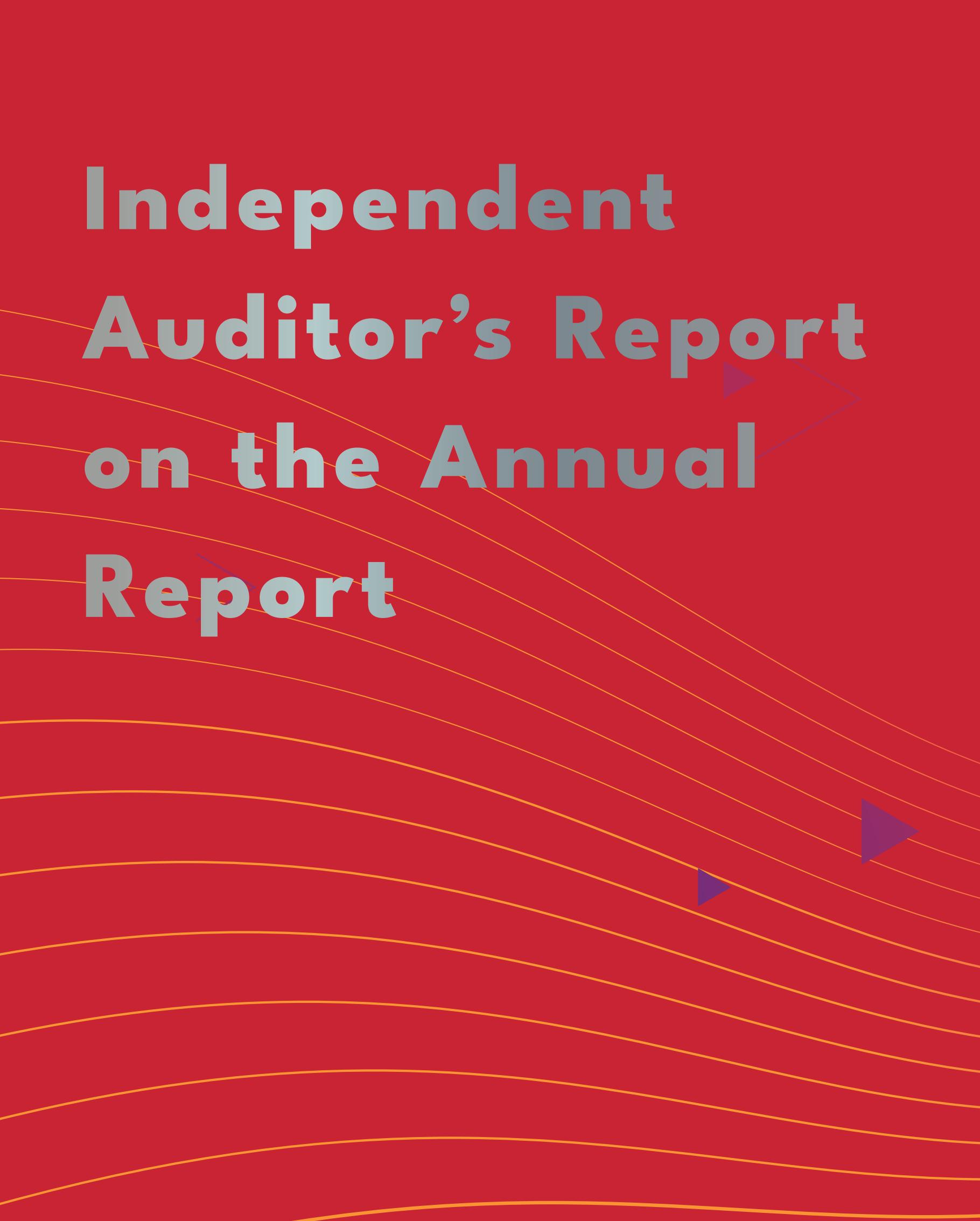
Corporations Involved in Consolidation	Ownership interest	Economic interest
Electrip Bulgaria EOOD	100%	71.80%
Electrip Hellas Single Member P.C.	100%	71.80%
Electrip Mobility Service D.O.O.	100%	71.80%
Electrip Poland Spółka Z.O.O.	100%	71.80%
Electrip Montenegro D.O.O	100%	71.80%
ZES Israel Limited	100%	71.80%
Electrip Mobility Service Limited	100%	71.80%
ZES Solutions, D.O.O	100%	71.80%
Electrip Netherlands B.V.	100%	71.80%
Electrip PTG, Unipessoal LDA	100%	71.80%
Korteks Mensucat Sanayi ve Ticaret AŞ	100%	100%
Zorluteks Tekstil Ticaret ve Sanayi AŞ	100%	100%
Zorlu Dış Ticaret AŞ	100%	100%
Zorluteks SNG	100%	100%
Zorluteks D.O.O.	83%	83%
Zorlu UK Limited	100%	100%
Vestel Elektronik Sanayi ve Ticaret AŞ	60.90%	60.90%
Vestel Beyaz Eşya Sanayi ve Ticaret AŞ (1)	80.60%	49.10%
Vestel Komünikasyon Sanayi ve Ticaret AŞ	100%	60.90%
Vestel Ticaret AŞ	100%	60.90%
Vestel CIS Limited	100%	60.90%
Vestel Iberia SL	100%	60.90%
Vestel France SA	100%	60.90%
Vestel Holland BV	100%	60.90%

Corporations Involved in Consolidation	Ownership interest	Economic interest
Vestel Germany GmbH	100%	60.90%
Cabot Communications Limited	90.80%	55.30%
Vestel UK Limited	100%	60.90%
Vestek Elektronik Arařtırma Geliřtirme Ař	100%	60.90%
Vestel Trade Limited	100%	60.90%
Intertechnika LLC	99.90%	60.80%
Vestel Poland sp. z.o.o.	100%	60.90%
Vestel Central Asia LLP	100%	60.90%
Vestel Electronics Shanghai Trading Co. Ltd	100%	60.90%
Vestel Electronics Gulf DMC	100%	60.90%
Vestel Electronica SRL	100%	60.90%
Vestel USA	100%	60.90%
Zorlu Air Havacılık Ař	100%	100%
Linens Tekstil Ürünleri Pazarlama Ař (3)	--	--
Zorlu International Investments Limited	100%	100%
ABH Turizm Temsilcilik ve Ticaret Ař	75%	75%
Zorlu Faktoring Ař	100%	100%
Zorlu Yapı Yatırım Ař	99.20%	99.20%
Meta Nikel Kobalt Madencilik Sanayi Ař	100%	81.80%

Non-consolidated subsidiaries on the grounds of materiality

	Shareholding
Hometeks Tekstil Ürünleri Sanayi ve Ticaret Ař	100%
Vestel Ventures Arge Ař	100%
Other	

Independent Auditor's Report on the Annual Report

The background features a series of wavy, horizontal orange lines that create a sense of motion and depth. Three purple arrows are positioned on the right side, pointing towards the left, which adds a directional element to the design.





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INDEPENDENT AUDITOR'S REPORT

ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the attention of General Assembly of Zorlu Holding AŞ

1) Opinion

Since we have audited the full set of consolidated financial statements of Zorlu Holding AŞ (“the Company”) and its subsidiaries (together will be referred to as the “the Group”) for the period January 1, 2022 - December 31, 2022, we have also audited the annual report for this period.

In our opinion, the consolidated financial information included in the Board of Directors’ annual report and the analysis made by the Board of Directors on the Group’s position using the information included in the audited financial statements are consistent, in all material respects, with the audited full set of consolidated financial statements and the information obtained during the independent audit and give a true and fair view.

2) Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under these standards are described in detail in the Independent Auditor’s Responsibilities for the Independent Audit of the Annual Report section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Independent Auditors (“Code of Ethics”) published by POA and the ethical requirements in the regulations issued by POA that are relevant to our audit. Other ethical responsibilities under the Code of Ethics and legislation have also been fulfilled by us. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor’s Opinion on the Full Set of Consolidated Financial Statements

We have presented an unqualified opinion in our auditor’s report dated May 18, 2023 on the Group’s full set consolidated financial statements for the period between January 1, 2022 - December 31, 2022.

4) Responsibility of the Board of Directors for the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code No. 6102 (“TCC”), the Group management is responsible for the following in relation to the annual report:

- a. Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly.
- b. Preparing the annual report with the all respects of the Group’s flow of operations for that year and the Group’s consolidated financial performance accurately, completely, directly and fairly. In this report, the financial position is assessed in accordance with the consolidated financial statements. The Group’s development and risks that the Group may probably face are also pointed out in this report. The Board of Director’s evaluation on those matters are also included in this report.



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c. The annual report also includes the matters stated below:

- The significant events occurred in the Group's activities subsequent to the financial year ends,
- The Group's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

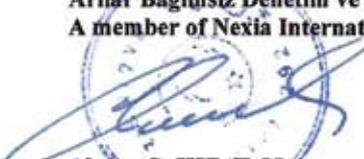
The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion, in accordance with the provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information included in the annual report and the analysis made by the Board of Directors on the Group's position by using the information included in the audited financial statements are consistent with the audited consolidated financial statements of the Group and the information obtained during the independent audit and whether they give a true and fair view, and to prepare a report including our opinion.

We conducted our independent audit in accordance with POAs. Those standards require that we comply with ethical requirements and plan and perform the independent audit in a way to obtain reasonable assurance about whether the consolidated financial information in the annual report and the Board of Directors' assessments about the Group's position using the information in the audited financial statements are consistent with the consolidated financial statements and the information obtained during the audit and provide a fair presentation of the truth.

Arılar Bağımsız Denetim ve YMM A.Ş.
A member of Nexia International



Ahmet G. HIZARCI
Sorumlu Denetçi

Bursa, 18 Mayıs 2023



**Consolidated
Financial
Statements and
Independent
Auditor's Report**





Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Zorlu Holding A.Ş.

A) Independent Auditors' Report on the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Zorlu Holding A.Ş. (the Company or "Zorlu Holding") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit and loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Accounting Standards (TAS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Independent Auditing Standards (IAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

The consolidated financial statements of the Group were prepared on a going concern basis.

As of 31 December 2022, the consolidated short term assets of the Group amounted to TL 49.512.825 thousand (31.12.2021 - TL 33.925.330 thousand) and the consolidated current liabilities to TL 101.155.174 thousand (31.12.2021 - TL 68.269.479 thousand). The consolidated net loss for the year ending as of the same date was TL 23.352.074 thousand (31.12.2021 - TL 19.122.713 thousand loss). As of 31.12.2022, the consolidated net loss of the Group amounting to TL 23.352.074 thousand resulted entirely from net losses on foreign exchange amounting to TL 26.602.542 thousand.

The consolidated shareholders' equity of the Group as of 31 December 2022 gave a positive balance of 36.810.698 thousand (31.12.2021 - TL 15.230.382 thousand), and the management of Zorlu Holding A.Ş. believes that there is no concern about the continuity as a going concern of Zorlu Holding A.Ş. or of the companies included in its consolidated financial statements.

4) Key Audit Issues

Key audit issues are the most important issues in the independent audit of the consolidated financial statements for the current period according to our professional judgment. As a whole, key audit issues are dealt within the framework of the independent audit of consolidated the financial statements and our opinion regarding the consolidated financial statements and we do not give a separate opinion on these issues.

Key Audit Issues	How the issue is handled in the audit
Time and demand bank deposits	
<p>As of 31.12.2022, the Group has demand deposits amounting to TL 3.152.811 thousand and time-contracted deposits amounting to TL 3.463.174 thousand. It has been handled as a key audit matter as it is material to the Group's financial statements.</p>	<p>During our audit, the following audit procedures were applied regarding the time and demand bank deposits.</p> <ul style="list-style-type: none"> · By making a distinction between time deposits and demand deposits, it has been reviewed whether they are compatible with the amounts in the records. · A list of time deposits was obtained and a distinction was made between short- and long-term. · Time and demand deposits were revalued with the period-end foreign exchange buying rates, and their compliance with the records was reviewed. · Reconciliations were obtained from banks and the amounts in the records were verified. It has been checked from the incoming bank reconciliations whether there is any blockage on the amounts included in the bank reconciliations. · Income accruals calculated for time deposits were examined and their compatibility with the records was reviewed. · Withholding tax letters were obtained from banks and it was examined whether they were in agreement with the prepaid taxes and interest income accounts. <p>As a result of these studies on time and demand deposits, we did not find any significant findings.</p>

Key Audit Issues	How the issue is handled in the audit
<p>Recoverability of receivables</p> <p>As of 31 December 2022, trade receivables from non-related parties amounting to TL 17.461.114 thousand and other receivables from related parties amounting to TL 5.901.217 thousand constitute a significant part of total assets.</p> <p>On the other hand, provisions for impairment calculated for trade receivables, the guarantees received from customers, past payment performances and creditworthiness information of customers, and maturity analysis of receivables balances are accounted for as a result of estimations made by taking into account. These forecasts used are highly sensitive to expected future market conditions.</p> <p>For these reasons, the recoverability of such receivables is an important issue for our audit.</p>	<p>During our audit, the following audit procedures were applied regarding the recoverability of trade receivables from unrelated parties:</p> <ul style="list-style-type: none"> - Understanding the process of collection follow-up of the Group's trade receivables from unrelated parties, evaluating the operational effectiveness of internal controls in the process, - Comparison of the collection turnover rate with the previous year, - Investigating whether any dispute regarding the collection or the litigation process has begun, through negotiations with the management and obtaining information from legal advisers about ongoing receivable proceedings, - Examining the balances of trade receivables from unrelated parties by sending confirmation letters by way of sampling, - Testing the collections made in the following period by means of samples, <p>As a result of these studies on the recoverability of trade receivables from non-related parties, we have not made any significant findings.</p>
<p>Financial Liabilities</p> <p>As of 31.12.2022, the Group has short-term contractual financial liabilities amounting to TL 57.935.584 thousand and long-term contractual financial debts amounting to TL 59.623.917 thousand to financial institutions. It has been handled as a key audit matter as it is material to the Group's financial statements.</p>	<p>During our audit, the following audit procedures regarding financial liabilities were applied:</p> <ul style="list-style-type: none"> - Loan instructions were obtained for the loans used by the Group in the current period, and they were reconciled with the records, - During the period, controls were made by sampling method for loan interest payments, - It has been evaluated whether the liability is in agreement with the records by calculating interest for loans according to the effective interest method, - The classifications of the loans have been reviewed by making a distinction between short and long term loans. - End of period exchange rate valuations of foreign currency loans were re-evaluated and it was reviewed whether they were in agreement with the records. - Verifications of the loans were provided and it was seen that they were in agreement with the records. <p>As a result of these studies on debts to financial institutions, we have not made any significant findings.</p>

Key Audit Issues	How the issue is handled in the audit
<p>Provision for impairment of inventories</p> <p>Inventories amounting to TL 17.502.464 thousand in the financial statements as of 31 December 2022 have a risk of impairment due to macroeconomic factors. However, the calculation of the provision for impairment of inventory also includes management estimations and assumptions. These estimates and assumptions include evaluating the provision for inventories due to reasons such as technological changes and changing customer demands. For these reasons, provision for impairment of inventory is an important issue for our audit.</p>	<p>During our audit, the following audit procedures regarding the provision for inventory impairment were applied:</p> <ul style="list-style-type: none"> - Understanding and evaluating the appropriateness of the accounting policy related to the provision for impairment of inventory, - Comparison of stock turnover with the previous year, - Evaluation of the adequacy of the provision for impairment of inventories in the current period by comparing it with the impairment realized in the previous period, - Observing whether there are long-standing or damaged stocks in year end inventory counts, - Sample testing of selling prices deducted from the discounts used in the net realizable value calculation. <p>As a result of these studies on the provision for impairment of inventory, we have not made any significant findings.</p>

5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, 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 consolidated 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 ISAs are 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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 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.

Among the matters communicated to those charged with governance, we identify the most important matters in the independent audit of the current period’s consolidated financial statements, namely the key audit matters. In cases where the legislation does not allow the disclosure of the matter to the public, or in exceptional cases where the negative consequences of public disclosure are reasonably expected to exceed the public interest arising from the disclosure, we may decide not to disclose the relevant matter in our independent auditor’s report.

B) Reports on other responsibilities arising from regulatory requirements

- 1) In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Group’s bookkeeping activities for the period January 1 – December 31, 2022 and financial statements are not in compliance with the code and provisions of the Company’s articles of association in relation to financial reporting.
- 2) In accordance with subparagraph 4, Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Arılar Bağımsız Denetim ve YMM A.Ş.
A member of Nexia International

Ahmet G. HIZARCI
Partner

Bursa, 18 May 2023

Consolidated Statements of Financial Position at 31.12.2022 and 31.12.2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Assets	Note	31.12.2022	31.12.2021
Current assets			
Cash and cash equivalents	5	6.877.686	4.781.841
Investment securities	7	703.861	1.148.430
Trade receivables			
- Related parties	35	1.029.769	887.709
- Third parties	8	17.324.157	9.630.287
Receivables from finance sector operations			
- Other trade receivables from finance sector operations	9	1.120	10.563
Other receivables			
- Related parties	35	1.372.884	864.866
- Third parties	12	2.159.918	1.058.472
Receivables from service concession arrangements	13	1.041.484	694.125
Inventories	16	17.502.464	12.954.041
Prepaid expenses			
- Related parties	35	--	258
- Third parties	10	309.654	810.177
Current income tax assets		55.710	17.602
Derivative financial instruments	11	107.224	369.261
Other current assets			
- Third parties	14	1.026.894	697.698
Total current assets		49.512.825	33.925.330
Non-current assets			
Trade receivables			
- Third parties	8	136.957	81.616
Other receivables			
- Related parties	35	3.741.299	2.679.422
- Third parties		208.525	285.351
Investments valued by equity method	6	2.767.139	1.847.673
Financial investments	7	27.538.213	19.070.752
Receivables from service concession arrangements	13	6.766.842	3.331.766
Mining assets	20	443.449	283.440
Contract assets	15	8.531	19.377
Property, plant and equipment	17	109.801.643	63.123.231
Intangible assets	18	3.410.821	2.960.062
Right of assets	19	887.284	417.673
Derivative financial instruments	11	571.464	--
Prepaid expenses			
- Third parties	10	1.144.040	1.110.428
Other non-current assets			
- Third parties	14	170.838	133.162
Deferred tax asset	26.b	4.001.295	2.508.035
Total non-current assets		161.598.340	97.851.988
Total assets		211.111.165	131.777.318

