

# ANNUAL REPORT 2023



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# Zorlu Holding in Brief

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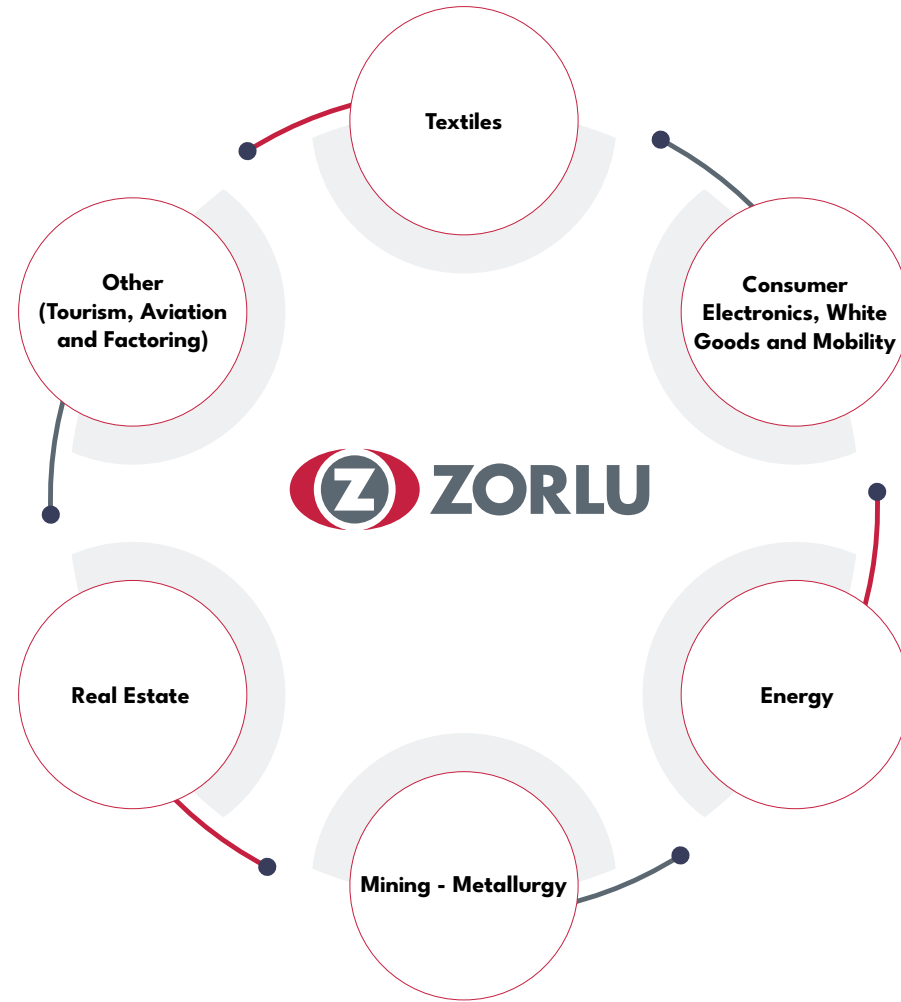


## About Zorlu Holding

**With its deep-rooted experience and know-how across a variety of industries, its sustainability strategy and business approach fueled by technology and innovation, its competent, enterprising and creative human resources equipped with the necessary skills of the era, and its strong management structure, Zorlu Group is a highly reputed conglomerate both in Türkiye and across the world.**

Zorlu Group's foundation was laid in 1953 through the textiles industry in Babadağ, Denizli. Having started its operations as a family business, Zorlu Group today is a major conglomerate with over 60 companies and around 32 thousand employees by setting a robust example of corporate governance.

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



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

Distinguishing themselves in their respective industries with their capabilities, pioneering breakthroughs, institutionalization levels 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 with a robust and visionary management structure, Zorlu Group is a highly reputed conglomerate in Türkiye and across the globe. The Group continues its activities with a focus on further enhancing the value of its brand, which stands for quality, confidence and credibility, and creating lasting value for all its stakeholders.

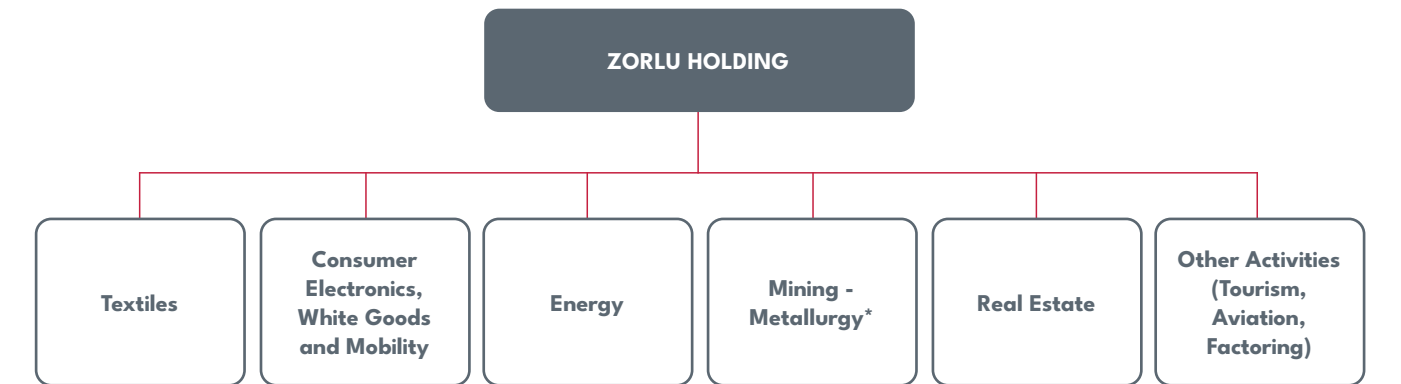
## Zorlu Group Activities and Shareholding Structure

Zorlu Holding AŞ ("Zorlu Holding") is the parent company that incorporates Zorlu Group companies under its umbrella and represents Zorlu Group.

Zorlu Yapı Yatırım AŞ, which owns Zorlu Group companies engaged in consumer electronics, white goods, textiles, energy and mining-metallurgy industries as well as Zorlu Center, operates under the roof of Zorlu Holding AŞ, which is owned 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, Vestel Elektronik Sanayi ve Ticaret AŞ, Vestel Beyaz Eşya Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ, which are all incorporated under the umbrella of Zorlu Holding, are traded on Borsa İstanbul (BIST).

As of December 31, 2023, Zorlu Holding's paid-in capital has been TRY 3,325,000,000.



\* Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ is 50% owned by Zorlu Holding AŞ and 50% owned by Vestel Elektronik Sanayi ve Ticaret AŞ.



## Zorlu Group's Milestones

# A Success Story

### 1953

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

### 1960

- The Company entered the textile trade by opening a store in Trabzon.

### 1966

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

### 1976

- Korteks Velvet Weaving Plant was established in Bursa.

### 1984

- The Company made its first official export sale with Korteks products.

### 1989

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

### 1990

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

### 1993

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

### 1994

- Vestel was acquired by Zorlu Group.

### 1997

- Vestel Beyaz Eşya was founded.
- The Company started bed linen production under the Taç brand.
- Denizbank was founded.

### 1999

- Mehmet Zorlu Education, Health, Culture and Solidary Foundation was founded.
- Vestel started production of white goods.

### 2000

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

### 2001

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

### 2003

- Zorlu Group celebrated its 50<sup>th</sup> anniversary.
- Vestel City opened its doors.

### 2004

- Jules Verne Travel & Event joined Zorlu Group.

### 2006

- Zorlu Group's shares in Denizbank were sold to Dexia for a total amount of USD 2.4 billion.
- 31.5% of Vestel Beyaz Eşya's shares were offered to the public and the Company's shares started to be traded on Borsa Istanbul.
- Zorlu Energy Group won natural gas distribution license tenders and started providing natural gas distribution services in Gaziantep and Thrace regions.
- Zorlu Real Estate Group was established.

### 2007

- Zorlu Holding signed the United Nations Global Compact.
- Zorlu Group acquired a stake in Meta Madencilik Ltd. and started operating in the mining-metallurgy industry.

### 2008

- Zorlu Enerji won a privatization tender for ADÜAŞ, which includes 9 power plants with a total installed capacity of 141 MW, with a bid of USD 510 million.
- The construction of Zorlu Center, Türkiye's first five-function "mixed-use" project, was started.

### 2012

- Zorlu Faktoring started operations.

### 2013

- Shopping mall and performance arts functions of Zorlu Center were put into service.
- Kızıldere II Geothermal Power Plant started commercial operations.
- Jhimpir Wind Power Plant in Pakistan went into operation.

### 2014

- Türkiye's first domestically produced smartphone Venus was launched.
- The installation of the META Nikel Kobalt Madencilik Gördes Facility was completed and its commissioning works started.
- A+ office project Levent 199 was put into service.

### 2015

- Zorlu Holding signed the United Nations Women's Empowerment Principles (UN WEPS), institutionalizing its support for the empowerment of women in society, business and economy.
- Vestel Elektronik was included in the BIST Sustainability Index for the November 2015 - October 2016 period.
- First phase of Alaşehir I Geothermal Power Plant was commissioned.
- Installation of the META Gördes Facility was completed and the first commercial Ni-Co Hydroxide intermediate product was exported.

### 2016

- Vestel Beyaz Eşya, which won the Industrial Excellence Award 2016 in Türkiye, advanced to the finals in Europe, and became the first Turkish company in its sector to win the Industrial Excellence Award in European finals.
- Vestel Beyaz Eşya and Zorlu Enerji voluntarily joined Borsa Istanbul's (BIST) Sustainability Index for the November 2016 - October 2017 period.
- Zorlu Enerji's Sarıtepe-Demirciler Power Plant became operational.
- Zorluteks R&D Center opened. Zorlu Family acquired the full ownership of META.
- Zorlu Center was named the Best Shopping Center by ICSC Europe.

### 2017

- The foundation of the new Vestel Beyaz Eşya washing machine and dryer production plant was laid in July. At the TPM Awards organized by the JIPM, Vestel Elektronik received the Special Award for TPM Achievement in television manufacturing and Vestel Beyaz Eşya won the Award for Excellence in Consistent TPM Commitment for its 6 production facilities simultaneously.
- Vestel Beyaz Eşya became the first company in the industry to receive the "Water Footprint" Verification in Türkiye.
- Zorlu Enerji took over the Osmangazi Electricity Distribution Region in February and entered electricity distribution and retail sales businesses. The first unit of Kızıldere III Geothermal Power Plant (99.5 MW) entered into service in August.
- Zorlu Solar became the exclusive authorized distributor of the US-based First Solar in 26 countries.
- Zorluteks became the first home textile company in Türkiye to receive the "Authorized Economic Operator Certificate."
- Zorluteks İstanbul Design Center was established. A first in the industry, TAÇ Curtain Arts Academy was established with the aim of training the curtain makers of the future.
- META Nickel-Cobalt Plant started the establishment of its R&D Center.

### 2018

- Vestel Beyaz Eşya's new plant for washing machine and dryer production was completed and started production in the second quarter of 2018.
- Vestel Elektronik won "TPM Advanced Special Award."
- Zorlu Enerji's electrical vehicle charging station brand ZES started operations to establish Türkiye's electric vehicle infrastructure and reduce carbon emissions, especially in cities.
- The 65.5 MW second unit of Kızıldere III GPP became operational. Rehabilitation work to increase the installed capacity of İkizdere HEPP from 18.6 MW to 24.94 MW was completed and the plant resumed electricity generation.
- Zorluteks opened a showroom in Munich, Germany.
- Zorluteks' sustainable working conditions were awarded the highest score from BSCI.
- Zorluteks Bursa Design Center was established.
- META Nikel Kobalt Madencilik was awarded the "R&D Center Certificate."
- Vestel Elektronik acquired a 50% stake in META Nikel Kobalt Madencilik.

### 2019

- Vestel Beyaz Eşya's brand licensing agreement with Sharp Corporation was 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.
- Zorlu Textile Group opened seven new stores in six countries.
- 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" was approved by TÜBİTAK.
- Zorlu Center won ICSC's most prestigious award, the Albert Sussman International Social Support Award, for its "No Barriers at Zorlu" project.
- Zorlu PSM broke new ground by staging the Alice Musical, a local musical production.

### 2020

- Vestel signed 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 broke new ground by starting to manufacture battery packs for electric bicycles.
- Vestel Beyaz Eşya launched its products equipped with UVC technology to meet the increasing hygiene needs during the pandemic period.
- Vestel acquired White Knight and Hostess brands of British Crosslee PLC.
- Vestel launched Vestel Express, a small square meter store concept where products were sold mostly via digital screens.



## Zorlu Group's Milestones

# Zorlu Group celebrated its 70<sup>th</sup> anniversary.

- Vestel issued Türkiye's first TRY-denominated green bond, which received an international sustainability rating.
- With the latest investments of Zorlu Enerji, ZES expanded its electric vehicle charging station network to 81 provinces and started working to expand this network abroad, starting from Eastern Europe. Establishing Zorlu Yenilenebilir Enerji AŞ, Zorlu Enerji united its 3 companies operating in renewable energy in Türkiye under a single organization.
- ZJ Strong, of which Zorlu Enerji was a partner, commissioned Dead Sea Solar Power Plant in Jericho region of Palestine.
- Established under the investments made in circular economy, the Polymer Recycling Plant broke new ground in Europe and Türkiye by manufacturing polyester yarn 100% from plastic bottles.
- Zorluteks certified that it is a sustainable textile company by obtaining the OEKO-TEX® SteP certificate at Level 3, the highest level, and started production with the "OEKO-TEX® MADE IN GREEN" label thanks to its OEKO-TEX® SteP and OEKO-TEX® STANDARD 100 certificates.
- Zorluteks was included in the EU Horizon 2020 project with the RECLAIM project.
- Zorlu Gayrimenkul introduced an air-conditioning system with UCV technology as well as a Car Park Management System integrated with license plate recognition system intended for minimizing contact at Zorlu Center in the pandemic period.
- As one of the few culture and arts centers, Zorlu PSM reached more than 1.5 million viewers via its online platform PSM Online.

## 2021

- Zorlu Holding announced 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, was organized under the theme of "Future Impact."
- The 2<sup>nd</sup> cycle of Zorlu Group's corporate entrepreneurship program, A Bright Idea (Parlak Bi'Fikir) was finalized, and 3 initiatives were selected for investment.
- Vestel announced its 2050 net zero emissions objective.
- Zorlu Enerji activated the "Digital Subscription Service." Zorlu Energy Solutions (ZES) became operational in 81 cities in Türkiye and 6 countries in Europe.
- Zorlu Textile Group became a signatory to the UN Global Compact.



- Zorlu PSM launched Vestel PSM Radyo.
- Zorlu Center was awarded Zero Waste Certificate with its Zero Waste Management System by the Ministry of Environment and Urban Affairs.
- Levent 199 transitioned to full renewable energy use.

## 2022

- A corporate transformation project was launched in Zorlu Group's journey to become a sustainable holding committed to environmental, social and governance principles. The Zorlu Family Council was established and the Zorlu Holding Board of Directors was restructured with the participation of independent members. Zorlu Holding Board of Directors Committees started to operate with the new working principles under the leadership of independent members. A General Secretariat unit was established to ensure coordination among Zorlu Group's corporate governance bodies.
- Zorlu Holding Human Rights Policy was published.
- As part of the "An Equal Life" (Eşit Bi'Hayat) approach, a basic training was initiated to raise awareness and knowledge on gender equality among all Zorlu Group employees.
- In the TIM Awards announced in 2022, Vestel became the export champion in its sector for the 24<sup>th</sup> time and ranked 5<sup>th</sup> among all industries with its sales of TRY 26 billion in foreign markets.
- Vestel rose from 11<sup>th</sup> to 4<sup>th</sup> place as one of the top 5 most valuable brands in Türkiye, as determined by the international financial institution Brand Finance for 2022.
- Vestel signed an agreement with Eneco eMobility, one of Germany's leading brands, for the supply of electric vehicle chargers. Under this agreement, Eneco eMobility procured 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 increased its S&P Global ESG score by 44% to 65 points in 2022. The CDP climate change scores of Vestel Elektronik and Vestel Beyaz Eşya plants rose to B and A-, respectively.

- Vestel Elektronik, Vestel Beyaz Eşya and Zorlu Enerji shared 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 became 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 1.5°C.
- Zorlu Enerji scored 61 points in the ESG assessment conducted by Moody's and reached "Advanced" level. Ranked 4<sup>th</sup> with its ESG score among 57 energy companies evaluated globally, it took its place among the leading companies in terms of sustainability in the energy industry.
- The number of ZES charging stations reached 185 in 81 provinces of Türkiye, Turkish Republic of Northern Cyprus and Montenegro.
- With its PLASTICE Project, Korteks was 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.
- Zorlu Textile Group published its first sustainability report as UNGC Progress Report.
- Zorlu Center's Eco Love Fest, which included ecological talks, music performances, workshops and a Sustainable Market where eco-friendly products from brands focusing on sustainability and good living could be found, was 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 industry.
- The Tagg Gemlik Campus in Bursa, where mass production of Tagg, Türkiye's domestic automobile brand, of which Zorlu Group was one of the partners, would take place, was opened.

## 2023

- Zorlu Group celebrated its 70<sup>th</sup> anniversary.
- With the contributions of Zorlu Holding and Group companies, the 1923 Musical, which was prepared with the mission of conveying the story of the founding of the Republic to next generations in the 100<sup>th</sup> anniversary of the Republic, started to be staged at Zorlu PSM. In its first year on stage, the 1923 Musical received the Haldun Dormen Special Award at the 25<sup>th</sup> Afife Theater Awards and the Best Production Award at the 48<sup>th</sup> İsmet Kuntay Theater Awards.
- Zorlu Holding and Group companies Vestel, Zorlu Enerji, Zorlu Gayrimenkul, Zorluteks and Hometeks were awarded the Equal Opportunity Model (FEM) certificate by the Women Entrepreneurs Association of Türkiye (KAGİDER) to end gender discrimination in business life.



- According to the Refinitiv 2023 assessment, which evaluates the sustainability efforts of companies, Vestel Elektronik scored 78 points and ranked among the top 10 companies in its sector in the world. Vestel Beyaz Eşya was ranked as the fourth best company in its sector with 82 points in the same assessment.
- Vestel Elektronik and Vestel Beyaz Eşya were ranked in the 2023 lists of the S&P Global Corporate Sustainability Assessment with 65 points each. Vestel Beyaz Eşya was the second highest rated company in its sector, while Vestel Elektronik ranked third in its sector.
- With its export revenue of USD 2.3 billion, Vestel maintained its 25-year uninterrupted export championship in the electrical-electronics industry in 2023. Vestel exported to more than 160 countries around the world.
- In the "Türkiye's Most Valuable Brands" 2023 survey conducted by Brand Finance, an international brand assessment organization, Vestel ranked in the top 3 with a value of USD 927 million.
- Vestel was once again selected as a "Superbrand" in the "Superbrands Türkiye 2022" survey organized by Superbrands in Türkiye since 2005, crowning its success in consumer satisfaction.
- Vestel Elektronik became a signatory to the United Nations Women's Empowerment Principles (UN WEPs) initiative.
- Zorlu Enerji increased its score to 77 as a result of the assessment made by Refinitiv and took its place among B+ companies.
- Zorlu Enerji published the first CDP (Carbon Disclosure Project) Forests Report in its sector.
- Zorluteks ranked 147<sup>th</sup> among the R&D companies with the highest investments in the Türkiye R&D 250 Survey. Zorluteks won the first prize in "The Best Sustainability Project Paper In All Industries" category.
- Hometeks, a Zorluteks company, was awarded an A grade in the BSCI audit, which supports sustainable working conditions.
- Zorluteks launched its products with reduced carbon footprint for the first time as part of the "Reborn" collection.
- META Nikel became a member of the European Water Committee to raise awareness of sustainable water management and support the protection of the water ecosystem.
- Eco Love Fest, launched by Zorlu Gayrimenkul to raise awareness on sustainability, received the "Best Shopping Center Event" award at the Master of Events Corporate Awards ceremony, winning a total of 6 national and international awards in its third year.
- Zorlu PSM launched the "My First Theater, My First Concert" project, which aimed to increase access to quality culture and arts events for different segments of society.
- Deliveries of Tagg, Türkiye's domestic electric vehicle brand, in which Zorlu Group was one of the partners, started in May.



## Zorlu Holding and Sustainability

# Zorlu Holding continues its economic growth with a responsible investment approach.

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 corporate governance (ESG) areas while investing for its 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 industries and environmental and social areas.

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 role in Türkiye on this matter. In ESG issues, Zorlu Holding acts with an egalitarian, inclusive and fair approach to find solutions to the problems of today and the near future and 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 resource is its greatest asset, Zorlu Holding creates 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 in order to reinforce an inclusive corporate culture based on innovation, creativity and diversity. In terms of strengthening its highly motivated, qualified and competent human resources, effective performance and career management, training activities and adaptation to future ways of doing business are among its material topics.

Acting with the awareness that the earth's natural resources are finite and the understanding that the environment and all living beings must be protected, Zorlu Holding maintains its economic growth, guided by a sense of responsible investment, while focusing on reducing its environmental impact as well. While strengthening its supply chain, it develops 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. In 2023, Group companies Vestel and Zorlu Enerji took an important step and started working on decarbonization plans in line with the Group's 2050 net zero emission target.

Zorlu Holding has established Sustainability Umbrella Goals in 2017 in parallel with its Smart Life 2030 vision, which is also guided by the United Nations 2030 Sustainable Development Goals. Group companies identified their sub-goals that need to be prioritized in terms of sustainability, taking into account industrial needs and the stakeholder ecosystem, to cover these umbrella goals. 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." Sustainability is followed-up at the Board of Directors level in line with Zorlu Group's corporate governance approach, and all processes are managed by the Sustainability Committee reporting to the Board of Directors and the Sustainability Coordination Board reporting to this structure. Adopting 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 established. Through Group companies operating in different industries ranging from energy to textiles and white goods to technology, it 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 also in the performance of its companies which became evident in the ESG assessments conducted by reputable sustainability institutions, leading to an increase in their scores in 2023 as well.

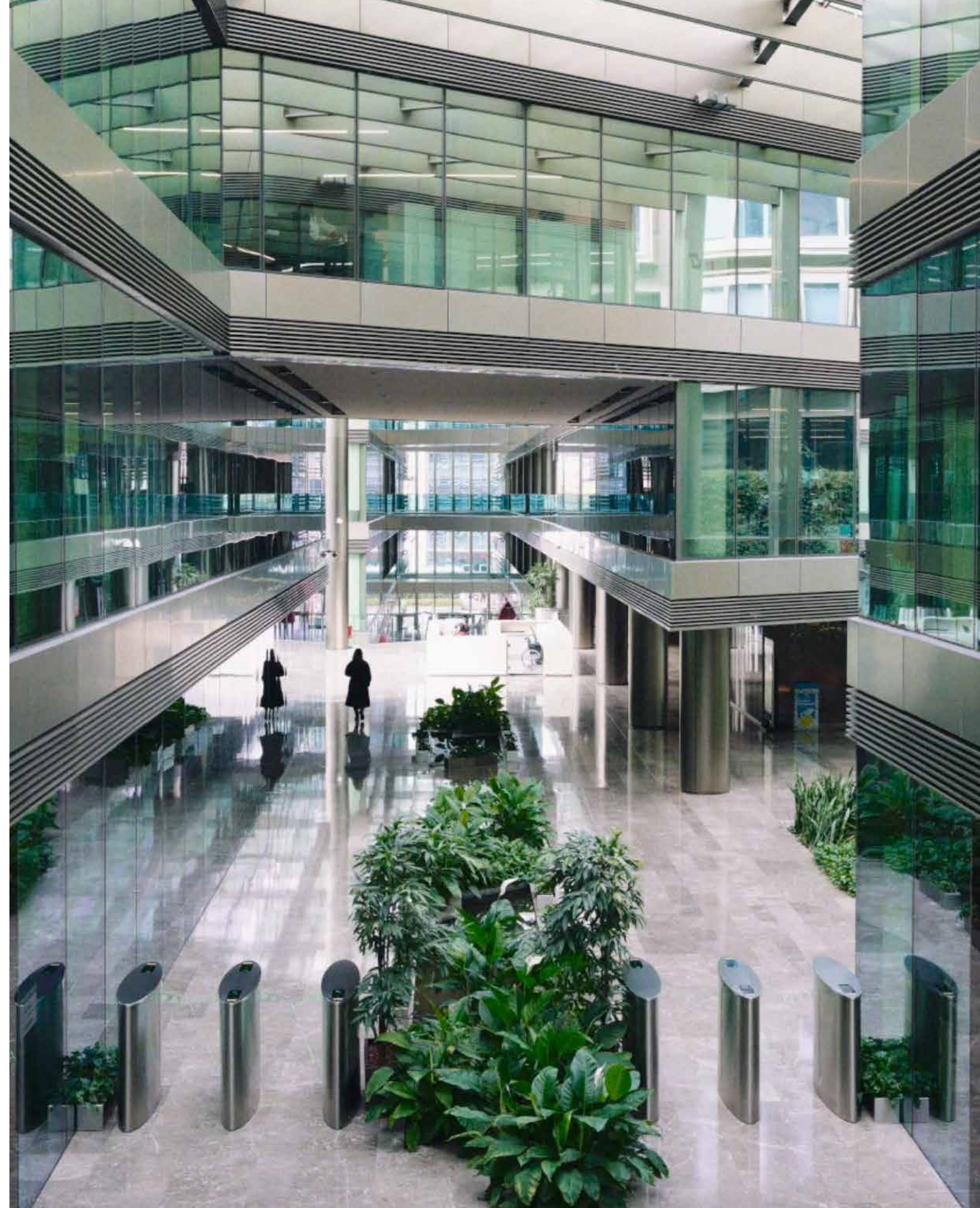
According to the assessment made on the main headings of environmental, social and corporate governance conducted by Refinitiv on behalf of Borsa Istanbul, Vestel Elektronik, a Zorlu Holding

Group company, scored 78 points and ranked among the world's top 10 companies in its sector. Vestel Beyaz Eşya was ranked as the fourth best company in its sector with 82 points in the same assessment. In the climate change program of CDP (Carbon Disclosure Project), one of the world's most powerful green NGOs, Vestel Beyaz Eşya maintained its A- (Leadership) level and Vestel Elektronik its B (Management) score this year as well. In the CDP Water Security Program, both companies maintained their C (Awareness) level. Vestel Elektronik and Vestel Beyaz Eşya also ranked among the best in S&P Global's sustainability assessments. Both companies scored 65 points each in the 2023 lists of S&P Global, which evaluates the sustainability practices of more than 13 thousand companies from 62 industries worldwide through industry-specific surveys. Vestel Beyaz Eşya was the second highest rated company in its sector, while Vestel Elektronik ranked third in its sector.