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position at 31.12.2022 and 31.12.2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Liabilities and equity	Note	31.12.2022	31.12.2021
Current liabilities			
Financial liabilities	21	57.935.584	40.040.873
Trade payables			
- Related parties	35	135.040	552.263
- Third parties	23	29.585.896	19.575.830
Payables from finance sector operations			
- Other trade payables from finance sector operations	22	167.638	170.842
Employee benefit obligations		496.212	320.984
Other payables			
- Related parties	35	1.893.219	1.038.623
- Third parties		2.657.538	1.655.451
Deferred income			
- Related parties	35	907	266
- Third parties	10	3.272.609	1.042.816
Derivative financial instruments	11	613.474	645.516
Taxation on income	26	1.005.387	531.889
Short term provisions			
- Provision for employee benefits	25	170.950	75.010
- Other provisions	25	1.648.970	1.337.441
Other liabilities			
- Third parties	24	1.571.750	1.281.675
Total current liabilities		101.155.174	68.269.479
Non-current liabilities			
Financial liabilities	21	59.623.917	41.847.257
Trade payables			
- Third parties	23	182.548	181.003
Other payables			
- Related parties	35	721.496	378.506
- Third parties		756.300	330.528
Deferred income			
- Third parties		18	2.435
Derivative financial instruments	11	--	253.321
Long term provisions			
- Provision for employee benefits	27	2.037.221	661.955
- Other provisions	25	174.151	109.999
Other non-current liabilities			
- Third parties	24	19	19
Deferred tax liability	26	9.649.623	4.512.434
Total non-current liabilities		73.145.293	48.277.457
Equity			
Paid in capital	28.a	3.325.000	3.325.000
Adjustments to share capital	28.b	446.109	446.109
Share premium		1.140	1.140
Other comprehensive income / expense not to be reclassified to profit or loss			
- Revaluation reserves	28.c	53.077.423	28.384.293
- Actuarial gain/loss arising from defined benefit plans		(875.880)	(183.559)
Other comprehensive income / expense to be reclassified to profit or loss			
- Cash flow hedge fund	28.d	(6.815.273)	(5.835.866)
- Translation reserve		31.211.824	20.471.015
Restricted reserves	28.e	140.713	28.331
General reserves	29	(33.882.614)	(18.209.329)
Net loss for the year		(23.376.635)	(19.797.929)
Equity attributable to owners of the parent		23.251.807	8.629.205
Non-controlling interests		13.558.891	6.601.177
Total equity		36.810.698	15.230.382
Commitments and contingencies		--	--
Total liabilities and equity		211.111.165	131.777.318

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Profit or Loss for The Years Ended 31.12.2022 and 31.12.2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	Note	01.01.- 31.12.2022	01.01.- 31.12.2021
Revenue	4	102.878.421	52.501.348
Cost of sales (-)	4	(82.745.914)	(39.358.301)
Gross profit		20.132.507	13.143.047
Marketing, selling and distribution expenses (-)		(7.505.057)	(3.857.946)
General administrative expenses (-)		(3.966.237)	(2.079.855)
Other operating income	32	8.290.729	5.929.517
Other operating expense (-)	32	(10.240.032)	(8.229.210)
Operating profit		6.711.910	4.905.553
Income from investing activities	33	19.837	149.803
Expense from investing activities (-)	33	(94.280)	(36.386)
Shares of profits/losses of investments valued by equity method	6	53.031	119.121
Operating profit before financing expense		6.690.498	5.138.091
Financing income	34	8.186.752	6.801.504
Financing expense (-)	34	(39.917.754)	(31.689.753)
Loss before taxation		(25.040.504)	(19.750.158)
Current tax charge		(429.006)	(210.547)
Deferred tax income		2.117.436	837.992
Taxation on income		1.688.430	627.445
Net loss for the year		(23.352.074)	(19.122.713)
Loss attributable to:			
Equity holders of the parent		(23.376.635)	(19.797.929)
Non-controlling interests		24.561	675.216

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Other Comprehensive Income for The Years Ended 31.12.2022 and 31.12.2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	Note	01.01.-31.12.2022	01.01.-31.12.2021
Net loss for the year		(23.352.074)	(19.122.713)
Items not to be reclassified in profit or loss			
- Actuarial losses arising from defined benefit plans	27	(1.235.615)	(162.173)
- Revaluation of property, plant and equipment		41.728.340	22.586.485
- Tax effect		(8.455.280)	(3.042.944)
		32.037.445	19.381.368
Items to be reclassified in profit or loss			
- Cumulative losses on cash flow hedging		(2.670.698)	(4.368.488)
- Translation differences		11.115.717	10.249.412
- Tax effect		534.140	873.698
		8.979.159	6.754.622
Total comprehensive income		17.664.530	7.013.277
Total comprehensive income attributable to:			
Equity holders of the Parent		13.338.302	4.036.136
Non-controlling interests		4.326.228	2.977.141

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity for the Years Ended 31.12.2022 and 31.12.2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	Paid in capital	Adjustments to share capital	Share premium	Other comprehensive income / expense not to be reclassified to profit or loss				Retained earnings			Equity holders of the parent	Non-controlling interests	Total equity
				Revaluation reserve	Actuarial gain/loss arising from defined benefit plans	Cash flow hedge fund	Currency translation difference	Restricted reserve	General reserve	Net loss for the year			
01.01.2021	3.325.000	446.109	2.707	13.376.542	(96.137)	(3.114.230)	10.557.400	233.945	(13.370.198)	(6.676.052)	4.685.086	3.212.525	7.897.611
Transfer to accumulated deficit	--	--	--	(963.452)	--	--	--	--	(5.712.600)	6.676.052	--	--	--
Transfer to restricted reserves	--	--	--	--	--	--	--	(198.154)	198.154	--	--	--	--
Dividend paid to minority interest	--	--	--	--	--	--	--	--	--	--	--	(1.014.286)	(1.014.286)
Total comprehensive income	--	--	--	16.809.225	(96.338)	(2.844.029)	9.965.207	--	--	(19.797.929)	4.036.136	2.977.141	7.013.277
Transactions with non-controlling interests	--	--	(1.567)	(838.022)	8.916	122.393	(51.592)	(7.460)	675.315	--	(92.017)	1.425.797	1.333.780
31.12.2021	3.325.000	446.109	1.140	28.384.293	(183.559)	(5.835.866)	20.471.015	28.331	(18.209.329)	(19.797.929)	8.629.205	6.601.177	15.230.382
Transfer to accumulated deficit	--	--	--	(3.489.672)	--	--	--	--	(16.308.257)	19.797.929	--	--	--
Transfer to restricted reserves	--	--	--	--	--	--	--	112.382	(112.382)	--	--	--	--
Dividend paid to minority interest	--	--	--	--	--	--	--	--	--	--	--	(121.963)	(121.963)
Total comprehensive income	--	--	--	28.182.802	(719.319)	(1.644.309)	10.895.763	--	--	(23.376.635)	13.338.302	4.326.228	17.664.530
Transactions with non-controlling interests	--	--	--	--	26.998	664.902	(154.954)	--	747.354	--	1.284.300	2.753.449	4.037.749
31.12.2022	3.325.000	446.109	1.140	53.077.423	(875.880)	(6.815.273)	31.211.824	140.713	(33.882.614)	(23.376.635)	23.251.807	13.558.891	36.810.698

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows for the Years Ended 31.12.2022 and 31.12.2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	Note	01.01.- 31.12.2022	01.01.- 31.12.2021
Net loss for the year		(23.352.074)	(19.122.713)
Depreciation of property, plant and equipment	17, 19	5.655.123	2.694.087
Amortization of intangible assets	18	303.226	263.734
Profit on sale of property, plant and equipment	33	(9.553)	(122.301)
Loss on sale of property, plant and equipment	33	94.280	36.386
Provision for employee termination benefits	27	109.005	40.076
Provision for doubtful receivables, net	8	37.377	(17.411)
Provision for diminution of inventories, net	16	75.678	7.570
Other provisions	25	471.621	592.438
(Losses) gains on derivative financial instruments, net		(558.208)	906.859
Interest expense		10.756.866	7.083.201
Interest income		(2.239.455)	(1.177.072)
Investment in associate		(53.031)	(119.121)
Unearned interest on receivables		80.288	--
Unearned interest on payables		(71.957)	(16.929)
Unrealised foreign exchange losses / gains		19.925.805	(30.417.494)
Adjustments to the tax expense / income		(1.688.430)	(627.445)
Net cash generated from operating activities before changes in operating assets and liabilities		9.536.561	(39.996.135)
Changes in trade receivables		(8.020.582)	(2.767.276)
Changes in inventories		(4.646.920)	(6.514.778)
Changes in other receivables		(1.024.620)	(539.913)
Changes in other assets		(4.102.882)	(1.631.417)
Change in contract assets		10.846	60.262
Changes in trade payables		9.666.347	9.481.587
Changes in other payables		1.424.655	600.198
Changes in other liabilities		465.303	622.654
Changes in deferred income		2.228.017	544.029
Changes in prepaid expenses		467.169	(1.161.491)
Employee termination paid	27	(107.007)	(49.386)
Taxes paid		(546.370)	(323.287)
Net cash generated (used) from operating activities		5.350.517	(41.674.953)
Cash flows from investing activities			
Purchases of property, plant and equipment	17	(5.622.499)	(2.280.533)
Purchases of mining assets		(47.599)	(59.586)
Purchases of intangible assets	18	(830.469)	(523.754)
Proceeds from sale of property, plant and equipments and intangible assets		78.734	235.211
Transactions with non-controlling interests		4.037.749	1.333.780
Net cash used in investing activities		(2.384.084)	(1.294.882)
Cash flows from financing activities			
Proceeds from borrowings		49.897.769	94.682.293
Repayments of borrowings		(41.397.022)	(37.976.904)
Changes in investment securities		(8.889.327)	(9.166.766)
Payment of settlement of derivatives		(2.707.281)	(5.432.428)
Changes in other receivables from related parties	35	(1.569.895)	(3.430.758)
Changes in other payables to related parties	35	1.197.586	3.000.655
Interest received	32,34	2.239.455	1.177.072
Interest paid		(10.806.572)	(7.023.323)
Payments of lease liabilities	19	(726.377)	(316.921)
Dividend paid to non-controlling interests		(121.963)	(1.014.286)
Net cash (generated) / used from financing activities		(12.883.627)	34.498.634
Translation differences		12.144.900	8.202.123
Net change in cash and cash equivalents		2.227.706	(269.078)
Cash and cash equivalents at beginning of year		4.615.863	4.884.941
Cash and cash equivalents at end of year	5	6.843.569	4.615.863

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

1. ORGANISATION AND NATURE OF ACTIVITIES

Zorlu Holding A.Ş. (the “Company” or “Zorlu Holding”) was founded in 1990 to support and organize the activities of its subsidiaries mainly within the sectors of textile, white goods and electronic, energy and real estate by providing centralised services for finance, accounting, budget, internal audit, human resources and corporate communications.

As of 31 December 2022, Zorlu Holding and its subsidiaries and joint ventures (“Group”) consist of Zorlu Holding and its subsidiaries listed below.

The Group is the under control of the Zorlu family.

The registered office address of the Company is located at Levent 199, Büyükdere Caddesi No: 199, Şişli / İstanbul- Turkey.

Nature of activities of the Group

The group mainly operates in four different sectors. The sectors in which the Group operates are as follows:

1.1 Energy division

The purpose of the investment in this sector is to meet the electricity requirement of Zorlu Group facilities and other industrial companies common to the autoproducer group.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

This division is established to meet the energy requirements of Zorlu Group and other industrial companies:

Company	Nature of business	Country
Zorlu Enerji Elektrik Üretim A.Ş.	Electricity production and steam and sales	Turkey
Rotor Elektrik Üretim A.Ş.	Electricity production	Turkey
Zorlu Doğal Elektrik Üretimi A.Ş.	Electricity production	Turkey
Zorlu Jeotermal Enerji Elektrik Üretimi A.Ş.	Electricity production	Turkey
Nemrut Jeotermal Elektrik Üretimi A.Ş.	Electricity production	Turkey
Zorlu Solar Enerji Tedarik ve Ticaret A.Ş.	Electricity production and panel trading	Turkey
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	Electricity trading	Turkey
Zorlu Osmangazi Enerji Sanayi ve Ticaret A.Ş.	Electricity distribution and trading	Turkey
Osmangazi Elektrik Dağıtım A.Ş.	Electricity distribution and trading	Turkey
Osmangazi Elektrik Perakende Satış A.Ş.	Electricity distribution and trading	Turkey
Zorlu Enerji Pakistan Ltd.	Electricity production	Pakistan
Zorlu Wind Pakistan (Private) Limited	Electricity production	Pakistan
Zorlu Enerji Israil Limited	Electricity production	Israel
Zador Israel Limited	Electricity production	Israel
ZJ Strong Energy for Renewable Energy Limited Co.	Electricity production	Palestine
Rosmiks LLC	Electricity production	Russia
Alkan Jeotermal Enerji Elektrik Üretimi A.Ş.	Electricity production	Turkey
Zorlu Enerji Dağıtım A.Ş.	Natural gas distribution	Turkey
Zorlu Enerji Asia Holding Limited	Energy investment	Dubai
ZES Dijital Ticaret A.Ş.	Electricity sale, renting of electric vehicle and other	Turkey
Zorlu O/M Enerji Tesisleri İşletme ve Bakım Hizmetleri A.Ş.	Energy facility care services	Turkey
Zorlu Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	Purchase and sale of natural gas	Turkey
Zorlu Doğal Gaz Tedarik Ticaret A.Ş.	Wholesale natural gas purchase and sale	Turkey
Electrip Araç Kiralama Ticaret A.Ş.	Vehicle rental and supply of related software and equipment	Turkey
Electrip Global B.V.	Electric charging station sales, installation and operation	Holland
Rarik Turkison Enerji A.Ş.	Engineering and consultancy activities for energy projects and other	Turkey
ZES B.V.	Electric charging station sales, installation and operation	Holland
Company	Nature of business	Country
Zorlu Yenilenebilir Enerji A.Ş.	Power plant installation, operation and other	Turkey
Zorlu Trade Elektrik Toptan Satış A.Ş.	Electricity trading, whole sales	Turkey
Trakya Bölgesi Doğal Gaz Dağıtım A.Ş.	Distribution of gaseous fuels over the mains	Turkey
Gazdaş Gaziantep Doğal Gaz Dağıtım A.Ş.	Distribution of gaseous fuels over the mains	Turkey
Zorlu Industrial Pakistan (Private) Limited	Engineering and consultancy activities for energy projects and other	Pakistan
Zorlu O&M Pakistan Limited	Engineering and consultancy activities for energy projects and other	Pakistan
Electrip Energy Solutions and Mobility Services Sasu	Electric charging station sales, installation and operation	France
Electrip Bucharest SRL	Electric charging station sales, installation and operation	Romania

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

1.2 Textile division

The activities of this division consist of production and marketing of yarn and home textiles, including curtains, bed linens, quilt cover sets and varieties. Curtains and quilt covers are produced under the Taç brand and sold in Linens chain stores.

The subsidiaries in textile division; their field of activities and countries of operation are listed below:

Company	Nature of business	Country
Production		
Korteks Mensucat Sanayi ve Ticaret A.Ş.	Production of textile goods	Turkey
Zorluteks Tekstil Sanayi ve Ticaret A.Ş.	Production of textile goods	Turkey
Marketing		
Zorlu Dış Ticaret A.Ş.	Textile marketing	Turkey
Zorlu Tekstil Ürünleri Pazarlama A.Ş.	Textile marketing	Turkey
Zorluteks SNG	Textile marketing	Russia
Zorluteks D.O.O.	Textile marketing	Macedonia
Zorlu UK Limited	Textile marketing	U.K.

1.3 White goods and electronics division

The subsidiaries in white goods and electronics division; their field of activities and countries of operation are listed below:

Company	Nature of business	Country
Vestel Elektronik Sanayi ve Ticaret A.Ş.	Production	Turkey
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Production	Turkey
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Sales	Turkey
Vestel Ticaret A.Ş.	Sales	Turkey
Vestel CIS Limited	Sales	Russia
Vestel Electronica SRL	Sales	Romania
Vestel Iberia SL	Sales	Spain
Vestel France SA	Sales	France
Vestel Holland BV	Sales	Holland
Vestel Germany GmbH	Sales	Germany
Cabot Communications Limited	Software	UK
Vestel UK Limited	Sales	UK
Vestek Elektronik Araştırma Geliştirme A.Ş.	Software	Turkey
Vestel Trade Limited	Sales	Russia
Vestel Electronics Shanghai Trading Co. Limited	Service	China
Intertechnika LLC	Service	Russia
Vestel Central Asia LLP	Sales	Kazakhstan
Vestel Poland sp. z.o.o.	Sales	Poland
Vestel Electronics Gulf DMC	Sales	UAE
Vestel U.S.A.	Sales	USA

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

1.4 Real estate division

Company	Nature of business	Country
Zorlu Yapı Yatırım A.Ş.	Real estate	Turkey

1.5 Other activities

Other group operations mainly comprise the sale of services.

Company	Nature of business	Country
Zorlu Air Havaçılık A.Ş.	Aviation	Turkey
Zorlu International Investments Ltd.	Investment	Malta
ABH Turizm Temsilcilik ve Ticaret A.Ş.	Tourism	Turkey
Zorlu Faktoring A.Ş.	Factoring	Turkey
Meta Nikel Kobalt Madencilik Sanayi A.Ş.	Mining	Turkey

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1. Basis of preparations

The accompanying consolidated financial statements have been prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards (“TAS / TFRS”) and their annexes and comments, which were put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

The Company and its subsidiaries established in Turkey maintain their accounting records and prepares their statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost convention in TL. The consolidated financial statements have been prepared by reflecting the necessary adjustments and classifications in order to make the correct presentation in accordance with TAS/TFRS to the legal records prepared on the historical cost basis.

The accompanying consolidated financial statements of the Group have been prepared in accordance with the “Announcement on TFRS Taxonomy” published by POA on April 15, 2019.

2.2 Measurement currency and reporting currency

Consolidated financial statements are presented in TL, which is the functional and reporting currency of the Group.

2.3 New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/TFRS and IFRIC interpretations effective as of January 1, 2022. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Standards, amendments and interpretations applicable as at 31 December 2022:

Amendment to TFRS 16, ‘Leases’ - Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021); As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from annual periods beginning on or after 1 January 2022.

- Amendments to TFRS 3, ‘Business combinations’ update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to TAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to TAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to TFRS 1, ‘First-time Adoption of TFRS’, TFRS 9, ‘Financial Instruments’, TAS 41, ‘Agriculture’ and the Illustrative Examples accompanying TFRS 16, ‘Leases’.

Standards, amendments and interpretations that are issued but not effective as at 31 December 2022:

Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to TAS 12 - Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Amendment to TFRS 16 - Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Amendment to TAS 1 - Noncurrent 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.

These changes are not expected to have a significant impact on the Group's financial position and performance.

2.4 Comparable financial information and reclassification of prior period financial statements

The current period consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. For the compatibility of the current period consolidated financial statements, these consolidated financial statements are reclassified if necessary, and material differences are disclosed.

- Tax expenses excluding current period tax amounting to TL 3.059 in marketing expenses account in consolidated statement of profit or loss are reclassified to general administrative expenses.
- Foreign exchange losses arising from commercial transactions amounting to TL 17.128 in the financial expenses account in the consolidated statement of profit or loss are reclassified to other operating expenses.
- Lentatek Uzay Havacılık ve Teknoloji A.Ş. balance amounting to TL 3.833.907 in the other payables to related parties account in the consolidated statement of financial position has been netted off by classifying into other receivables from related parties.

2.5 Restatement and errors in the accounting estimates

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If 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.

2.6 Critical accounting estimates, assumptions and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary they are reported in earnings in the periods in which they become known.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date and the significant judgments with the most significant effect on amounts recognized in the financial statements are set out below:

- Deferred tax asset is recognized to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable deferred tax asset is recognized for all temporary differences. For the year ended 31.12.2022, since the assumptions related to the Group's future taxable profit generation are considered reliable, adequate, deferred tax asset is recognized.
 - When setting aside the provision for legal claims the probability of losing the related case and the results expected to be suffered in the event that the legal counsel of the Group and management of the Group make their best estimates to calculate the provision required.
 - Property, plant and equipment (except for land, land improvements, buildings and machinery and equipment, plant and equipment) and intangible assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group estimates that the useful lives of tangible and intangible assets.
 - The fair value of forward contracts calculated by calculating forward exchange rate, for remainder of agreement related foreign currency's prevailed market interest rate, and comparing it to reporting date forward exchange rate. All derivatives are carried as assets when the fair value of the forward foreign exchange contracts are recognized in income statement. The effective portion of changes in the fair value of derivative financial instruments such as interest rate swaps, is recognized in other comprehensive income.
 - Allowance for doubtful debts reflect the amount set aside for the losses in the future related to receivables which exist at the financial position date but which, in the opinion of the management, carry the risk of collection due to current economic conditions. When evaluating whether receivables have suffered a loss in value the past performance of the debtors, their credibility in the market and their performance between the financial position date and report date together with changed circumstances are taken into consideration. In addition, the collaterals existing as at the financial position date together with new collaterals obtained between the financial position date and report date are also taken into consideration. The allowance for doubtful receivables as of the financial position dates are explained under note 8.
 - As for the diminution in value of stocks, all stocks are subjected to review and their usage possibility ascertained on basis of the opinion of the technical personnel; provisions are set aside for items expected not to have usage possibility. Calculation of net realizable values of stocks is based on selling prices as disclosed by selling price lists after deduction for average discounts given during the year and selling expenses to be incurred for the realization of stocks. If the net realizable value of any stock falls under its cost price appropriate provisions are therefore set aside (note 16).
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Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

2.7 Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.8 Basis of consolidation

The consolidated financial statements include the accounts of the parent, Group, 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 TFRS 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 Zorlu Holding 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 Zorlu Holding in these subsidiaries are disclosed in below.

Financial assets in which the Group has direct or indirect voting rights equal to or above 50 % which are immaterial to the Group financial results or over which a significant influence is not exercised by the Group are carried at cost less any provisions for impairment

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.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Since Vestel Savunma and Aydın Yazılım has net liability position as of 31 December 2022 and 31 December 2021, carrying value of those investment in associates accounted for by equity method is resulted as nil in the consolidated financial statements.

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. Impairments are recorded in the statement of profit or loss and other comprehensive income.

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.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Consolidated company	31.12.2022		31.12.2021	
	Ownership interest	Economic interest	Ownership interest	Economic interest
Zorlu Enerji Elektrik Üretim A.Ş.	71,8%	71,8%	78,8%	78,8%
Zorlu Enerji Pakistan Limited	100%	71,8%	100%	78,8%
Zorlu Wind Pakistan (Private) Limited (5)	99,7%	71,6%	99,7%	78,6%
Nemrut Jeotermal Elektrik Üretimi A.Ş.	100%	71,8%	75%	59,1%
Zorlu Solar Enerji Tedarik ve Ticaret A.Ş. (7)	100%	71,8%	100%	78,8%
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. (6)	100%	71,8%	100%	78,8%
Zorlu Osmangazi Enerji Sanayi ve Ticaret A.Ş. (1)	100%	71,8%	100%	78,8%
Zorlu Enerji İsrail Limited	100%	71,8%	100%	78,8%
ZJ Strong Energy for Renewable Energy Limited Co.	75%	53,8%	75%	59,1%
Zorlu Enerji Dağıtım A.Ş. (2)	100%	71,8%	100%,0	78,8%
Zorlu Enerji Asia Holding Limited (3)	100%	71,8%	100%,0	78,8%
Zador Israel Limited	100%	71,8%	--	--
Zorlu O/M Enerji Tesisleri İşletme ve Bakım Hizmetleri A.Ş.	100%	100%	100%	100%
Rosmiks International B.V. (10)	--	--	100%	100%
Rosmiks LLC	100%	100%	100%	100%
Zorlu Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	99%	99%	99%	99%
Zorlu Doğal Gaz Petrokimya Ürünleri Petrol İnşaat Sanayi ve Ticaret A.Ş. (11)	--	--	100%	100%
Electrip Araç Kiralama Ticaret A.Ş. (8)	100%	71,8%	100%	78,8%
Zorlu Yenilenebilir Enerji A.Ş. (4)	100%	71,8%	100%	78,8%
Rarik-Turkison Enerji A.Ş.	100%	71,8%	--	--
Alkan Jeotermal Enerji Elektrik Üretimi A.Ş.	100%	71,8%	--	--
Electrip Global B.V. (9)	100%	71,8%	--	--
Electrip Energy Solutions and Mobility Services Sasu	100%	71,8%	--	--
Electrip Bucharest SRL	100%	71,8%	--	--
Electrip Albania SHPK	100%	71,8%	--	--
Electrip USA Inc.	100%	71,8%	--	--
ZES Germany GmbH	100%	71,8%	--	--
Electrip Dooel Skopje	100%	71,8%	--	--
Electrip Italy S.r.l.	100%	71,8%	--	--
Electrip Bulgaria EOOD	100%	71,8%	--	--
Electrip Hellas Single Member P.C.	100%	71,8%	--	--
Electrip Mobility Service D.O.O.	100%	71,8%	--	--
Electrip Poland Spółka Z.O.O.	100%	71,8%	--	--
Electrip Montenegro D.O.O	100%	71,8%	--	--
ZES Israel Limited	100%	71,8%	--	--
Electrip Mobility Service Limited	100%	71,8%	--	--
ZES Solutions, D.O.O	100%	71,8%	--	--
Electrip Netherlands B.V.	100%	71,8%	--	--
Electrip PTG, Unipessoal LDA	100%	71,8%	--	--
Korteks Mensucat Sanayi ve Ticaret A.Ş.	100%	100%	100%	100%
Zorluteks Tekstil Ticaret ve Sanayi A.Ş.	100%	100%	100%	100%
Zorlu Dış Ticaret A.Ş.	100%	100%	100%	100%
Zorluteks SNG	100%	100%	100%	100%
Zorluteks D.O.O.	83%	83%	83%	83%
Zorlu UK Limited	100%	100%	100%	100%

⁽¹⁾ Zorlu Osmangazi Enerji Sanayi ve Ticaret A.Ş. owns 100% of the shares of Osmangazi Elektrik Dağıtım A.Ş. ("OEDAŞ") and Osmangazi Elektrik Perakende Satış A.Ş. ("OEPSAŞ").

⁽²⁾ Zorlu Enerji Dağıtım A.Ş. owns 90% of the shares of Trakya Bölgesi Doğal Gaz Dağıtım A.Ş. ("Trakya") and Gazdaş Gaziantep Doğal Gaz Dağıtım A.Ş. ("Gazdaş"). It also owns 100% of the shares of Zorlu Doğal Gaz Tedarik Ticaret AŞ ("Zorlu Doğal Gaz Tedarik").

⁽³⁾ As per the material event disclosure dated 20 May 2021, Zorlu Enerji Asia, which is fully owned by Zorlu Enerji, established in Dubai International Financial Center (Dubai International Financial Center), has been decided to be liquidated due to the change in business plan and necessary liquidation procedures have been initiated within the framework of the laws and rules of the country to which Zorlu Enerji Asia is subject.

⁽⁴⁾ Zorlu Yenilenebilir Enerji A.Ş. was established on 27 August 2020 as a subsidiary of Zorlu Enerji, which has all its shares, and on the date, Zorlu Doğal Elektrik Üretim AŞ ("Zorlu Doğal"), Zorlu Jeotermal Enerji Elektrik Üretim AŞ and Rotor Elektrik Üretim AŞ ("Rotor") acquired 100% of Zorlu Doğal, Zorlu Jeotermal and Rotor companies by taking over the shares from Zorlu Enerji.

⁽⁵⁾ The transfer of Zorlu Solar Pakistan Limited, Zorlu O&M Pakistan Limited, Zorlu Industrial Pakistan (Private) Limited, Zorlu Sun Power Pakistan (Private) Limited and Zorlu Renewable Pakistan (Private) Limited shares to Zorlu Wind Pakistan (Private) Limited has been completed.

⁽⁶⁾ With the Board of Directors decision dated 29 December 2021, Zorlu Enerji has been transferred the 100% shares in Zorlu Trade Elektrik Toptan Satış A.Ş. to Zorlu Elektrik.

⁽⁷⁾ The company's new trade name was registered as "ZES Solar Enerji Tedarik ve Ticaret A.Ş." on 16 January 2023.

⁽⁸⁾ The company's new trade name was registered as "Eway Car Rental Ticaret A.Ş." on 9 February 2023.

⁽⁹⁾ On 13 January 2023, shares representing half of the capital of Electrip Global B.V., a 100% subsidiary of the Company, plus one share, were sold to Electrip Global Limited for USD 50.000.000. Shares representing half of the capital of Electrip Global B.V. remaining under the ownership of the Company, minus one share (minority shares), were transferred to Electrip Global Limited by being put as capital in kind in return for the Company's capital commitment in the capital increase of Electrip Global Limited on the same date. With this share transfer, the management control of Electrip Global B.V. was transferred to Wren House Infrastructure LP through Electrip Global Limited.

⁽¹⁰⁾ The company was liquidated on 11 August 2022.

⁽¹¹⁾ The company was dissolved on 30 September 2022 by merging with Zorlu Doğalgaz Tedarik Ticaret A.Ş.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Consolidated company	31.12.2022		31.12.2021	
	Ownership interest	Economic interest	Ownership interest	Economic interest
Vestel Elektronik Sanayi ve Ticaret A.Ş.	60,9%	60,9%	63,7%	63,7%
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (1)	80,6%	49,1%	82,5%	52,6%
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100%	60,9%	100%	63,7%
Vestel Ticaret A.Ş.	100%	60,9%	100%	63,7%
Vestel CIS Limited	100%	60,9%	100%	63,7%
Vestel Iberia SL	100%	60,9%	100%	63,7%
Vestel France SA	100%	60,9%	100%	63,7%
Vestel Holland BV	100%	60,9%	100%	63,7%
Vestel Germany GmbH (2)	100%	60,9%	100%	63,7%
Cabot Communications Limited	90,8%	55,3%	90,8%	57,8%
Vestel UK Limited	100%	60,9%	100%	63,7%
Vestek Elektronik Araştırma Geliştirme A.Ş.	100%	60,9%	100%	63,7%
Vestel Trade Limited	100%	60,9%	100%	63,7%
Intertechnika LLC	99,9%	60,8%	99,9%	63,6%
Vestel Poland sp. z.o.o.	100%	60,9%	100%	63,7%
Vestel Central Asia LLP	100%	60,9%	100%	63,7%
Vestel Electronics Shanghai Trading Co. Ltd	100%	60,9%	100%	63,7%
Vestel Electronics Gulf DMC	100%	60,9%	100%	63,7%
Vestel Electronica SRL	100%	60,9%	100%	63,7%
Vestel USA	100%	60,9%	--	--
Zorlu Air Havaçılık A.Ş.	100%	100%	100%	100%
Linens Tekstil Ürünleri Pazarlama A.Ş. (3)	--	--	100%	100%
Zorlu International Investments Limited	100%	100%	100%	100%
ABH Turizm Temsilcilik ve Ticaret A.Ş.	75%	75%	75%	75%
Zorlu Faktoring A.Ş.	100%	100%	100%	100%
Zorlu Yapı Yatırım A.Ş.	99,2%	99,2%	99,2%	99,2%
Meta Nikel Kobalt Madencilik Sanayi A.Ş.	100%	81,8%	100%	81,9%

⁽¹⁾ Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 30.000.000 shares on 20 September 2022 on Borsa İstanbul. Following the transaction, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 80.66%.

⁽²⁾ Within the scope of the restructuring of sales and marketing companies abroad, Vestel Germany GmbH, which is based in Germany and wholly owned by Vestel Ticaret A.Ş. (Vestel Ticaret), a fully owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş. (Vestel Elektronik), has been merged into Vestel Holland B.V., another wholly owned subsidiary of Vestel Ticaret. With the merger, all assets, liabilities and operations of Vestel Germany GmbH have been transferred to Vestel Holland B.V. Germany Branch Office, which is established in Germany by Vestel Holland B.V. The merger took place as of 31 December 2022.

⁽³⁾ Linens Tekstil Ürünleri Pazarlama A.Ş. was dissolved on 30 November 2022 by merging with Zorlu Holding A.Ş.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The table below sets out all associates and demonstrates the proportion of ownership interest as of 31 December 2022 and 31 December 2021:

Associates	31.12.2022	31.12.2021
Dorad Energy Ltd.	25,00	25,00
Ezotech Electric Ltd. (Ezotech) (2)	42,15	42,15
Solad Energy Ltd.	42,15	42,15
Adnit Real Estate Limited (3)	42,15	42,15
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (1)	35,00	35,00
Aydın Yazılım Elektronik ve Sanayi A.Ş. (1)	21,00	21,00
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.(4)	23,00	23,00

⁽¹⁾ Since Lentatek Uzay Havacılık ve Teknoloji A.Ş. and Aydın Yazılım has net liability position as of 31 December 2021, carrying value of those investment in associate accounted for by equity method is resulted as nil in the consolidated balance sheets.

⁽²⁾ Ezotech Electric Ltd has 100% shares of Ashdod Energy Ltd. ("Ashdod") and Ramat Negev Energy Ltd. ("Ramat Negev").

⁽³⁾ Zorlu Enerji has taken over 42,15% of Adnit's shares in 2019, Adnit's capital is 10.000 NIS.

⁽⁴⁾ 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 A.Ş. was a party, Vestel Elektronik Sanayi ve Ticaret A.Ş. decided has participated with a 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which is 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 Groups 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 and articles of TOGG main agreement, the Group stake in TOGG has reached 23%.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Group recognizes revenue in accordance with TFRS 15 "Revenue from contracts with customers" standard by applying the following five step model:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of transaction price in the contract,
- Allocation of price to performance obligations,
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- 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,
- Group can identify each party's rights regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance,

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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.

Revenue for services provided initially is measured at the fair value of the consideration receivable. Expenses is included in operating expenses at cost unless the expense was permitted or required to be included in the financial statements on another basis. Cost is the fair value of the consideration given for the materials or services used in the production of goods or provision of services. Cost of sales is presented as a separate line item on the face of the income statement for the functional analysis of expenditures is chosen for the format of the income statement.

Factoring service income is composed of collected and accrued interest income and commission income earned from advance payments made to customers.

A proportion of factoring invoice total obtained constitutes commission income.

Revenue is recognised on an accrual basis when the electricity is delivered. Transmission revenue is netted-off with its related costs in the consolidated financial statements.

Dividend revenue from investments is recognized when the shareholder's rights to receive payment have been established.

Other revenues earned by the Group are recognized on the following bases:

- Rental income – on an accrual basis.
- Interest income – on an effective yield basis.

Foreign currency translations

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 prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company.

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 operating in foreign countries

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 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). Exchange differences arising from using average and balance sheet date rates are included in "currency translation differences" under the shareholders' equity.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Service concession arrangements

TFRS 12, "Service concession arrangements" regulate recognition of the service concession arrangements given by public entities to private industry. The service concession arrangement concerning electricity and natural gas distribution is recognised within the framework of TFRS 12 by the Group.

As per the conditions of arrangements based on the contracts within the scope of TFRS 12, the Group operates as a service provider with the title "operator". An operator builds and renovates the infrastructure used to provide a public service, operates the infrastructure during the determined period and maintains the infrastructure.

Concession agreements for gas distribution activities are accounted for at their fair values at the acquisition date. The life of the concession agreement has been determined as 20 years for OEDAŞ and 22 years for Gazdaş and Trakya. The concession agreement is amortized during this lifetime.

Property, plant and equipment

As of 31.12.2022 the Group accounted for its power plants, lands, buildings and machinery and equipment under a revaluation model using the fair value method.

Property, plant and equipment except for land, land improvements, buildings and machinery and equipment acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements, buildings and machinery and equipment are credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

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.

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.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

Subsequent costs such as repairs and maintenance or part replacement of plant and equipment are included in the asset’s carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

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 basis over the following years stated below:

	Year
Land improvements	10-48
Buildings	25-50
Leasehold improvements	3-10
Machinery and equipment	2-27
Furniture and fixtures	5-27
Motor vehicles	5-20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Mining assets

Mining asset; consist of mining rights, lands, expenditures on rehabilitation and closing of reserves and also mine development costs. Mining assets are measured at cost less accumulated amortisation and impairment, if any. The depreciation starts when the production begins in the mining area. Depreciation of mining assets are included in production costs of related mining areas. Development costs incurred to evaluate and develop new ore bodies, or to define mineralisation in existing ore bodies, road construction, or to establish or expand productive capacity or to maintain production are capitalised. Mine development costs are capitalised to the extent they provide probable access to gold bearing reefs, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest.

Intangible assets

Intangible assets are reflected in the consolidated financial statements over their acquisition costs, with their values after deducting the accumulated amortisation and permanent impairment if any. Intangible assets comprise licenses, computer softwares, service concession arrangements, customer relationships and goodwill.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Licenses

Commercial enterprise licences acquired separately are shown with their costs. Commercial enterprise licences have limited useful lives and they are tracked using their values after the accumulated amortisation is deducted from the cost. The amortisation of the commercial enterprise licences is recognised at the cost of the licenses throughout their useful lives of 15-30 years using the straight-line method.

Computer softwares

Computer softwares are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives of 3 - 15 years. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

Service concession arrangement

Service concession arrangements owned as a result of business combinations are recognised at their fair values at the acquisition date. The duration of the electricity distribution service concession arrangement and natural gas distribution service concession arrangement were determined to be 20 and 18 years, respectively. The service concession arrangement contracts will be amortised during this time.

Customer relationships

Customer relationships acquired as a result of business combinations related OEPSAŞ are recognised at their fair value at the acquisition date. The duration of customer relationships is determined to be 20 years. Customer relationships are amortised by straight line method in accordance with their expected useful lives (20 years).

Right of use asset

The right of use asset is initially accounted for using the cost method and includes:

- i. The initial measurement amount of the lease liability,
- ii. The amount obtained by deducting all lease incentives received from all lease payments made on or before the commencement of the lease,
- iii. All initial direct costs incurred by the Group.

The Group re-measure the right of use asset after netting-off depreciation and reducing impairment losses from right of use asset and adjusted for certain re-measurements of the lease liability recognized at the present value. The Group applies TAS16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

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 Group’s incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- i. fixed payments, including in-substance fixed payments,
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- iii. the exercise price under a purchase option that the Group is reasonably certain to exercise,
- iv. 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:

- i. increasing the carrying amount to reflect interest on lease liability,
- ii. reducing the carrying amount to reflect the lease payments made and
- iii. remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

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.

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.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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.

Impairment

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognized in the consolidated statement of comprehensive income.

Related parties

A related party is a person or entity that is related to reporting entity, the entity that is preparing its financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity,

(ii) has significant influence over the reporting entity,

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Some business relationships may be entered into with related parties due to ordinary activities.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Borrowing cost

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which 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. Borrowing costs of qualifying assets are not added to the cost of those assets for the period during which construction to get them ready for their intended use or sale is suspended. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. Other borrowing costs are expensed in the period in which they are incurred and reported in “financing expense”.