In 2023, Zorlu Enerji once again proved its leadership in sustainability by publishing the first CDP (Carbon Disclosure Project) Forests Report and TCFD Report in the industry. Zorlu Enerji reached the A- (Leadership) level in the CDP Climate Change Program, maintained its B (Management) score in the CDP Water Security Program, and achieved a C (Awareness) score in the CDP Forests Report, which it started reporting for the first time. Zorlu Enerji received an A grade in CDP's 2023 Supplier Engagement Rating (SER) and took its place among the leaders of the SER (Supplier Engagement Rating). As a result of the assessment made by Refinitiv, Zorlu Enerji increased its score to 74 in 2023, ranked 31<sup>st</sup> among 312 companies in its sector on a global scale, and maintained its place in the BIST Sustainability Index for the 7<sup>th</sup> consecutive year. Zorlu Enerji received the third place prize in the "Environmental Sustainability Management Category" at the ISO Green Transformation Awards organized by the Istanbul Chamber of Industry (ISO), underlining its sustainability efforts.

Vestel and Zorlu Enerji were included in the BIST Sustainability 25 Index, which includes publicly traded companies with the highest ESG performance, in 2022 and 2023, 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.

Zorlu Holding will continue to create value for all its stakeholders in order to achieve a more sustainable and livable world together with its Group companies with the strength it derives from the Smart Life 2030 vision in the coming period as well.





Summary Financial and Operational Indicators

Zorlu Holding demonstrated a strong financial performance in 2023.

GROSS PROFIT (TRY MILLION)



GROSS PROFIT MARGIN (%)



Summary Balance Sheet

(TRY thousand)	2022	2023
CURRENT ASSETS	83,591,811	77,534,513
FIXED ASSETS	277,292,174	258,997,686
TOTAL ASSETS	360,883,985	336,532,199
SHORT-TERM LIABILITIES	166,887,212	179,335,778
LONG- TERM LIABILITIES	118,444,288	67,407,810
EQUITY	75,552,485	89,788,611
TOTAL LIABILITIES	360,883,985	336,532,199

90  
TRY billion  
Equity

EBITDA<sup>(\*)</sup> (TRY MILLION)



EBITDA MARGIN (%)



Summary Income Statement

(TRY thousand)	2022	2023
SALES REVENUES	177,026,791	163,462,550
GROSS PROFIT	28,274,964	31,997,099
OPERATING LOSS	-1,811,370	-4,898,818
EBITDA***	22,749,282	27,081,347
NET FINANCIAL EXPENSES	-66,565,739	-72,758,714
NET PROFIT FOR THE PERIOD**	3,301,362	5,889,303
GROSS PROFIT MARGIN	16.0%	19.6%
EBITDA MARGIN	12.9%	16.6%
EXPORT RATIO	52.6%	52.4%

27  
TRY billion  
EBITDA

<sup>\*</sup>Zorlu Holding AŞ’s consolidated financial statements include the Group companies operating in consumer electronics and white goods, energy, textile, mining and metallurgy businesses and also Zorlu Yapı Yatırım AŞ, which operates in the real estate industry and is the owner of Zorlu Center. The Group’s other investments in the real estate business are excluded from the consolidated financial statements as they are not part of Zorlu Holding.

<sup>\*\*</sup>Profit/(loss) attributable to the parent company shares

<sup>\*\*\*</sup>Interest income related to the fair real yield adjustment of OEDAŞ amounting to TRY 1,219,261 (December 31, 2022: TRY 1,096,322) was recognized in operating income and included in earnings before interest, taxes, depreciation and amortization (“EBITDA”) calculation. In addition, index difference related to receivables from service concession arrangements of OEDAŞ amounting to TRY 4,164,402 (December 31, 2022: TRY 3,672,678) was recognized in monetary gain/loss and included in EBITDA calculation.

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## Zorlu Group’s Areas of Activity



### CONSUMER ELECTRONICS, WHITE GOODS AND MOBILITY

Operating in the fields of electronics, white goods, digital products and mobility electronics, Vestel Group of Companies is comprised of 25 companies, 16 of which operate overseas. Vestel brings its wide product range, based on its competencies in technology design development and product customization, to consumers in more than 160 countries. With nearly 20 thousand 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. Being one of the world's leading Original Design Manufacturers (ODM) in the consumer electronics and white goods industries, one of the top three players in the LCD TV market and top five players in the white goods market in Europe, Vestel is among the most well-known brands in the Turkish market.



### ENERGY

With its integrated structure, Zorlu Energy Group is one of the leading players in the Turkish energy industry. Maintaining its growth trajectory in renewable energy by capitalizing on investment opportunities both in Türkiye and in international markets, the Group generates 100% of its domestic electricity from renewable energy sources and is committed to contributing to a sustainable future.

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

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, which aims to achieve net zero emissions in all of its operations and energy generation by 2030 and extend this goal to its entire value chain by 2040, is the first energy company in the industry to sign the international “Science Based Targets Initiative,” which aims to eliminate the negative effects of the climate crisis. In addition, as an indicator of its commitment to sustainability, the Company achieved significant success by being included in the BIST Sustainability Index for the 7<sup>th</sup> time as a result of the 2023 assessment.



### TEXTILES

Textiles industry, the founding pillar of Zorlu Holding, remains one of the key industries of the Group today.

Zorlu Textile Group, which includes Korteks, Türkiye’s largest integrated polyester yarn manufacturer and exporter, and Zorluteks, Europe’s leading home textiles company, is constantly growing and enhancing its position in domestic and international markets.

Zorlu Textile Group, which is engaged in the production and sales of yarns, curtains and home textiles under the leadership of Zorluteks and Korteks, is a business and solution partner preferred by global companies thanks to its high production capacity, quality product range, strong organization in marketing and distribution, and excellence in technology and innovation.



### MINING - METALLURGY

Meta Nikel produces nickel and cobalt products in cathode material, which is one of the raw materials used in the electric automobile and energy storage industries, whose market share has been rapidly growing recently, in concentrated form and works entirely for export, especially to Far East countries.

In an environment where the appetite for nickel and cobalt products has raised with the increase in the market share of the battery industry, in order to be competitive with sustainable production models, the Company aims to increase production capacity, to reduce production costs with the establishment of a sulfuric acid production plant, to expand the portfolio by exporting to nickel consumers in other countries, especially in Europe and America, other than the Far East, to increase brand awareness and to be at the forefront as a business that gives confidence to customers. In addition, by producing nickel and cobalt products in different forms, diversifying the demand for nickel and cobalt products and increasing the added value of the products, recovering other metals and rare earth elements (REE) in the ore in a manufacturable form are among the growth strategies.



### REAL ESTATE

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

Zorlu Shopping Mall has hosted around 140 million visitors in the span of 10 years and has become one of the most prominent venues for shopping and social life.

Welcoming more than 6 million art lovers since 2013, Zorlu PSM, one of Türkiye's leading culture and arts centers, creates a free, creative, transforming and developing stage for art lovers through national and international cultural cooperation and collaborations with distinguished institutions and artists. Zorlu PSM provides creative opportunities for today's and tomorrow's artists to develop their imaginations while supporting the development of the culture and arts sector through social responsibility projects.

Levent 199, located in Levent, one of the busiest locations in Istanbul, is the first A+ office project of this scale in Türkiye, which received the LEED Gold Certificate from the US Green Building Council (USGBC).









### OTHER AREAS OF ACTIVITY

Zorlu Holding demonstrates its quality and unique approach to service also in a wide range of other fields, ranging from tourism to factoring and aviation.

Zorlu Group companies stand out in the industries in which they operate with their reliable, assertive and strong identities, while differentiating themselves with the added value and employment they provide to the national economy.

Zorlu Group’s Areas of Activity

SECTOR	FIELD OF ACTIVITY	PARENT COMPANIES	SECTORAL POSITION	COMPETITIVE ADVANTAGES	
<div></div> <div>CONSUMER ELECTRONICS, WHITE GOODS AND MOBILITY</div>	<div><ul style="list-style-type: none"><li>Television</li><li>Digital screen solutions</li><li>Mobile products</li><li>Electric vehicle charging device</li><li>Automotive electronics</li><li>LED illumination</li><li>Battery solutions</li><li>Electronic card</li><li>Refrigerator</li></ul></div> <div><ul style="list-style-type: none"><li>Deep freezer</li><li>Set-top box</li><li>Dishwasher</li><li>Washing machine</li><li>Tumble dryer</li><li>Cooking appliances</li><li>Air-conditioner</li><li>Bath heater</li><li>Vaccine storage locker</li><li>Small household appliances</li></ul></div>	<div><b>Vestel Elektronik</b> 2023 Turnover: TRY 112.2 billion Asset Size: TRY 125.2 billion</div> <div><b>Vestel Beyaz Eşya</b> 2023 Turnover: TRY 61.1 billion Asset Size: TRY 50.9 billion</div>	<ul style="list-style-type: none"><li>One of the top 3 producers in television and top 5 in white goods in Europe</li><li>Export champion of Türkiye's electronics sector for the last 25 years</li></ul>	<div><b>Innovation:</b><ul style="list-style-type: none"><li>Creating a new value for customers with its strong R&amp;D structure, production capabilities and well-equipped human resources, meeting customer needs in a short period of time and via technological solutions and rendering innovation fast and accessible to everyone.</li></ul></div> <div><b>Scaled Manufacturing Model, Manufacturing Flexibility and Product Customization:</b><ul style="list-style-type: none"><li>Responding to the needs of different customers with various socio-cultural backgrounds in foreign markets on time and with the right product, the right price and the right sales channels.</li><li>Ability to develop products in many different models for different customers with its flexible manufacturing capability.</li></ul></div> <div><b>Customer Commitment and Experience:</b><ul style="list-style-type: none"><li>Offering a perfect ODM service from A to Z, from original design and production to point distribution.</li><li>Refraining from competing directly with customers' brands in Europe.</li><li>Fast production and delivery as well as the ability to respond to small batch orders</li><li>Broad sales and after-sales service network in Türkiye</li><li>Distinctive after sales customer experience.</li></ul></div> <div><b>Cost Advantages:</b><ul style="list-style-type: none"><li>Benefiting from scale economies in supply and especially in raw material/component purchases, the most important cost factor, with its strong manufacturer identity.</li></ul></div> <div><ul style="list-style-type: none"><li>Efficiency, effectiveness and cost advantages of manufacturing within a single complex at Vestel City, one of the largest production complexes in Europe built on a single site</li><li>Advantage in transportation cost and delivery times against Far Eastern competitors thanks to the proximity of its manufacturing plants to the European market</li><li>Cost advantages in terms of distribution and logistics provided by the proximity of manufacturing plants to Izmir ports, as well as the advanced sub-industry opportunities and proximity to suppliers in Manisa in white goods</li><li>Large share of import and export containers in Izmir port</li><li>Reducing logistic costs by optimizing the application of different and mixed logistics models.</li><li>Lower unit labor cost compared to European manufacturers</li><li>Newer and more modern manufacturing plants compared to manufacturers in Europe</li><li>Customs duty advantage in exports to countries with which Türkiye signed a Free Trade Agreement against the manufacturers of countries that do not have such agreements in place</li></ul></div> <div><b>A Pioneer in Digital Transformation:</b><ul style="list-style-type: none"><li>With its innovation characteristic, adopting technology and innovation as a corporate culture since its foundation.</li><li>Broad technological capabilities and vision</li><li>Industry 4.0 transformation</li><li>Digitalized business processes</li><li>Customer experience strengthened by digitalization</li><li>Leading Türkiye's digital transformation as it did in its technological transformation.</li><li>Being at the center of digital transformation via its solutions, innovative practices and products as a company exporting technology from Türkiye to the world.</li></ul></div>	
<div></div> <div>ENERGY</div>	<ul style="list-style-type: none"><li>Generation and sale of electricity and steam</li><li>Electricity distribution and retail sales</li><li>Electricity trade</li><li>Natural gas trade and sales</li><li>Power plant construction, maintenance, repair and operation</li><li>Solar panel and inverter trade</li><li>Installation and operation of electric vehicle charging stations, granting of certified dealerships and platform sales</li></ul>	<div><b>Zorlu Enerji</b> <b>Zorlu Yenilenebilir Enerji</b> <b>Zorlu Osmangazi</b> <b>Zorlu Elektrik</b> <b>Zorlu O&amp;M</b> <b>Zorlu Doğal Gaz</b> <b>Electrip Global</b> 2023 Turnover: TRY 27.3 billion Asset Size: TRY 98.5 billion</div>	<ul style="list-style-type: none"><li>Leading player in the sector with its 20% share of Türkiye's installed geothermal energy capacity</li><li>Electricity sales to a total of more than 1.9 million customers</li><li>Over 2 million subscribers in electricity distribution</li><li>Approximately 3.5% share in electricity distribution of Türkiye</li><li>4.0% share in total natural gas consumption of Türkiye</li><li>Türkiye's first Combined Renewable Electricity Generation Facility to generate energy from geothermal and solar energy simultaneously at Alaşehir Geothermal Power Plant</li><li>Over 4 thousand charging stations at nearly 2 thousand locations in 81 provinces of Türkiye under the ZES brand, and electric vehicle charging operations and renewable energy solutions service in Italy, France, Bulgaria, Greece, Croatia, Montenegro and Poland under the electrip brand</li></ul>	<ul style="list-style-type: none"><li>Maintaining its growth in a way that supports existing operations in renewable energy and making new investments in renewable energy</li><li>In a niche energy field such as geothermal power generation, representing 20% of Türkiye's geothermal installed capacity</li><li>Leading market share in Türkiye in the field of electric vehicle charging stations and the ability to utilize its experience for growth in overseas markets</li><li>Producing its own panels in the field of solar energy technologies, as well as having the distributorship of world-renowned brands in Türkiye</li><li>Competence to provide integrated services</li></ul>	<ul style="list-style-type: none"><li>Balanced and diversified generation portfolio by resource and geography</li><li>Investments in countries offering high growth potential</li><li>Strong license and project portfolio to support future domestic and overseas growth</li><li>Electricity distribution and retail sales in the Osmangazi Region, which offers high growth potential with its university, industry and urbanization</li><li>More than 15 years of experience in natural gas distribution in Gaziantep and Kilis provinces and Thrace region</li><li>Studies and investments focused on smart systems, technology and R&amp;D in line with the goal of becoming the energy company of the future</li><li>Becoming a responsible company with Environmental, Social, Governance based investments</li></ul>
<div></div> <div>TEXTILES</div>	<ul style="list-style-type: none"><li>Production and sale of polyester filament yarn and home textile products</li></ul>	<div><b>Korteks</b> 2023 Turnover: TRY 5.5 billion Asset Size: TRY 20.6 billion</div> <div><b>Zorluteks</b> 2023 Turnover: TRY 5.2 billion Asset Size: TRY 22.1 billion</div>	<ul style="list-style-type: none"><li>Europe's largest integrated polyester yarn manufacturer and exporter</li><li>Europe's leading company for home textile products</li></ul>	<ul style="list-style-type: none"><li>Europe's largest integrated and innovative polyester yarn production center</li><li>Home textile production facility using the latest production technologies</li><li>Exports to 70 countries</li><li>Widespread domestic and international sales and distribution network</li><li>Leading brands in the Turkish home textile market</li><li>Wide product range</li></ul>	
<div></div> <div>MINING - METALLURGY</div>	<ul style="list-style-type: none"><li>Development and operation of nickel and cobalt resources in Türkiye and their domestic &amp; international sales, recovery of precious metals from process waste and development of production technology for rare earth elements</li></ul>	<div><b>Meta Nikel Kobalt Madencilik</b> 2023 Turnover: TRY 2.7 billion Asset Size: TRY 16.2 billion</div>	<ul style="list-style-type: none"><li>Türkiye's first and only nickel-cobalt processing plant, and one of the top 10 plants in its field in the world with its technology</li></ul>	<ul style="list-style-type: none"><li>Türkiye's first and only nickel-cobalt processing plant with an annual production capacity of 10,000 tons of nickel metal in Gördes-Manisa</li><li>Innovative and environmentally friendly production technology</li><li>Nickel-cobalt reserve development and investment projects planned within the scope of the licenses in Eskişehir and Uşak</li><li>Proven and potential reserves equivalent to a total of 370 thousand tons of Ni-metal content in licensed areas</li></ul>	
<div></div> <div>REAL ESTATE</div>	<ul style="list-style-type: none"><li>Development, sale, lease and/or operation of high-quality real estate projects</li></ul>	<div><b>Zorlu Yapı</b> 2023 Turnover: TRY 3.6 billion Asset Size: TRY 37.4 billion</div> <div><b>Zorlu Gayrimenkul Geliştirme</b> 2023 Turnover: TRY 269 million Asset Size: TRY 5.9 billion</div>	<div><b>Zorlu Center:</b> Türkiye's first 5-function mixed-use project located at the intersection of two continents, and center of attraction in Istanbul</div> <div><b>Zorlu PSM:</b> Zorlu PSM hosts many different events such as world-famous shows, musicals, stand-up shows, different genres of concerts and festivals hosting thousands of people, theatre plays, opera shows, film programs, and corporate events.</div> <div><b>Levent 199:</b> Eco-friendly A+ office project with the best office architecture award</div>	<ul style="list-style-type: none"><li>Projects located in the best locations of Istanbul: Zorlu Center and Levent 199</li><li><b>Zorlu Shopping Mall:</b> A shopping mall offering select restaurants and world-famous brands</li><li><b>Raffles Istanbul Zorlu Center:</b> One of the world's most luxurious hotel brands</li><li>Valuable land portfolio for future development in touristic regions of Türkiye</li></ul>	
<div></div> <div>OTHER SECTORS</div>	<ul style="list-style-type: none"><li>Factoring</li><li>Tourism</li><li>Aviation</li></ul>	<div><b>ABH Turizm Temsilcilik ve Ticaret AŞ (Jules Verne Travel &amp; Event &amp; Jabiroo)</b> <b>Zorlu Faktoring</b> <b>Zorlu Grand Otel</b> <b>Zorlu Air</b></div>		<ul style="list-style-type: none"><li>Strong brand values</li><li>Growth-oriented investments</li></ul>	



Zorlu Holding Portfolio Strategy

Zorlu Holding adopts the principle of acting with the awareness of its influence while managing its resources and risks.

Zorlu Holding faces various problems, 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. Its operations are directly affected not only by domestic dynamics but also by international developments. The variables on Zorlu Holding's agenda are constantly increasing, and relevant risks and opportunities are diversified. In order to be part of the solution to these realities, Zorlu Holding has aligned its portfolio strategy with its sustainability vision and targets through a management approach that is agile, dynamic, highly interactive, and based on the principle of resilience.

Zorlu Holding adopts the principle of acting with the awareness of its influence while managing its resources and risks. It manages its portfolio, which includes consumer electronics, white goods, mobility, energy, textiles, mining-metallurgy and real estate areas, with an approach focused on increasing its global footprint based on exports. In doing so, it aims to increase the weight of innovative areas, where its competencies are strong and which focus on sustainability and technology, in its portfolio.

It aims to expand its investments in areas where it sees high potential and maintains its current level of profitability. Zorlu Holding maintains its target of growing 10 points above Türkiye's growth rate every year. To achieve these goals, it sees technology and digitalization as critical factors, and strengthens its data-based decision-making skills. In line with the Smart Life 2030 vision, it continues to realize sustainability-oriented, smart projects with its innovative business models. Zorlu Holding continues to transform its businesses to create shared value for society and shape the world of the future.



Zorlu Holding manages its portfolio, which includes consumer electronics, white goods, mobility, energy, textiles, mining-metallurgy and real estate areas, with an approach focused on increasing its global footprint based on exports.

Growth Strategies of Group Companies

Consumer Electronics, White Goods and Mobility

- Export-oriented growth, especially in non-European markets, thus increasing geographical diversity in international sales,
- Focusing on areas with high growth potential by investing in future technologies, especially electric vehicles and the energy transformation value chain,
- Growing with the Vestel brand by using it effectively not only at home but also abroad,
- Increasing sales and profitability in the ODM segment by focusing on profitable customers and growing business volume,
- Increasing projects from A brand customers,
- Achieving a higher market share especially in white goods sector, by strengthening brand image, distribution and sales network and after sales service quality in the country,
- Continuing to work for the green transformation of Vestel's existing operations and taking the targets one step further while investing in business areas that focus on sustainability.

Energy

- Further expanding domestic and foreign renewables portfolio with a particular focus on geothermal, solar and wind energy,
- Evaluating existing geothermal licenses and permits,
- Maintaining its position as the market leader in Türkiye with the ZES brand in the field of electric vehicle charging stations, while continuing to grow and expand its current operations in Europe under the electrip brand,
- 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,
- Realizing projects that will set an example for the sector on a global scale with its R&D investments.

Textiles

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

Mining - Metallurgy

- In an environment where the appetite for nickel and cobalt products has raised with the increase in the market share of the battery industry, increasing production capacity to be competitive with sustainable production models, and reducing production costs with the establishment of a sulfuric acid production plant,
- Expanding its portfolio by exporting also to nickel consumers in other countries, especially in Europe and America, other than the Far East,
- Increasing brand awareness and being at the forefront as a business that gives confidence to customers,
- Diversifying the demand for nickel and cobalt products by producing them in different forms and increasing their added value,
- Recovering other metals and rare earth elements (REE) in the ore in a manufacturable form.

Real Estate

- Presenting the best examples not only in Türkiye 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 next generation living spaces, harmonizing the living spaces it offers with the transformations and trends in the world through 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.

# From the Management

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## Message from the Chair of the Board

# We enjoyed another successful year in 2023 and continued to be a pioneer of change in Türkiye and the world.

Esteemed Stakeholders,

In 2023 both our country and our organization celebrated milestones. While commemorating the 100<sup>th</sup> anniversary of our Republic and the 70<sup>th</sup> anniversary of Zorlu Group, we created value for our country, moving towards a brighter tomorrow through innovative work and socially beneficial projects carried out with science-led investments and activities.

Despite challenges such as ongoing geopolitical risks, volatility in international trade conditions, and economic policies aimed at preventing inflation, in 2023, we experienced a period in which -despite a loss of momentum compared to the previous year- the global economy maintained its resilience and growth was sustained.

In fact, in 2023, the world economy grew by 3.2% even as regional economic activity fluctuated, export difficulties were experienced, and risks arose periodically in the supply chain due to geopolitical issues. Developing countries grew by 4.3%, although developed countries grew by 1.6%. The European region, Türkiye's largest export destination, lost significant momentum compared to the previous year, growing by only 0.4%, whereas China, one of the most important actors in global trade, and India, attracting more attention each year, were standouts among developing economies with growth rates of 5.2% and 7.8%, respectively. China's entry into global markets, offering low prices that are difficult to compete with, was noted as a crucial development challenging many industries in 2023.

For Türkiye, 2023 was a tough year in social, humanitarian and economic terms. The earthquake on February 6, 2023, which impacted 11 provinces, profoundly affected the entire country. On this occasion, we once again wish mercy to our citizens who lost their lives in the disaster, and we extend our sincerest condolences to their families and relatives.