Bank borrowings

Interest-bearing bank loans and overdrafts are recognized at fair value at initial recognition which equate to the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Deposits received

Accounting policy for deposit received from electricity distribution segment

The Group receives deposits from the customers on behalf of the Turkish Electricity Distribution Corporation (“TEDAŞ”) during subscription and these deposits are determined by the tariffs and methods announced by EMRA and they are recognized over their fair value at the time when they are received from the customers. In accordance with the decision of EMRA about “The Rules and Regulation related to the Update of Guarantee Payments in Electricity Market”, the Group updates the deposits in accordance with the methods identified by EMRA and deposits are refunded to subscribers over their indexed values, where index is periodically updated by EMRA, upon termination of subscription of customers. Besides, in accordance with “the Transfer of Operating Right” (“TOR”) agreement signed with TEDAŞ, the Group has to follow the deposits received from the subscribers and the refunded deposits and to pay the net balance to TEDAŞ in the year of 2036 that is the end of the license period. The Group reflects the net of deposits received from and refunded to the subscribers in its consolidated financial statements (note 31).

Accounting policy for deposit received from gas distribution segment

In order to guarantee the receivables arising from the sale of gas, the Group collects deposits from the subscribers using the mechanical meter for a one-time period or receives a letter of guarantee. The deposits paid by a subscriber whose subscription is ending is refunded to the subscriber or their authorised representative within five days following a request on the condition that all debts are paid, and the deposit received in cash is updated within the framework of the relevant legislation.

The indexation of the deposits received is recognised under other operating expenses in the consolidated statement of income (note 31).

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Current and deferred income taxes

Tax expense (income) consists of current period tax expense (income) and deferred tax expense (income). Corporate Tax liability is calculated over the base found after the period result is adjusted by taking into account the expenses and discounts that are not legally accepted.

Tax provision has been calculated by taking into account the profit for the period and deferred tax has been taken into account in the calculation.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Period tax expense is calculated by considering the tax laws in force in the countries where the Group's subsidiaries operate as of the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax is provided, using the liability method, on all temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Employee benefits / Severances

Under Turkish labour law, the Group and its Turkish subsidiaries are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. The subject payment amounts are calculated based on the severance pay ceiling valid as of the balance sheet date. Provision for severance pay, future liabilities due to retirement of all employees are calculated according to their net present value and reflected in the accompanying financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Warranty and assembly expenses

Warranty expenses include repair and maintenance expenses of products sold and labor and material costs of authorized services for products under the scope of warranty terms without any charge to the customers. Based on estimations using past statistical information, warranty expense provision is recognized for the products sold with warranty terms in the period, for possible repair and maintenance expenses to be incurred during the warranty period.

Based on estimations using past statistical information, assembly expenses provision is recognized for products sold during the period but not yet installed in the sites of the end customers, against the cost of free of charge installments.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Financial assets

Classification and measurement

The Group classifies its financial assets into the following specified categories: financial assets as at fair value through profit or loss, loans, receivables 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

(a) Financial assets carried at amortized cost

Financial assets that are not traded in an active market, with fixed or fixed payments, where the Group has adopted the contractual cash flow collection business model and the terms of the contract include only the principal and interest payments arising from the principal balance on certain dates, are classified as assets accounted for at amortized cost. Assets accounted for at amortized cost are initially recorded by adding the transaction costs to the acquisition cost, which reflects their fair values, and are then measured at “amortized cost” using the “effective interest (internal rate of return) method”. Interest income related to financial assets measured at amortized cost is reflected in the income statement.

Impairment

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.

(b) Financial assets carried 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. These assets are classified as non-current assets unless management intends to dispose of the related assets within 12 months from the balance sheet date.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recorded with their fair values and are then valued with their fair values. Gains and losses resulting from the valuation are included in the profit/loss accounts.

ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded by adding transaction costs to acquisition costs that reflect their fair value. Financial assets at fair value through other comprehensive income are valued at their fair value after they are recorded. The interest income of the securities whose fair value difference is reflected in other comprehensive income, calculated with the effective interest method, and the dividend income of the securities that represent the share in the capital are reflected in the income statement.

The difference between the fair values and amortized costs of financial assets whose fair value differences are reflected in other comprehensive income is followed under equity. When these securities are collected or disposed of, the accumulated fair value differences recognized in equity are reflected in the income statement.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified in this category. Loans and receivables (trade and other receivables bank deposits, cash and others) are measured at amortized using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate, except for cases when the recognition of interest would be immaterial.

Factoring receivables and other receivables

Factoring receivables and other receivables are stated at fair value at initial recognition. Subsequent to initial recognition, all receivables except for factoring receivables are carried at amortized cost using the effective interest method. Factoring transactions are accounted for at carrying amounts in subsequent reporting periods. The Group management believes that carrying amounts of factoring receivables approximate to their fair values since amortization is taken into account at initial recognition.

Derivative financial instruments

The Group holds derivative financial instruments which mainly consist of interest rate swap instruments and forward foreign exchange contracts.

Derivative financial instruments held for trading are recognized initially at fair value; attributable transaction costs are recognised in statement of consolidated income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognised in the statement of consolidated income as part of finance income and costs.

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method to set an allowance for unearned interest. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method to set an allowance for unearned interest.

Sell and leaseback transactions

A sale and leaseback transaction involves the sale of an asset and the lease back of the same asset. Rental payments and selling price are often interdependent as they are negotiated as a whole. The accounting method for a sale and leaseback transaction depends on the type of lease. If the sale and leaseback transaction results in a finance lease, the portion of the sales proceeds above the book value is not immediately recognized as income by the seller-lessor. Instead, said income is deferred and amortized over the lease term. If the leaseback is a finance lease, the transaction is a means by which the lessor provides financing to the lessee, with the leased asset as collateral for the transaction. Therefore, it is not correct to consider sales revenues exceeding the carrying amount of the related asset as income. Such excess amounts are deferred and amortized over the lease term.

Buildings leased back through sale and leaseback transactions are accounted for in the “Tangible Fixed Assets” account.

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of a financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of a financial asset or when a financial asset or a portion of a financial asset expires. The Group derecognizes a financial liability when and only when a liability is extinguished and that is when the obligation specified in the contract is discharged, cancelled and expires.

Commitments and contingencies

The Group recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of a financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of a financial asset or when a financial asset or a portion of a financial asset expires. The Group derecognizes a financial liability when and only when a liability is extinguished and that is when the obligation specified in the contract is discharged, cancelled and expires.

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 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.

The Group management evaluates the operational results at industrial and geographical level. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand; deposits with banks and other financial institutions with the original maturity of three months or less.

Provision for environmental obligations

Estimated environmental obligations, comprising rehabilitation and mine closure arising from development activities are based on the Company's environmental management plans in compliance with current technological, environmental and local regulatory requirements. The net present values of expected rehabilitation and mine closure cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using pre-tax rates that reflect current market assessments of the time value of money and where appropriate the risk specific to liability.

Going concern

The consolidated financial statements of the Group were prepared on a going concern basis.

As of 31 December 2022, the consolidated short term assets of the Group amounted to TL 49.512.825 thousand (31.12.2021 – TL 33.925.330 thousand) and the consolidated current liabilities to TL 101.155.174 thousand (31.12.2021 – TL 68.269.479 thousand). The consolidated net loss for the year ending as of the same date was TL 23.352.074 thousand (31.12.2021 – TL 19.122.713 thousand loss). As of 31.12.2022, the consolidated net loss of the Group amounting to TL 23.352.074 thousand resulted entirely from net losses on foreign exchange amounting to TL 26.602.542 thousand.

The consolidated shareholders' equity of the Group as of 31 December 2022 gave a positive balance of 36.810.698 thousand (31.12.2021 – TL 15.230.382 thousand), and the management of Zorlu Holding A.Ş. believes that there is no concern about the continuity as a going concern of Zorlu Holding A.Ş. or of the companies included in its consolidated financial statements.

4. SEGMENT INFORMATION

The basis on which the Group reports its primary and secondary segment information is as follows:

- Energy: Electricity production, natural gas extraction and distribution, and power plant construction (note 1.1).
 - Textile: Manufacture and sale of textile goods (note 1.2).
 - Holding: This segment mainly the finance agent for Zorlu Group.
 - White goods and electronic: Production and sale of white goods and electronic devices (note 1.3).
 - Real estate: Real estate group operation mainly focuses on construction and management of domestic and foreign establishments (note 1.4).
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Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The segment results for the periods ended 31.12.2022 are as follows:

	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Intersegment elimination	Total
01.01.- 31.12.2022								
Sales revenues	29.493.793	11.627.062	588.059	57.957.761	2.862.430	349.316	--	102.878.421
Intersegment revenue	2.235.907	14.936	328.985	416.088	17.369	2.294.580	(5.307.865)	--
	31.729.700	11.641.998	917.044	58.373.849	2.879.799	2.643.896	(5.307.865)	102.878.421
Cost of sales	(27.239.493)	(6.416.923)	(297.406)	(45.142.660)	(1.213.817)	(2.435.615)	--	(82.745.914)
Gross profit	4.490.207	5.225.075	619.638	13.231.189	1.665.982	208.281	(5.307.865)	20.132.507

Other segment items included in the income statement:

Depreciation expense	1.671.266	991.708	6.091	2.481.518	106.530	398.010	--	5.655.123
Amortization charge	80.026	19.465	458	197.670	1.173	4.434	--	303.226
	1.751.292	1.011.173	6.549	2.679.188	107.703	402.444	--	5.958.349

The segment results for the periods ended 31.12.2021 are as follows:

	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Intersegment elimination	Total
01.01.- 31.12.2021								
Sales revenues	11.892.164	6.472.556	472.430	32.484.772	1.034.662	144.764	--	52.501.348
Intersegment revenue	507.677	8.262	188.119	21.063	5.186	940.772	(1.671.079)	--
	12.399.841	6.480.818	660.549	32.505.835	1.039.848	1.085.536	(1.671.079)	52.501.348
Cost of sales	(10.460.524)	(3.565.524)	(178.670)	(23.607.243)	(562.452)	(983.888)	--	(39.358.301)
Gross profit	1.939.317	2.915.294	481.879	8.898.592	477.396	101.648	(1.671.079)	13.143.047

Other segment items included in the income statement:

Depreciation expense	791.661	437.937	5.005	1.157.378	112.627	189.479	--	2.694.087
Amortization charge	74.654	13.315	1.500	170.723	638	2.904	--	263.734
	866.315	451.252	6.505	1.328.101	113.265	192.383	--	2.957.821

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The segment assets and liabilities as of the financial position dates and capital expenditure for the years ended are as follows:

31.12.2022	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current assets							
Cash and cash equivalents	2.537.312	176.160	2.375.436	1.552.411	196.368	39.999	6.877.686
Financial investments	662.799	3	906	40.153	--	--	703.861
Trade receivables	5.820.822	1.417.947	1.054	10.936.988	122.053	55.062	18.353.926
Receivables from finance sector operations	--	--	--	--	--	1.120	1.120
Other receivables	636.433	189.943	17.524	2.520.424	1.112	167.366	3.532.802
Receivables from service concession arrangements	1.041.484	--	--	--	--	--	1.041.484
Inventories	580.439	2.738.599	19	12.753.074	132.742	1.297.591	17.502.464
Prepaid expenses	116.869	66.049	2.520	41.250	39.164	43.802	309.654
Current income tax assets	21.311	66	9	34.222	102	--	55.710
Derivative financial instruments	--	--	--	107.224	--	--	107.224
Other assets	439.410	84.887	320.637	162.086	1.226	18.648	1.026.894
Total current assets	11.856.879	4.673.654	2.718.105	28.147.832	492.767	1.623.588	49.512.825
Non-current assets							
Trade receivables	91.621	45.269	--	67	--	--	136.957
Other receivables	792.680	200	2.844.439	297.619	12.299	2.587	3.949.824
Investments valued by equity method	1.614.022	--	--	1.153.117	--	--	2.767.139
Financial investments	346	3.714	27.477.669	56.484	--	--	27.538.213
Receivables from service concession arrangements	6.766.842	--	--	--	--	--	6.766.842
Mining assets	--	--	--	--	--	443.449	443.449
Contract assets	8.531	--	--	--	--	--	8.531
Property, plant and equipment	42.139.621	10.786.835	1.627.911	21.735.342	27.080.574	6.431.360	109.801.643
Intangible assets	1.448.287	151.748	207.937	1.570.349	9.698	22.802	3.410.821
Derivative financial instruments	459.185	--	--	--	112.279	--	571.464
Prepaid expenses	725.658	27.021	15	387.723	61	3.562	1,144,040
Right of assets	263.484	73.067	5.016	464.990	46.494	34.233	887.284
Other assets	15.777	5	--	--	--	155.056	170.838
Deferred tax assets	1,421,699	25,564	137,792	837,387	--	1,578,853	4,001,295
Total non-current assets	55.747.753	11.113.423	32.300.779	26.503.078	27.261.405	8.671.902	161.598.340
Total assets	67.604.632	15.787.077	35.018.884	54.650.910	27.754.172	10.295.490	211.111.165

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2022	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current liabilities							
Financial liabilities	12.694.616	13.010.049	5.684.046	20.333.076	4.941.258	1.272.539	57.935.584
Trade payables	5.866.970	1.438.439	47.452	21.519.026	115.334	733.715	29.720.936
Payables from finance sector operations	--	--	--	--	--	167.638	167.638
Employee benefit obligations	23.169	86.937	18.058	340.869	18.835	8.344	496.212
Other payables	2.611.258	8.979	544.688	2.753	1.373.878	9.201	4.550.757
Deferred income	923.558	843.601	--	1.251.428	41.294	213.635	3.273.516
Derivative financial instruments	17.905	--	--	595.569	--	--	613.474
Taxation on income	134.280	--	867.074	--	--	4.033	1.005.387
Provision for expenses	26.045	21.993	19.392	1.673.105	63.112	16.273	1.819.920
Other liabilities	249.851	28.321	7.876	1.216.998	58.585	10.119	1.571.750
Total current liabilities	22.547.652	15.438.319	7.188.586	46.932.824	6.612.296	2.435.497	101.155.174
Non-current liabilities							
Financial liabilities	22.985.850	2.597.324	7.463.363	1.089.985	20.218.327	5.269.068	59.623.917
Trade payables	--	--	--	182.548	--	--	182.548
Other payables	--	--	1.477.741	--	--	55	1.477.796
Deferred income	--	--	--	18	--	--	18
Provision for expenses	180.996	532.528	26.090	1.395.547	28.236	47.975	2.211.372
Other liabilities	17	2	--	--	--	--	19
Deferred tax liability	4.358.255	1.436.284	109.671	2.242.288	1.503.125	--	9.649.623
Total non-current liabilities	27.525.118	4.566.138	9.076.865	4.910.386	21.749.688	5.317.098	73.145.293
Total liabilities	50.072.770	20.004.457	16.265.451	51.843.210	28.361.984	7.752.595	174.300.467
01.01.- 31.12.2022							
Capital expenditure	1.306.225	679.453	3.588	3.677.481	639.567	194.253	6.500.567

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2021	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current assets							
Cash and cash equivalents	1.204.888	120.553	1.048.615	2.089.144	265.397	53.244	4.781.841
Financial investments	302.629	--	844.091	1.710	--	--	1.148.430
Trade receivables	2.647.319	1.101.728	1.102	6.663.380	85.036	19.431	10.517.996
Receivables from finance sector operations	--	--	--	--	--	10.563	10.563
Other receivables	313.081	71.821	14.416	1.461.021	264	62.735	1.923.338
Receivables from service concession arrangements	694.125	--	--	--	--	--	694.125
Inventories	265.565	1.587.319	68	9.528.703	1.099.674	472.712	12.954.041
Prepaid expenses	79.507	43.621	1.080	605.977	15.562	64.688	810.435
Current income tax assets	9.555	15	--	7.987	44	1	17.602
Derivative financial instruments	57.115	588	--	288.768	22.790	--	369.261
Other assets	194.800	42.915	212.054	219.341	331	28.257	697.698
Total current assets	5.768.584	2.968.560	2.121.426	20.866.031	1.489.098	711.631	33.925.330
Non-current assets							
Trade receivables	51.481	29.667	--	468	--	--	81.616
Other receivables	644.893	169	2.001.330	312.459	2.926	2.996	2.964.773
Investments valued by equity method	1.181.148	--	--	666.525	--	--	1.847.673
Financial investments	296	3.714	19.010.247	56.484	11	--	19.070.752
Receivables from service concession arrangements	3.331.766	--	--	--	--	--	3.331.766
Mining assets	--	--	--	--	--	283.440	283.440
Contract assets	19.377	--	--	--	--	--	19.377
Property, plant and equipment	23.943.282	7.489.070	1.036.854	11.732.474	14.568.981	4.352.570	63.123.231
Intangible assets	1.504.103	121.382	208.132	1.107.011	7.072	12.362	2.960.062
Derivative financial instruments	623.286	111.629	57	370.611	81	4.764	1.110.428
Prepaid expenses	162.309	65.680	7.028	179.618	1.122	1.916	417.673
Right of assets	11.069	4	--	9.590	--	112.499	133.162
Other assets	889.096	12.235	--	901.526	--	705.178	2.508.035
Total non-current assets	32.362.106	7.833.550	22.263.648	15.336.766	14.580.193	5.475.725	97.851.988
Total assets	38.130.690	10.802.110	24.385.074	36.202.797	16.069.291	6.187.356	131.777.318

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2021	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current liabilities							
Financial liabilities	5.827.870	9.095.315	4.723.623	11.071.904	8.708.413	613.748	40.040.873
Trade payables	2.266.613	1.036.019	419.120	16.023.737	52.983	329.621	20.128.093
Payables from finance sector operations	--	--	--	--	--	170.842	170.842
Employee benefit obligations	18.969	42.145	11.527	230.218	10.184	7.941	320.984
Other payables	1.576.094	7.871	848.447	10.752	250.329	581	2.694.074
Deferred income	143.188	424.173	1.032	414.938	53.646	6.105	1.043.082
Derivative financial instruments	109.531	1.603	--	531.887	2.495	--	645.516
Taxation on income	5.758	--	525.868	--	--	263	531.889
Provision for expenses	16.353	14.342	6.864	1.289.920	42.513	42.459	1.412.451
Other liabilities	195.252	19.259	6.929	1.033.889	19.909	6.437	1.281.675
Total current liabilities	10.159.628	10.640.727	6.543.410	30.607.245	9.140.472	1.177.997	68.269.479
Non-current liabilities							
Financial liabilities	18.383.609	1.724.942	6.467.083	1.045.221	10.407.090	3.819.312	41.847.257
Trade payables	--	--	--	181.003	--	--	181.003
Other payables	--	--	708.560	--	--	474	709.034
Derivative financial instruments	162.574	--	--	--	90.747	--	253.321
Deferred income	--	--	--	2.435	--	--	2.435
Provision for expenses	70.478	172.080	9.759	480.670	7.978	30.989	771.954
Other liabilities	17	2	--	--	--	--	19
Deferred tax liability	1.417.149	1.034.064	50.517	1.418.397	592.307	--	4.512.434
Total non-current liabilities	20.033.827	2.931.088	7.235.919	3.127.726	11.098.122	3.850.775	48.277.457
Total liabilities	30.193.455	13.571.815	13.779.329	33.734.971	20.238.594	5.028.772	116.546.936
01.01.- 31.12.2021							
Capital expenditure	741.260	126.791	4.963	1.741.388	46.501	202.970	2.863.873

The geographical distribution of sales revenues is as follows;

	01.01.- 31.12.2022	01.01.- 31.12.2021
Revenue		
Turkey	48.779.094	21.132.673
Europe	44.175.780	27.279.481
Other countries	9.923.547	4.089.194
	102.878.421	52.501.348

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

5. CASH AND CASH EQUIVALENTS

	31.12.2022	31.12.2021
Cash in hand	5.188	3.199
Demand deposit	3.152.811	2.419.292
Time deposit	3.463.174	2.164.895
Blocked deposit	98.238	43.949
Other	158.275	150.506
Cash and cash equivalents	6.877.686	4.781.841
Bank overdrafts (-)	(34.117)	(165.978)
Cash and cash equivalents presented in cash flow statement	6.843.569	4.615.863

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group holds a 25% voting and equity interest in Dorad Energy Ltd. ("Dorad"), 42,15% voting and equity interest Ezotech Ltd. ("Ezotech") and 42,15% voting and equity interest Solad Energy Ltd. (Solad), 42,15% voting and equity interest, Adnit Real Estate Ltd. ("Adnit), 23% voting and equity interest Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş..These investments are accounted for under the equity method.