Dear Stakeholders,

In a year when every institution in Türkiye mobilized to help our country and society regain its footing after the earthquake, the Turkish economy's 4.5% growth was a promising development for the future. With this growth rate, Türkiye ranked second among OECD member countries and third among G20 countries. That one-third of the growth came from machinery and equipment investments was notable and heralded positive developments in

**“Through our responsible investment holding approach, undertaken in line with our Smart Life 2030 strategy, we continued to improve life for people, society and the environment, carrying out activities based on advanced technology and innovation and including all our stakeholders in these processes.”**

**3.2%**  
Growth rate of  
global economy

Türkiye's production capacity. Despite unfavorable conditions in export markets, Türkiye's exports increased by 0.6% year-on-year to USD 255.8 billion in 2023. The current account deficit fell by 8% year-on-year to USD 45.2 billion as a result of the new economic policies that began to take effect in the second half of the year.

There are a number of questions pertaining to the global economy in 2024, including when central banks will loosen their tight monetary policies; how geopolitical developments in different parts of the world will evolve; whether the trade war against China will again accelerate as we head towards the US elections; and how actions to be taken within the scope of the EU Green Deal and the Inflation Reduction Act (IRA), described as the largest climate package in US history, will affect the new competition conditions focused on green transformation. In 2024, in the Turkish economy, actions taken to combat inflation for financial stability and to ensure sustainable growth, despite high interest rates and tight monetary policies, will be decisive, as will practices and policies implemented to increase value-added exports and reduce the current account deficit, and steps taken for green transformation, the new name of global competition.

### We improve life with advanced technology and innovation

The world is counting the days until it enters a new era with green transformation and digitalization led by artificial intelligence. As Zorlu Group, we have consistently pioneered this change in Türkiye and the world. As we did the years before, our organization had a successful year in 2023, taking actions in accordance with science-based forecasts established on the axis of these two fundamental dynamics. By means of our responsible investment holding approach, undertaken in line with our Smart Life 2030 strategy, we continued to improve life for people, society and the environment, carrying out activities based on advanced technology and innovation and including all our stakeholders in these processes.

With our companies in five main sectors that translate globally developing trends into innovative products, services and solutions, we have realized works that will create long-term value. We expanded our sphere of influence, reaching more than 160 countries around the world with the outstanding performance of about 32,000 Zorlu Group employees. By focusing on regenerative business models and people-oriented ecosystems,

we undertook inclusive projects that will create social, economic and environmental benefits together — and also spark change. As the world moves towards a next-generation economy through the green transformation, we further strengthened our corporate robustness by sustaining our growth with a value-oriented strategy.

### Our sectors add value to life with smart products and solutions

Our Group companies created added value in 2023 by means of sustainability-oriented smart products and solutions delivered within the framework of our Smart Life 2030 targets, and by reinforcing the synergy they create among themselves.

As Türkiye's export champion in its sector for the last 25 years and the country's pride in value-added production and exports, Vestel offers an inspiring example with its products and solutions developed for electric vehicles, following its white goods and electronic products. While expanding its global operations in exports by way of its geographic expansion strategy, the Company also achieved success in the domestic market. With its products and solutions for the white goods, electronics and electric vehicle ecosystem, Vestel continued to stand out as one of the world's leading manufacturers in a new global economy shaped by green transformation. While realizing the Industry 4.0 transformation by bringing today's technologies to its production facilities through Vestel City, Vestel also carried out pioneering work in areas such as artificial intelligence (AI), the Internet of Things (IoT) and autonomous systems. With its flexible and agile structure, digital transformation and technology-oriented business model, the Company achieved a significant success by ranking among the top three in the “Türkiye's Most Valuable Brands” survey in 2023. In addition, Zorlu Group continued to fortify its pioneering position by contributing to the transformation of the electric vehicle ecosystem in Türkiye through Togg, Türkiye's smart device of which we are one of the founding partners. Togg has started to be delivered as of May 2023.

In 2023, Zorlu Enerji worked towards a carbon-free life, conducting a wide range of activities related to geothermal, solar and wind energies, as well as electric vehicle charging stations. Zorlu Enerji increased its electrification-oriented investments, extending its network of electric charging stations in Türkiye with ZES; after Türkiye, the Company began expanding its sphere of influence in the electric vehicle ecosystem, starting in our nearby geography with the electrip brand. Focusing entirely on renewable energy, Zorlu Enerji undertook new steps in the fields of hybrid power plants and energy storage — steps that will provide significant contributions to the zero-carbon target. In the field of solar energy, Zorlu Enerji added solar panel manufacturing to its focus area, which already included solar panels sales and rooftop installation. Additionally, the Company raised its sustainability performance by breaking new ground in the sector and maintained its efforts to reduce its carbon footprint, as demonstrated by its accreditations and certifications.





## Message from the Chair of the Board

Zorlu Textile Group realized pioneering works in 2023 with smart, sustainable textile products and solutions that highlighted textile innovations in Türkiye and the world. With investments based on advanced technology, including artificial intelligence and a circular production approach, Zorlu Textile Group became an inspirational manufacturer of sustainable living — not just in Türkiye but around the world — by introducing distinctive products in the sustainability category that consume less energy and water and emit less carbon. Further boosting the added value it creates, the Company continuously expands textiles' sphere of influence by offering solutions to different sectors via an innovative approach to technical textiles.

Zorlu Gayrimenkul responded to the yearning for community-oriented good living and innovative experience spaces with Zorlu Center and Levent 199. Celebrating its tenth anniversary in 2023, Zorlu Center is an exemplar — Türkiye's sustainable living center, featuring smart energy and water management systems, zero-waste focused waste management, and projects and events that enhance the sustainability experience. As one of the most important arts and culture stages in Türkiye, Zorlu PSM offers its guests distinctive experiences and access to the world's leading productions while contributing to our country's artistic and cultural development through its local productions and social responsibility projects.

Meta Nikel Kobalt, the pioneer of the next-generation mining approach in terms of technology, R&D and innovation in the sector, exported all its nickel and cobalt intermediate products to Asian countries, especially China, in 2023 as well. Our Meta Nikel Kobalt company is preparing to develop innovative products for the next-generation economy emerging through green transformation, particularly battery technologies for electric vehicles. The Company has realized works that will set an enduring example in Türkiye for the development of sustainable mining.

### We focus on creating more impact for our stakeholders

In 2023, as Zorlu Holding, we continued to focus on creating more benefit and impact for all our stakeholders, namely our employees, suppliers, dealers and business partners, by means of our responsible investor approach, also adopted in line with our Smart Life 2030 strategy. We conducted all our activities by prioritizing environmental, social and governance areas, and managed our financial and non-financial risks with this focus. With regenerative business models, we developed business models that are environmentally friendly and aim to improve the lives of all living things. With our people-oriented ecosystems approach, we focus on generating stakeholder-based value, raising the satisfaction of all our stakeholders, especially employees, and building solid foundations for the future of our business — improving the ecosystem by creating an inclusive value chain, and mobilizing change and transformation through social investments.

**“Celebrating its 10<sup>th</sup> anniversary, Zorlu Center is Türkiye’s exemplary sustainable living center, featuring smart energy and water management systems, zero-waste focused waste management, and projects and events that enhance the sustainability experience.”**

**“Meta Nikel Kobalt, our pioneering mining company, exported all its nickel and cobalt intermediate products to Asian countries, especially China, in 2023 as well.”**

In 2023, as Zorlu Holding, we further strengthened our inclusive business environment, which creates space for diversity, innovation and entrepreneurship, to support the development of our human resources, our most valuable asset. While reinforcing our innovation culture, we embraced a participatory and inclusive corporate culture that will build an equal life across the entire impact area of our ecosystem. We expanded social investments directed towards gender equality, quality education and social innovation. While preparing young people for the 21<sup>st</sup> century by means of the Mehmet Zorlu Foundation (Mehmet Zorlu Vakfı - MZV) , we supported the creation of solutions to important issues in Türkiye via social innovation with imece, of which we are a founding partner. In 2023, when we celebrated the 100<sup>th</sup> anniversary of our Republic and the 70<sup>th</sup> anniversary of Zorlu Group, we realized the musical production 1923, a proud and enduring work that illuminates the values of our Republic and passes them on to next generations, with the contributions of Zorlu Holding and our Group companies, and under the co-production of Zorlu PSM.

### We will work for a better future and a sustainable life in 2024 as well

We anticipate that 2024 will be a year in which the search for a new balance in the global economy continues. Additionally, changes that contribute to sustainable growth in the long term, along with the associated different risks, should be closely monitored. In particular, the green transformation in the world, and digitalization, which has acquired a new dimension with artificial intelligence, will open a new window of opportunity for building a better future.

As an innovative organization that always faces the future, we have and will continue to respond to these processes, along with their threats and opportunities, in a forward-acting and farsighted manner. Possessing more than seven decades of deep-rooted corporate culture and a management approach that has gained strength with corporate governance, we, together with our experienced senior management and our competent human resources, will create long-term, enduring value by working for a better future and a sustainable life.

As Zorlu Group, we would like to extend our gratitude to all our stakeholders. You walk with us on the path to making our dream of a better life a reality. I wish you health and happiness in 2024, and look forward to engaging in value-creating, innovative activities together.

Yours sincerely,

**Ahmet Nazif Zorlu**  
**Chair of the Board**





## Board of Directors



**Zeki Zorlu**  
Honorary Chair

Zeki Zorlu began his career in the family-owned textile company in Babadağ, Denizli. Opening the first textile store in Trabzon, Zeki Zorlu laid the foundations of Korteks in Bursa in 1976. Founding Zorlu Holding together with his brother Ahmet Nazif Zorlu and incorporating Vestel into the Holding in 1994, Zeki Zorlu played a key role in the establishment and acquisition of numerous companies in the fields of energy, tourism and real estate. In addition to serving as Chair of the Board of Zorlu Enerji, Zeki Zorlu also served as Vice Chair of the Board of Zorlu Holding and Chair of the Board of Zorlu Group companies operating in the textile and real estate sectors. Actively engaged in the work of non-governmental organizations, Zorlu is the Vice Chair of the TOBB Textile Industry Assembly. Zeki Zorlu served as a Board Member of BUSIAD for two years and is a member of the International Patent Cooperation Union, Bursa Disaster Association (BUFAD), Uludağ University Foundation for Empowerment, Turkish Society for Quality (KALDER), Association of Artificial Synthetic Fiber Manufacturers (SUSEB), Bursa Research Foundation, and Association for International Competition and Technology. Zeki Zorlu, who made great contributions to the development of Zorlu Group, has been the Honorary Chair of Zorlu Holding since 2022.



**Ahmet N. Zorlu**  
Chair of the Board

Ahmet Nazif Zorlu began his career in the textile business at a young age, following in 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 the Company's headquarters to Istanbul in 1970, laying the foundations of Zorlu Holding. Ahmet Zorlu founded his first production company, Korteks, in 1976 and united all the companies under the roof of Zorlu Holding in 1990. Ahmet Zorlu acquired Vestel in 1994, 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 white goods, electronics, real estate, energy, metallurgy, defense and mobility. In addition to his duty as the Chair of Zorlu Holding, Ahmet Zorlu serves as the Chair of the Board in several Zorlu Group companies operating in different industries. With a keen interest in nongovernmental organizations, Ahmet Zorlu holds memberships in the Board of Directors of Foreign Economic Relations Board (DEİK), Turkish Industry and Business Association (TUSIAD), Education and Culture Foundation of the Society of Denizli (DENBİR), Babadağ Industry and Business Association (BASIAD), and Turkish Home Textile Association (TETSIAD).



**Olgun Zorlu**  
Vice Chair of the Board

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 as of 1988 and led their foreign market research and business development operations. Having begun to serve as a Member of the Board of Directors of Zorlu Holding in 1998, Olgun Zorlu is currently a Board Member and Vice Chair of various Zorlu Holding companies such as Vestel Elektronik, Vestel Beyaz Eşya, Zorlu Textile Group and Meta Nikel. Olgun Zorlu has assumed the position of Vice Chair of the Board of Zorlu Holding as of 2022. Zorlu is a Member of the Turkish Industry and Business Association (TUSIAD) and the Turkish Home Textile Association (TETSIAD).



**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 started her professional career at DenizBank in 1998 and joined the Management Trainee (MT) Program in 1999. After working in a number of positions at the DenizBank Head Office, Selen Zorlu Melik attended the Marketing Certificate Program at the University of California, Berkeley in 2001. Having started working at Korteks Yarn Factory in 2002, she continues to serve as a Board Member at Zorlu Holding and Zorlu Enerji. Zorlu Melik is a Member of the Advisory Board of Yeniden Biz Association.



**Şule Zorlu**  
Board Member

After graduating from Feyziye Mektepleri Foundation Işık High School, Şule Zorlu went to the USA for her university education. Having completed 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 Türkiye in 1999 to join the Management Trainee (MT) program at DenizBank. For two years, she worked in corporate loans and risk management departments of the bank's branch and headquarters structures. 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 2004 and 2007, Şule Zorlu served as the General Manager of Linens Marketing at Zorlu Textile 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 Türkiye and introduced the Eataly kitchen and retail experience to Istanbul customers for the first time. Between 2012-2019, she also served as the Chair of Board of Directors of the Z Gurme Restoran Gıda San. ve Tic. AŞ. Şule Zorlu served as a Board Member at Vestel Beyaz Eşya Sanayi ve Vestel Ticaret AŞ between 2003-2006 and 2012-2023 and has become a Board Member at Zorlu Holding as of 2022.

## Board of Directors



**Ömer Yüngül**  
Board Member and CEO\*

Born in Izmir in 1955, Ömer Yüngül obtained his bachelor's degree in mechanical engineering at Boğaziçi University in 1978. Yüngül started his career at Tekfen İnşaat and went on to hold various managerial positions at Metaş, Faz Elektrik, and Merloni Elettrodomestici. Having joined Zorlu Holding as the General Manager of Vestel Beyaz Eşya in 1997, Yüngül became Chair of the Vestel Executive Board in 2000. Following a successful 15 years in Vestel management, Yüngül became the first CEO of Zorlu Holding in 2013.



**Cem Köksal**  
Board Member and Financial Affairs Group President\*\*

Cem Köksal graduated from the Mechanical Engineering Department of Boğaziçi University in 1988 and obtained a master's degree at Bilkent University in 1990. Köksal worked in the banking sector between 1990 and 2002. After working at various levels at Interbank between 1990 and 1997, Köksal started working as Deputy General Manager at DenizBank in 1997 and joined Vestel in 2002 as the Chief Financial Officer.

Köksal, who served as the Financial Affairs Group President at Zorlu Holding since 2012, was appointed as Zorlu Holding CEO in June 2024. Köksal who serves as Board Member at many Group companies including publicly listed companies such as Zorlu Enerji, Vestel Elektronik and Vestel Beyaz Eşya, is also a Member of the Board of Directors of Togg.



**Ahmet Cemal Dördüncü**  
Board Member

Ahmet Cemal Dördüncü graduated from Çukurova University, Department of Business Administration, and then pursued his postgraduate studies at Mannheim and Hannover Universities. Dördüncü began his professional career at Claas OHG in Germany, and after returning to Türkiye, he continued his career at Mercedes Benz between 1984 and 1987. Ahmet Dördüncü joined Sabancı Group in 1987 and assumed several positions at Kordsa until 1998. In 1998, Dördüncü joined the Group company DUSA to serve as General Manager/President at DUSA South America, and later at DUSA North America. After working as Group President of Strategic Planning and Business Development at Sabancı Holding in 2004, he assumed the position of Chair of the Executive Board of Sabancı Holding from 2005 to 2010. In addition to being a Board Member of Akkök Holding, he served as the Chair of the Executive Board of Akkök Holding between 2013 and 2022. He is currently a Board Member of various Akkök Holding companies. Ahmet Dördüncü is the Chair of the Board of United Nations Global Compact Türkiye and also serves as a Board Member at International Paper Co. Ahmet Dördüncü started to serve as a Board Member of Zorlu Holding in 2023.



**Ege Karapınar**  
Board Member

Ege Karapınar is a graduate of İzmir American Collegiate Institute 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. She worked as HR Director at Fritolay Türkiye in 1999, and as Field Sales Manager for one year. Afterwards, she served as Vice President of HR and Sales Competency Development at PepsiCo and assumed different roles within PepsiCo's global organization since 2006. 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 she 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 has been serving as a Board Member at Zorlu Holding since 2022.



**Tayfun Bayazıt**  
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 Chair 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 Chair of various institutions and associations. Tayfun Bayazıt became a Board Member of Zorlu Holding in 2022.

\* Ömer Yüngül handed over his position as CEO of Zorlu Holding to Deputy CEO Cem Köksal as of June 21, 2024.

\*\* Cem Köksal took over as CEO of Zorlu Holding as of June 21, 2024.



## CEO's Assessment

## We achieved a stakeholder-based and value-oriented growth model by creating people-oriented ecosystems.

Esteemed Stakeholders,

In 2023, as we celebrated the 100<sup>th</sup> anniversary of our Republic and the 70<sup>th</sup> anniversary of our Group, we continued creating added value for our country by consistently focusing on achieving the best, the newest and the most innovative with our Group companies.

In 2023, we experienced the ongoing global impact of social and economic uncertainties caused by regional conflicts and saw opportunities for the future emerging alongside challenges. We left behind a period in which the effects of tight global monetary policies were felt in every economy to some extent, but smooth transition scenarios -rather than global recession concerns- were in the forefront.

In addition to worldwide developments, as a country, we endured a catastrophic earthquake and worked harder than ever to heal our wounds and recover as a community and an economy. Yet, once again we demonstrated our capacity to maintain our resilience in unity and solidarity during times of trouble and, despite these difficult conditions, the Turkish economy continued to grow in 2023, emphasizing its potential.

Despite the global uncertainties of the past year, and the earthquake in our country, as Zorlu Group, we strengthened our resilience by focusing on activities that add value to society. Acting with a flexible and agile management approach, we successfully carried out process management, acting proactively in accordance with volatile conditions while adhering to our main strategy. In a year when risk definitions evolved around the world and change and transformation were shaped by sustainability and digitalization, we continued to work to ensure sustainable long-term growth by way of our responsible investments and innovative businesses.

Together with our Group companies, we took actions to achieve the goals defined in our Smart Life 2030 sustainability vision. By developing innovative business models, we realized examples that inspire our stakeholders on the path to sustainable development. We managed a stakeholder-based and value-oriented growth model by creating people-oriented ecosystems. We managed our financial and non-financial assets in alignment with corporate governance principles and in a manner that will benefit and create value for all Zorlu Group stakeholders in the long term.

“Together with our Group companies, we took actions to achieve the goals set in line with our Smart Life 2030 sustainability vision.”

**163.5**  
**TRY billion**  
Turnover

Despite volatile conditions in the world and Türkiye, as Zorlu Holding, we managed our portfolio effectively and had a successful operating year in 2023. Our 2023 inflation-adjusted turnover reached TRY 163.5 billion. Our international sales revenues, accounting for 52.4% of our sales, amounted to USD 2.9 billion. Consolidated EBITDA amounted to TRY 27.1 billion, with an EBITDA margin of 16.6%.

### Our Group companies created added value with innovative businesses

In 2023, our Group companies created value for Zorlu Holding in five main sectors through their performances and the substantial synergy among them. These companies achieved solid and steady growth by launching innovative products, services and solutions with sustainability-oriented business practices in line with our Smart Life 2030 strategy. They set an example in Türkiye and across the world with sustainable and smart textiles, innovative white goods and electronic products and solutions, innovative investments in electric vehicles and the battery value chain, a real estate approach that offers experience and sustainability-oriented living spaces, and pioneering mining practices based on innovation and R&D.

Despite the fluctuations in the global export climate, the Vestel Group of Companies continued to grow throughout 2023 with value-added exports and became the export champion in its sector for the 25<sup>th</sup> time. Exporting to more than 160 countries, Vestel made 50% of its sales to European countries, 37% to domestic markets, and 13% to other countries. Vestel, accounting for 90% of the country's TV exports and approximately 40% of the country's white goods exports, continues to expand its export geography while prioritizing the goal of increasing the share of its own brands in exports by 50%. Vestel continues to raise its growth targets in the mobility sector, where it made its first investment a decade ago. Expanding globally after Türkiye, Vestel has taken its place among the world's leading companies by means of its smart chargers for electric vehicles. To date, Vestel has installed more than 180,000 charging sockets in nearly 30 countries in Türkiye and Europe. As an important supplier in the Togg project, in which it is a shareholder, in 2023, Vestel commenced the delivery of Togg vehicles' displays using mini-LED technology -which is not available in many electric vehicles- and of the units that control these displays. Having identified automotive technologies as its main focus area, Vestel continued to work on image processing, driving support, autonomous driving systems, connectivity, automotive cloud



services, interface designs and mobile platform projects under its own roof throughout the year. In addition, Vestel intensified its work on energy storage systems and started mass production of a battery solution designed specifically for the sector, to be utilized as a backup energy storage in base stations in the telecom sector. Furthermore, as a good example of our strategy to deepen the synergy between our companies, Vestel started to carry out joint activities with Zorlu Enerji in areas such as energy storage systems, solar panels and energy-oriented international projects. In line with its strategy to grow through innovation, Vestel worked on innovative products and solutions during 2023 with more than 1,800 R&D teams. While pioneering in artificial intelligence (AI), the Internet of Things (IoT) and autonomous systems, the Company improved product development and production processes with technologies such as AI-supported image processing, 3D printers, virtual reality and augmented reality within the scope of Industry 4.0. Along with these activities and in line with the net zero emission target, Vestel applied for the Science Based Targets Initiative (SBTi), which aims to base companies' carbon emission reduction targets on scientific grounds and also updated its TCFD (Task Force on Climate-related Financial Disclosures) declaration in 2023. According to the Refinitiv 2023 assessment, which evaluates companies' sustainability efforts, Vestel Elektronik scored 78 points and ranked among the top 10 companies worldwide in its sector. In the same assessment, Vestel Beyaz Eşya was ranked as the fourth best company in its sector with 82 points. Additionally, Vestel Elektronik and Vestel Beyaz Eşya were ranked in the 2023 lists of the S&P Global Corporate Sustainability Assessment with 65 points each. Vestel was the second-highest rated company in the household appliances sector and ranked third in the Electronics sector.

In line with its vision of becoming the energy company of the future, our Zorlu Energy Group worked for a carbon-free life through a wide range of activities extending from geothermal to solar, and from wind to electric vehicle charging stations. Focusing on the technologies of the future, Zorlu Enerji offered 360-degree solutions in both energy generation and energy consumption via its investments in smart systems and electric vehicle charging stations and its activities in electricity distribution. While continuing to expand on its success in the installation of electric vehicle charging stations with ZES in Türkiye, Zorlu Enerji maintained its breakthroughs under the electrip brand to achieve a similar success with its investments in Southern and Eastern Europe. With investments ongoing in renewable and clean energy sources, Zorlu Enerji started producing high-end solar panels for the first time under the ZES brand, while strengthening its collaborations with globally recognized leading companies such as Huawei, Enphase and Solis for solar energy systems. Zorlu Enerji, which alone accounts for nearly 20% of Türkiye's installed capacity in geothermal, a field which requires high technology, knowledge and experience, started to diversify its investments in this field with hybrid power plants. Zorlu Enerji broke new ground in Türkiye by combining its Alaşehir Geothermal Pow-



## CEO's Assessment

er Plant with solar energy capacities and started working to convert the Kızıldere 2 and 3 GPPs into hybrid power plants. Zorlu Enerji also accelerated efforts in energy storage, the most critical issue of the future, working to add electricity generation facilities with storage to its portfolio for the first time by means of the Hamitabat WPP in the Kırklareli and Yeniçiftlik WPP projects in Tekirdağ. With the preliminary licenses approved by EMRA, Zorlu Enerji will have a total of 375 MWe of wind power with storage in the coming period. In addition, Zorlu Enerji was the first energy company to sign the Science Based Targets Initiative (SBTi), which aims to base companies' carbon emission reduction targets on scientific grounds; the Company applied for SBTi in 2023 by aligning its current targets with the Science Based Targets Initiative. Also in 2023, Zorlu Enerji broke new ground in the sector by publishing CDP Deforestation and TCFD reports. In the assessment conducted by Refinitiv, Zorlu Enerji raised its score to 77, thus ranking among the B+ companies.

In 2023, our Textile Group, including Zorluteks, Europe's leading manufacturer of home textiles, and Korteks, one of Europe's largest integrated polyester yarn manufacturers, emerged as one of Türkiye's leading textile groups. With its sustainable, technical and smart textile products, and a flexible, agile production structure, it continued to grow as one of the world's most preferred and innovative business partners in textiles by meeting the demands of customers in Türkiye and around the world. In home textiles, it added quality, pleasure and convenience to the lives of millions of people, not only in Türkiye but worldwide. While initiating a movement of change and transformation in merchandising, it took steps to reinforce its efforts especially for the end consumer, reaching different customer groups with different license agreements. It developed a value-creating business model via technical textile products that go beyond traditional textile fields, such as functional work clothes with flame retardant and anti-static features, light panel coated fabrics for the advertising industry, and tents, awnings, sleeping bags and filter fabrics for the white goods industry, as well as reinforced fabrics for companies producing conveyor systems. At Korteks, where large-scale investments were completed, it further increased its added value with technical textiles and circular production.

With the Taç Reborn and Taç Bioloop biodegradable yarns, produced by recycling PET bottles and polyester yarns, it became one of the leading and exemplary companies worldwide as well as in Türkiye. Korteks grew by focusing on sustainability and technical textiles such as specially designed engineering products, wearable technical textile products, along with biodegradable products and recycled yarns. In 2023, the Zorlu Textile Group further strengthened its identity as a green textile manufacturer by developing sustainability-orient-

**“Despite global uncertainties and the earthquake that took place in our country last year, as Zorlu Group, we strengthened our resilience by focusing on activities that add value to society.”**

**27.1**  
**TRY billion**  
**Consolidated EBITDA**

ed products that reduce the carbon footprint and obtaining documents and certifications in different categories -in particular, environmental product declaration, order-taking mechanism and social performance- which will be key to entering the European Union with the EU Green Deal.

At our Meta Nickel Cobalt facility in Gördes, Manisa, in 2023, our Mining Group continued to set an example for the entire world in the field of next-generation mining through R&D, innovation, advanced technology and material science. While developing value-added forms of nickel and cobalt, the Company continued feasibility studies for different rare earth elements, especially scandium. In parallel with developments in the ever-growing electric vehicle ecosystem, it maintained works on different value-added forms, especially the production of sulfate alloyed nickel and cobalt, which are also used in lithium batteries, in 2023 as well. In addition, in line with our Smart Life 2030 targets, Meta Nikel Kobalt made significant progress in its efforts to use less energy and water and pioneered the export of value-added and sustainable mining products in Türkiye.

In the past year, our Real Estate Group increased its impact through projects focused on smart and sustainable living spaces with Zorlu Center and Levent 199, contributing to the goals set within the scope of Smart Life 2030 with an innovative approach and sustainable solutions. Zorlu Center, which has welcomed than 140 million guests to date, presents one of the best examples of sustainable living spaces, not only in Türkiye but also worldwide, with a holistic business strategy ranging from smart systems that offer efficient energy and water use to 100% renewable energy use, and from waste management with the goal of zero waste to nature and environmentally friendly events. In 2023, it organized the third Eco Love Fest, one of the most important projects to spread the mission undertaken by our Group within Smart Life 2030 to a wider audience and to raise awareness on this issue. In 2023, as it has since its opening day, Zorlu PSM, the meeting point of culture and art, succeeded in acting as the pioneer of its sector, hosting various events featuring world-class musicians and actors and the participation of hundreds of thousands of art lovers. It has further strengthened the mission undertaken during its foundation phase by staging PSM-produced theater plays in addition to world-class productions. The PSM Workshop, launched to ensure the sustainability of theater, supported theatrical development in Türkiye by producing new graduates. The 1923 Musical, started to be staged at Zorlu PSM in 2023. Prepared with the contributions of Zorlu Holding and Group companies, the production conveys the story of the founding of the Republic to future generations. Produced by a team of 200 people on and behind the stage, the 1923 Musical received acclaim and awards in its first year on stage.

### We focus on raising our social impact

As Zorlu Holding, we consider the priorities of stakeholders throughout our value chain with a people-oriented ecosystems approach. Within this framework, we strive to create shared value in the areas of employee satisfaction, the future of business, the inclusive value chain and social investment. In 2023, we exceeded our annual target of allocating 1% of our EBITDA to the United Nations Sustainable Development Goals, further expanding our social contribution and impact.

We evaluate all our business processes and social investment activities through the lens of gender equality, and we realize our activities based on an approach we call “An Equal Life.” In 2023, we made our basic gender equality training, prepared in 2022 to contribute to the knowledge and awareness of our colleagues, accessible to all our stakeholders, especially our suppliers, dealers and service networks. As we continue to ensure that human resources are the architect of all processes at Zorlu Group, 1,200 Zorlu Group employees to date have benefited from the Smart Life Academy trainings designed in cooperation with BÜYEM; these trainings enable our colleagues to be involved in sustainability actions and to improve themselves in this field. Through our corporate volunteering program, the Sparks (Kıvılcıklar) Movement, now in its fifth year, we exceeded 16,200 volunteering hours with more than 3,100 volunteers and over 100 projects with a focus on the environment and reducing inequalities. We also continued our cooperation and support for quality education under the Mehmet Zorlu Foundation, providing scholarships to thousands of students every year. Since 2015, we have reached nearly 11,000 students through the MZV-MEF YetGen 21<sup>st</sup> Century Competencies Training Program, of which we are a stakeholder. The program is designed to provide young people with the skills and competencies required by the twenty-first century; in 2022, we supported the Zorlu-MEF YetGen Teacher Training Program, which aimed to help teachers better lead and guide their students - more than 1,500 teachers participated in the program. In order to rapidly achieve our sustainability-oriented goals, we believe that it is crucial to establish radical collaborations and respond to complex and multi-layered global problems with multi-stakeholder structures, and we continue to take action in this direction. Since 2016, imece, of which we are a founding partner, has aimed to contribute to the development of social entrepreneurs, young

change-makers and the impact ecosystem, while creating sustainable and innovative solutions to social, environmental and cultural issues. imece, which contributes to systemic transformation by means of the programs it conducts across different foci of the Sustainable Development Goals, the communities it creates, and the content it produces, implemented impact-oriented studies in these areas in 2023 as well.

The most shocking event for our country in 2023 was undoubtedly the earthquake, which occurred at the beginning of the year, on February 6. Immediately following the disaster, which affected 11 provinces, we mobilized as Zorlu Group to support the people of the region in coordination with public institutions and organizations. Deploying a holistic approach through Zorlu Holding, our Group companies and the Mehmet Zorlu Foundation (MZV), we contributed to healing the wounds and repairing the damage caused by the earthquake, and to improving living conditions in the region. In coordination with AFAD teams, our expert colleagues trained in search and rescue took an active role in rescue efforts across the impacted provinces. In addition to emergency assistance, we installed containers via AFAD in villages in the Hatay, Adıyaman, Kahramanmaraş, Malatya, Osmaniye and Gaziantep provinces, and we continued our social support to the earthquake-affected region throughout the year. We once again wish mercy to all our citizens who lost their lives in the earthquake, and we extend our condolences and patience to their families and relatives.

### We will work for a better life together with our stakeholders in 2024

Although the global capacity to predict 2024 is limited, we anticipate that we will undergo a process that will reshape the balance in the world, especially towards the last quarter of the year. Geopolitical risks and the USA presidential election are among the key factors affecting the coming year, as are policy changes by central banks that drive global money flows, especially by the Fed, the central bank of the United States. Other factors include the EU Green Deal and Carbon Border Adjustment Mechanism compliance efforts in Türkiye, along with the course of inflation and interest rates. Anticipating a relatively high scale of uncertainty in 2024, as it has been for the last few years, we expect that companies and institutions will undertake rigorous risk management activities. However, while the green transformation — which we can call the new normal — and the ever-accelerating artificial intelligence applications will impact our lives significantly in 2024 and beyond, this situation delivers notable opportunities as well as potential threats.

As Zorlu Holding, in 2024, we will continue to create value for all stakeholders in our sphere of influence in line with our Smart Life 2030 strategy. We will generate added value for the Turkish economy via a growth model shaped by responsible investments that support sustainable development while doing what is best for the environment, society and the planet. We will continue to inspire the institutions and people around us for a better future, consistently offering the best examples of the next-generation economy in alignment with an approach that sparks change and transformation in society and opens space for disruptive innovation.

The year 2024 will also be a year of changes in Zorlu Holding's management. After 27 years of service at Zorlu Group, a decade of which have been as CEO of Zorlu Holding, I will hand over my position as CEO to Mr. Bekir Cem Köksal on June 21, 2024. I have worked closely with Mr. Bekir Cem Köksal, who has served as Zorlu Holding CFO since 2002, and as a Board Member for Zorlu Holding and various Group companies, and I am confident that he will carry the Zorlu Group even further.

I would like to thank all our stakeholders, especially our dedicated colleagues, who constantly strive to build a sustainable future, for the social benefit they have created and the value they have brought to Zorlu Group. I hope that all our stakeholders will come together around the same common values in 2024 as well, and that we will move forward together to new achievements for a better life. I wish everyone health, peace and happiness.

Yours sincerely,

**Ömer Yüngül**  
**CEO**



## Senior Management



**Ömer Yüngül**  
Board Member and CEO\*

Born in Izmir in 1955, Ömer Yüngül obtained his Bachelor's Degree in mechanical engineering at Boğaziçi University in 1978. Yüngül started his career at Tekfen İnşaat and went on to hold various managerial positions at Metaş, Faz Elektrik, and Merloni Elettrodomestici. Having joined Zorlu Holding as the General Manager of Vestel Beyaz Eşya in 1997, Yüngül became Chair of the Vestel Executive Board in 2000. Following a successful 15 years in Vestel management, Yüngül became the first CEO of Zorlu Holding in 2013.



**Cem Köksal**  
Board Member and Financial Affairs Group President\*\*

Cem Köksal graduated from the Mechanical Engineering Department of Boğaziçi University in 1988 and obtained a master's degree at Bilkent University in 1990. Köksal worked in the banking sector between 1990 and 2002. After working at various levels at Interbank between 1990 and 1997, Köksal started working as Deputy General Manager at DenizBank in 1997 and joined Vestel in 2002 as the Chief Financial Officer.

Köksal, who served as the Financial Affairs Group President at Zorlu Holding since 2012, was appointed as Zorlu Holding CEO in June 2024. Köksal who serves as Board Member at many Group companies including publicly listed companies such as Zorlu Enerji, Vestel Elektronik and Vestel Beyaz Eşya, is also a Member of the Board of Directors of Togg.



**Ergün Güler**  
CEO, Vestel Group

Ergün Güler, who holds a bachelor's degree in business administration from Dokuz Eylül University and an MBA from Bilkent University, started his career at Vestel in 1999 as a Finance Specialist and served as Deputy General Manager in charge of Financial Affairs and Treasury at Vestel Group of Companies between 2006 and 2012. Güler was appointed as Corporate Risk and Treasury Coordinator at Zorlu Holding in May 2012 and served as General Manager in charge of Domestic Sales and Marketing at Vestel Ticaret AŞ between October 2012 and September 2023. Ergün Güler, who was appointed as the CEO of Vestel Group in September 2023, attended Stanford University's Stanford Lead program.



**İ. Sinan Ak**  
CEO, Zorlu Energy Group

İ. 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. Ak worked as Finance Chief at Vestel Komünikasyon between 2000 and 2002, and as Finance Manager at Vestel Beyaz Eşya between 2002 and 2006. 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 Sector President of Zorlu Energy Group encompassing Zorlu Enerji Elektrik Üretim AŞ since December 1, 2016. Ak is also the CEO of electrip Global Limited, a joint venture between Zorlu Enerji and Wren House Infrastructure LP (WH), which provides electric vehicle charging operator services. İ. Sinan Ak is a Member of the Energy Business Council, Outbound Investments Business Council and Türkiye-U.S. Business Council, which operate within the Foreign Economic Relations Board (DEİK). Being a Board Member of the Electricity Distribution Services Association (ELDER) and Vice Chair of the Board of Directors of the E Mobility Operators Association (E-MOD), Ak closely follows sectoral activities through his memberships in the Turkish Electricity Industry Association (TESAB), Turkish National Committee of the International Council on Large Electric Systems (CIGRE), Energy Efficiency Association (ENVER), Energy Trade Association (ETD), Electricity Producers Association (EÜD), Energy Investors Association (GÜYAD), Association of Roofing Industrialists and Businessmen (ÇATIDER), Business Council for Sustainable Development (SKD Türkiye), Turkish Employers' Association of Construction Industries (INTES), World Energy Council Turkish National Committee Association (DEK), United Nations Global Compact Türkiye, Sustainable Mobility Initiative (SMI), Union of Chambers and Commodity Exchanges of Türkiye Energy Assembly, Green Hydrogen Producers Association (H2DER), Energy Working Group of the Turkish Industry and Business Association and the German-Turkish Chamber of Industry and Commerce, and takes an active part in the studies of Sabancı University Istanbul International Energy and Climate Center (IICEC).



**Necat Altın**  
CEO, Zorlu Textile Group

Born in Bursa in 1966, 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 successful completion of the investment in record time. Necat Altın served as Deputy General Manager in charge of production at Korteks AŞ from 1999 to 2004 before being appointed as General Manager in 2004. 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 Textile Group on January 1, 2018. Having served as a Board member at several NGOs including Synthetic Yarn Manufacturers' Association of Türkiye and BOSİAD, Altın has been the Board Chair of European Man-Made Fibres Association, one of the world's leading man-made and synthetic yarn platforms, since November 2017.



**Orhan Yılmaz**  
CEO, Mining Group

Born in 1960 in Kayseri, 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 plant manager in the same company, and was named deputy general manager in 2003. In 2004, he assumed the duties of General Manager and Chair of the Board of Directors of Eti Maden, the largest mining organization of our country, and served in these positions until 2015. Between 2015 and 2017, Yılmaz served as Advisor to the Ministry of Energy and Natural Resources and in January 2017, he started to work as the CEO of Zorlu Mining Group.

\* Ömer Yüngül handed over his position as CEO of Zorlu Holding to Deputy CEO Cem Köksal as of June 21, 2024.

\*\* Cem Köksal assumed the position of CEO of Zorlu Holding as of June 21, 2024 and handed over the position of Financial Affairs Group President of Zorlu Holding to Alp Dayı, CFO of Vestel Group of Companies.

## Senior Management



**Necmi Kavuşturan**  
Chief Human Resources Officer

Born in Kilis on February 1, 1956, Necmi Kavuşturan graduated from Istanbul Boys' High School followed by Ankara University, Faculty of Political Science. 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, 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 Chief Human Resources Officer 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**  
Chief Legal Officer

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.



**Murat Zeren**  
Chief Information Officer

Murat Zeren obtained his Bachelor's and Master's Degrees in electrical-electronic engineering at Bilkent University and his PhD degree at Ohio State University, USA. Upon his return to Türkiye, Zeren managed the R&D and software teams at Alcatel Teletaş, Telsim and Oksijen Teknoloji. He started his academic career at Boğaziçi University as an Associate Professor of Computer Engineering between 2002 to 2004. During this period, he served as arbitrator and consultant on the projects of the Scientific and Technological Research Council of Türkiye (TÜBİTAK). Having occupied managerial positions at various levels with the Ülker Group, Argela Teknoloji, and Türk Telekom and most recently served as the Head of Technology Group at Doğan Online, Zeren joined Zorlu Holding as the Chief Information Officer in 2013.



**Billur Demet Atan**  
Zorlu Holding Chief Audit Officer

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 (USA) office of Ernst&Young and was named audit partner in 1998. From 2000 to 2012, she also served as the Independent Audit Leader of Türkiye at Ernst&Young. Billur Demet Atan joined Zorlu Holding in 2013. Between 2013 and 2021, she 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 Chair of Zorlu Real Estate Group, also holding the position of Zorlu Center General Manager. On June 1, 2022, she was appointed as the Chief Audit Officer of Zorlu Holding. 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 Türkiye, the Istanbul Chamber of Certified Public Accountants and The Institute of Internal Auditing - Türkiye.



**Arzu Pişkinoglu**  
Internal Control and Corporate Risk General Manager

After graduating from Üsküdar American Academy, Arzu Pişkinoglu completed her undergraduate study at the Department of Economics of Boğaziçi University before starting her professional career as an independent auditor at Ernst&Young. Pişkinoglu 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, Pişkinoglu 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. Pişkinoglu joined Zorlu Holding in 2016. Pişkinoglu manages the Holding's activities on the subjects of internal control, corporate risk management, process risk management and process efficiency and effectiveness development. 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).

# 2023

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# Consumer Electronics, White Goods and Mobility

In addition to leading Türkiye's digitalization process, Zorlu Holding pioneers innovative and quality production at world standards through Vestel, the leading technology brand of Türkiye. With its diversified product range, Vestel has been Türkiye's export champion in the electronics sector for 25 years.





# Consumer Electronics, White Goods and Mobility



## Message from the CEO, Vestel Group

As Vestel, in the next three years, we aim to grow our market value and turnover, the efficiency of our departments, and all our businesses and processes as part of our plans for the new period.

**Ergün Güler**  
CEO, Vestel Group



## We achieved the highest export revenues in our sector for the 25<sup>th</sup> time.

Our Esteemed Stakeholders,

During the last five years, global crises and fluctuations have plunged the global economy into many difficulties. The war in Ukraine, the sanctions imposed on Russia, and the political instability in the Middle East caused energy prices to fluctuate, negatively impacting supply chains. The blockage incident in the Suez Canal precipitated a major disruption in global trade, causing losses of around USD 100 billion and delaying supply chains for weeks. These disruptions in supply chains, along with raw material shortages and rising energy prices, were just a few of the key challenges facing our industry. However, the industry's change and transformation accelerated with these challenges; in particular, the emergence of new business areas and technologies focused on sustainability and innovation are raising the potential in the electrical and electronics industry.

Following an 8% contraction in 2022, the European white goods market shrank by around 7% in 2023, a consequence of the negative effects of high inflation, the soaring cost of living and geopolitical volatility on consumer confidence. The decline in the European TV market, which started to fall as of 2021 after strong growth during the pandemic period, persisted in 2023 and the market contracted by 12%.

In contrast to the decline in overseas markets, the Turkish white goods market demonstrated strong growth in 2023 despite February's earthquake disaster, the elections, the tightening monetary policy, and a high inflation environment. This growth was driven by consumers bringing their demands forward. According to data from the White Goods Manufacturers' Association of Türkiye, covering six main products, domestic wholesale white goods sales grew by 14% in 2023; according to GfK, retail sales grew by 18% — Vestel's domestic white goods sales in 2023 were in line with market developments. The Turkish TV market grew by approximately 4% in 2023; Vestel's domestic wholesale TV sales grew by double digits, while retail TV sales grew in line with the market.

In this environment, where confidence in the economy was rebuilt and the balance between production and consumption restored, as Vestel, we per-

**“In 2023, we maintained our uninterrupted export championship in the electrical-electronics sector with export revenue of USD 2.3 billion.”**

formed above average in the European market in 2023 and continued to expand into non-European markets. We maintained our uninterrupted export championship in the electrical-electronics sector with export revenue of USD 2.3 billion in 2023 and, for the 25<sup>th</sup> time, became the company with the highest export revenues in our sector. We also ranked sixth in the country-wide export ranking.

Our consolidated turnover remained flat in real terms in 2023, amounting to TRY 112 billion, while EBITDA increased by 87% in real terms to TRY 10.4 billion. The latter is due to the improvement in our operational margins according to our financial statements including the inflation adjustment (TMS 29 Financial Reporting in Hyperinflationary Economies), which started to be implemented at the end of 2023. Our net profit amounted to TRY 2.3 billion.

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

As Vestel, we aim to grow our market value and turnover, the efficiency of our departments, and all our businesses and processes in the next three years as part of our plans for the coming period. We took the necessary steps to realize this goal on the axis of new products, geographies and partnerships, with road maps determined in line with comprehensive country, product and market share research. Within our strategy to expand into new geographies, which constitutes a significant component of our 2023 performance, we are expanding our operations, primarily in Africa, Latin America, North America and Asia.

**We prioritized harmonizing our businesses and processes across every department in Vestel.**

In 2023, one of the most critical areas we addressed was the development of our business processes. We took a number of innovative steps to improve our businesses and processes across every department in the Company. In particular, we initiated “harmonization work” to ensure that each department works in harmony with the others, thus avoiding “silozation” and creating strategic harmonization among our nearly 20,000 employees. The initiative aims to ensure that each business unit acts in consideration not only of its own business but also of other operations across Vestel, assuring a holistic Vestel approach. In this scope, we completed consolidation works in the supply chain and human resources areas, which now managed from our head office.





## Consumer Electronics, White Goods and Mobility

## We continuously improve our R&D and innovation capacity with people-oriented approaches.

**We expect mobility efforts to play an important role in Vestel's future.**

By placing mobility and growth at the center of our agenda for the coming period, we aim to carry our current achievements even further. Accordingly, we aim to achieve strong, high growth in the mobility sector in addition to our conventional businesses. The ever-growing share of electric vehicles in the mobility sector, where we made our first investments a decade ago, has created an important market for companies like ours that focus on technology. We see the electric vehicle ecosystem as an exponential growth area with its critical position in terms of human life and environmental impact, and we leverage our electronics expertise in this area. We took the first steps in the field of electric vehicle charging stations in 2017, installing more than 180,000 charging sockets to date in Türkiye and nearly 30 countries in Europe. In our EVC product group, where we have many global and domestic customers, we will maintain our investments and efforts in the coming period and launch new products, especially in ultra-fast type charging stations.

The Automotive New Technologies Group under our Automotive business line focuses on medium- and long-term projects in automotive electronics. In this scope, our work on automotive image processing, driving support, autonomous driving systems, connectivity, automotive cloud services, interface designs and mobile platform projects continues at a fast pace. We are also an important supplier for the Togg project, in which we are a shareholder. In 2023, we started the delivery of Togg vehicle displays utilizing mini-LED technology, which is not available in many electric vehicles, and of the units that control these displays.

**We are increasing the exports of our own brands and nurturing new business areas.**

One of our primary goals in the coming period is to increase the share of our own brands in our exports. Accordingly, we are working on new products and entering new business areas within our fields of expertise. For example, we united our expertise in screen production, which we have successfully pioneered for years, with our goals in the mobility sector, and supplied the in-vehicle displays of Togg, Türkiye's first domestic electric vehicle.

**In the field of electric vehicle charging stations, we installed more than 180,000 charging sockets to date in Türkiye and nearly 30 countries in Europe.**

**10.4**  
**TRY Billion**  
**EBITDA**

**We continue to develop our R&D and innovation capacity with a focus on people.**

At Vestel, we have been carrying out R&D activities with successful collaborations for many years. We continuously support our R&D team of 1,821 people, raising their competencies through trainings that improve their skill, knowledge and expertise levels.

We consistently enhance our R&D and innovation capacity with a people-oriented approach. By adapting today's technologies in our production facilities, we play a pioneering role in areas such as artificial intelligence (AI), the Internet of Things (IoT) and autonomous systems. In our factories, we integrate autonomous systems as well as smart robotic systems by deploying Industry 4.0 tools, and we optimize our production processes. By means of technologies such as artificial intelligence-supported image processing, 3D printers, virtual reality and augmented reality, we improve product development and production processes, saving resources and increasing quality.

**Our employees are at the center of all our innovative efforts.**

In line with our vision of becoming a technology company that creates social and environmental benefits, we adopt working models that augment our employees' skills and reinforce their adaptability to innovation and change. To combat the talent shortage — one of the most important problems faced by companies in the 21<sup>st</sup> century, we are working to adopt and implement agile and modern methods in all Vestel Elektronik's operations by deploying a people-oriented working approach along with systemic perspective and strategic management approaches.

As part of our effective human resources management, we diversify our employees' knowledge, skills and experience by means of rotations among Vestel Group employees, and we support employees in realizing their career plans by providing them with experience in different roles or companies. We utilize our annual training budgets to support the holistic development of each employee, and we strengthen inter-company communication and cooperation through a rotation practice implemented in 2018. In terms of employee development, we aim to increase training hours for each employee to more than 20 per year. We believe that talent development is critical to ensure equality and diversity and, in line with this philosophy, we continue efforts to raise the ratio of female employees to 40%.

**We continue quality- and sustainability-based efforts that focus on innovation.**

Our innovation and quality-oriented efforts were rewarded in 2023 by numerous honors and accolades. Our achievements in the field of innovation include the first prize in the "Innovation Cycle" category of İnovaLiG, as well as the Special Mention Award for the washing machine with microfiber filter at the German Innovation Awards. In addition, we again demonstrated our commitment to sustainability by becoming the third-highest scoring company in our sector in the S&P Global sustainability survey conducted in 2023.

**We are taking rapid steps towards our vision of becoming a net zero company.**

The role of the private sector is critical in achieving the net zero targets announced by countries. As Vestel, in parallel with the global agenda, we aim to achieve net zero emissions by 2050, first in our own operations and then throughout our entire value chain. As an important step towards achieving our goals, we applied for the Science Based Targets Initiative (SBTi) this year. In light of our SBTi target, we are developing our decarbonization strategy to reach net zero in greenhouse gas emissions no later than 2050. To improve our performance in this scope, we focus on areas such as waste heat recovery systems, electrification, fleet transformation and life cycle-based design practices. In 2023, we updated our TCFD (Task Force on Climate-related Financial Disclosures) declaration and addressed climate risks more comprehensively. In the coming period, in line with the Turkish Sustainability Reporting Standards (TSRS), we will continue to further examine climate risks and opportunities and their financial impacts.

I would like to extend my sincere thanks to all our stakeholders, and especially to my valuable colleagues who contributed to these important steps. Our efforts to strengthen our R&D and innovation capacity, reduce our environmental impact, and contribute to a carbon-free future are important steps not only for Vestel, but also for the entire world. The vision and determination we demonstrate in this process will carry us forward in terms of bequeathing a more sustainable world to future generations — and I firmly believe that we will continue these valuable efforts with the same determination and perseverance in the period to come.