	01.01.- 31.12.2022	01.01.- 31.12.2021
Investments valued using the equity method	2.767.139	1.847.673
Shares in profits/losses of investments accounted for using the equity method	53.031	119.121

Within the framework of Turkey's Automobile Project, following the work undertaken by the Joint Initiative Group, to which Company's controlling shareholder, Zorlu Holding A.Ş. was a party, Vestel Elektronik Sanayi ve Ticaret A.Ş. decided has participated with a 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which is 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 company is 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 and articles of TOGG main agreement, the Group stake in TOGG has reached 23%.

7. FINANCIAL INVESTMENT

	31.12.2022	31.12.2021
Current		
Investment securities held to maturity	703.778	1.148.354
Other	83	76
	703.861	1.148.430

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Investment securities held to maturity

Investment securities held to maturity are investments in fixed rate debt securities. Group monitors its interest rate and other market price risks to which it is exposed primarily through sensitivity analysis. Group accepts a degree of interest and other market price risk as long as the effects of various changes in rates and prices, as calculated using its sensitivity analysis model, remain within prescribed ranges.

The cost of other marketable securities, government bonds and private sector bonds, together with accrued interests were approximately equal to their market value.

	31.12.2022	31.12.2021
Non-current		
Financial assets held to maturity	27.467.691	19.001.710
Non-consolidated subsidiaries	64.809	64.769
Other	5.713	4.273
	27.538.213	19.070.752

Financial investments that have no fair value or whose fair value cannot be measured reliably are not included in the consolidation because of their lack of importance.

Company	Country	Shareholding %		Amount	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
Non-consolidated subsidiaries on the grounds of materiality					
Hometeks Tekstil Ürünleri Sanayi ve Ticaret A.Ş.	Turkey	100%	100%	7.000	7.000
Vestel Ventures Arge A.Ş.	Turkey	100%	100%	56.273	56.273
Other				1.536	1.496
				64.809	64.769
Financial assets measured at fair value through other comprehensive income					
Sichuan Zorluteks Yinhua Co. Limited	China	10%	10%	3.123	3.123
Other ⁽¹⁾				2.590	1.150
				5.713	4.273
Financial assets held to maturity				27.467.691	19.001.710
				27.538.213	19.070.752

⁽¹⁾ The company named Linens Tekstil merged with Zorlu Holding as of 30.11.2022 and the company named Linens Decoration was registered on the same date. Linens Decoration company has no commercial activity as of 31.12.2022.

As of the financial position dates, the companies listed under “equity investments” and “unconsolidated investments” in which the Group has controlling interest or significant influence are not consolidated or equity accounted as they are immaterial individually and in aggregate to the results and financial position of the Group.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

8. TRADE RECEIVABLES

	31.12.2022	31.12.2021
Current		
Trade receivables		
- Third parties	16.571.037	9.578.102
- Related parties, note 35	1.029.769	887.709
Notes receivable		
- Third parties	1.482.517	651.849
	19.083.323	11.117.660
Unearned interest on receivables (-)		
- Third parties	(100.618)	(29.351)
Provision for doubtful receivables (-)	(628.779)	(570.313)
	18.353.926	10.517.996
Non-current		
Trade receivables		
- Third parties	91.621	51.481
Notes receivable		
- Third parties	45.336	30.256
	136.957	81.737
Unearned interest on receivables (-)		
- Third parties	--	(121)
	136.957	81.616

Movement in the provision for doubtful receivables is as follows:

	01.01.- 31.12.2022	01.01.- 31.12.2021
Opening balance, 01.01	570.313	552.353
Charge for the year	135.965	68.526
Doubtful receivables written-off	(53)	(53.422)
Amounts utilized during the year	(98.535)	(32.515)
Translation differences	21.089	35.371
Ending balance, 31.12	628.779	570.313

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

9. RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31.12.2022	31.12.2021
Current		
Domestic factoring receivable	1.120	10.563
	1.120	10.563

The Group had received guarantees amounting to TL 3.096.754 (2021: TL 2.972.909) as collateral for receivables from sector operations.

10. PREPAID EXPENSES AND DEFERRED INCOME

Current		
Prepaid expenses	159.541	218.041
Advances given to third parties	150.113	592.136
Advances given to related parties, note 35	--	258
	309.654	810.435
Non-current		
Prepaid expenses	759.211	724.164
Advances given	384.829	386.264
	1.144.040	1.110.428
Deferred income		
Advances received from third parties	2.305.910	866.687
Advances received from related parties, note 35	907	266
Deferred income	966.699	176.129
	3.273.516	1.043.082

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

11. DERIVATIVE FINANCIAL INSTRUMENTS

	31.12.2022			31.12.2021		
	Contract amount	Fair values		Contract amount	Fair values	
		Asset	Liability		Asset	Liability
Held for hedging:						
Interest rate swaps	6.348.269	112.279	--	14.252.973	--	362.852
Currency forwards	12.632	9.434	378.602	239.581	297.995	42.589
Cross currency swaps	--	--	--	63.737	--	2.495
Held for trading:						
Currency forwards	9.183.203	459.185	--	--	--	--
Cross currency swaps	104.141	97.790	234.872	196.316	71.266	490.901
	15.648.245	678.688	613.474	14.752.607	369.261	898.837

Derivative financial instruments are initially recognised in the consolidated financial position at cost and subsequently are re-measured at their fair value. The derivative instruments of the Group consist of interest rate swap and foreign currency forward contracts.

On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognised asset or liability ("fair value hedge"), or a hedge of a forecasted transaction or a firm commitment ("cash flow hedge").

Interest rate swap transactions provide effective economic hedges under the Group risk management position and qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for hedging. Changes in the fair value of derivatives that are designated as being and qualify as cash flow hedges and are highly effective, are recognised in equity as "hedge reserves".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the consolidated statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in the consolidated statement of other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

As of 31 December 2022, The Group has forward foreign currency purchase contract that amounts to EUR 491.760 thousand, USD 818.205 thousand, GBP 79.849 thousand, PLN 23.186 thousand, CNY 66.896 thousand and TL 5.563.115 against forward foreign currency sales contract that amounts to EUR 858.845 thousand, USD 559.982 thousand, GBP 84.901 thousand, PLN 87.098 thousand and TL 3.294.254.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

12. OTHER RECEIVABLES

	31.12.2022	31.12.2021
Current		
Due from related parties, note 35	1.372.884	864.866
VAT receivables	1.236.162	602.667
Deposits and guarantees given	212.248	142.934
Due from personnel	7.206	3.822
Other receivables	704.302	309.049
	3.532.802	1.923.338

13. RECEIVABLES FROM SERVICE CONCESSION ARRANGEMENT

Short-term	1.041.484	694.125
Long-term	6.766.842	3.331.766
	7.808.326	4.025.891

The receivables from service concession arrangement represent the amounts of the investments not yet recovered by the tariff.

As at 31 December 2022, TL 6.070.532 of the receivables from service concession arrangement is related to OEDAŞ (31 December 2021: TL 3.059.373) and TL 1.737.794 is related to Gazdaş and Trakya (31 December 2021: TL 966.518).

The maturity analysis of the receivables from service concession arrangement is as follows:

Up to 1 year	1.041.484	694.125
Between 1-2 year	1.041.484	694.125
More than 2 years	5.725.358	2.637.641
	7.808.326	4.025.891

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The movements of the receivables from service concession arrangement for electricity and gas distribution companies in the current period is as follows:

	01.01.- 31.12.2022	01.01.- 31.12.2021
Balance at the beginning of the period	4.025.891	2.883.796
Adjustments related to EMRA tariff change ⁽¹⁾	(20.798)	-
Adjusted opening balance	4.005.093	2.883.796
Gross investment	2.100.806	604.625
Collections of subscriber connection fee (-) ⁽²⁾	(133.082)	(61.813)
Net investment	1.967.724	542.812
Collection (-)	(1.041.485)	(577.543)
Indexation differences ⁽³⁾	2.876.994	1.176.826
Period end balance	7.808.326	4.025.891

⁽¹⁾ For Trakya and Gazdaş, the parameters related to the investment and operating income requirement for the third tariff implementation period retail sales tariffs that will be valid between 2022 and 2026 were determined by EMRA, respectively, by the Board Decision dated 8 September 2022 and numbered 11194 and by the Board Decision dated 1 September 2022 and Published by Board Decision No 11169. The difference between the end-of-period asset base of 31 December 2021 in the published board resolution and the asset base at the beginning of the period reported in the financial statements dated 31 December 2022, has been reflected to 2022 as adjustments made in accordance with the EMRA tariff change.

⁽²⁾ Within the framework of natural gas distribution activities, the Company collects a certain subscription fee from each subscriber in order to provide resources for infrastructure investments to be made in the region where the subscriber is located and to deliver natural gas to subscribers. The subscriber connection fee amounts determined by EMRA are collected only once and non-refundable at the time of signing the connection agreement. In this context, subscriber connection investments and collections made during the period are shown as gross.

⁽³⁾ EMRA takes the annual CPI into account while regulating the price of investment expenditures made by distribution companies. Therefore, receivables from service concession agreements accounted as financial assets in accordance with TFRS Interpretation 12 are updated according to CPI as of each reporting date.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

14. OTHER ASSETS

	31.12.2022	31.12.2021
Current		
Deferred VAT	587.507	367.071
Income accruals	143.495	179.602
Other	295.892	151.025
	1.026.894	697.698
Non-current		
Deferred VAT	155.057	112.438
Other	15.781	20.724
	170.838	133.162

15. CONTRACT ASSETS

Other contract assets ⁽¹⁾	8.531	19.377
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⁽¹⁾ An entity presents the contract as a contract asset (excluding amounts presented as credit) when the entity performs its performance by paying the customer or by transferring goods or services to the customer before the payment is due. A contract asset is the entity’s right to receive consideration for goods or services that it has transferred to the customer.

16. INVENTORIES

Raw and auxiliary materials	7.211.859	5.264.652
Work in process	845.648	530.228
Finished goods and merchandise	9.225.785	7.048.575
Other	429.215	222.132
	17.712.507	13.065.587
Provision for diminution in value of inventories (-)	(210.043)	(111.546)
	17.502.464	12.954.041

Movement in the diminution in value of inventories is as follows:

	01.01.- 31.12.2022	01.01.- 31.12.2021
Opening balance, 01.01	111.546	76.349
Charge for the year	120.337	25.856
Amounts utilized during the year (-)	(44.659)	(18.286)
Translation difference	22.819	27.627
Ending balance, 31.12	210.043	111.546

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

17. PROPERTY, PLANT AND EQUIPMENT

	01.01.2022	Additions	Disposals	Translation differences	Revaluation of fixed assets	Transfer	31.12.2022
Cost							
Land and buildings	26.546.343	582.878	(2.520)	1.328.359	18.229.096	(70.150)	46.614.006
Machinery and equipment	31.213.489	1.289.766	(103.850)	1.972.955	23.499.244	(4.082.014)	53.789.590
Motor vehicles	111.840	23.181	(8.214)	7.276	--	(38.631)	95.452
Leasehold improvements	261.505	80.678	(484)	1.100	--	8.968	351.767
Furniture and fixtures	1.151.106	302.152	(4.959)	30.694	--	(72.174)	1.406.819
Construction in progress	5.089.402	3.343.844	(2.024)	1.846.122	--	(1.403.506)	8.873.838
	64.373.685	5.622.499	(122.051)	5.186.506	41.728.340	(5.657.507)	111.131.472
Accumulated depreciation (-)							
Land and buildings	--	640.047	(10)	53.975	--	(694.012)	--
Machinery and equipment	--	4.638.790	(36.153)	234.452	--	(4.837.089)	--
Motor vehicles	55.786	9.849	(2.654)	11.706	--	(12.420)	62.267
Leasehold improvements	248.353	18.424	(34)	1.199	--	3.879	271.821
Furniture and fixtures	946.315	78.192	(4.322)	10.889	--	(35.333)	995.741
	1.250.454	5.385.302	(43.173)	312.221	--	(5.574.975)	1.329.829
Net book value	63.123.231						109.801.643

	01.01.2021	Additions	Disposals	Merger effect	Translation differences	Revaluation of fixed assets	Transfer	31.12.2021
Cost								
Land and buildings	16.389.703	10.665	(9.297)	254.666	914.481	9.574.568	(586.988)	26.547.798
Machinery and equipment	16.532.619	1.079.889	(132.523)	145	3.683.147	13.011.917	(2.879.193)	31.296.001
Motor vehicles	48.584	16.368	(61.629)	--	6.730	--	(62)	9.991
Leasehold improvements	238.395	20.317	(7.945)	--	4.750	--	5.988	261.505
Furniture and fixtures	1.021.973	93.279	(7.906)	1	31.019	--	12.740	1.151.106
Construction in progress	2.749.233	1.060.015	--	--	1.774.866	--	(494.725)	5.089.389
	36.980.507	2.280.533	(219.300)	254.812	6.414.993	22.586.485	(3.942.240)	64.355.790
Accumulated depreciation (-)								
Land and buildings	--	344.405	(429)	--	309.207	--	(653.183)	--
Machinery and equipment	--	1.961.608	(94.966)	145	1.409.713	--	(3.276.500)	--
Motor vehicles	54.956	9.760	(28.832)	--	557	--	--	36.441
Leasehold improvements	220.635	33.385	(7.076)	--	2.859	--	--	249.803
Furniture and fixtures	777.646	146.949	(6.075)	1	27.794	--	--	946.315
	1.053.237	2.496.107	(137.378)	146	1.750.130	--	(3.929.683)	1.232.559
Net book value	35.927.270							63.123.231

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

The Group’s policy is to trace all material and significant fixed asset additions under construction in progress and transfer to the related fixed asset accounts when the construction process is completed. As of 31.12.2022 “Construction in Progress” account for new investments in tangible fixed assets amounted to TL 8.873.838 (2021: 5.089.389 TL) which was broken down as follows:

	31.12.2022	31.12.2021
Energy segment	6.962.555	4.541.527
White goods segment	1.455.308	82.132
Textile segment	163.641	50.838
Holding segment	100.167	100.342
Other	192.167	314.550
	8.873.838	5.089.389

Energy segment

- Construction of one 340 MW energy power plants by Rosmiks LLC in Russia amounting to TL 5.457.005 (2021: TL 3.689.261).
- Investments in other investments amounting to TL 1.505.550 (2021: TL 852.266).

Textile segment

- Investments by Korteks and Zorluteks for modernization of textile factories in Lüleburgaz and Bursa totalling TL 163.641 (2021: TL 50.838).

Holding segment

- Investments by Zorlu Holding in Zincirlikuyu/Istanbul relates to construction of building amounting to TL 100.167 (2021: TL 100.342).

White goods segment

- Investments by Vestel Group of companies relate to modernization of white goods production facilities in Manisa amounting to TL 1.455.308 (2021: TL 82.132).