**“We won the first prize in the “Innovation Cycle” category of İnovaLiG, and the Special Mention Award for the washing machine with microfiber filter at the German Innovation Awards.”**



## Consumer Electronics, White Goods and Mobility

## Vestel Group of Companies

**Reaching more than 160 countries across the world, Vestel contributes significantly to Türkiye's exports and economy.**

Vestel Elektronik Sanayi ve Ticaret AŞ ("Vestel," "Vestel Elektronik" or "Vestel Group of Companies") is a global group of 25 companies, 16 of which are overseas companies, and which operates in the fields of electronics, white goods, digital products and mobility electronics. Vestel brings its wide product range, based on its competencies in technology/design development and product customization, to consumers in more than 160 countries. With nearly 20 thousand 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.

Being one of the world's leading Original Design Manufacturers (ODM) in the consumer electronics and white goods industries, one of the top three players in the LCD TV market and top five players in the white goods market in Europe, Vestel is among the most well-known brands in the Turkish market.

As one of Türkiye'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).

In the global market, Vestel engages in ODM-based sales as well as branded sales through the regional brands it has acquired and the global brands it has licensed. Vestel strengthens its market position by its collaborations with strong brands for which it obtained production and sales licenses for the European market, such as Sharp in white goods, Toshiba in television sets and Daewoo in both white goods and television sets.

Having one of the most extensive sales and after-sales service networks in Türkiye, Vestel reaches a wide range of consumers with its "multi-brand and omnichannel strategy," realizes 90% of Türkiye's TV exports and about 40% of white goods exports, and has been the export champion of the electronics sector for the last 25 years.



**Vestel realizes product transformations focusing on people by integrating the power of technology into the entire value chain, and offers its customers next generation products with the latest technology to achieve a sustainable future.**

## Vestel in Türkiye

**In the 2023 results of the "Türkiye's Most Valuable Brands" survey, Vestel ranked in the top 3 with a value of USD 927 million.**

All marketing and sales activities of Vestel in Türkiye are carried out by Vestel Ticaret AŞ (Vestel Ticaret), a wholly-owned subsidiary. Vestel's wide product mix of advanced technology and high 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 stores, as well as dowry stores, hypermarkets, discount markets, electronics retail chains and e-commerce websites.

**Domestic Sales Network**

- 1,363 Vestel Stores (including 186 Vestel Express and 34 Vestel Corporate Stores)
- 10 VsOutlet Stores
- 1,235 Regal Stores (382 Regal Showroom, 375 Regal Mixed, 478 Regal Dowry Stores)
- 186 Express Stores
- vestel.com.tr
- vsoutlet.com.tr
- regal-tr.com

**After-Sales Services**

- Call Center
- 366 Authorized Service Providers
- 6 Central Services
- 1 KEA (Small Household Appliances) Base
- 3 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.

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



**Vestel's wide product mix of advanced technology and high quality and its experience in the multi-brand concept are complemented by Vestel Ticaret's strong distribution network.**

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



## Consumer Electronics, White Goods and Mobility

## Operational and Financial Results of Vestel in 2023

## Vestel's white goods production capacity increased by 29% compared to the end of 2020.

### White Goods Market

Demand in Europe, Vestel's main export market, remained under pressure in 2023 as well. Based on GfK data covering 24 European countries (EU24), the European major household appliances market shrank by 7% in 2023, following an 8% decline in 2022, due to the ongoing high interest rate environment, rising living costs and geopolitical uncertainties. Among the five major European countries (EU5), Germany and France shrank the most with 8% and 6% declines, respectively, while Spain and Italy showed a limited decline of around 1%. In 2023, Vestel demonstrated a performance similar to the sector as a whole in the European market and increased its business volume, especially with A-brand customers.

As part of its market diversification and sustainable growth strategy, Vestel continued to develop and introduce products suitable for non-European markets in 2023, achieving a strong growth in the regions of Africa and North America. However, due to adverse macroeconomic and geopolitical developments in some important markets during the year and the high base effect created by 2022, the growth rate in non-European regions slowed down significantly compared to 2023.

According to data from the White Goods Manufacturers' Association of Türkiye (TURKBESD), exports of the Turkish white goods industry declined by 10% compared to the previous year to 23.2 million units in 2023 in line with the declining demand in foreign markets.

Vestel continued to increase its share in aggregate white goods exports of Türkiye in 2023 owing to its performance in European market and the focus strategy it pursued in non-European markets.

In contrast to the decline in overseas markets, the Turkish white goods market demonstrated a strong growth in 2023, despite the earthquake disaster in February, elections, tightening monetary policy and a high inflation environment. This growth was driven by consumers bringing their demands forward. According to data from the White Goods Manufacturers' Association of Türkiye covering 6

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.

**23.2**  
million units

Türkiye's white goods sector exports in 2023

main products, domestic wholesale white goods sales grew by 14% in 2023. According to GfK, retail sales also grew by 18%. Vestel's domestic white goods sales in 2023 were in line with the developments in the market.

In 2023, the share of smart and IoT-enabled products in total sales continued to increase. In addition, features such as the "Cold Hygiene Program" that ensures energy savings by providing hygiene even at low temperatures in washing machines, the highest energy efficient dryer known in the market with Multi-Inverter+ technology and A+++++ -20% energy class, products using bio-based raw materials instead of plastic, products using recyclable packaging elements, a solo dishwasher product family that uses 10% less energy than energy class A thanks to the energy recycled with SelfHeating technology, Auto Clean Filter technology that automatically performs filter cleaning at the end of each use and thus offers a user-friendly product family were introduced to the market during the year.

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. Continuously revising its energy efficiency targets, the Company dedicates a significant part of its R&D efforts to the development of technologies and products that use resources efficiently by providing the highest level of energy and water savings.

As the negative impact of plastic waste on the environment and public health has gained more importance, Vestel has started to use bioplastic and recyclable parts in its products and product packaging, which dissolve more easily in nature and leave no toxic residues, and aims to increase the use of bioplastics and recyclable parts in 2024 as well.

As part of the capacity expansion program initiated in white goods in 2021, the construction of the new dishwasher factory and the establishment of production lines were completed in 2023, and all production lines at the factory, including those

moved from the old factory, were commissioned as of April 1, 2024. As a result, the first stage investments under the capacity expansion program were brought to completion and Vestel's production capacity in white goods rose by 29% compared to the end of 2020.

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

A total investment of EUR 131 million was made as part of the capacity expansion program. For the related investment, incentives such as tax deduction, customs duty exemption and VAT exemption were benefited from.

In line with its target of growing in the Asian, African and American markets and expanding the geography in which it operates, Vestel will continue to develop new projects specific to these regions in 2024 as well. The Company aims to maintain its strong and sustainable growth in non-European regions with the projects it will develop for both its own brands and its customers.

### Television Market

The decline in the European TV market, which started to shrink as of 2021 after strong growth during the pandemic period, continued in 2023 as well. According to GfK data covering 24 European countries (EU24), the European TV market, the main export market for Turkish TV manufacturers, contracted by 12% in 2023 due to weak consumer demand and ongoing macro and geopolitical uncertainties. Thus, while the market was shrinking for the last 3 years, TV sales decreased by 28% compared to 2020 to 29 million units. Among the 5 major European countries (EU5), Italy was the most shrinking market with a 30% contraction due to the high base effect caused by last year's system transition. Vestel outperformed the market in Europe in 2023 and increased its TV exports compared to 2022.

In 2023, the Turkish TV market grew by approximately 4%, and TV sales amounted to 2.76 million units. Vestel's domestic wholesale TV sales grew by double digits while retail TV sales grew in line with the market.

Demand in both Europe and Türkiye continued to shift towards products with larger screens and higher quality in 2023 as well. The European Cup and Olympic Games to be held in 2<sup>nd</sup> quarter of 2024 are expected to have a positive impact on TV sales.

In the coming period, Vestel will continue to expand its upper segment TV product range while launching new competitive entry segment product projects. Continuing its efforts to develop customized products with new concepts, sleek and stylish designs, Vestel is also working on new operating systems to meet different market and customer demands.



A total investment of EUR 131 million was made as part of the capacity expansion program.



## Consumer Electronics, White Goods and Mobility

## Digital Screen Solutions

## Production started for a major brand in North America, and the USA has become the second largest shipment country.

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

In 2023, Vestel exported professional displays to Togo for the first time in this product group, bringing the number of export countries to 109.

During the year, new customers were added to the portfolio in Europe, the Middle East and Africa, while production started for a major brand in North America and the USA has become the second largest shipment country.

Increased sales in India through Vestel's distributor made India one of the four largest shipment countries. Also in 2023, the Company completed the installation of information screens at 4 different airports in Vietnam. In 2024, similar projects are planned to be realized in other countries.



In 2023, the Company completed the installation of information screens at 4 different airports in Vietnam.

**Over 160**  
Number of  
export countries

## Automotive Electronics

## Vestel offers its LCD and OLED display solutions in different sizes to automotive manufacturers.

The automotive industry is undergoing a radical change and is moving towards a brand new ecosystem. This transformation in the industry can be categorized under 4 headings ("CASE"): Connected, Autonomous, Shared, Electric Vehicles. 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. Vehicles with internal combustion engines are gradually transforming into smart devices, with electronic and software-based vehicles replacing those with 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, another significant portion will be made up of control units (DCU), information/entertainment (IVI - In Vehicle Infotainment) and digital driver information displays (Instrument Cluster).

In-vehicle driver, infotainment and control display technologies are also the focus of major automotive manufacturers (OEMs). As technology advances, capabilities such as satellite, wireless communication systems and in-vehicle communication protocol applications have been incorporated these systems. Vehicles are moving from mechanical instrumentation to digital displays, from conventional radio to large screen infotainment systems. In this scope, an important window of opportunity has emerged for Vestel, which has many years of expertise and experience in the field of consumer electronics in Türkiye, especially in displays, in order to reduce foreign dependency, to create know-how locally and to keep the added value in Türkiye.

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



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

Vestel continues to lead the main automotive manufacturers as a first level 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, mass production of which started in 2023 and which were designed uniquely for Togg, Türkiye's first domestic electric vehicle manufacturer.

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



## Consumer Electronics, White Goods and Mobility

## Automotive Electronics

## Vestel provides high-quality services to the leading OEMs of the automotive industry and the supplier companies that directly produce for them.

Vestel is expanding its activities in the field of automotive electronics to include power electronics control units such as On-board charger-OBC, Inverter, Power Electronics Unit (PEU), which are the most important and critical components of electric vehicles. Serial production of the newly acquired projects will start in 2025, and the Company has a significant growth target in this area.

Vestel continues its efforts also 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 (first level).

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

In 2023, Vestel demonstrated its determination in this sector by participating in the IFA fair, the IZB fair, which is attended by the world's leading automotive manufacturers, and IAA Mobility Munich fair with its new display technologies, vehicle electronic control units, head-up displays and automotive connectivity system technologies.

Vestel will continue to work with global automotive manufacturers and global automotive supplier industries within the framework of its strategic plans for 2024.



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

## Electric Vehicle Charging Solutions

## Vestel continuously improves its product portfolio in 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 7.4 kW to 22 kW, the Company continues to develop new models. In 2023, next generation of AC chargers, EVC01 for home use and EVC10 for professional applications, were launched. In addition, the development processes of the next generation of the existing EVC04 AC charger continue and it is planned to be launched in 2024. 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.

In this scope;

- The adaptation processes for the smart charging and cybersecurity requirements, which have become mandatory in the UK, were completed.
- Integration into Linky electricity meters used in households in France was completed and sales of the “Linky” certified EVC04 AC chargers started. Vestel's AC type charger was the first charger in the world to receive “Linky” certification.
- The certification process of the “Eichrecht” meter and measurement application, which is mandatory for use in public areas in Germany, was completed for the EVC04 AC type product and sales started. In 2024, the certification process is planned to be completed for other products as well.
- The “UL” certification process required for the USA market was completed and sales started in the market.
- The features offered in the “Drive Green Next” mobile application developed by Vestel for AC type charging stations to facilitate the usage of end-users and enable them to monitor charging processes were integrated into the “Evin Aklı” mobile application used in Türkiye.



The “UL” certification process required for the USA market was completed and sales started in the market.

In next generation charging stations, the ISO 15118 requirements supporting more comprehensive smart load management, vehicle recognition and vehicle-to-grid power transfer were completed.

Chargers produced by Vestel are compatible with electricity grid load management systems, which have become even more important as electric vehicles become more widespread and the number of charging stations increases, and include remote management and other smart management technologies. AC charging stations are integrated with solar panel systems to enable electric vehicles to be charged with 100% renewable energy.

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 240 kW and 320 kW power outputs, and has started works to commission the 640 kW ultra-fast DC charging station in 2024.



## Consumer Electronics, White Goods and Mobility

## Battery Solutions

## Vestel battery-powered bicycles are expected to be available for sale in Europe and North America in early 2025.

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 collaborates with 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.

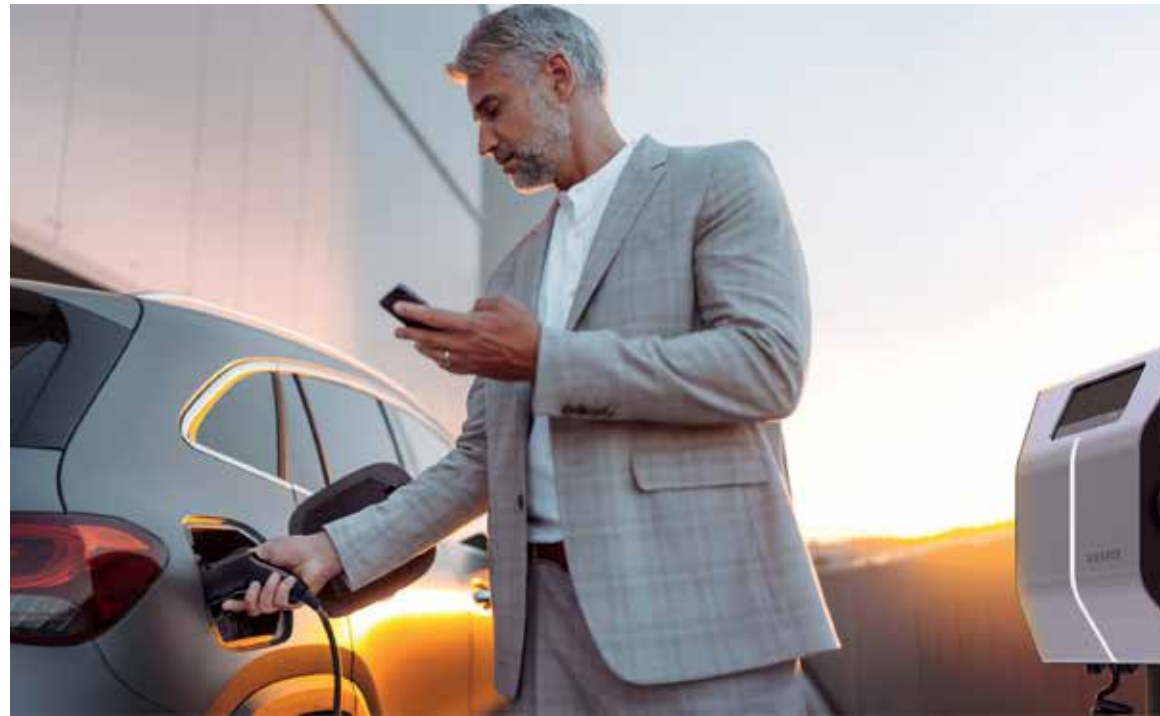
Following the rapid growth in electric bicycle sales during the pandemic period, a sharp decline in demand led to an excess stock in the sector, but this situation is expected to return to normal in 2024.

### *Projects with leading bicycle manufacturers and drive system providers*

As part of its strategy to develop business with major electric bicycle brands and drive-system producers, Vestel was selected by a major manufacturer in the sector as a battery supplier for its electric bicycle projects in 2023. Following the completion of the project development process, Vestel battery-powered bicycles are expected to be available for sale in Europe and North America in early 2025. A preliminary agreement was made with a major bicycle manufacturer in the Netherlands in 2023, and battery pack production within the scope of the project will start in the first quarter of 2024.

### *Energy storage systems*

The need and demand for energy storage systems are rapidly increasing to expand renewable energy applications, enhance energy efficiency, store excess energy for later use, and provide backup for electricity from the grid in case of interruptions. Vestel continues to work in the field of energy storage 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 additional incentives provided by governments.



**In 2023, Vestel started mass production of a battery solution designed specifically for the sector, which would be used as backup energy storage in base stations in the telecom sector.**

### *Special battery solutions for telecom industry*

In 2023, Vestel started mass production of a battery solution designed specifically for the sector, which would be used as backup energy storage in base stations in the telecom sector.

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. This product has a smart heating system to operate at low temperatures and can work with the gel batteries 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 require less maintenance, have a longer lifespan and higher energy density.

## Smart Life Solutions

## Vestel adds value to the lives of consumers with its digital services.

Always maintaining an interactive communication with end users with its mobile applications “Evin Akıllı” in Türkiye and VeeZy abroad, Vestel adds value to the lives of consumers with its digital services. The Company provides digital channels for Battery solutions with Ionia, for Electric Chargers with Drive Green and for Smart TVs with Smart Center.

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

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, such as turning on products on times when electricity is cheap, turning on the smart lamp when the washing machine has finished washing, or playing your favorite song from the music app when the food is ready in the oven, can be designed.

One of the biggest problems of users in the smart life ecosystem is that different brands serve their customers with different applications. Vestel, a board member of the Home Connectivity Alliance (HCA), which sets the communication infrastructure standard between different companies, has achieved the widest product control options between the two companies for the first time in the world with the integration realized with Samsung in accordance with the HCA standard. Accordingly, all Vestel smart white goods can be controlled from the Samsung SmartThings application and all Samsung smart white goods can be controlled from the Vestel VeeZy application. Vestel continues its integration efforts with other HCA member companies as well. In January 2024, the HCA, which set the interoperability standard in the world in 2023, published the energy management specifications between different companies and will contribute to sustainability by supporting this energy management. Again, Vestel is involved in the Connectivity Standards Alliance (CSA), which eliminates communication infrastructure barriers between different manufacturers and ecosystems. Vestel is also a member of the Matter Working



**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.**

Group, which aims to benefit end users by removing the barriers between smart products and ecosystems, and is making improvements to ensure that its products are Matter compatible. Vestel ensures that its products and digital services can communicate with different product groups and industries on the same infrastructure, and continues its projects to effectively utilize IoT technologies in the field of sustainability. The Company is also working 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 may be actively controlled from in-vehicle displays. Thanks to its cloud infrastructure, Vestel is able to offer similar solutions to all automotive companies with which it has an agreement. With this project, Vestel won the Best Cloud Project award among more than 200 applicants in the Cloud Awards competition organized by Future of Consultancy in cooperation with CXO media.



## Consumer Electronics, White Goods and Mobility

## Financial Performance

## Vestel Elektronik's gross sales revenues amounted to TRY 121 billion in 2023.

Vestel Elektronik's gross sales revenues amounted to TRY 121 billion in 2023, of which TRY 76 billion (63%) was generated from international sales. Of total sales, 50% were to European countries, 37% to domestic markets and 13% to other countries. Net sales revenues (TRY 112 billion) were similar to last year in real terms. In the white goods segment, gross profit margin rose from 17.0% to 22.3% in 2023 due to lower raw material costs, the positive impact of FX rates and strong growth in domestic sales. EBITDA increased by 87% in real terms to TRY 10.4 billion, with an EBITDA margin of 9.3%. Net profit rose to TRY 2.3 billion, with a net profit margin of 2.1%. In 2023, Vestel's Net Debt/EBITDA ratio was realized as 2.8x.

In 2023, inflation-adjusted gross sales of Vestel Beyaz Eşya amounted to TRY 61 billion, of which TRY 43 billion (70%) consisted of international sales. Of total sales, 49% were made to European countries, 30% to domestic markets, and 21% to other countries. Net sales revenues of the Company grew by 2.5% in real terms compared to 2022. Gross profit margin rose to 16.3% from 9.7% due to lower raw material costs, the positive impact of FX rates, and strong growth in domestic sales. EBITDA increased by 74% in real terms to TRY 7.9 billion, while EBITDA margin was 12.9%. Net profit rose to TRY 4.7 billion, with a net profit margin of 7.7%.



**2.3**  
TRY billion  
Vestel Elektronik  
net profit

Vestel Elektronik's gross  
profit margin increased  
from 17.0% to 22.3% in  
2023.

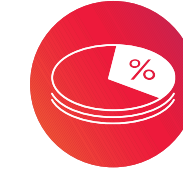
## VESTEL ELEKTRONİK-FINANCIAL RESULTS FOR 2023



NET SALES  
TRY **112**  
BILLION



EBITDA\*  
TRY **10,406**  
MILLION



EBITDA MARGIN\*  
**9.3%**



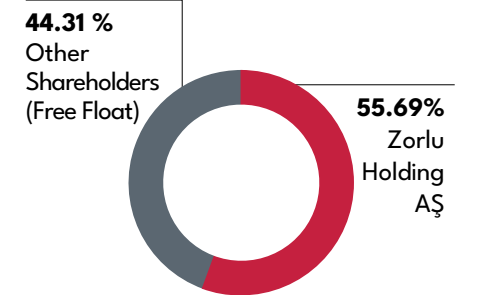
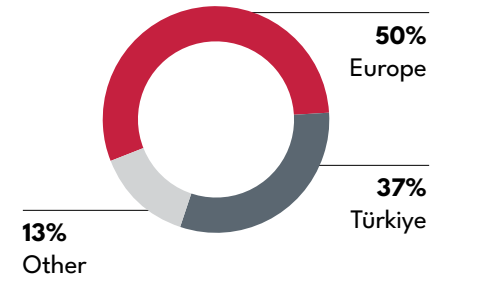
NET PROFIT  
TRY **2,331**  
MILLION

\* Excludes other revenues and expenses from operations.

## SHAREHOLDING STRUCTURE OF VESTEL ELEKTRONİK

Shareholders	Nominal Share Amount (TRY)	Share in Capital (%)
Zorlu Holding AŞ	186,818,792	55.69
Other Shareholders (Free Float)	148,637,483	44.31
<b>Total</b>	<b>335,456,275</b>	<b>100.00</b>

## VESTEL ELEKTRONİK-SALES BREAKDOWN BY REGION



## VESTEL BEYAZ EŞYA-FINANCIAL RESULTS FOR 2023



NET SALES  
TRY **61,070**  
MILLION



EBITDA\*  
TRY **7,896**  
MILLION



EBITDA MARGIN\*  
**12.9%**



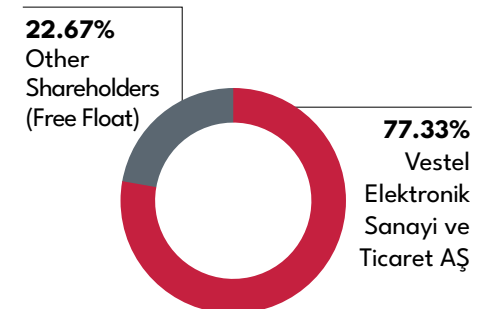
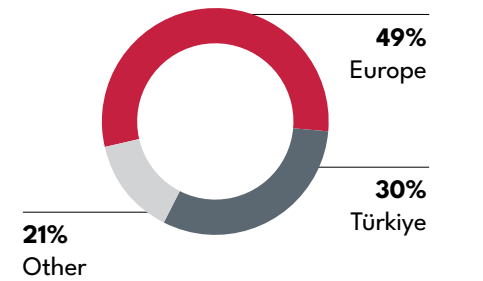
NET PROFIT  
TRY **4,724**  
MILLION

\* Excludes other revenues and expenses from operations.

## SHAREHOLDING STRUCTURE OF VESTEL BEYAZ EŞYA

Shareholders	Nominal Share Amount (TRY)	Share in Capital (%)
Vestel Elektronik Sanayi ve Ticaret AŞ*	1,237,302,236	77.33
Other Shareholders (Free Float)	362,697,764	22.67
<b>Total</b>	<b>1,600,000,000</b>	<b>100.0</b>

## VESTEL BEYAZ EŞYA-SALES BREAKDOWN BY REGION





## Consumer Electronics, White Goods and Mobility

## Production and Innovation Power

## Vestel increases its production capacity in a smart and responsible manner with the power of R&D and innovation.

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

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

Vestel has been conducting R&D activities with successful collaborations for 36 years. The Company provides its R&D team of 1,821 people with the training and support they need to continuously adapt to changing global trends and develop their competencies in this direction.

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



## Industry 4.0

## Industry 4.0 transformation is one of the most important issues to gain competitive advantage in local and global markets.

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 its 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 white goods sectors in Türkiye.

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 Plant Award" in 2012 and the "TPM Excellent Plant Continuity Award" in 2014 for its efforts initiated in 2010, and became the first TV manufacturer to receive the "TPM Special Award" in television production in 2016 by successfully passing the evaluations in the TPM Special Award category. Vestel Elektronik was awarded the "Advanced Special Award for TPM Achievement" in 2018 by continuing to work with this title without interruption, and as a result of this process, it was also awarded 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, has been also one of only 13 brands worldwide to receive this distinction in the



**Vestel focuses on Total Productive Maintenance (TPM) efforts to achieve operational excellence in production.**

55-year history of the organization. After having won the TPM Excellence Award in 2014 and the TPM Continuity Award in 2017, Vestel Beyaz Eşya became the first and only company to receive also the TPM Special Award in 2019 for seven different product families (refrigerators, washing machines, tumble dryers, dishwashers, cooking appliances, air conditioners, thermosyphons) in six different plants.



## Consumer Electronics, White Goods and Mobility

## R&amp;D Activities

## Vestel draws inspiration from its nearly 40 years of experience in the consumer electronics industry.

Vestel continues to draw inspiration from its nearly 40 years of experience in the consumer electronics industry with the goal of spreading technology and people-oriented transformation throughout the company. In order to be able 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 as well.

The Republic of Türkiye 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. Within the scope of the Ministry’s Efficiency Project Awards, Vestel Elektronik took part in the Technology Development Zones and R&D Centers Awards in 2023. In addition to the Efficiency Project Awards, Vestel also qualified for the finals of the 2023 Project Awards with its Remote Software Installation Project.

In 2023, Vestel’s Automotive Display and Connectivity Products and Professional Displays projects were accepted to the “Technology Focused Industrial Move” incentive program carried out by the Republic of Türkiye Ministry of Industry and Technology, which aims to support the production of value-added, high-tech products with domestic facilities.

Vestel combines innovative perspectives with its existing experience in different sub-sectors and fields.



## Automotive New Technologies Group

## The Automotive New Technologies Group develops projects focusing on medium- to long-term areas in automotive electronics.

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 Group continues its activities under the Assistant Directorate General of IoT and started to develop software projects focused on automotive technologies under the Automotive New Technologies Group (AutoTech), which reports to Vestel Mobility Electronics General Directorate. The Automotive New Technologies Group develops projects focusing on medium- to long-term areas in automotive electronics. In this context, there are three different sub-team leaderships. The first is the Advanced Driver Assistance Systems (ADAS)/ Driver Monitoring System (DMS) group, which mainly deals with automotive image processing, driving assistance and autonomous driving systems. The second team works on connectivity automotive cloud services, interface designs and mobile platform projects. The last team focuses on incentivized projects.

Vestel also has rapid prototyping and hardware acceleration functions in the Research, Develop and Design (ArGeTa) laboratory, which Vestel established with Manisa Celal Bayar University Technology Development Zone and which is supported by the Zafer Development Agency. In addition to its research activities, the Company applies to national and international EU projects such as Horizon and Eureka, and continues its efforts to increase its automotive electronics know-how through international consortium partnerships and to receive support from incentivized projects.

In 2016, Vestel Elektronik established the Research Group, which works on advanced research topics.





## Consumer Electronics, White Goods and Mobility

## Patent Studies

## The number of patents owned by Vestel Group of Companies from which commercial revenues were generated has been 119.

Vestel Elektronik and Vestel Beyaz Eşya file patent applications to various institutions for inventions realized within their own organizations. In 2023, Vestel Elektronik filed a total of 20 patent applications, including 5 EP patent applications to the European Patent Office (EPO), 5 PCT patent applications to the World Intellectual Property Organization (WIPO) for 10 inventions that met the criteria and 10 TR patent applications to the Turkish Patent and Trademark Office (TURKPATENT), and was granted 64 patent registrations. In 2023, Vestel Beyaz Eşya filed 133 patent applications and 86 patents were registered. Thus, the number of patents owned by Vestel Group of Companies from which commercial revenues were generated reached 119.

Commercial evaluation studies are being conducted to determine the value of the existing patent portfolio and to ensure that the patent pool consists of valuable patents. For patent applications deemed valuable as a result of commercial evaluation, detailed infringement evaluations are carried out, 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.

In 2023, Vestel Beyaz Eşya filed 133 patent applications and 86 patents were registered.



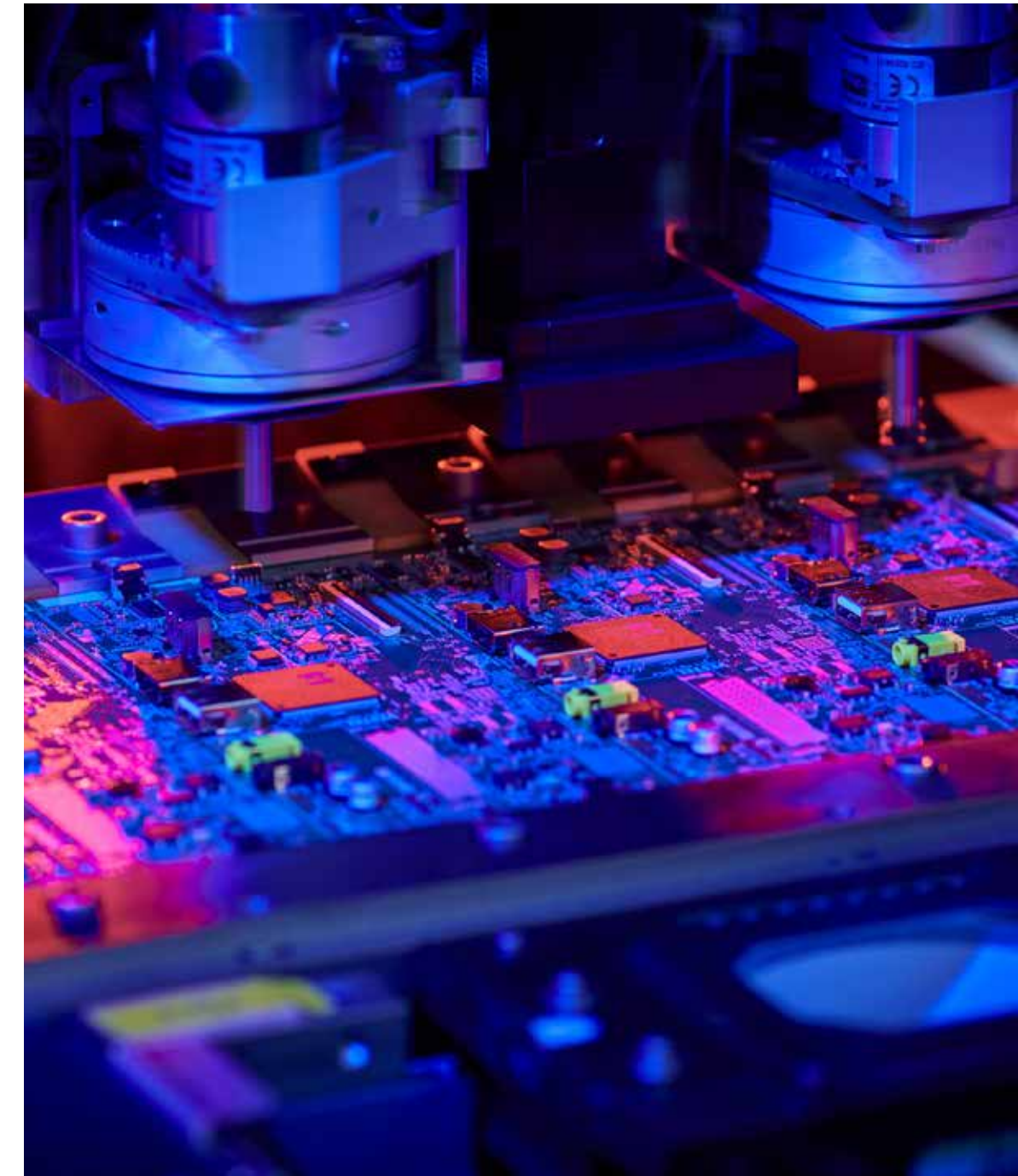
## Standard Essential Patent (SEP) Studies

## Meetings organized on next generation wireless communication technologies were attended.

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 are continued 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 studies on 3Gpp standard 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 as well.

In 2022, meetings were started to be attended in order to contribute to studies on 3Gpp standard on behalf of Vestel.





## Consumer Electronics, White Goods and Mobility

## Vestel's Sustainability Approach

## Vestel considers its own development equivalent to the development of the society.

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 stage to production and 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 white goods 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 potential 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 equivalent to the development of the society. With this awareness, Vestel is determined to support social responsibility projects that add value to society with strong resources, pioneer new ones and increase its efforts and contributions towards a better future, in addition to its contributions to economic and environmental sustainability.



**Smart Life 2030 aims to deliver long-term and quantifiable solutions towards global economic, environmental and social issues.**

In parallel with the "Smart Life 2030" vision of Zorlu Holding, which is based on the United Nations' 2030 Sustainable Development Goals and guides the sustainability approach of all Group companies, Vestel manages its sustainability strategy with integration 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 People-centered Transformation," "Net Zero Company," "Accessible Smart Solution to Facilitate Life."

## Sustainability Management

## Sustainability Working Groups continued their activities at full speed in 2023.

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

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 Department affiliated to the CEO. Vestel Elektronik manages sustainability issues, risks and opportunities at the highest level through the Sustainability Committee established at the Board of Directors (BoD) level. Established in 2023, this committee consists of Vestel Elektronik's Chief Executive Officer and one Board member. The 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:

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

Under the coordination of the Vestel Group of Companies Sustainability Department, there are working groups on Environment, Social, Governance, Technology, Supply Chain and Customer Satisfaction topics. Sustainability Working Groups

were established to control and coordinate sustainability-related issues. The members of these groups consist of experts and/or managers responsible for sustainability-related issues appointed by each department. These groups convene once a month. Sustainability Working Groups report to the Sustainability Committee. Sustainability Working Groups started working in 2021 in line with the new road maps prepared, and continued their efforts at an increased pace in 2023 as well.

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

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

Vestel's performance in ESG issues is being monitored through sustainability indices. Vestel Elektronik and Vestel Beyaz Eşya have been included in the Borsa Istanbul Sustainability Index since 2015 and 2016, respectively. Vestel Elektronik ranks 8<sup>th</sup> among 124 companies in the sector on a global basis with a score of 78 in the ESG assessment conducted by the LSEG Refinitiv rating agency. Vestel Beyaz Eşya, on the other hand, ranked 4<sup>th</sup> out of 93 companies in the sector on a global basis with a score of 82 in the same assessment.

The EcoVadis 2023 score of Vestel Beyaz Eşya and Vestel Komünikasyon plants is "Silver." Vestel Elektronik plant received a "Bronze" score in the EcoVadis 2023 assessment.

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 is also a signatory to the United Nations Women's Empowerment Principles (WEPs).

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.).

**78**  
Refinitiv ESG  
assessment score of  
Vestel Elektronik

Consumer Electronics, White Goods and Mobility

Climate Crisis and the Net Zero Goal

Vestel aims to achieve net zero emissions by 2050 in its entire value chain.

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 emissions by issuing a commitment letter to set Science Based Targets (within the scope of Science Based Targets Initiative - SBTi). In this scope, 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 being created for decarbonization of both operations and the value chain.

Vestel Beyaz Eşya and Vestel Elektronik have been reporting to the Carbon Disclosure Project (CDP) since 2012 and 2013, respectively. In the 2023 CDP report, where 2022 was evaluated, Vestel Elektronik's Climate Change score was B and the Water Program score was C. In the same report, Vestel Beyaz Eşya's Climate Change score was A- and the Water Program score was C. Direct and indirect emissions within the boundaries of the organization are verified by independent third parties according to the 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 being carried out to reduce the use of raw materials during the design phase, so that fewer parts are being used where possible. In addition to design changes, efforts are

Afforestation works were carried out with the seed ball method by means of drone in areas difficult to be afforested through Ecording company, and 500,000 seed balls were dropped to date.

being intensified to increase the use of recyclable materials. During the production phase, care is taken to reduce the amount of rework and to use existing molds. During the transport phase, it is important to optimize the amount of packaging 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, re-use 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 and carrying out repair, recycling and upcycling activities play a critical role in preventing the global waste problem while enabling the development of new business models that will provide financial benefits. Vestel supports the repair and reuse of products, and continues its efforts in this regard.

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, and recycled under appropriate conditions. 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 Ecording company, and 500,000 seed balls were dropped to date. In 2023, customers participated in the Domestic Recycling process with 2,353 products.



Environmental Sustainability

Vestel Elektronik provided environmental and zero waste training to 11,315 employees.

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

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



ISO 14064

provided 11,315 employees with environmental and zero waste training to raise their awareness in 2023.



Environmental and zero waste training to 11,315 employees

IN 2023 COMPARED TO 2021

Decrease in GHG emission intensity compared to base year (2021) <b>19%</b>	Energy savings <b>7,693 MWh</b>	Decrease in water intensity compared to base year (2021) <b>14%</b>

As part of its 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 environmental and zero waste training to 6,190 employees in 2023.



Environmental and zero waste training to 6,190 employees



## Consumer Electronics, White Goods and Mobility

## Social Sustainability

# In 2023, 10,133 people received 5,221 hours of gender equality training.

## 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 participation of women in corporate life has positive impacts on the productivity and financial performance of companies. In this respect, Vestel encourages efforts to ensure gender equality throughout the Company, including recruitment practices. Under the guidance of Zorlu Holding's Eşit Bi'Hayat (An Equal Life) Gender Equality Manifesto and its status as a signatory to the United Nations Women's Empowerment Principles, responsibility is assumed to ensure gender equality in society, in the electronics and white goods sectors and among employees at all levels of the Vestel Group of Companies.

Vestel launched the Female Technician Training Project within the Vestel Service Academy in 2019, 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 2023, 43 out of a total of 88 female technician candidates who successfully completed their practical technical training have been actively working in the field.

As of the end of 2023,  
43 out of a total of  
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actively working in the  
field.

**273**  
Number of women  
benefiting from  
maternity leave

Vestel established the Gender Equality Group in order to develop volunteering projects that raise awareness on a voluntary basis in line with the Zorlu Group's motto "An Equal Life is Possible for All." In this scope, the Domestic Violence Prevention Policy was published covering Zorlu Holding Group companies, including Vestel, which makes efforts to ensure that working mothers have more equal conditions in working life through the Mutlu Bi'Anne (A Happy Mother) Project. In 2023, 10,133 people received 5,221 hours of gender equality training.

The Equal Opportunity Model certificate of the Women Entrepreneurs Association of Türkiye (KAGİDER) was obtained in 2023. Within the scope of Zorlu Holding's 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. The dictionary, which is accessible to all stakeholders through the Smart Life 2030 website, brings together alternative discourses that can be used with an equal and inclusive perspective. In 2023, 273 female and 566 male employees benefited from maternity and parental leave. There are breastfeeding rooms accessible to all female employees in the Company's Manisa production facilities.

### 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, 461 disabled people were employed by Vestel in co-operation with 17 special vocational high schools in Türkiye 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 21 mentally disabled people, 11 at Vestel Elektronik and 10 at Vestel Beyaz Eşya, were employed at the Mentally Disabled People Friendly Workplace (Z.E.K.İ. Life Center), which was established for the first time in Türkiye in Manisa Organised Industrial Zone, to bring the mentally disabled people into business life and provide social support to their families. In this scope, the Company created sheltered and ergonomic working areas within the production areas of factories.

## Human Rights

Zorlu Holding and all of its companies (Zorlu Group) commit to conduct all their activities within the framework of the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, Declaration on Fundamental Principles and Rights at Work adopted by International Labour Organization (ILO) and, as a signatory party, United Nations Global Impact. This commitment includes standing against all forms of discrimination, providing a safe working environment, not allowing child labor, and ensuring a working environment where employees can freely express themselves. The sustainability of the commitment is guaranteed by the "Zorlu Holding Human Rights Policy" and "Zorlu Holding Ethical Principles."

Vestel respects, protects and observes the human rights of its employees. Striving to provide a decent, respectful, egalitarian, fair and just working environment that guarantees human dignity, Vestel is committed to full compliance with the Universal Declaration of Human Rights, the laws and standards set by the International Labour Organization (ILO) and the legal framework and legislation governing human rights and working life in Türkiye; in addition, as a signatory to 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;

- People are not discriminated based on 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.
- The policy of equal pay for equal work is applied in the remuneration system.
- 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 against discrimination and harassment

Vestel protects the personal rights of its employees by not tolerating any form 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 2023, there were no cases of discrimination detected at Vestel.

### Personal development of employees and talent management

Talent gap or shortage is at the forefront of the problems that companies may face in the 21<sup>st</sup> century. As a company 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.

Vestel's main strategy is to attract new and right talents to the company under the motto of "Be where the talent is." Finding the best talents to pioneer in technology and digitalization, retaining existing talents and ensuring their engagement with Vestel are among 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. In this scope, Vestel attaches importance to ensuring that employees' career development is carried out through a fair and inclusive process.



## Consumer Electronics, White Goods and Mobility

## Social Sustainability

## Vestel continues to expand its social contribution in various social and environmental issues.

### 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.

Vestel Group of Companies contributed a total of TRY 125,103,113 to social projects in 2023.

One of Vestel's important goals within the framework of its sustainability approach is to increase corporate volunteering efforts. Launched in 2019, the "Kivılcımlar (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 2023, 810 Vestel employees voluntarily participated in these activities for a total of 3,334 hours.

### Occupational Health and Safety

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 working areas. The Company's goals include examining the risks that the employees may encounter in the field, raising the awareness of the employees, improving and developing processes, creating ergonomic working areas, ensuring that the most stringent safety measures are taken regarding changing production processes, providing a safe and healthy working environment to the employees, preventing occupational diseases and achieving zero accident.

Vestel Group of Companies contributed a total of TRY 125,103,113 to social projects in 2023.

**134,522**  
hours

Duration of basic OHS training organized by Vestel Elektronik

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

Employee representatives play an important role in increasing participation in occupational health and safety activities in factories and in monitoring these activities, 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, and 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 plants. Each notification is evaluated and analyzed in the field with the relevant department manager, occupational safety specialist and workplace 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 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.

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 134,522 hours of basic OHS training during the year. ISO 45001 Certificate remained valid also in 2023 after the audit performed.





## Consumer Electronics, White Goods and Mobility

## Awards Received in 2023

## Vestel received a total of 36 awards from the Good Design Awards and IDA Awards.

## Digitalization-Technology Awards

## Award in the “Innovation Cycle” category at InovaLiG

Vestel Beyaz Eşya won the first prize in the “Innovation Cycle” category at the InovaLiG organized by the Türkiye Exporters Assembly, where innovation champions of Türkiye have been recognized.

## Innovation award for Vestel Washing Machine with Microfiber Filter

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

## Design Awards

## Vestel designs received 36 awards from Good Design and IDA

Türkiye's technology giant Vestel received a total of 36 awards from the Good Design Awards and IDA Awards, recognized among the world's most renowned design competitions, for its innovative designs. With the new awards, Vestel Elektronik ranked 4<sup>th</sup> in the IDA all-time world ranking.

## 2023 Most Innovative Brand Award to Vestel Elektronik

Vestel Elektronik was recognized as the Most Innovative Brand of 2023 at the Plus X Award, the world's foremost design and innovation competition, achieving the highest number of awards in the consumer electronics category.

## Vestel Beyaz Eşya received 11 awards from Which? Magazine

Vestel Beyaz Eşya won a total of 11 awards in the Best Buy, Great Value, and Eco Buy categories in Which? Magazine, the most important independent consumer evaluation organization in the UK market.

## iF Design Awards

In 2023, Vestel won one award in the UX Design category at the world-renowned design competition iF Design Awards with its VeeZy mobile application.

Vestel's four-door refrigerator with inventory tracking system, washing machine with microfiber filter, and B series dishwasher with sonic wash technology were also recognized with 3 awards.

## Sustainable Business Awards

Vestel Customer Services received an award in the “Employee Engagement” category at the Sustainable Business Awards, organized to recognize projects that create economic, environmental, and social impact in the business world for a sustainable future. At the awards, organized for the 10<sup>th</sup> time this year and distributed in 16 different categories every year, Vestel Customer Services received an award for its multidisciplinary innovation team “Open Kitchen.”

## Customer Services Awards

**Stevie Awards:** At the Stevie Awards, Vestel Customer Services received a Gold award for its “White Goods Analytics” project and Bronze awards for its “Installing Software on White Goods: Veslink” and “No Signal” projects, winning a total of 1 Gold and 2 Bronze awards.

**Golden Headset Award:** Vestel received an award at the 6<sup>th</sup> Golden Headset Awards organized by the Customer Experience Management and Technologies Association. Simge Piringçi, Customer Representative at Vestel Call Center, won the Golden Headset Award in the “Most Sincere Customer Experience Story” category.

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

**Quality Association of Türkiye (KalDer) Successful Team of the Year Awards:** Vestel Customer Services received the Bronze award for its end-to-end service quality practices at the Successful Team of the Year Awards organized annually by the Quality Association of Türkiye (KalDer).

**Globe Awards:** Competing in the Globe Sales, Marketing, Customer Success, and Operations Awards, in which brands from all over the world participate, Vestel received one Gold and one Silver prize for its customer service programs.



# iF Design Award'dan Vestel'e 4 Ödül

Vestel, dünyaca ünlü tasarım ödülü iF DESIGN AWARD'ın bu seneki kazananları arasında yerini aldı.

Hannover merkezli iF International Forum Design GmbH tarafından düzenlenen, dünyanın en eski bağımsız tasarım organizasyonu olan iF DESIGN AWARD'da 4 ürünümüz ile ödüle layık görüldüğümüz haberini sizlerle paylaşmaktan gurur duyuyoruz.



## Marketing and Corporate Communications Awards

**Crystal Apple Awards:** Vestel received 9 awards at the Crystal Apple Awards, organized annually by the “Association of Advertising Agencies” to raise the level of creativity in marketing communications in Türkiye and to certify the unique achievements of agencies, employees, and other parties contributing to the practice.

**Felis Awards:** Vestel received 13 awards in 2023 at the Felis Awards organized by MediaCat to emphasize the role of effective creativity in marketing efforts in the advertising and marketing industry and to reward the achievements of all teams contributing to the creative sphere.

**Hammers Awards:** Vestel received 11 awards at The Hammers, where marketing teams are rewarded every year around seminal cases that set an example for the sector and from which all parties in the sector can learn lessons.

**Effie Awards:** Vestel received an award at the Effie Awards, which have been organized since 2005 by the Association of Advertising Agencies and the Association of Advertiser Agencies under license from the American Marketing Association (A.M.A.) and Effie Worldwide Inc., to measure the effectiveness of advertising campaigns.

**A Awards:** Vestel received 2 awards at the A Awards, where works in the outdoor sector are rewarded.

**Brandverse Awards:** Vestel received 4 awards at the Brandverse Awards, which recognizes projects, brands, and agencies that demonstrate success throughout the year by covering the world of brands 360 degrees with all its old and new-generation marketing, communication, and advertising activities.

## Other Awards

Vestel ranked first in the category of exports of iron and steel products in the “Metallic Stars of Export” awards given to successful exporters by the Istanbul Ferrous and Non-Ferrous Metals Exporters' Association.

The Transformation Leaders team, which implemented the Line Transformation and Integration project in the paint shop department, received an award in the Best Project Team branch at the Çetin Ceviz Project Manager Awards.

At the Successful Team of the Year Awards organized annually by the Quality Association of Türkiye (KalDer), the Vestel Elektronik Management Systems team received the Silver Award for its SUMARS project, and the Vestel Customer Services team received the KalDer 2023 Successful Team of the Year Bronze Award for its End-to-End Service Quality.

## Consumer Electronics, White Goods and Mobility

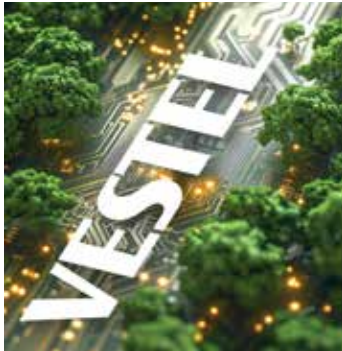
## Vestel in 2023

## Vestel won three awards at the Stevie Awards.



### Vestel is the export champion for the 25<sup>th</sup> time

With export revenues of USD 2.3 billion in the Electrical-Electronics sector, Vestel not only became the export champion for the 25<sup>th</sup> time in a row, but also ranked as the 6<sup>th</sup> largest exporter in the country.



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

Vestel Elektronik and Vestel Beyaz Eşya increased their scores to 78 and 82, respectively, as a result of the ESG assessment of the LSEG Refinitiv rating agency.



### Vestel is among Türkiye's three most valuable brands

According to the 2023 results of the “Türkiye's Most Valuable Brands” survey conducted by Brand Finance, an international brand assessment organization, Vestel ranked among the top three with a value of USD 927 million.



### Vestel's Science Based Targets are at the approval stage

Vestel Elektronik and Vestel Beyaz Eşya has made a commitment to set Science Based Targets (within the scope of the Science Based Targets Initiative - SBTi) and targets are currently at the approval stage.



### Sustainability meets Data Science

All sustainability indicators and targets monitored within the scope of environmental, social and governance have started to be monitored and reported through MAP360, a digital data platform.