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

18. INTANGIBLE ASSET

	01.01.2022	Additions	Disposals	Consolidated subsidiary	Translation differences	Transfer	31.12.2022
Cost							
Goodwill	824.291	--	--	--	--	--	824.291
Wind energy production rights	90.472	--	--	--	--	--	90.472
Development cost	1.800.560	714.756	(84.538)	--	10.092	--	2.440.870
Concessional service agreements	918.126	--	--	--	--	--	918.126
Customer service	348.812	--	--	--	--	--	348.812
Rights	318.578	38.375	(7)	4	9.822	(5.164)	361.608
Other intangible assets	237.190	77.338	(590)	165	5.636	1.231	320.970
	4.538.029	830.469	(85.135)	169	25.550	(3.933)	5.305.149
Accumulated depreciation (-)							
Development cost	966.641	198.985	(4.015)	--	4.311	--	1.165.922
Concessional service agreements	230.206	46.863	--	--	--	--	277.069
Customer service	87.459	17.804	--	--	--	--	105.263
Rights	151.781	24.564	--	4	9.646	(1.908)	184.087
Other intangible assets	141.880	15.010	(16)	138	4.972	3	161.987
	1.577.967	303.226	(4.031)	142	18.929	(1.905)	1.894.328
Net book value	2.960.062						3.410.821
	01.01.2021	Additions	Disposals	Merge effect	Translation differences	Transfer	31.12.2021
Cost							
Goodwill	824.291	--	--	--	--	--	824.291
Wind energy production rights	90.472	--	--	--	--	--	90.472
Development cost	1.435.077	418.784	(61.314)	--	8.014	--	1.800.561
Concessional service agreements	918.126	--	--	--	--	--	918.126
Customer service	348.812	--	--	--	--	--	348.812
Rights	241.577	76.794	(8.019)	3	10.340	(2.118)	318.577
Other intangible assets	199.656	28.176	(1.667)	28	9.716	1.279	237.188
	4.058.011	523.754	(71.000)	31	28.070	(839)	4.538.027
Accumulated depreciation (-)							
Development cost	797.533	166.431	(860)	--	3.536	--	966.640
Concessional service agreements	136.352	--	--	--	--	--	136.352
Customer service	51.802	--	--	--	--	--	51.802
Rights	201.664	80.356	(8.006)	3	9.539	(2.265)	281.291
Other intangible assets	123.858	16.947	(1.657)	24	2.708	--	141.880
	1.311.209	263.734	(10.523)	27	15.783	(2.265)	1.577.965
Net book value	2.746.802						2.960.062

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

19. RIGHT OF USE ASSETS

	01.01.2022	Additions	Disposals	Transfer	31.12.2022
Cost					
Buildings	574.874	592.617	(47.320)	--	1.120.171
Machinery and equipment	82.478	12.410	--	1.878	96.766
Furniture and fixtures	--	--	--	87.744	87.744
Motor vehicles	181.731	37.797	(2.961)	44.596	261.163
	839.083	642.824	(50.281)	134.218	1.565.844
Accumulated depreciation (-)					
Buildings	276.102	185.867	(47.320)	--	414.649
Machinery and equipment	57.884	14.862	--	1.878	74.624
Furniture and fixtures	--	6.424	--	35.330	41.754
Motor vehicles	87.424	49.613	(1.954)	12.450	147.533
	421.410	256.766	(49.274)	49.658	678.560
Net book value	417.673				887.284
	01.01.2021	Additions	Disposals	Transfer	31.12.2021
Cost					
Buildings	385.860	199.204	(10.190)	--	574.874
Machinery and equipment	79.776	4.529	(1.827)	--	82.478
Motor vehicles	71.696	117.259	(7.224)	--	181.731
	537.332	320.992	(19.241)	--	839.083
Accumulated depreciation (-)					
Buildings	155.133	129.467	(8.498)	--	276.102
Machinery and equipment	35.834	22.406	(356)	--	57.884
Motor vehicles	53.230	40.510	(6.316)	--	87.424
	244.197	192.383	(15.170)	--	421.410
Net book value	293.135				417.673

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20. MINING ASSETS

	1.01.2022	Additions	Disposals	Translation differences	Transfer	31.12.2022
Cost						
Mining assets	340.565	47.599	(4.639)	153.733	(4.366)	532.892
	340.565	47.599	(4.639)	153.733	(4.366)	532.892
Accumulated depreciation (-)						
Mining assets	57.125	13.055	(1.160)	24.789	(4.366)	89.443
	57.125	13.055	(1.160)	24.789	(4.366)	89.443
Net book value	283.440					443.449
	1.01.2021	Additions	Disposals	Translation differences	Transfer	31.12.2021
Cost						
Mining assets	149.082	59.586	(6.897)	138.794	--	340.565
	149.082	59.586	(6.897)	138.794	--	340.565
Accumulated depreciation (-)						
Mining assets	25.517	5.597	--	26.011	--	57.125
	25.517	5.597	--	26.011	--	57.125
Net book value	123.565					283.440

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

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21. BORROWINGS

	Foreign currency		TL equivalent	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Current				
-USD\$ ('000)	1.367.267	1.959.041	25.565.569	25.423.455
-EUR ('000)	409.233	332.508	8.158.019	4.881.982
-TL	19.350.341	6.797.661	19.350.341	6.797.661
-PKR ('000)	168.304	219.608	13.804	15.871
-NIS ('000)	405	347	2.155	1.451
-CNY ('000)	68.466	--	183.533	--
-RUB ('000)	685.038	--	177.754	--
Issued bonds				
- TL	3.470.397	2.431.863	3.470.397	2.431.863
-USD\$ ('000)	25.304	--	473.142	--
Other securities				
-TL	--	165.978	--	165.978
Finance leases				
-TL	295.798	164.298	295.798	164.298
-USD\$ ('000)	10.436	8.730	195.135	113.294
-EUR ('000)	2.505	3.055	49.937	44.854
-PKR ('000)	--	2.296	--	166
			57.935.584	40.040.873
Non-current				
-USD\$ ('000)	2.100.022	1.933.675	39.266.841	25.094.267
-EUR ('000)	560.708	688.884	11.177.658	10.114.402
-TL	3.000.461	1.914.212	3.000.461	1.914.212
-NIS ('000)	5.053	5.400	26.885	22.581
-PKR ('000)	--	110.195	--	7.964
-RUB ('000)	--	102.277	--	17.697
Issued bonds				
- TL	92.195	531.887	92.195	531.887
-USD\$ ('000)	269.449	265.521	5.038.238	3.445.799
Finance leases				
-TL	714.677	348.582	714.677	348.582
-USD\$ ('000)	11.782	18.684	220.303	242.471
-EUR ('000)	4.266	7.241	85.042	106.315
-PKR ('000)	19.715	14.943	1.617	1.080
			59.623.917	41.847.257

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Korteks Mensucat Sanayi ve Ticaret A.Ş., as of 14 September 2022, with fixed interest, principal payment at maturity; Issued discounted bonds with a nominal value of TL 97.550 with a maturity of 169 days.

As of 6 October 2022, Korteks Mensucat Sanayi ve Ticaret A.Ş., with fixed interest, with principal and interest payment at maturity; 181 days maturity, nominal value of 84.120 TL, fixed interest as of 27 October 2022, principal and interest payment at maturity; With a maturity of 160 days, nominal value of TL 90.440 and fixed interest as of 14 December 2022, with principal and interest payment at maturity; It issued bonds with a nominal value of TL 100.000 with a maturity of 141 days.

Korteks Mensucat Sanayi ve Ticaret A.Ş., as of 2 February 2022, with variable interest, monthly coupon and principal and interest payment at maturity; With a maturity of 393 days, nominal value of TL 77.050, variable interest as of 24 February 2022, monthly coupon and principal and interest payment at maturity; With a maturity of 385 days, nominal value of TL 23.540, variable interest as of 24 March 2022, monthly coupon and principal and interest payment at maturity; 406 days maturity, 49.460 TL nominal value, variable interest rate as of 27 April, 2022, quarterly coupon and principal and interest payment at maturity; 25.000 TL nominal value with 386 days maturity, variable interest rate as of 9 June 2022, monthly coupon and principal and interest payment at maturity; With a maturity of 399 days, nominal value of TL 81.260, variable interest as of 20 July 2022, quarterly coupon and principal and interest payment at maturity; With a maturity of 421 days, nominal value of TL 33.720, variable interest as of 14 September 2022, quarterly coupon and principal and interest payment at maturity; With a maturity of 365 days and a nominal value of TL 57.460, with variable interest as of 29 September 2022, quarterly coupon and principal and interest payment at maturity; With a maturity of 427 days, nominal value of TL 44.750, variable interest as of 27 October 2022, monthly coupon and principal and interest payment at maturity; With a maturity of 399 days, nominal value of TL 127.080, variable interest as of 14 December 2022, monthly coupon and principal and interest payment at maturity; With a maturity of 393 days, nominal value of TL 90.500, variable interest as of 2 December 2021, quarterly coupon and principal and interest payment at maturity; Issued bonds with a nominal value of TL 40.620 with a maturity of 728 days.

Zorlu Enerji Elektrik Üretim A.Ş., with variable interest, coupon every 3 months and principal and interest payment at maturity; As of 11 November 2021, 448 days maturity is 243.320 TL, as of 7 April 2022 406 days maturity is 42.810 TL, as of 2 September 2022 390 days maturity is 40.230 TL, as of 29 September 2022 392 days maturity is 51.030 TL, as of 27 April 2022 386 days maturity is 38.460 TL nominal as of 12 January 2022, with a nominal value of 54.300 TL with a maturity of 366 days, with a nominal value of 99.750 TL with a maturity of 385 days as of 24 February 2022, as of 23 June 2022 with a maturity of 399 days, with a maturity of 72.790 TL, with a maturity of 393 days as of 18 May 2022 with a nominal value of 40.200 with a maturity of 393 days, as at 10 November 2022 Issued bonds with a nominal value of TL 106.570 with a maturity of 399 days, TL 87.700 with a maturity of 378 days as of 13 October 2022, and TL 68.800 with a maturity of 385 days as of 24 November 2022.

Zorlu Enerji Elektrik Üretim A.Ş., as of 11 August 2022, with fixed interest, with principal payment at maturity; Issued discounted bonds with a nominal value of TL 62.440 with a maturity of 155 days and a nominal value of TL 80.060 with a maturity of 133 days as of 2 September 2022.

Zorlu Enerji Elektrik Üretim A.Ş., as of 13 October 2022, has a nominal value of 230.570 TL with a fixed interest rate and principal payment at maturity, with a maturity of 127 days, and a nominal value of 62.010 TL with a fixed interest rate and a maturity of 168 days as of 29 September 2022, as of 10 November 2022, it has issued financial bonds with a nominal value of TL 71.430 with a maturity of 160 days and a maturity of 146 days as of 24 November 2022 with a nominal value of TL 106.000, with fixed interest and principal repayment at maturity.

As of 9 March 2022, Vestel Elektronik Sanayi ve Ticaret A.Ş., with variable interest, quarterly coupon and principal and interest payment at maturity; Issued bonds with a nominal value of TL 106.860 with a maturity of 399 days, a nominal value of TL 30.000 with a maturity of 389 days as of 1 August 2022, a nominal value of TL 214.000 with a maturity of 153 days as of 25 August 2022, and a nominal value of TL 61.000 with a maturity of 365 days as of 25 August 2022.

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş., as of 2 December 2022, with variable interest, quarterly coupon and principal and interest payment at maturity; With a maturity of 174 days, nominal value of TL 394.000, variable interest as of 9 June 2022, quarterly coupon and principal and interest payment at maturity; It issued bonds with a nominal value of TL 265.000 with a maturity of 728 days.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Zorlu Faktoring A.Ş., with fixed interest, coupon every 28 days and principal and interest payment at maturity; As of 21 October 2022, a nominal value of TL 22.000 with a maturity of 146 days, a nominal value of TL 30.980 with a maturity of 140 days as of 16 December 2022, a nominal value of TL 20.000 with a maturity of 140 days as of 7 September 2022, a nominal value of TL 25.000 with a maturity of 140 days as of 28 September 2022, as of 21 November 2022, it has issued bonds with a nominal value of TL 35.010 with a maturity of 140 days.

Summary maturity schedule of total borrowings is given below:

	USD\$ (‘000)	EUR (‘000)	PKR (‘000)	RUB (‘000)	NIS (‘000)	CNY (‘000)	TL	TL equivalent
31.12.2022								
Due in one year	1.392.571	409.233	168.304	685.038	405	68.466	22.820.737	57.394.714
One to two years	1.119.976	251.752	--	--	367	--	1.210.259	27.172.507
Two to three years	362.690	62.408	--	--	393	--	689.711	8.717.586
Three to four years	360.932	52.506	--	--	418	--	318.765	8.116.506
Four to five years	189.999	42.471	--	--	3.875	--	282.741	4.702.672
Over five years	335.874	151.571	--	--	--	--	591.181	9.893.007
	3.762.042	969.941	168.304	685.038	5.458	68.466	25.913.394	115.996.992
	USD\$ (‘000)	EUR (‘000)	PKR (‘000)	RUB (‘000)	NIS (‘000)		TL	TL equivalent
31.12.2021								
Due in one year		1.959.041	332.508	219.608	--	347	9.395.502	39.718.261
One to two years		736.895	183.988	110.195	102.277	367	1.107.634	13.399.251
Two to three years		509.513	233.587	--	--	387	331.448	10.374.866
Three to four years		205.470	56.339	--	--	410	303.906	3.799.294
Four to five years		313.861	48.647	--	--	432	251.681	5.040.868
Over five years		433.457	166.323	--	--	3.804	451.430	8.534.530
		4.158.237	1.021.392	329.803	102.277	5.747	11.841.601	80.867.070

22. PAYABLES FROM FINANCE SECTOR OPERATIONS

	31.12.2022	31.12.2021
Current		
Borrowings received ⁽¹⁾	134.470	130.815
Finance bonds	33.168	40.027
	167.638	170.842

⁽¹⁾ The Group has a total of five separate bonds, which were issued within the scope of the bond issuance planning within the period and not yet redeemed as of the end of 2022. All bonds issued are fixed-rate. On the maturity date, the principal amount paid for the bond will be paid back to the investor. The total interest accrual of the bonds amounting to TL 132.990 (31 December 2021: TL 129.780) is TL 1.480 (31 December 2021: TL 1.035).

Zorlu Faktoring A.Ş. with fixed interest and coupon every 28 days and principal and interest payment at maturity; As of 21 October 2022, a nominal value of TL 22.000 with a maturity of 146 days, a nominal value of TL 30.980 with a maturity of 140 days as of 16 December 2022, a nominal value of TL 20.000 with a maturity of 140 days as of 7 September 2022, a nominal value of TL 25.000 with a maturity of 140 days as of 28 September 2022, As of 21 November 2022, it has issued bonds with a nominal value of TL 35.010 with a maturity of 140 days.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

23. TRADE PAYABLES

	31.12.2022	31.12.2021
Current		
Trade payables		
- Third parties	29.072.440	19.392.954
- Related parties, note 35	135.040	552.263
Notes payables		
- Third parties	566.370	175.248
Other	10.369	31.889
	29.784.219	20.152.354
Unearned interest on payables (-)		
- Third parties	(63.283)	(24.261)
	29.720.936	20.128.093
Non-current		
Third parties	182.548	181.003

24. OTHER LIABILITIES

Current		
Taxes payable	897.299	700.863
Other	674.451	580.812
	1.571.750	1.281.675
Non-current		
Deposits and guarantees received	19	19

25. PROVISION FOR EXPENSES

Current		
Warranty provisions	680.015	477.020
Provision for employee benefits	170.950	75.010
Legal claims	148.080	107.235
Other provisions	820.875	753.186
	1.819.920	1.412.451
Non-current		
Provision for employee benefits (note 27)	2.037.221	661.955
Warranty provisions	151.680	93.449
Other provisions	22.471	16.550
	2.211.372	771.954

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Movement of provisions is as follows:

	01.01.-31.12.2022	01.01.-31.12.2021
Opening balance, 01.01	1.522.450	930.012
Additions	1.271.149	594.900
Disposals	(799.528)	(2.462)
Ending balance, 31.12	1.994.071	1.522.450

26. TAXATION ON INCOME

a. Current taxation

Corporations calculate a temporary tax of 23% on their quarterly financial profits and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day. The temporary 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.

Turkish tax legislation does not allow the parent company to file its subsidiaries and affiliates on its consolidated financial statements. Therefore, provisions for taxes reflected in these consolidated financial statements have been calculated separately for subsidiaries included in full consolidation.

The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as a deduction in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions and deductions in the tax laws. If the profit is not distributed, no other tax is paid, and all or part of the profit as dividend;

- To real persons
- To real and legal persons who are exempt or exempt from Income and Corporate Tax,
- Limited taxpayer real and legal persons

In case of distribution, 15% Income Tax Withholding is calculated. In case the period profit is added to the capital, profit distribution is not counted and withholding tax is not applied.

75% of the earnings from the participation shares held for at least two years and 50% of the profits from the sale of real estate are exempt from tax, provided that they are added to the capital as stipulated in the Corporate Tax Law.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses can not be offsetted from last year's profits. There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 25th day of the fourth month following the month in which the accounting period is closed. However, the tax inspection authorities can examine the accounting records within five years, and if an incorrect transaction is detected, the tax amounts to be paid may change.

The Corporate Tax rate will be applied as 23% for the corporate earnings of the 2022 taxation period and as 20% for the corporate earnings of the 2023 taxation period.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

A reconciliation of the Group's tax provision on the financial position is as follows:

	31.12.2022	31.12.2021
Corporation tax payable	1.019.868	534.408
Prepaid tax (-)	(14.481)	(2.519)
	1.005.387	531.889
Deferred tax assets	4.001.295	2.508.035
Deferred tax liabilities	(9.649.623)	(4.512.434)
	(5.648.328)	(2.004.399)

b. Deferred taxation

The Group calculates its deferred tax assets and liabilities by taking into account the effects of temporary differences that arise as a result of the evaluation of timing differences between TAS and statutory financial statements of balance sheet items. These differences generally arise from the fact that some income and expense items take place in different periods in the financial statements prepared in accordance with the TAS with the tax base amounts.

The following are the cumulative temporary differences and deferred tax assets and liabilities related to them based on the expected tax rate in the future periods calculated as of 31 December 2022 and 31 December 2021:

	Deferred tax assets		Deferred tax liabilities		Net	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Tangible and intangible assets	1.632.584	931.917	11.781.920	5.786.756	(10.149.336)	(4.854.839)
Receivables from service concession arrangements	--	--	1.561.665	824.022	(1.561.665)	(824.022)
Employee termination benefits	405.488	132.501	--	--	405.488	132.501
Provision for diminution in value of inventories	43.191	29.171	--	--	43.191	29.171
Provision for doubtful receivables	178.516	54.505	47.953	36.071	130.563	18.434
Taxable losses carried forward	2.135.198	1.679.747	2.040	1.391	2.133.158	1.678.356
Investment allowance	2.447.057	1.067.910	--	--	2.447.057	1.067.910
Unearned income/expense, net	--	--	1.883	3.386	(1.883)	(3.386)
Derivative financial instruments	97.669	272.539	--	--	97.669	272.539
Warranty provisions	166.339	14.203	110.712	118	55.627	14.085
Other	776.408	585.291	24.605	120.439	751.803	464.852
	7.882.450	4.767.784	13.530.778	6.772.183	(5.648.328)	(2.004.399)
Net-off (-)	(3.881.155)	(2.259.749)	(3.881.155)	(2.259.749)	--	--
Net deferred tax assets / liabilities, net	4.001.295	2.508.035	9.649.623	4.512.434	(5.648.328)	(2.004.399)

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

27. EMPLOYEE TERMINATION BENEFITS

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each eligible employee who has completed one year of service with the Group, and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The amount of indemnity is the equivalent of one month's salary for each year of service subject to a ceiling which is TL 15.371,40 as of 31.12.2022 (2021: TL 8.284,51) on historical cost basis.

The Group has no other obligation for employee termination other than the retirement pay above.

Movement of reserve for retirement pay is given below:

	31.12.2022	31.12.2021
Opening balance, 01.01	661.955	429.964
Service cost	109.005	40.076
Actuarial gain/loss	1.235.615	162.173
Interest expense	137.920	78.124
Repayments (-)	(107.007)	(49.386)
Translation difference	(267)	1.004
Ending balance, 31.12	2.037.221	661.955

Number of personnel employed at years end:

White goods and electronics	20.438	19.119
Textile	5.794	5.809
Energy	2.716	2.437
Holding	348	311
Other	882	825
	30.178	28.501

28. EQUITY

a) Share capital

As of 31.12.2022, the paid-in capital of the Company is TL 3.325.000 consisting of 3.325.000.000 ordinary shares of per value TL 1 each.

The shareholders of the Company and their percentage shareholdings are as follows:

	Shareholding percentage		Shareholding amount	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Zorlu Parent	100%	100%	3.325.000	3.325.000

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

b) Inflation adjustment of share capital

Capital adjustment differences represent the difference between the total amount of the Company's capital adjusted for inflation (purchasing power as of 31.12.2004) and the Company's capital amount before inflation adjustment.

	31.12.2022	31.12.2021
Adjustment to share capital	446.109	446.109

c) Revaluation reserve

Increases of carrying amounts as a result of revaluations recognized directly in the equity are followed in the headings below.

Revaluation gains	53.077.423	28.384.293
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d) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet affected profit or loss.

Hedging reserve	(6.815.273)	(5.835.866)
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e) Restricted reserves ("Legal reserves")

The legal reserves consist of first and second legal reserves set aside out of profits in accordance with the Turkish Commercial Code. 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. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted.

Legal reserves	140.713	28.331
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29. GENERAL RESERVES

General reserves comprise legal reserves and retained earnings.

Under the Turkish Commercial Code, the Group is required to create the following legal reserves from appropriations of earnings, which are available for distribution only in the event of liquidation or losses:

- First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid up share capital.
- Second legal reserve, apportioned at the rate of at least 10% of distributions in excess of 5% of issued share capital, without limit. It may be used to absorb losses.