### Three awards for Vestel from Stevie Awards

Vestel won one Gold and 2 Bronze medals at the Stevie Awards, recognized as the world's most prestigious business awards. Vestel Customer Services was awarded Gold for its “White Goods Analytics” project, and Bronze for its “Installing Software on White Goods: Veslink” and “No Signal” projects.



### Award in the “Innovation Cycle” category at İnovaLiG

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



### Vestel Ventures and Tacirler Portfolio Future Impact Fund

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



## Consumer Electronics, White Goods and Mobility

### Other Companies Affiliated to Vestel

# Vestel Ventures invested in 25 initiatives to date.

#### VESTEL VENTURES

Vestel Ventures Ar-Ge AŞ (“Vestel Ventures”) is a corporate investment company founded by Vestel Elektronik in 2015 to support initiatives and add new areas of business to Vestel. Having invested in 25 initiatives to date, Vestel Ventures established various programs and structures to develop the entrepreneurship ecosystem, developed various programs to embed innovation in the business manner of Zorlu Holding, and trained countless employees on this matter.

Believing in the capacity of initiatives to liberate life, increase social impact and efficiency and create difference with their innovative styles through their focus areas and working styles, Vestel Ventures presents Vestel's know-how and facilities to entrepreneurs in all phases of the business cycle including product design, industrial design, multiscreen 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 startups in which it invests and Zorlu Group companies, enabling the establishment of new business lines with the speed and agility of a startup, thereby stepping into new areas of activity. Experiences gained in different sectors facilitates the expansion of the experience pool, increase of competences, and transition into new areas.

Vestel Ventures acts as an intermediary also 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 startups in the ecosystem with strong innovation skills other than those it invests in, mentoring them and introducing them to Zorlu Holding companies. Highly creative and entrepreneurial human capital of these initiatives developing under Vestel's leverage affect gets the chance to work with Vestel employees during this process, and the resulting synergy creates a cultural interaction between the entrepreneurs and Zorlu Group employees.

Vestel Ventures offers Vestel's R&D and design strengths, manufacturing, marketing, distribution, sales channels, law, human resources, business network resources and management experience to the entrepreneur as a strategic partner. It also intermediates entrepreneurs in accessing these funds through Vestel's experience with state-backed grant funds in Türkiye and its network of venture capital funds in Europe and the USA. 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 Türkiye, Vestel also gives know-how support to entrepreneurs in the problems they face through the best academics, industrial experts and internationally renowned consultants from all over the world with its facilities.

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

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 recognized in the consolidated financial statements of Vestel Elektronik using the equity method of accounting.

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

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

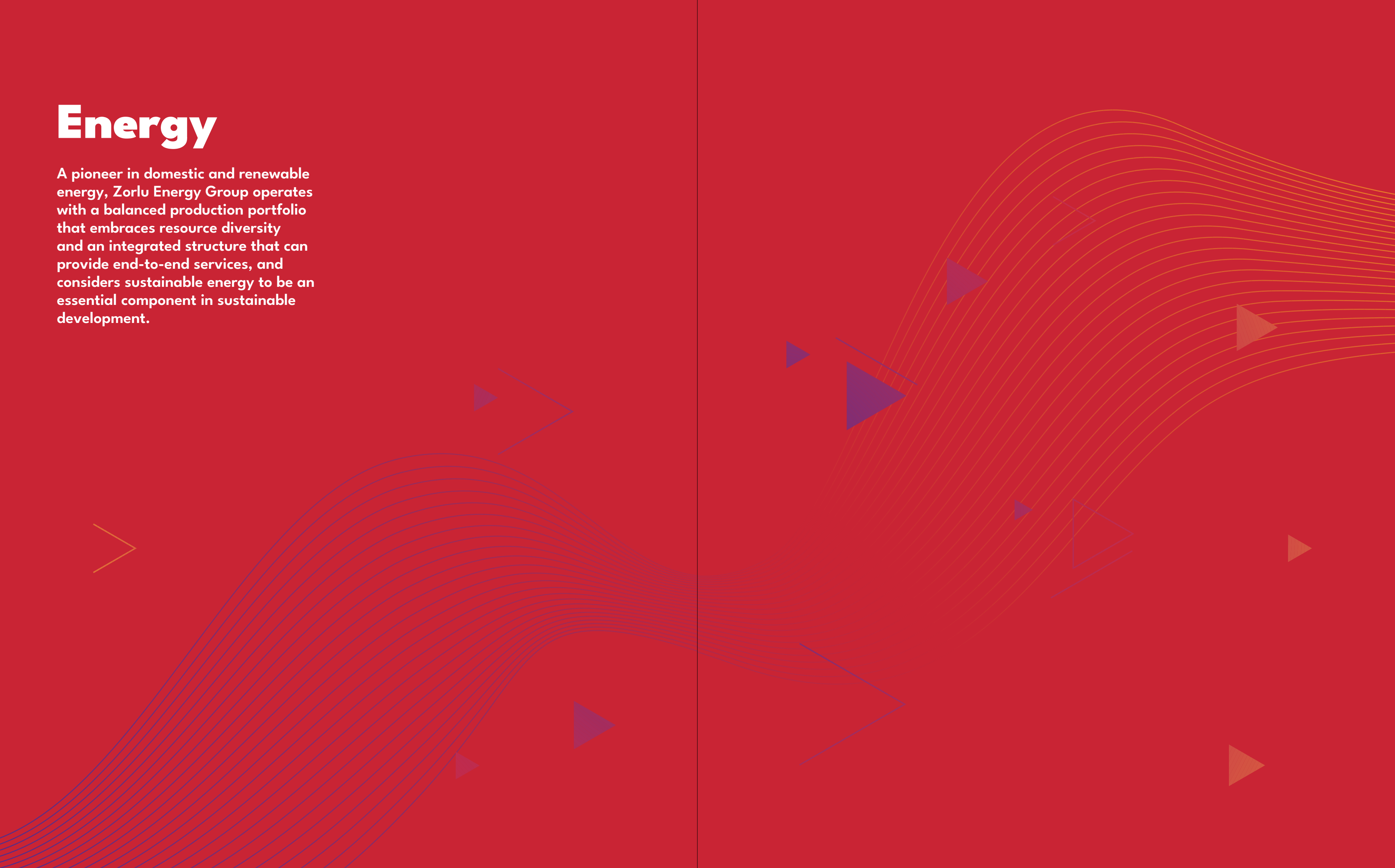
#### AYESAŞ

Aydın Yazılım Elektronik ve Sanayi AŞ (AYESAŞ), one of the system suppliers in Turkish defense industry, produces advanced solutions in manufacturing and supply of command-control systems, avionics systems, electronic and electromechanical systems for the defense and aviation sector. 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 recognized in the consolidated financial statements of Vestel Elektronik using the equity method of accounting.



# Energy

A pioneer in domestic and renewable energy, Zorlu Energy Group operates with a balanced production portfolio that embraces resource diversity and an integrated structure that can provide end-to-end services, and considers sustainable energy to be an essential component in sustainable development.







## Message from the CEO, Zorlu Energy Group

We are working to expand our resource diversity by focusing on decarbonization and future technologies.

**İbrahim Sinan Ak**  
CEO, Zorlu Energy Group

## We continue moving forward, strengthened by a broad energy portfolio assembled with a vision focused on sustainability and innovation.

In 2023, as we proudly celebrated the centenary of our Republic and stepped into its second century, the energy sector also took a significant step. Strategically important in achieving the goal of a stronger and more prosperous Türkiye, the energy sector focused on supply security, climate change and the transition to renewable energy during 2023. Worsening geopolitical tensions, deepening environmental and sustainability issues, especially climate change, and growth and inflation issues dominated the agenda in Türkiye and around the world, and macro policies intended to strengthen economic stability and support sustainability were implemented. While the shift of geopolitical tensions into hot conflicts at some points put pressure on oil and natural gas prices from time to time, we observed that prices did not rise in 2023, as they had in the previous year, but in fact declined when looking at the year in general. According to data from the International Energy Agency (IEA), the oil market, with a surplus supply since the second quarter of 2022, maintained this framework throughout most of 2023. While the price of Brent crude oil was USD 101.00 per barrel in 2022, the price averaged USD 83.00 in 2023. In natural gas, we saw a relatively balanced market in 2023 after a challenging period in 2022.

Globally, we also left behind a critical year in terms of combating climate change and reducing carbon emissions: 2023 was the hottest year on record since the advent of modern meteorological statistics. Caused by climate change, extreme weather conditions resulted in lives lost and serious damage; meanwhile, the global average surface temperature rose 1.2 degrees above the pre-industrial era average. However, there are also positive developments: According to the International Energy Agency's World Energy Outlook 2023 report, over 500 gigawatts of renewable energy capacity were added last year, more than half of it solar, on top of existing installed capacity. As the consequences of climate change become more severe, the urgency of accelerating the transition to renewable energy sources is growing — a commitment was made for the first time at the COP 28 summit in Dubai to move away from fossil fuels and increase the use of renewable energy sources. In addition, an important step was taken to make operational the fund set aside to deal with losses caused by climate change.

Türkiye, too, must make the transition from fossil fuels to renewable and clean energy. To reduce the high costs of the energy we use for both industrial production and residential heating, we need to diversify our energy portfolio and reduce our de-

pendence on foreign energy. The cornerstones of the energy transformation, which play vital roles in this process, are primarily composed of work on digitalization, electrification, battery technologies, and the provision of renewable energy supplies.

As Zorlu Enerji, we are an important player in our country's energy transformation process. In 2023, we achieved strong growth and profitability. The Company's consolidated turnover reached TRY 27.3 billion in 2023; in the same period, EBITDA amounted to TRY 11.4 billion while the Net Financial Debt/EBITDA ratio fell to 3.5x. Profit for the period in 2023 amounted to approximately TRY 11 billion.

We continue on our path, reinforced by a broad energy portfolio created with a vision focused on sustainability and innovation, and operating across a wide range of fields from geothermal to solar, and from wind to electric vehicle charging stations. We are working to expand our resource diversity by focusing on decarbonization and future technologies.

Additionally, we are making significant investments in our software and digital technology infrastructure, in line with our goal of making a difference in energy management. We are expanding our network of electric vehicle charging stations by increasing our electrification-focused investments, and we continue to grow with our ZES brand in Türkiye and our electrip brand in Europe. Our goal is to boost the electrip brand with our investments in Southern and Eastern Europe while maintaining the success we achieved with ZES. By means of our investments and roaming agreements, we are making a significant contribution to the mobility of the future while fulfilling our responsibility to reduce environmental impact.

We continue to produce solar panels and cooperate with the world's leading manufacturers. With our ZES brand, we started producing high-end solar panels for the first time. We continue to be a distributor for globally recognized brands — the biggest brands in their fields, such as Enphase and Solis — and to cooperate with technology giants like Huawei.

Furthermore, in segments such as geothermal, which requires high technology, knowledge and experience, we meet approximately 20% of our country's need on our own. In the R&D area, we are also leading the sector in the renewable energy field, as in our GECO project. We broke new ground in Türkiye by combining our Alaşehir Geothermal Power Plant in Manisa with solar energy to

create a hybrid power plant. Thus, our geothermal power plant, featuring power of 45 MWe, achieved a power increase of 3.75 MWp with the support of solar energy. With our combined renewable electricity generation facility, which will generate six million kWh of energy per year as it becomes hybrid, we will contribute TRY 4.5 million to the national economy annually.

In the meantime, we intensify our work on energy storage, offering sustainable, efficient solutions in the energy sector by means of our investments in wind power plants with storage. Through our Hamitabat WPP project in Kırklareli and the Yeniçiftlik WPP project in Tekirdağ, for which we have received the licenses, we are adding electricity generation facilities with storage to our portfolio for the first time. These projects, together with the preliminary licenses approved by EMRA, will enable us to have a total of 375 MWe of wind power with storage.

While making these investments, we continue to multiply our achievements in sustainability as well. We proudly added CDP Deforestation and TCFD reports, which we published last year, to our firsts in the industry. Thus, while taking a pioneering step in the industry in terms of transparency and accountability, we also shared our sustainability performance in a broader perspective. We are proud to have raised our CDP score in the climate change category from B to A- in 2023.

While continuing to lead the transformation of the energy sector through our investments and R&D efforts, we were honored with a total of six awards in 2023, three of which were the world's most prestigious business awards. We were selected as the most reputable brand in the power generation sector in the Türkiye Reputation Index Survey, conducted by TURKSTAT with the participation of approximately 15,000 people in 26 regions and 72 cities.

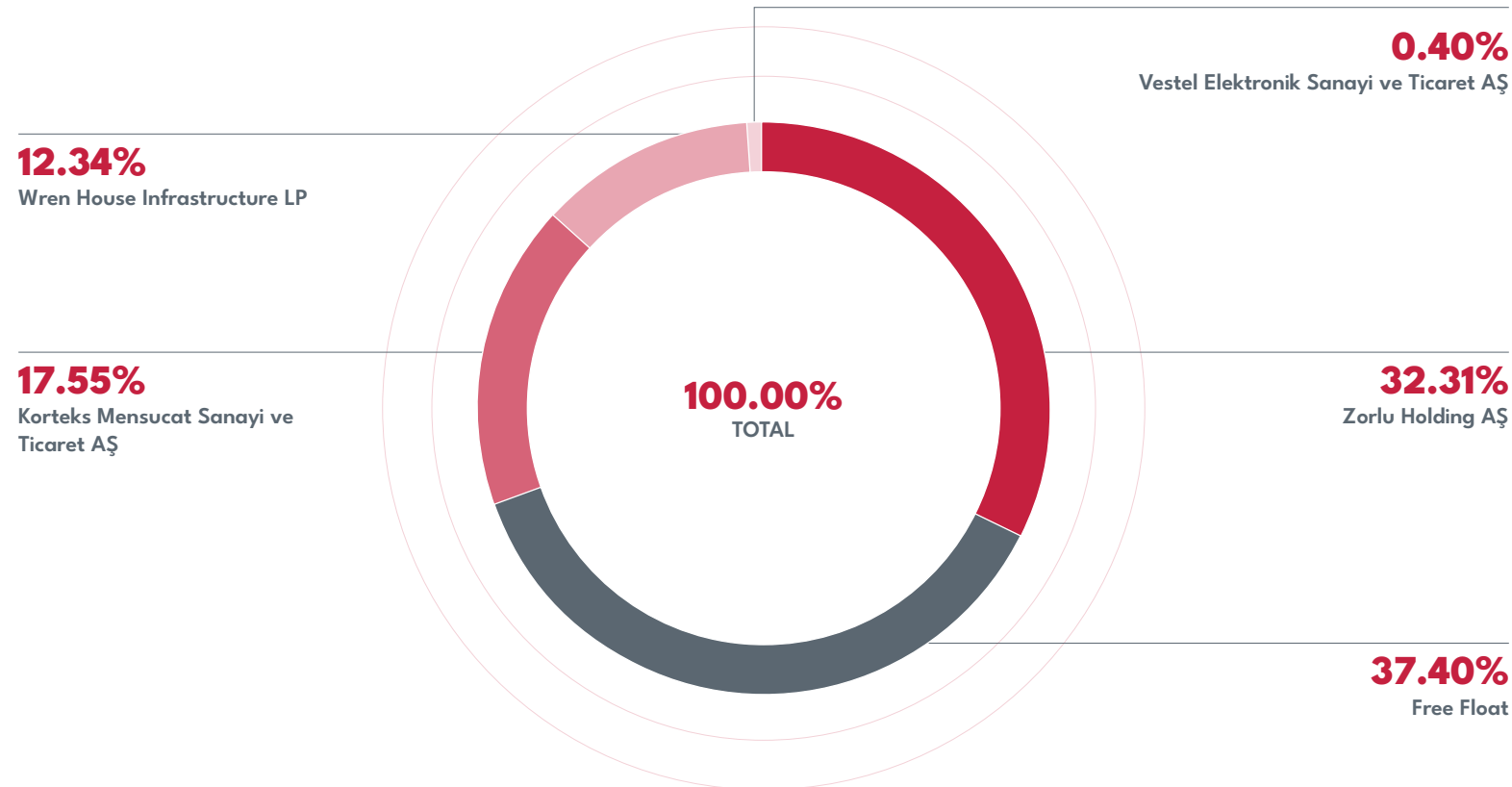
All these developments demonstrate our Company's innovative approach and leadership in the industry, as well as its commitment to sustainability and clean energy. We are aware that, in addition to our financial achievements, we must fulfill our environmental and social responsibilities to carry the Company into the future. As we move forward on this path, I would like to thank all our shareholders and business partners, whose support we always feel with us, and all my steadfast colleagues who work with endless dedication under all circumstances.

## Energy

## Shareholding Structure

As of December 31, 2023, Zorlu Enerji's paid-in capital is TRY 5,000,000,000, and the shareholding structure and capital distribution of the Company are as follows.

Shareholder's Trade Name	Nominal Share Amount (TRY Thousand)	Share in Capital (%)
Zorlu Holding AŞ	1,615,434	32.31
Free Float	1,869,981	37.40
Korteks Mensucat Sanayi ve Ticaret AŞ	877,373	17.55
Wren House Infrastructure LP	617,212	12.34
Vestel Elektronik Sanayi ve Ticaret AŞ	20,000	0.40
<b>TOTAL</b>	<b>5,000,000</b>	<b>100.00</b>



## Zorlu Enerji's Financial Results for 2023

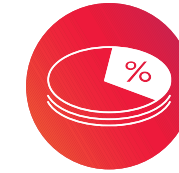
**Zorlu Enerji generated an EBITDA of TRY 11.4 billion in 2023.**



NET SALES  
**27,281**  
TRY MILLION



GROSS PROFIT MARGIN  
**14%**



EBITDA  
**11,386**  
TRY MILLION





## Energy

## Zorlu Enerji's Activities in 2023



## Electricity Generation and Sales

In 2023, gross electricity generation increased by 1,033% year-on-year to 2,688 GWh. Electricity sales from generation amounted to 2,364 GWh, down 1,375% compared to 2022. Commercial electricity sales declined by 5.07% to 6,687 GWh due to the decrease in electricity demand.

The analysis of the energy portfolio shows that by 2023, hydraulic energy is in the leading position with a share of 29.9%, while natural gas, coal, wind and solar energy have significant shares of 24.0%, 20.6%, 11% and 10.3%, respectively, in the energy portfolio. This diversity in Türkiye's energy sector paves the way for innovative steps to be taken towards sustainability and energy independence. In 2023, 45% of Türkiye's total electricity generation was provided from renewable energy sources. This ratio was 40% in 2022.

**2,688**  
GWh

Gross electricity  
generation



## Electricity Distribution and Retail Sales

Zorlu Enerji, which has nearly 30 years of experience and expertise in the energy sector and has implemented the approach of an energy company providing end-to-end service 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 February 2, 2017.

In 2023, Osmangazi Elektrik Dağıtım AŞ (OEDAŞ) distributed a net 6,731 GWh of electricity to approximately 2.035 million subscribers in the Osmangazi distribution region, which includes Afyon, Bilecik, Eskişehir, Kütahya and Uşak. The amount of electricity distributed decreased by 1.144% compared to 2022.

**6,731**  
GWh

Osmangazi distribution  
region electricity  
distribution in 2023



## Osmangazi Elektrik Dağıtım AŞ

OEDAŞ operates in the Osmangazi Electricity Distribution Region in a wide range of areas such as management of electricity distribution, maintenance, repair, renewal operations, network expansion, R&D, capacity increase and technology investments. The Company is responsible for meter readings and maintenance of subscribers in the region, and ensures the continuity of energy supply through demand forecasts and investment planning. OEDAŞ is also responsible for installing and operating the lighting and metering systems of boulevards, streets, avenues, alleys, underpasses, bridges, squares, intersections, walkways and pedestrian crossings in the public domain, excluding motorways and highways with special access control. Electricity purchases are also made to compensate for electricity leakages in the region. Aiming to continuously improve supply and service quality, OEDAŞ has increased the number of customers and been serving approximately 2.035 million subscribers by the end of 2023. In order to further strengthen the electricity distribution network in the Osmangazi region and eliminate deficiencies in the region, OEDAŞ invested a total of approximately TRY 851 million in 2023. These investments include important steps towards modernizing and expanding the region's energy infrastructure.

**2,035**  
million

Number of OEDAŞ  
customers



## Osmangazi Elektrik Perakende Satış AŞ

As the incumbent supply company in the Osmangazi Electricity Distribution Region, OEPSAŞ provides electricity to regulated consumers on retail sales tariffs approved by the Energy Market Regulatory Authority (EMRA). OEPSAŞ also sells electricity to eligible consumers across Türkiye without any regional restrictions. OEPSAŞ's customer portfolio consists of two main groups: The customer group that uses regulated tariffs (K1) and the customer group that purchases energy through bilateral agreements by exercising eligible consumer rights (K2). For both customer groups, energy is supplied from different sources. For the K1 group, energy purchases are mainly realized through Elektrik Üretim AŞ (EÜAŞ) and Enerji Piyasaları İşletme AŞ (EPIAŞ), while for the K2 group, energy is procured from other suppliers and EPIAŞ through bilateral agreements.



## Natural Gas Distribution, Trading and Sales\*

In June 2018, Zorlu Enerji took an important step in the natural gas distribution sector by acquiring 90% of the shares of Trakya Bölgesi Doğal Gaz Dağıtım AŞ and Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ.

Trakya Bölgesi Doğal Gaz Dağıtım AŞ was established in 2005. It operates in Edirne, Kırklareli, Tekirdağ and various districts of them. With a 30-year license, it has a line length of 5,112 kilometers. In 2023, natural gas consumption amounted to 1.249 billion Sm<sup>3</sup>. Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ was established in 2005. It operates in and around Gaziantep. In 2023, natural gas trade

amounted to 716 million Sm<sup>3</sup>. Zorlu Doğal Gaz Tedarik Ticaret AŞ was established in 2010. It operates in the field of natural gas supply and trade, and procures natural gas from domestic and foreign markets. It provides wholesale and distribution services. In 2023, 227 million m<sup>3</sup> of natural gas was traded.

The number of subscribers reached 417 thousand\* in the Trakya Region ("Trakya Doğal Gaz") and 408 thousand in the Gaziantep Region ("Gaziantep Doğal Gaz") in 2023.

\*The transactions regarding the transfer of all shares of Zorlu Enerji Dağıtım, a subsidiary of Zorlu Enerji, to Gaztrak Enerji, a 100% subsidiary of Palmet Enerji, were completed on March 12, 2024.

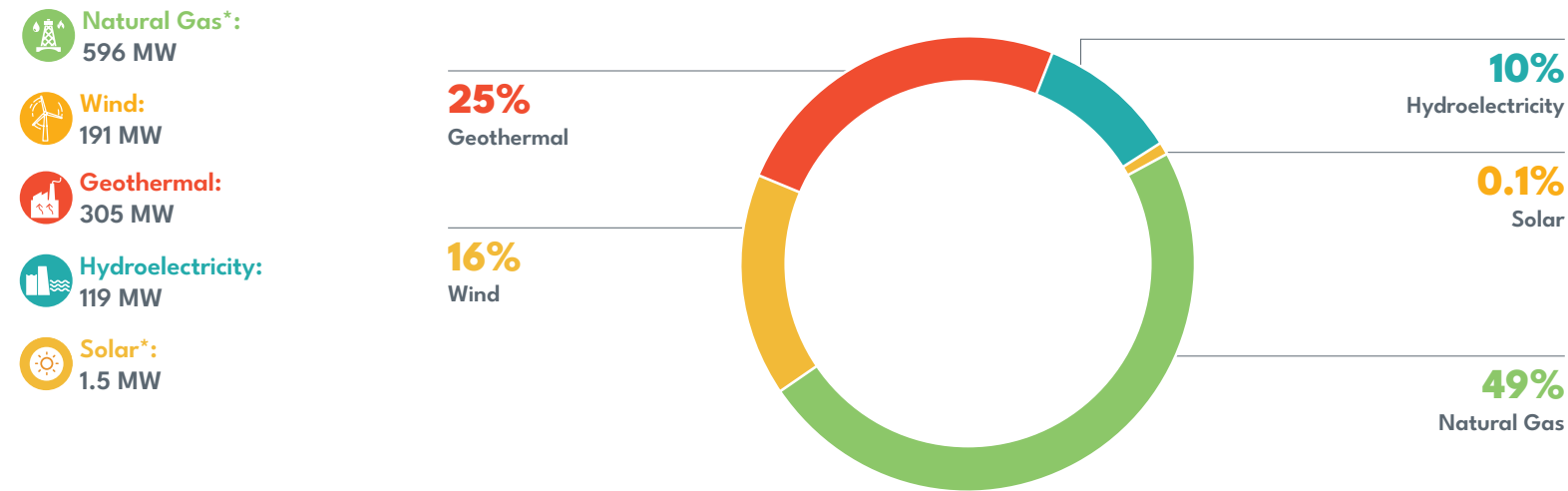
## Energy

## Zorlu Enerji's Installed Capacity

**100% of electricity generation in Türkiye is based on renewable energy sources.**

## Electricity Generation

Zorlu Enerji has 642.77 MW of installed capacity in Türkiye and 353.38 MW abroad.