General reserves	(18.209.329)	(33.882.614)
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Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

30. COMMITMENTS AND CONTINGENCIES

Contingent assets

	31.12.2022	31.12.2021
a. Obtained from customers and suppliers		
Letters of guarantee	7.426.656	4.159.446
Checks and notes	2.394.040	1.395.798
Mortgaged and guarantees received	6.374.143	5.231.955
	16.194.839	10.787.199

Contingent liabilities

b. Guarantee, pledge and mortgages (“GRM”)

On behalf of incorporated body	1.322.202	308.225
On behalf of consolidated subsidiaries	159.569.853	131.367.574
On behalf of other Zorlu Group of companies	396.388	297.909
On behalf of third parties	674.834	580.979
	161.963.277	132.554.687

Zorlu Doğal, on 27 October 2015, a loan agreement amounting to USD 815 million (USD 785 million in cash and USD 30 million guarantee limit) and having a 14 year term was signed between Zorlu Doğal, Akbank TAŞ, Türkiye Garanti Bankası A.Ş., Türkiye İş Bankası A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. for the refinancing of Zorlu Doğal’s debts and to finance the investment in the 1st unit of Kızıldere 3 Geothermal Energy Plant established in Denizli with a power of 99,5 MW. Furthermore, Zorlu Doğal entered into a loan agreement amounting to USD 190 million with the European Bank for Reconstruction and Development (“EBRD”), Akbank T.A.Ş., Türkiye İş Bankası A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. on 6 April 2017 for the purpose of financing the second unit of the Kızıldere 3 Geothermal Energy Plant with a power of 65,5 MW. In addition to the said loan contracts, contracts for an account pledge, a share pledge and the transfer of receivables and stakeholder receivables transfers have been signed. Within the scope of the related agreement, the transfer amount cap for EPIAŞ’s receivable is TL 9.500. EPIAŞ’s receivable transfer amount is not included in the collateral, pledges and mortgages given by the Group disclosure since it represents the cap. Zorlu Holding A.Ş. and Zorlu Enerji are the guarantors for the loan amounting to USD 975 million obtained by Zorlu Doğal. The outstanding loan amount after payments is USD 637 million, including all reporting adjustments.

Zorlu Jeotermal’s project finance loan was paid early on 13 July 2021 with the proceeds of the issued bonds. Transfer of EPIAŞ receivables, transfer of receivables, account pledge, share pledge and successor pledge contracts signed within the scope of project financing were terminated on 16 July 2021 whereas mortgage and commercial enterprise transfer agreements were cancelled on 29 July 2021. Zorlu Jeotermal is a guarantor for Zorlu Yenilenebilir’s issuance of a foreign bond (Eurobond) with a coupon rate of 9% and amounting to USD 300 million. An account pledge and a share pledge agreement were signed on 30 July 2021 and assignment of EPIAŞ receivables and trade receivables agreements were entered into on 6 August 2021 by Zorlu Jeotermal for providing collateral for the Eurobond issuance. Within the scope of the related agreement, the transfer amount cap for EPIAŞ’s receivable is TL 6.000. The transfer amount of EPIAŞ’s receivable is not included in the collateral, pledges and mortgages given by the Group disclosure since it represents the cap.

Rotor’s project finance loan was paid early on 15 June 2021 with the proceeds of the issued bonds. Mortgage, transfer of commercial enterprise, account pledge, share pledge, transfer of receivables pledge of insurance receivables and guarantee agreements signed within the scope of project financing were terminated on 14 July 2021 accordingly.

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Rotor is a guarantor for Zorlu Yenilenebilir's issuance of a foreign bond (Eurobond) with a coupon rate of 9% and amounting to USD 300 million. An account pledge and a share pledge agreement were signed on 30 July 2021 and assignment of EPIAŞ receivables and trade receivables agreements were entered into on 6 August 2021 by Rotor for providing collateral for the Eurobond issuance. Within the scope of the related agreement, the transfer amount cap for EPIAŞ's receivable is TL 6.000. The transfer amount of EPIAŞ's receivable is not included in the collateral, pledges and mortgages given by the Group disclosure since it represents the cap.

Zorlu Yenilenebilir has issued a secured priority Eurobond amounting to USD 300 million with a maturity of 1 June 2026 and a coupon rate of 9%, to be sold abroad. An account pledge and a share pledge on 30 July 2021, a foreign account pledge on 31 July 2021, and a transfer of trade receivables agreement on 6 August 2021 were signed as collaterals within the scope of the bond. The outstanding bond amount after payments and with all adjustments related to reporting is USD 297 million.

As at 26 October 2011, Zorlu Enerji Pakistan signed a long term loan agreement with International Finance Corporation ("IFC"), the Asian Development Bank ("ADB"), Eco Trade and Development Bank ("ECO") and Habib Bank Limited ("HBL") amounting to USD 111 million in total with a maturity of up to 12 years for financing of its wind energy power plant with a capacity of 56,4 MW established in Jhimpir, the Sindh region of Pakistan. In addition to the said loan agreement, account pledge, share pledge, transfer of insurance receivables, title deed pledge, assignment of project rights and mortgage establishment agreements on fixed assets have been signed. A mortgage amounting to USD 118.625 thousand and PKR 1.875 million has been established on the fixed assets of Zorlu Enerji Pakistan. Zorlu Holding is a guarantor for Zorlu Enerji Pakistan's aforementioned loan agreement. The outstanding loan balance after payments and with all adjustments related to reporting is amounting to USD 5.4 million and PKR 168.3 million.

As per the sale of the Lüleburgaz steam generator of Zorlu Enerji, a sell and leaseback financial leasing agreement was signed between Şeker Finansal Kiralama A.Ş. and Zorlu Enerji on 24 August 2017. Zorlu Holding is a guarantor for the finance lease liabilities of Zorlu Enerji resulted from sell and leaseback agreement signed for the sale of steam generator. The receivables of Zorlu Enerji arising from the steam agreement with Zorluteks Tekstil Tic. ve San. A.Ş. were transferred to Şeker Finansal Kiralama A.Ş. in the scope of financial leasing transactions.

Zorlu Enerji has become a guarantor to provide the limit of Bank Mizrahi for Adnit, a 42,15% associate of Zorlu Enerji.

On 29 June 2015, a loan agreement with a term of 12 years for the amount of USD 102 million was signed with Akbank T.A.Ş. and Yapı ve Kredi Bankası A.Ş. for use in the expansion investments to be made by Gazdaş in the scope of natural gas distribution license expansion in the Gaziantep region. In this agreement, Zorlu Holding is a guarantor, and Trakya and Gazdaş are guarantors for each other. In addition to the loan agreement, an account pledge agreement, transfer of consecutive receivables and a share collateral agreement, a license transfer contract and an account pledge agreement worth TL 530 were signed. The outstanding balance after payments and with all adjustments related to reporting is amounting to USD 35 million.

On 29 June 2015, a loan agreement with a term of 12 years for the amount of USD 114 million was signed with Akbank T.A.Ş. and Yapı ve Kredi Bankası A.Ş. for use in the expansion investments to be made by Trakya in the scope of natural gas distribution license expansion in the Trakya region. In this agreement, Zorlu Holding is a guarantor, and Trakya and Gazdaş are guarantors for each other. In addition to the loan agreement, an account pledge agreement, transfer of consecutive receivables and a share collateral agreement, a license transfer contract and an account pledge agreement worth TL 431 were signed. The outstanding balance after payments and with all adjustments related to reporting is amounting to USD 35 million.

For the cash loan agreement between OEDAŞ, the European Bank for Reconstruction and Development ("EBRD"), the International Finance Corporation ("IFC"), Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V. ("FMO"), Asian Infrastructure Investment Bank ("AIIB") and Denizbank A.Ş., project financing agreements have been signed. In addition to the said loan agreement, agreements for receivable transfer, account pledge, successor pledge and share collateral amounting to TL 148 were signed. Zorlu Enerji, Zorlu Holding and Zorlu Osmangazi were co-signers as the guarantors for OEDAŞ's loan in the amount of TL 4.065 million, which was provided from EBRD, IFC, FMO, AIIB and Denizbank A.Ş. Share pledge agreements amounting to TL 52 and TL 1.150 were signed for OEPSAŞ and Zorlu Osmangazi, respectively as well. The outstanding balance after payments and with all adjustments related to reporting is TL 3.358 million.

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

ZJ Strong and Bank of Palestine signed a 13-year loan agreement with a nine-month grace period on 28 August 2019 for the financing of the 2 MW capacity solar power plant project amounting to NIS 5 million and together with an additional contract of NIS 1 million signed on 4 June 2020 it will provide resources up to NIS 6 million in total. In addition to the aforementioned loan agreement, an account pledge agreement has been signed.

Zorlu Enerji, together with JDECO (Jerusalem District Electricity Company), which is a 25% shareholder of ZJ Strong, has vouched for this loan provided by ZJ Strong as a guarantor. The outstanding balance after payments and with all adjustments related to reporting is amounting to NIS 5.5 million.

Electricity purchase and sale commitments

Zorlu Elektrik Toptan

Zorlu Elektrik Toptan has an electricity purchase commitment of 22.320 MWh related to 2023. As for the electricity energy purchase agreements with energy companies in 2022, the purchase commitment of 452.745 MWh has been completely fulfilled. Within the scope of risk sharing agreements made with energy companies in connection with electricity purchase and sale operations, no transactions were carried out in 2022 and the Company has not committed to carry out any transactions in 2023.

Zorlu Enerji

As for the electricity energy purchase agreements with energy companies in 2022, the purchase commitment of 159.360 MWh has been completely fulfilled. Within the scope of risk sharing agreements made with energy companies in connection with electricity purchase and sale operations, no transactions were carried out in 2022 and the Company has not committed to carry out any transactions in 2023.

OEDAŞ

The Company has no electricity sales commitment for 2022. Within the scope of electricity sales agreements the Company has committed to buy 760.404 MWh energy for 2022 and has bought 759.915 MWh of the committed amount.

OEPSAŞ

The Company has a electricity purchase commitment of 148.680 MWh for 2023. Within the scope of the electricity buying agreements made with energy companies, the Company has committed to buy 572.166 MWh energy for 2022 and fulfilled its commitment as at 31 December 2022.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Gas purchase and sale commitments

Trakya

Trakya has committed to purchase 846,9 million sm³ gas according to its contract with BOTAŞ for the year 2022. Related consumption was realized as 726,1 million sm³.

Gazdaş

Gazdaş has committed to purchase 466,9 million sm³ gas according to its contract with BOTAŞ for the year 2022. Related consumption was realized as 508,74 million sm³.

31. NATURE OF EXPENSES

Nature of expenses consists of cost of sales, marketing, selling and distribution expenses and general administrative expenses.

	01.01.- 31.12.2022	01.01.- 31.12.2021
Direct materials and merchandise expenses	70.043.969	32.556.454
Changes in inventories	(380.010)	(337.297)
Personnel expenses	6.791.647	3.673.230
Depreciation and amortisation expense	5.718.648	2.885.222
Freight and freight insurance	3.131.951	1.254.334
Warranty expenses	1.025.250	583.036
Energy expenses	1.010.902	471.100
Advertising expenses	697.500	427.793
Repair and maintenance expenses	641.798	488.138
Outsourcing expenses	575.618	332.570
Office expenses	385.735	157.326
Energy distribution expenses	372.013	197.598
Export commissions	281.774	280.603
Exhibition and fair expenses	66.341	32.051
Other	3.854.072	2.293.944
	94.217.208	45.296.102

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

32. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	01.01.- 31.12.2022	01.01.- 31.12.2021
Foreign exchange gain resulting from trading activities	3.606.910	3.756.999
Indexation of receivables from service concession arrangements	2.991.731	1.249.369
Interest income from trading activities	935.802	524.066
Provisions released	97.292	40.893
Income on insurance claim	88.833	4.447
Incentive income	41.291	15.371
Scrap sales income	39.765	11.479
Other	489.105	326.893
Other income from operating activities	8.290.729	5.929.517
Foreign exchange loss resulting from trading activities	7.611.676	6.963.840
Indexation of deposits received	1.070.082	188.828
Interest expense from trade activities	870.421	331.866
Idle capacity depreciation expenses	175.035	7.932
Provision expense	165.362	103.353
Depreciation of service concession arrangements	64.667	64.667
Losses arising from merger ⁽¹⁾	--	363.000
Other	282.789	205.724
Other expense from operating activities	10.240.032	8.229.210

⁽¹⁾ Pursuant to the Board of Directors decision of Zorlu Holding A.Ş. (Zorlu Holding) dated 26.08.2021, this amount is arisen from the purchase of the shares of Passtel Gıda ve İhtiyaç Maddeleri Pazarlama İnşaat Mühendislik Turizm Sanayi ve Ticaret A.Ş. (Passtel) for 383.000 TL, whose capital is 20.000 TL. Zorlu Holding and Passtel merged on 30.11.2021.

33. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Profit on sale of property, plant and equipment	9.553	122.301
Income from sell and leaseback	7.518	27.123
Other	2.766	379
Income from investment activities	19.837	149.803
Loss on sale of property, plant and equipment	94.280	36.386
Expense from investment activities	94.280	36.386

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

34. FINANCIAL INCOME AND EXPENSE

	01.01.- 31.12.2022	01.01.- 31.12.2021
Foreign exchange gain	6.126.975	6.070.775
Interest income	1.303.653	653.006
Profit on derivative financial instruments	684.164	60.603
Other financial income	71.960	17.120
Financial income	8.186.752	6.801.504
Foreign exchange loss	28.724.751	23.413.839
Interest expense	9.886.445	6.751.335
Bank commission expenses	749.463	319.043
Loss on derivative financial instruments	125.956	967.462
Other financial expenses	431.139	238.074
Financial expense	39.917.754	31.689.753

35. RELATED PARTIES

The significant balances with related parties at period end are shown below.

31.12.2022	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
Current						
Ezom Ltd.	7.044	--	--	--	--	--
Zorlu Usa Inc.	327.670	--	--	--	--	--
Zorlu Gmbh	55.345	--	--	--	--	--
Hometeks Tekstil Ürünleri Sanayi ve Ticaret A.Ş.	2.148	--	--	15.021	--	--
Ashdod Energy Ltd.	274.619	--	--	--	--	--
Sichuan Zorluteks Yinhua Co. L	--	--	--	61.004	--	--
Zorlu Ventures USA	--	17.002	--	--	--	--
Ramat Negev Energy Ltd.	295.256	--	--	--	--	--
Zorlu Tesis Yönetim A.Ş.	35.062	--	--	15.751	--	4
Zorlu Family	23	175	--	--	--	1.889.659
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	515	607.814	--	11	--	--
Vestel Ventures Ar-Ge A.Ş.	255	744.432	--	2	--	--
Other	31.832	3.461	--	43.251	907	3.556
	1.029.769	1.372.884	--	135.040	907	1.893.219

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

31.12.2022	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
Non-current						
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.	--	2.801.560	--	--	--	--
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	--	264.033	--	--	--	--
Ezotech Electric Ltd.	--	571.560	--	--	--	--
Vestel Ventures Arge A.Ş.	--	--	--	--	--	707.895
Other	--	104.146	--	--	--	13.601
	--	3.741.299	--	--	--	721.496
31.12.2021	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
Current						
Ezom Ltd.	481.354	--	--	--	--	--
Zorlu Usa Inc.	201.336	--	--	--	--	--
Arzum Tekstil Pazarlama ve Ticaret Ltd.	7.511	--	--	--	--	--
Hometeks Tekstil Ürünleri Sanayi ve Ticaret A.Ş.	2.327	847	--	9.993	--	--
Ashdod Energy Ltd.	9.034	--	--	--	--	--
Zorlu Gayrimenkul Otelcilik İnşaat Taahhüt ve Turizm A.Ş.	22	--	--	402.466	--	--
Ramat Negev Energy Ltd.	94.427	--	--	--	--	--
Zorlu Tesis Yönetim A.Ş.	3.956	--	204	7.006	--	--
Zorlu O/M Pakistan Ltd.	16.737	--	--	--	--	--
Zorlu Family	39	129	--	--	62	1.038.340
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	62.933	457.981	--	62.538	--	--
Vestel Ventures Ar-Ge A.Ş.	43	390.294	--	1	--	1
Other	7.990	15.615	54	70.259	204	282
	887.709	864.866	258	552.263	266	1.038.623

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2021	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
Non-current						
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.	--	1.957.011	--	--	--	--
Ezotech Electric Ltd.	--	449.193	--	--	--	--
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	--	186.298	--	--	--	--
Vestel Ventures Ar-Ge A.Ş.	--	--	--	--	--	368.290
Other	--	86.920	--	--	--	10.216
	--	2.679.422	--	--	--	378.506

36. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group focuses on managing various financial risks, including the effects of changes in debt and capital market prices, exchange rates and interest rates, due to its activities. The Group aimed to minimize the potential negative effects of fluctuations in the markets with the risk management program.

The Group has determined the policies summarized below for the management of risks arising from financial instruments.

Credit risk

The Group's credit risk is the sum of the financial assets shown at the balance sheet date.

Credit risk includes the risk that a company's receivables will not be collected.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

As of financial position dates, the Group’s exposure to credit risk is as summarised below:

31.12.2022	Receivables							
	Trade receivables		Other receivables		Factoring receivables	Bank amounts	Derivative instruments	Other
	Related parties	Third parties	Related parties	Third parties				
Secured portion of the maximum credit risk by guarantees, etc.	--	--	--	--	--	--	--	--
A. Carrying amount of financial assets that are not overdue and not impaired	1.029.769	11.802.161	5.114.183	2.368.443	1.120	6.714.223	107.224	163.463
B. Financial assets with renegotiated conditions	--	--	--	--	--	--	--	--
C. Carrying amount of assets that are overdue but not impaired		5.658.953						
- Carrying amount secured with collateral	--	(2.121.876)	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	--	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	626.502	--	--	--	--	--	--
- Impairment (-)	--	(628.779)	--	--	--	--	--	--
- Carrying amount secured with collateral	--	(2.277)	--	--	--	--	--	--
	1.029.769	17.461.114	5.114.183	2.368.443	1.120	6.714.223	107.224	163.463

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2021	Receivables				Factoring receivables	Bank amounts	Derivative instruments	Other
	Trade receivables		Other receivables					
	Related parties	Third parties	Related parties	Third parties				
Secured portion of the maximum credit risk by guarantees, etc.	--	--	--	--	--	--	--	--
A. Carrying amount of financial assets that are not overdue and not impaired	887.709	7.696.339	3.544.288	1.343.823	10.563	4.628.136	369.261	153.705
B. Financial assets with renegotiated conditions	--	--	--	--	--	--	--	--
C. Carrying amount of assets that are overdue but not impaired	--	2.015.378	--	--	--	--	--	--
- Carrying amount secured with collateral	--	(217.463)	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	186	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	570.005	--	--	--	--	--	--
- Impairment (-)	--	(570.313)	--	--	--	--	--	--
- Carrying amount secured with collateral	--	(308)	--	--	--	--	--	--
	887.709	9.711.903	3.544.288	1.343.823	10.563	4.628.136	369.261	153.705

While measuring the maximum credit risk exposed, guarantees which increase the credibility of the Group are not taken into consideration.

Foreign currency risk

The majority of the Group's transactions are carried out in Euros and US Dollars. Exposure to currency exchange rates arise from the Group's bank loans and due to related parties, which are primarily denominated in US Dollars and Euros.

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The Group manages its currency exposure risk by organizing a balanced distribution between its foreign currency assets and commitments and by matching off the liabilities and receivables and its net currency position.

2022	USD\$ (‘000)	EUR (‘000)	GBP (‘000)	Other currencies	Total TL equivalent
Cash and cash equivalents	207.988	35.296	56	44.212	4.638.115
Investment securities	65.000	--	--	--	1.215.390
Trade and other receivables	704.578	294.956	374	1.109.801	20.172.541
Total foreign currency assets	977.566	330.252	430	1.154.013	26.026.046
Trade and other payables	1.242.073	244.414	156	95.432	28.195.963
Current borrowings	1.403.007	411.738	--	15.959	34.457.761
Non-current borrowings	2.381.253	564.974	--	28.501	55.816.584
Total foreign currency liabilities	5.026.333	1.221.126	156	139.892	118.470.308
Derivatives financial instruments					
Assets	818.205	491.760	79.849	278.189	27.176.158
Liabilities	(559.982)	(858.845)	(84.901)	(371.395)	(29.872.460)
	258.223	(367.085)	(5.052)	(93.206)	(2.696.302)
Net foreign currency position	(3.790.544)	(1.257.959)	(4.778)	920.915	(95.140.564)
Import	1.507.491	291.897	391	159.555	30.326.397
Export	827.588	1.684.655	4.784	2.434.513	48.581.911

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

2021	USD\$ ('000)	EUR ('000)	GBP ('000)	Other currencies	Total TL equivalent
Cash and cash equivalents	188.608	67.576	11.695	58.043	3.701.987
Investment securities	115.317	--	--	--	1.496.526
Trade and other receivables	671.448	285.229	4.847	752.455	13.738.584
Total foreign currency assets	975.373	352.805	16.542	810.498	18.937.097
Trade and other payables	1.457.624	188.636	2.122	16.071	21.739.032
Current borrowings	1.967.771	335.563	--	17.488	30.481.073
Non-current borrowings	2.217.880	696.125	--	49.321	39.052.576
Total foreign currency liabilities	5.643.275	1.220.324	2.122	82.880	91.272.681
Derivatives financial instruments					
Assets	916.185	505.836	94.967	115.805	21.089.891
Liabilities	(431.496)	(975.552)	(106.292)	(448.150)	(22.226.351)
	484.689	(469.716)	(11.325)	(332.345)	(1.136.460)
Net foreign currency position	(4.183.213)	(1.337.235)	3.095	395.273	(73.472.044)
Import	1.747.795	287.369	92	11.276	17.574.288
Export	908.885	1.533.972	4.395	2.070.599	28.254.447

On basis of the above an increase of 10 % in the foreign exchange rates against the Turkish Lira as of 31 December 2022 will amount to a loss of TL 9.514.056 (2021: TL 7.347.210) and a decrease will amount to profit of the same amount.

Interest rate risk

Interest rate risk arises because changes in interest rates may affect profitability as disclosed in financial statements.

The Group is subject to interest rate risk as a result of differences in balancing off the dates or timing differences related to assets and liabilities maturing or to be subjected to price revision. The Group manages its interest rate risk by applying risk management strategies whereby its strives to balance off the dates of changes in interest rates related to assets and liabilities.

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The Group's interest rate position is as follows:

	31.12.2022	31.12.2021
Fixed interest rate financial instruments		
Financial assets-time deposits		
- <i>Time deposits</i>	3.463.174	2.164.895
Financial liabilities		
- <i>Bank loans</i>	63.345.104	35.359.285
- <i>Finance lease liabilities</i>	1.562.506	1.021.060
- <i>Payables of factoring sector operations</i>	167.638	170.842
Variable interest rate financial instruments		
Financial liabilities		
- <i>Bank loans</i>	52.651.888	45.507.785

Liquidity risk

Liquidity risk comprises the risk that the Group becomes unable to find its payment requirements.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling montly projection. Long-term liquidity needs for a 180 day and 360 day lookout period are identified monthly.

The breakdown of liabilities according to their contractual maturity is based on the maturity dates from the date of the balance sheet is given below:

31.12.2022	Book value	Total cash out flow	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years
Contractual maturities						
Bank loans	106.923.020	175.979.336	27.767.665	51.356.266	75.198.509	21.656.896
Bond issued	9.073.972	1.640.006	271.801	997.324	370.881	--
Payables from finance sector	167.638	167.638	71.538	96.100	--	--
Financial lease liabilities	1.562.509	7.478.304	1.927.756	188.199	324.107	5.038.242
	117.727.139	185.265.284	30.038.760	52.637.889	75.893.497	26.695.138
Expected maturities						
Trade payables	29.903.484	30.779.806	26.116.298	4.414.174	143.498	105.836
Other payables	6.028.553	6.028.553	4.006.069	544.688	1.477.796	--
Other liabilities	1.571.769	1.571.769	353.753	1.217.997	19	--
	37.503.806	38.380.128	30.476.120	6.176.859	1.621.313	105.836
Derivative cash inflow	--	6.348.269	--	6.348.269	--	--
Derivative cash outflow	--	(6.348.269)	--	(6.348.269)	--	--
Derivative financial liabilities	--	--	--	--	--	--

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2021	Book value	Total cash out flow	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years
Contractual maturities						
Bank loans	74.457.521	92.903.057	14.396.972	27.314.147	43.264.894	7.927.044
Bond issued	6.409.549	6.121.044	1.956.206	129.442	354.535	3.680.861
Payables from finance sector	170.842	253.547	82.705	--	--	170.842
Financial lease liabilities	1.021.060	1.314.918	234.262	621.987	458.669	--
	82.058.972	100.592.566	16.670.145	28.065.576	44.078.098	11.778.747
Expected maturities						
Trade payables	20.309.096	20.922.009	10.210.225	10.707.870	3.914	--
Other payables	3.403.108	3.403.108	1.834.875	859.199	709.034	--
Other liabilities	1.281.694	1.281.694	246.841	1.034.834	19	--
	24.993.898	25.606.811	12.291.941	12.601.903	712.967	--
Derivative cash inflow		17.269.187	9.187.670	3.405.939	4.675.578	--
Derivative cash outflow		(17.385.510)	(8.998.930)	(3.548.428)	(4.811.011)	(27.141)
Derivative financial liabilities		(116.323)	188.740	(142.489)	(135.433)	(27.141)

The table above provides the analysis of the Group's financial liabilities by making appropriate maturity grouping based on the remaining period of the contract until the maturity date as of the financial position. However expected maturities may differ from contractual liabilities in response to changes in term that may occur in the ordinary course of business.

Capital risk management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profitability by using the debt and equity balance in the most efficient way.

The Group presents its capital in the consolidated balance sheet by subtracting cash and cash equivalents from the sum of its own funds and short-term and long-term liabilities.

The Group determines its capital and the ratio of its capital to the financing structure according to the changes in economic indicators and taking into account the risks associated with the capital class. The Group aims to keep its capital structure in balance through the acquisition of new debt or the repayment of existing debt, as well as dividend payments and issuance of new shares.

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The Group’s net debt to overall financing ratio developed as follows:

	31.12.2022	31.12.2021
Total borrowings, note 21	117.559.501	81.888.130
Less: Cash and cash equivalents, note 5	(6.877.686)	(4.781.841)
Less: Investment securities	(1.216.132)	(1.496.380)
Net debt	109.465.683	75.609.909
Total equity	36.810.698	15.230.382
Overall financing	146.276.381	90.840.291
Net debt / overall financing ratio	75%	83%

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information, management’s judgment and appropriate valuation methodologies. The following disclosure of the estimated fair value of financial instruments is made with the requirements of TAS 32. To the extent relevant and reliable information is available from the financial markets in Turkey; the fair value of the financial instruments of the Group is based on such market data. The fair values of the remaining financial instruments of the Group can only be estimated. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the Group’s financial instruments:

Financial assets

Monetary assets for which fair value approximates carrying value:

- Balances denominated in foreign currencies are translated at year-end exchange rates. The fair value of certain financial assets carried at cost, including cash and due from banks, marketable securities plus the respective accrued interest are considered to approximate their respective carrying values.
- The carrying value of the trade receivables net of provisions for uncollectible are considered to approximate their fair values.

Financial liabilities

Monetary liabilities for which fair value approximates carrying value:

- The fair values of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.
- The fair values of long-term bank borrowings which are denominated in foreign currencies and translated at year-end exchange rates are considered to approximate their carrying values.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial asset and liabilities 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 contain observable market inputs

Fair value hierarchy table as at 31 December 2022 is as follows:

Assets at fair value in the financial position	Level 1	Level 2	Level 3
Investment securities (note 7)	--	70.522	--
Derivative financial instruments (note 11)	--	678.688	--
Land and buildings (note 17)	--	--	46.614.006
Machinery and equipment (note 17)	--	--	53.789.590
Liability at fair value in the financial position	Level 1	Level 2	Level 3
Derivative financial instruments (note 11)	--	613.474	--

Fair value hierarchy table as at 31 December 2021 is as follows:

Assets at fair value in the financial position	Level 1	Level 2	Level 3
Investment securities (note 7)	--	69.042	--
Derivative financial instruments (note 11)	--	369.261	--
Land and buildings (note 17)	--	--	26.547.798
Machinery and equipment (note 17)	--	--	31.296.001
Liability at fair value in the financial position	Level 1	Level 2	Level 3
Derivative financial instruments (note 11)	--	898.837	--

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

37. POST BALANCE SHEET EVENTS

Pursuant to the material event disclosure dated 12 January 2023; With the aim of expanding its activities including the sale, installation and operation of electric vehicle charging stations in Turkey to overseas markets through its subsidiaries, a new company with the title of “Electrip PTG, Unipessoal LDA” in Portugal, and a new company with the title of “Electrip Czech Republic s.r.o.” in Czech Republic were established under 100% direct ownership of Electrip Global B.V., a wholly-owned subsidiary of the Company based in the Netherlands.

Amendment of loan agreement with share sales

Pursuant to the material event disclosure dated 13 January 2023; Material event disclosures were made on 23 September 2022 and 27 September 2022 about the negotiations and agreements entered into as a consequence of such negotiations regarding the sale between the Group and Wren House Infrastructure LP (“WH”) (a subsidiary of Kuwait Investment Authority (“KIA”)) of the majority shares of Electrip Global B.V. (whose previous trade name was ZES N.V.), a company incorporated in the Netherlands which the Company fully owns, and minority shares of the Company and regarding the amendment of the loan agreement signed between the Company and KIA on 15 March 2018 (“Loan Agreement”).

Information about the closing transactions related to the agreements and the important provisions stipulated in the agreements are explained below.

I- In relation to the sale of the majority shares in ZES;

a- Within the scope of the provisions of “Electrip Limited Share Purchase Agreement” (previously named as ZES Share Purchase Agreement) executed between the Company and WH on 26 September 2022 and amended on 13 January 2023;

- All of the shares representing the capital of ZES Dijital Ticaret A.Ş. were transferred by the Group to Electrip Global B.V. (whose previous trade name was ZES N.V.) a 100% subsidiary of the Group as per the material event disclosure made on 9 December 2022.
- Incorporation of a “New Company” in Jersey as a 100% subsidiary of WH under the tradename of Electrip Global Limited (“Electrip Limited”) was completed on 9 December 2022.
- On 13 January 2023, shares representing half of the entire share capital plus one share of Electrip Global B.V., which was a 100% subsidiary of the Group, were sold and transferred to Electrip Limited, by the Company for a purchase price of USD 50.000.000 and such amount was utilized as per the material event disclosure dated 27 September 2022.
- On 13 January 2023, remaining shares representing half of the entire share capital minus one share of Electrip Global B.V. owned by the Group (minority shares) were transferred to Electrip Limited by way of contribution in kind to Electrip Limited’s capital increase which took place on the same date. With this share transfer, the management control of Electrip Global B.V. is acquired by WH via Electrip Limited.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

b- Pursuant to the provisions of Electrip Limited Shareholders Agreement (previously named as ZES Share Purchase Agreement) executed between the Group, Zorlu Holding and WH on 13 January 2023 simultaneously with the completion of the share transfers stipulated under the Electrip Limited Share Purchase Agreement;

- Parties agreed not to sell their shares in the capital of Electrip Limited for a period of 18 months from the closing date under the Electrip Limited Shareholders Agreement.

- The Group committed that it will participate in the capital increase of Electrip Limited up to USD 6.000.000 which is planned to be realized within 9 months from 13 January 2023. This capital increase will not result in a change in the shareholder structure of Electrip Limited.

II- In relation to the sale of minority shares of the Group;

a- Within the scope of the provisions of "ZOREN Share Purchase Agreement" executed between Zorlu Holding and WH on 26 September 2022, the transfer of 30.860.606.611 Group B shares, representing approximately 12,34% of the Company's share capital, to WH by the Company's controlling shareholder Zorlu Holding was completed under the terms and conditions referred in the material event disclosure dated 27 September 2022.

b- Concurrently with the completion of the share transfer stipulated under the ZOREN Share Purchase Agreement, on 13 January 2023, "ZOREN Shareholders Agreement" was executed between Zorlu Holding, Korteks Mensucat Sanayi ve Ticaret A.Ş. and WH, under the same terms referred in the material event disclosure dated 27 September 2022. Within the scope of the provisions of the said agreement, this transfer has not resulted in any change in the management control of the Company.

c- Group's direct shareholding ratio in the Company has become 41,92% with the total share held by Group directly and indirectly amounting to 59,87%. WH's shareholding ratio in the Company has become 12,34%.

d- WH will undertake not to sell its shares in the Group's capital to third parties for a period of 12 months from the signing date of the ZOREN Shareholders' Agreement.

III- Amendment of the Loan Agreement

Simultaneously with the completion of the transactions referred above, on 13 January 2023, the amendment of the Loan Agreement executed between the Group and KIA on 26 September 2022 has become effective under the terms and conditions referred in the material event disclosure dated 27 September 2022.

With the amendment of the Loan Agreement, maturity of the repayment schedule of the loan is extended, foreign currency debt exposure of the Group is decreased, and thereby the balance sheet and financial position of the Group is strengthened.

Pursuant to the material event disclosure dated 20 January 2022; Zorlu Jeotermal Enerji Elektrik Üretim A.Ş., a wholly-owned indirect subsidiary of Group, obtained the necessary approval from the Ministry of Energy for the second 0,1663 MWp unit (Rooftop solar PV system) of the solar power plant, which is integrated to the existing 48,7543 MWm/45MWe Alaşehir Geothermal Power Plant in Manisa, Alaşehir and the unit started commercial operations as of 20 January 2023.

Pursuant to the material event disclosure dated 23 January 2022; Zorlu Jeotermal Enerji Elektrik Üretimi A.Ş., a wholly-owned indirect subsidiary of Group, has applied to Energy Market Regulatory Authority (EMRA) for a 10 MWm/10 MWe pre-license for Alkan-2 Geothermal Power Plant Project, which is planned to be developed in Alaşehir, Manisa.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2022

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Due to the negativities caused by the earthquakes which struck Kahramanmaraş on 6 February 2023, affecting many of our provinces and shaking our whole country, a three-month statement of emergency has been declared in the provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa in accordance with the Official Gazette dated February 8, 2023 and numbered 32098. Developments regarding the natural disaster in question are being closely monitored and fact finding studies are continuing.

As of 2 March 2023, Korteks Mensucat Sanayi ve Ticaret A.Ş. issued bonds with fixed interest, principal and interest payment at maturity, a nominal value of TL 111.200 and a maturity of 168 days.

As of 5 April 2023, Korteks Mensucat Sanayi ve Ticaret A.Ş. issued bonds with fixed interest, principal and interest payment at maturity, a maturity of 162 days, a nominal value of TL 52.480 and as of 4 May 2023, it issued bonds with fixed interest, principal and interest payment at maturity, a nominal value of TL 47.640 and a maturity of 133 days.

Korteks Mensucat Sanayi ve Ticaret A.Ş. issued bonds as of 2 February 2023, with variable interest, quarterly coupon and principal and interest payment at maturity, with a nominal value of 33.200 TL with a maturity of 406 days; as of 2 March 2023 with variable interest, monthly coupon and principal and interest payment at maturity, with a nominal value of TL 142.350 with a maturity of 378 days; as of 16 March 2023, with variable interest monthly coupon and principal and interest payment at maturity, with a nominal value of TL 26.330 with a maturity of 407 days; as of 5 April 2023, with variable interest, monthly coupon and principal and interest payment at maturity, with nominal value of TL 83.480 with a maturity of 387 days; as of 4 May 2023, with variable interest, monthly coupon and principal and interest payment at maturity, with a nominal value of TL 88.380 with a maturity of 392 days.

Zorlu Enerji Elektrik Üretim A.Ş. issued bonds with variable interest, coupon every 3 months and principal and interest payment at maturity, as of 2 February 2023, with the nominal value of 118.820 TL and a maturity of 399 days and as of 13 January 2023 with the nominal value of 162.880 TL and a maturity of 384 days; and issued bonds with monthly coupon and principal and interest payment at maturity, as of 16 March 2023 with a nominal value of 74.310 TL and a maturity of 385 days and as of 17 February 2023 with a nominal value of TL 124.450 and a maturity of 384 days and as of 19 April 2023 with a nominal value of TL 41.700 and a maturity of 393 days.

Zorlu Enerji Elektrik Üretim A.Ş. issued bonds as of 5 January with a nominal value of 20.000 TL, fixed interest rate, 161 days maturity and principal payment at maturity; as of 13 January 2023 with a nominal value 200.000 TL, fixed interest rate, 175 days maturity and principal payment at maturity; as of 2 February 2023 with a nominal value of 162.840 TL, fixed interest rate, 175 days maturity and principal payment at maturity; as of 17 February 2023 with a nominal value of 126.880 TL, fixed interest rate, 174 days maturity and principal payment at maturity; as of 16 March 2023 with a nominal value of 53.690 TL, fixed interest rate, 175 days maturity and principal payment at maturity; as of 19 April 2023 with a nominal value of 89.080 TL and 141 days maturity.

Vestel Elektronik Sanayi ve Ticaret A.Ş., issued bonds as of 25 January 2023, with variable interest, quarterly coupon and principal and interest payment at maturity, with a nominal value of 120.000 TL and a maturity of 379 days; as of 25 January 2023 a nominal value of 280.000 TL and a maturity of 175 days and as of 12 April 2023 a nominal value of 230.000 TL with a maturity of 135 days.

Zorlu Faktoring A.Ş. issued bonds as of 25 January 2023, with fixed interest, principal payment at maturity, 140 days maturity and 20.000 TL nominal value, as of 15 February 2023, with fixed interest, principal payment at maturity, 140 days maturity and 25.000 TL nominal value, as of 16 March 2023, with fixed interest, principal payment at maturity, 140 days maturity and 22.000 TL nominal value, as of 10 April 2023, with fixed interest principal payment at maturity, 140 days maturity and 35.000 TL nominal value, as of 5 May 2023, with fixed interest, principal payment at maturity, 140 days maturity and 22.800 TL nominal value.

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