## Installed Capacity in Türkiye



\*Installed capacity of the power plants is given on the basis of shareholding percentage.

Plant	Company	Location	Type	Electricity Generation Capacity (MW)	Steam Generation Capacity (Ton/Hour)	Direct and Indirect Shareholding (%)
<b>Natural Gas</b>				<b>83.83</b>	<b>98.00</b>	
Lüleburgaz	Zorlu Enerji Elektrik Üretim AŞ	Lüleburgaz, Kırklareli	Cogeneration Natural Gas	49.53	98.00	100
Bursa	Zorlu Enerji Elektrik Üretim AŞ	Bursa OSB	Combined Cycle Natural Gas	34.30	-	100
<b>Wind</b>				<b>135.00</b>	<b>-</b>	
Gökçedağ (Rotor)	Rotor Elektrik Üretim AŞ	Osmaniye	Wind	135.00	-	100
<b>Hydroelectricity</b>				<b>118.94</b>	<b>-</b>	
Tercan	Zorlu Doğal Elektrik Üretimi AŞ	Erzincan	Hydroelectricity (With Reservoir)	15.00	-	100
Kuzgun	Zorlu Doğal Elektrik Üretimi AŞ	Erzurum	Hydroelectricity (With Reservoir)	20.90	-	100
Ataköy	Zorlu Doğal Elektrik Üretimi AŞ	Tokat	Hydroelectricity (With Reservoir)	5.50	-	100
Mercan	Zorlu Doğal Elektrik Üretimi AŞ	Tunceli	Hydroelectricity (Canal Type)	20.40	-	100
Çıldır	Zorlu Doğal Elektrik Üretimi AŞ	Kars	Hydroelectricity (With Reservoir)	15.40	-	100
İkizdere	Zorlu Doğal Elektrik Üretimi AŞ	Rize	Hydroelectricity (Canal Type)	24.94	-	100
Beyköy	Zorlu Doğal Elektrik Üretimi AŞ	Eskişehir	Hydroelectricity (Canal Type)	16.80	-	100
<b>Geothermal</b>				<b>305.00</b>	<b>-</b>	
Kızıldere 1	Zorlu Doğal Elektrik Üretimi AŞ	Denizli	Geothermal	15.0	-	100
Kızıldere 2	Zorlu Doğal Elektrik Üretimi AŞ	Denizli	Geothermal	80.00	-	100
Kızıldere 3	Zorlu Doğal Elektrik Üretimi AŞ	Denizli-Aydın	Geothermal	165.00	-	100
Alaşehir 1	Zorlu Doğal Elektrik Üretimi AŞ	Manisa	Geothermal	45.0	-	100
<b>TOTAL</b>				<b>642.77</b>	<b>98.00</b>	



## Energy

## Zorlu Enerji's Installed Capacity



## Installed Capacity Abroad

Power Plant	Company	Location	Type	Electricity Generation Capacity (MW)	Steam Generation Capacity (Ton/Hour)	Direct and Indirect Shareholding (%)
<b>Natural Gas</b>				<b>295.48</b>		
Dorad*	Dorad Energy Ltd.	Israel	Combined Cycle Natural Gas	215	-	25
<b>Wind</b>				<b>56.4</b>	-	
Jhampir	Zorlu Enerji Pakistan Ltd.	Pakistan	Wind	56.4		100
<b>Solar</b>				<b>1.5</b>		
Dead Sea*	ZJ Strong Energy for Renewable Energy Ltd.	Palestine	Solar	1.5		75

\*Installed capacity of the power plants is given on the basis of shareholding percentage.

## Zorlu Enerji Licenses, Pre-Licenses and Permits

Domestic licenses, pre-licenses and permits are listed below:

Company	Power Plant	Type	Location	Electricity Generation Capacity** (MW <sub>p</sub> /MW <sub>e</sub> )
<b>Generation Licenses</b>				
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	Alaşehir Hybrid Phase 1	Solar	Manisa	3.7543
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	Alkan Jeotermal*	Geothermal	Manisa	18.6
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	Alkan Jeotermal Hybrid*	Solar	Manisa	0.21746
Zorlu Doğal Elektrik Üretimi AŞ	Kızıldere 1	Solar	Denizli	0.99
Zorlu Doğal Elektrik Üretimi AŞ	Kızıldere 2 Hybrid	Solar	Denizli	11.9947
Zorlu Doğal Elektrik Üretimi AŞ	Kızıldere 3 Hybrid Phase 1	Solar	Aydın	24.7498
Rotor Elektrik Üretim AŞ	Gökçedağ Additional Capacity	Solar	Osmaniye	9.6088
Rotor Elektrik Üretim AŞ	Gökçedağ Hybrid Phase 2	Solar	Osmaniye	11.6
Rotor Elektrik Üretim AŞ	Gökçedağ WPP Additional Capacity***	Wind	Osmaniye	46.6
<b>Generation Pre-licenses</b>				
Zorlu Doğal Elektrik Üretimi AŞ	Tekkehamam 2	Geothermal	Denizli	35
Zorlu Elektrik İthalat İhracat Toptan Satış AŞ	Yeniçiftlik	Wind with Storage	Tekirdağ	250
Zorlu Elektrik İthalat İhracat Toptan Satış AŞ	Hamitabat	Wind with Storage	Kırklareli	125
<b>Operating Permits</b>				
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	Simav-Yeniköy	Geothermal	Kütahya	-
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	Nazilli Diracık	Geothermal	Aydın	-
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	Kuyucak	Geothermal	Aydın	-
Nemrut Jeotermal Elektrik Üretimi AŞ	Nemrut No 004	Geothermal	Bitlis	-
Nemrut Jeotermal Elektrik Üretimi AŞ	Nemrut No 09	Geothermal	Bitlis	-
<b>Exploration Permits</b>				
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	Kuyucak	Geothermal	Aydın	-
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	Mutlu	Geothermal	Ağrı	-

Foreign licenses, pre-licenses and permits are listed below:

Company	Power Plant	Type	Location	Electricity Generation Capacity** (MW <sub>p</sub> /MW <sub>e</sub> )
<b>Generation Licenses</b>				
Zorlu Sun Power (Private) Limited ("Zorlu Sun Power Pakistan")	Solar Photovoltaic	Solar	QASP, Bahawalpur, Pakistan	100 MW <sub>p</sub> (DC)
Zorlu Sun Power (Private) Limited ("Zorlu Sun Power Pakistan")	Solar Photovoltaic	Solar	QASP, Bahawalpur, Pakistan	100 MW <sub>p</sub> (DC)
Zorlu Sun Power (Private) Limited ("Zorlu Sun Power Pakistan")	Solar Photovoltaic	Solar	QASP, Bahawalpur, Pakistan	100 MW <sub>p</sub> (DC)

\*The name of Alaşehir 2 GPP Project was changed to Alkan GPP.

\*\*Electricity generation capacity is given as MW<sub>p</sub> for solar power plants and as MW<sub>e</sub> for other power plants.

\*\*\*Kızıldere 3 Hybrid



Energy

Products and Services

By the end of 2023, ZES reached over 4,200 sockets in nearly 2,000 locations.

Electric Vehicle Charging Stations and Smart Systems

In order to reduce carbon emissions and contribute to sustainable development goals, Zorlu Enerji makes significant investments to support the spread of electric vehicles. Considering the 20% share of road vehicles in carbon emissions globally, the importance of its efforts in this area increases even more. According to the IEA's Sustainable Development Scenario, the share of electric vehicles in vehicle sales is expected to reach 41% by 2030 and 52% by 2050, in line with net zero emission targets.

In this context, under the (ZES) brand, which was launched in 2018, Zorlu Enerji offers charging services both within the city and on intercity roads with electric vehicle charging stations established across Türkiye, aiming to facilitate the travels of electric vehicle users in Türkiye and accelerate the electric vehicle revolution.

Zorlu Enerji operates in 81 provinces with charging stations established at locations determined in line with needs and demands. ZES, the leading electric vehicle charging station operator offering charging services with clean electricity from renewable energy sources, provided services at a total of 934 locations in 81 provinces by the end of 2021 and with 2,840 sockets at 1,570 locations in 2022, and reached more than 4,200 sockets at nearly 2,000 locations by the end of 2023. In addition, ZES continues to provide services by establishing electric vehicle charging stations in the TRNC as well.

Zorlu Enerji, which has integrated sustainability into all of its business processes, certifies the electricity it provides to electric vehicles under the ZES brand with the Renewable Energy Certificate (I-REC). ZES is on its way to investing in next-generation technologies that will facilitate the travel experiences of electric vehicle owners and accelerate the electric vehicle revolution. With this approach, it has made it its mission to accelerate industrial transformation and digitalization. Aiming to be a pioneer in the digitalization and transformation processes in the industry, ZES intends to contribute to the development and expansion of the electric vehicle ecosystem.



Zorlu Enerji, which has integrated sustainability into all of its business processes, certifies the electricity it provides to electric vehicles under the ZES brand with the Renewable Energy Certificate (I-REC).

Electrip

With electrip Global, established in partnership with WrenHouse, Zorlu Enerji is taking its know-how and innovative approach in renewable energy and electric vehicle charging station operation abroad.

Electrip activities, which started primarily in Italy, France, Bulgaria, Greece, Croatia, Montenegro and Poland, continue to be recognized and expanded in the installation, operation and maintenance of charging stations electrified with renewable energy throughout Europe.

The number of charging stations under the roof of electrip Global is over 4,700 and in the solar energy sector, which is another focus area of activity, solutions designed specifically for the needs of commercial, industrial and residential consumers are being offered.

In energy efficiency solutions, electrip takes an active role in the clean energy transformation, and sells and distributes solar panels and inverters with its own brand guarantee in Europe.

Also positioned as an energy service company (ESCO), electrip provides project development services in accordance with the regulations and legislation of the countries. It aims to increase efficiency especially in high energy consuming sectors with the latest solar technologies and its experience in the field.

EPC, Maintenance and Operation

Zorlu Enerji intensified its research and investment activities in the field of solar energy, evaluating the increasing energy demand and liberalization processes in Asian and Middle Eastern markets. Having built a wind power plant with a capacity of 56.4 MW in Pakistan, the Company also took steps for solar energy projects and started the 100 MW Bahawalpur Solar Power Plant project in Punjab Province in 2017. A 25-year generation license has been obtained for this project, and it is planned to be operational. Zorlu Enerji, one of the pioneers of the renewable energy sector in Türkiye, aims to establish solar power plants with a total installed capacity of 100 MW in Palestine within the framework of the "Joint Venture Agreement" with JDECO.

Drawing attention also with its innovative steps in wind energy, Zorlu Enerji established a strategic partnership with German technology company Schaeffler and opened the "Zorlu Repair and Renewal Center" in Denizli, which would perform maintenance and overhaul of major equipment of wind turbines. This center has the capacity to repair and maintain critical components used in wind turbines with domestic resources, thus aiming to increase the use of domestic resources in the sector and create employment. As a pioneer in wind energy investments in Türkiye, Zorlu Enerji has increased its potential to provide services in this field at an international level thanks to its cooperation with Schaeffler.



Established in the second half of 2023 in Eskişehir, the ZES Electrical Panel Production Plant has been designed to meet the needs of electric vehicle charging stations.

Established in the second half of 2023 in Eskişehir, the ZES Electrical Panel Production Plant has been designed to meet the needs of electric vehicle charging stations. The plant offers electrical panels that meet industry standards through the use of high-quality components and rigorous production processes. The plant not only focuses on product quality, but also prioritizes environmental sustainability. It constantly develops innovative solutions to increase energy efficiency and minimize waste using advanced technology. It thus contributes to the electric vehicle industry through an environmentally friendly production process.

Zorlu Enerji Management Systems

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

Certifications	Operation Facility Coverage Percentage (%)
ISO 9001 Quality Management System	71
ISO 14001 Environmental Management System	76
ISO 45001 Occupational Health and Safety Management System	76
SA 8000 Social Responsibility Management System	48
ISO 27001 Information Security Management System	19



## Energy

## R&amp;D and Innovation

## GeoSmart Project aims to apply high performance renewable technologies to combined heat-power plants.

## R&amp;D Projects

## Ufuk (Horizon) 2020 Projects

*GeoSmart Project*

The GeoSmart Project aims to apply high-performance renewable technologies to combined heat-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 Kizildere Geothermal Power Plants and In-sheim field in Germany. The objectives of the project include storing geothermal fluid in liquid and vapor 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 took place, 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%. The patent registration of the project was realized in 2023.

*PlaMES Project*

The “Integrated Planning of Multi Energy Systems” (PlaMES) Project was launched to create and shape the low-carbon market of the future. Integrated management of generation and storage systems as well as transmission and distribution networks during planning and operation is expected to increase efficiency. This project will make it possible to analyze distribution network flexibility and required capacity using the flexibility in energy to reduce carbon footprint and increase green energy. In the formation of a planning tool that will shed light on how the energy generation distribution in Osmangazi Electricity Distribution Region should be structured with the lowest cost by focusing on distributed energy systems, different energy generation and consumption sources in OEDAŞ’s service area will be utilized. The relevant model will take into account all players of the energy sector (electricity, gas, transportation, oil and heating) in order to expand the effectiveness of the project.



The GEOPRO Project focuses on research on improving field development and operating conditions to better understand the chemical and physical properties of geothermal.

*GEOPRO Project*

In the project, renewable energy sources play a key role for a low-carbon and climate crisis-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*

The Big Data Solutions for Open Energy Marketplace (BD4OPEM) Project, an OEDAŞ R&D 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 are among 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 would 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 applications 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 a low-cost, flexible and scalable distribution network by creating a flexible market system between local production-consumption points with use of 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 Türkiye, were selected to implement the project. In Türkiye, 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 the processes in question by using the potential of big data and AI (Artificial Intelligence) technologies to improve decision-making in the management and optimization of decentralized 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 maximized. 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.

Zorlu Enerji was awarded 100% grant support for the JIDEP (Joint Industrial Data Exchange Pipeline) project, which it applied for under the Horizon Europe program.

*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 the Company as an R&D project to realize next generation technologies. Drivers of electric vehicles, whose sales are increasing rapidly across Europe, still have difficulties in finding suitable charging options, and this situation limits 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, targets 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 it applied for under the Horizon Europe program, which is the continuation of the Horizon 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, targets to contribute directly to the circular economy and waste management.

*Horizon Europe-Sehrene*

SEHRENE’s new electrothermal energy storage concept has been designed to store renewable electricity and heat, and return it when needed. It will reduce carbon emissions through waste heat recovery and provide backup power during power outages through storage.

*Horizon Europe-EOLIAN*

Within the project, submitted under the call for critical technologies to increase the lifetime, enable efficient dismantling and increase the circularity of offshore and onshore wind energy systems, an innovative smart wind turbine blade will be developed, and it will be manufactured from infinitely recyclable circular platform chemistry. The blade will include in-mold electronics for damage detection, enabling early detection of damage before it becomes a major problem. In the project, the blade will be manufactured using vitrimer composites, and a new class of polymer will be used with the processability and logistical advantages of thermoplastics.

*Horizon Europe-WindTwin*

The objective of the project is to develop an innovative and integrated Wind Digital Twin in order to improve the design, operation and maintenance of wind farms by using a set of tools also including new business models through a set of analytics and optimization.

## Energy

## R&amp;D and Innovation

## Zorlu Enerji has numerous TÜBİTAK-supported projects.

### Horizon 2020-QuantEEFlex

The QuantEEFlex project conducted by OEDAŞ aims to quantify the economic, technical and environmental value of energy flexibility in urban areas.

### TÜBİTAK 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 which is supported under the “Reliable, Clean and Efficient Energy” topic of the Horizon 2020 Program and in which TÜBİTAK is a partner as well. Within the scope of the project, coordination of national programs in the field of dissemination and acceleration of carbon storage and capture 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 capture and storage (CCS) technologies. The Synergetic Utilization of CO<sub>2</sub> 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 arising 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 Türkiye 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 organizations 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 TÜBİTAK. Predictive maintenance technology is used within the scope of the SMART-PDM project, thus it is planned to increase the benefits obtained from wind power plants by reducing operating costs and production losses. The project will be implemented with predictive maintenance technology at Gökçedağ Wind Power Plant.



The DEEPLIGHT project aims to reduce the cost and increase the efficiency of geothermal drilling operations.

#### Eurogia2020 Program-Smart Wind Project

The Smart Wind Project is a multinational initiative involving six companies and research institutes from Türkiye, Germany and Spain. The project aims to improve the operational efficiency of Gökçedağ Wind Power Plant and reduce unit electricity generation costs. The main goal of the project is to develop an innovative decision support system that will maximize the performance of the power plant and optimize costs. This system is expected to play a critical role in determining strategies that will enable the plant to operate more efficiently.

#### DEEPLIGHT Project

The DEEPLIGHT project aims to reduce the cost and increase the efficiency of geothermal drilling operations. The project aims to improve well safety and operational efficiency by developing a contactless drilling based on Electrical Pulsed Power (EPP) technology and casing placement methods during drilling. It is also planned to extend well life

and innovate the drilling approach with a thermally flexible, smart cement specifically designed for a drilling and casing placement approach integrated with the EPP. Achieving these goals will reduce risks in geothermal projects, lower well construction costs, increase heat production capacity per well and reduce the CO<sub>2</sub> footprint.

#### nGEL Project

The objective of the project is to ensure the integration of heating, cooling and additional power generation equipment to achieve flexible tri-generation geothermal power plants and to increase overall efficiency. With increased volatility in power grids due to increased renewable energy systems, the project aims to enable geothermal power plants to operate in reserve markets.

### EMRA Supported R&D Projects

#### Distribution Specific National Processor (DOMI) and National Smart Meter Systems (MASS) Integrated Independent PLC and RF Communication Protocol and Product Development Project

Within the scope of the Türkiye Smart Grids (TAŞ) 2023 project, studies on smart meter systems are being carried out as an important pillar of smart grid transformation. The main purpose of these studies is to determine the minimum features of smart meters, to ensure standardization of the application across the country, to evaluate the impact on tariffs and to prepare legislation and specifications for the expansion of smart meter use. Under the coordination of ELDER, it was aimed to develop each component of the Domestic and National Smart Meter System, from communication protocols to modems and the design of special meters for different user groups. In this process, pilot applications were carried out on prototypes produced in accordance with the specified criteria, and measurement, analysis and reporting processes were carried out. This comprehensive project was completed in October 2022.

Another important step has been taken in Türkiye's smart grid transformation with the DOMI (Distribution Specific National Processor) and MASS integrated Independent PLC and RF Communication Protocol and Product Development projects, for which applications were made under the leadership of ELDER and approvals were obtained in July 2022. These projects include important developments that will further advance domestic smart meter systems.

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

This project, approved by EMRA in January 2022, aims to provide a fast and effective solution for the detection of faults caused by partial discharge occurring in medium voltage overhead lines. For

Within the scope of the Türkiye Smart Grids (TAŞ) 2023 project, studies on smart meter systems are being carried out as an important pillar of smart grid transformation.

this purpose, it is planned to develop a product that can quickly identify partial discharge. The system to be developed will be designed entirely using domestic resources, thus reducing foreign dependency. As part of the project, detailed information will be provided to the industry about measurement instruments capable of partial discharge detection, and it is aimed to obtain objective, comparable and easily interpretable results. In this way, it is aimed to reduce power outages and provide a better quality energy supply by preventing faults caused by partial discharges.

In addition to financial gains for the electricity distribution companies that will benefit from the project, reputational gains are also foreseen thanks to uninterrupted and high-quality energy supply. Domestic raw materials to be used in the project will contribute to the national economy and help promote domestic production.

#### Investigating Chemical Energy Storage Technologies and Conducting Pilot Project Studies in Distribution Networks (KEDEP)

It is aimed to reduce the faults caused by voltage drops on long power lines and overloading of the network. In addition, the project includes improving the technical quality of electricity by reducing effects such as reactive power, harmonics and flicker caused by electricity subscribers, reducing technical losses in electrical devices used by consumers, increasing the efficiency of solar panel plants, and developing a versatile and flexible Battery Management Software by using SES for the development of arbitrage applications for retail companies.

#### SLF: Geospatial Load Forecasting Software

In the project, it is aimed to increase the long-term utilization rates of grid facilities and to make the right new investments in the system, to create a roadmap to provide electricity distribution infrastructure planning with optimal planning for the targeted period, and to implement stochastic planning processes with different scenarios.

#### E-Depo Energy Storage Systems Tracking Portal

It includes management of storage systems application and implementation processes, monitoring storage systems across the country from the centers, and creating an information sharing platform about storage systems.

### Our Mobile Applications

As a result of the efforts made to digitalize the processes at the charging stations installed both in Türkiye and Europe in cities and on intercity roads in order to offer environmentally friendly and innovative solutions, all users can now complete their charging transactions digitally from anywhere on the ZES mobile application in Türkiye and electrip mobile application abroad, instead of using physical cards.

All users can now complete their charging transactions digitally from anywhere on the ZES mobile application in Türkiye and electrip mobile application abroad, instead of using physical cards.



## Energy

## R&amp;D and Innovation

## Zorlu Enerji contributes to the local economy by paying attention to the use of domestic resources.

## Innovation

## Innovative Solutions

One of the most important components of the transition to a low-carbon economy is to increase the use of renewable energy. Adopting the principle of utilizing our country's renewable energy resources to the maximum extent, Zorlu Enerji contributes to the local economy by paying attention to the use of domestic resources. It leads the sector with sustainable solutions it has developed and its R&D studies based on 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 scope, 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. Work continues on the topic which was addressed by the Impact Oriented Growth Sub-Working Group within the Sustainability Board in 2022. All R&D activities are carried out in accordance with global standards by serving the Sustainability Development Goals.

One of the main objectives is to bring the electricity distribution systems in Türkiye up to global quality standards and to develop the latest technologies to operate those systems. Efforts are being made to generate knowledge for this purpose, 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 distribution licenses, and continuously improves its business models in line with this legislation.

**Zorlu Enerji has 4 Horizon 2020, 1 Horizon Europe and 4 TÜBİTAK 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.**

## 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 TÜBİTAK 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.

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 Türkiye 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 2023, investment made in R&D expenditures reached TRY 26 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."

## Energy

## Human Resources

## Zorlu Enerji acts with the awareness that people are the building blocks of the steps it takes with a focus on sustainable growth.

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 its 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, 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, in addition to the legislation addressing working life.

## 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 that 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
- Raising awareness of all its stakeholders, from suppliers to customers, on this issue.

**Zorlu Enerji acts with the belief that growth and development can only be achieved together.**

## Employees are the most influential and important components in the value chain for Zorlu Enerji.

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 with 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. Zorlu Enerji, which has been a signatory since 2020 to the Women’s Empowerment Principles (WEPs), a joint initiative of UN Women and UN Global Compact, which consists of principles that provide a roadmap for companies on gender equality and the empowerment of women in business and society, also collaborates with many organizations including the Women in Geothermal (WinG) Platform, YEYKAD (Green Collar Women Association), 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 its remuneration and benefits processes on the wage market, the 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. Furthermore, remuneration and benefit strategies are revisited by participating in wage 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, wage surveys conducted, 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 the goals. Recognizing that it 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 the employees.

### 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, but 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 has been 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 2024. 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 head office 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 (sale of a company, mergers, spin-offs, changes in business processes, etc.). As previously mentioned, the Company also pays attention to fulfill and comply with the requirements of its Human Resources Policy, the “Corporate Restructuring & Human Rights Commitment” and the legislation regulating working life, as well as the international conventions to which Türkiye is a party in this regard, especially the basic principles of the International Labor Organization and the United Nations Universal Declaration of Human Rights.

### Right of Organization

The Company protects the rights and interests of all employees within the scope of Labor Law No. 4857 while supporting the organization of its employees within itself and observing their right to form labor unions. The Company’s 100% indirect subsidiary Osmangazi Elektrik Dağıtım AŞ has 682 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, and the CLA is legally prepared on the basis of the Union and Collective Labor Agreement.



### 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 scope, a total of 19,104 hours of training was provided in 2023, with an average of 6.82 hours of training per employee. The budget spent on training reached TRY 2,544,843.

### 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 violation, supervisory and regulatory actions are taken based on the Ethical Principles of Zorlu Holding, which also includes Zorlu Enerji.



## Energy

## Occupational Health and Safety

## Rules and guidelines that center on occupational health and safety are followed in all business practices.

### 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.

Rules and guidelines that center on occupational health and safety are followed in all business practices. All activities are carried out under the guidance of Zorlu Enerji Occupational Health and Safety Policy and within the framework of ISO 45001 Occupational Health and Safety (OHS) Management System. In this context, operations are continuously subjected to OHS risk assessments, taking necessary measures and making arrangements and improvements. All employees are provided with OHS information before they start their field activities and are equipped accordingly. 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. 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, situations involving open nonconformities and actions are communicated to the managers by informing the senior management. The directorate annual report, which is prepared and published monthly regarding the OHS performance of Zorlu Enerji



**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.**

in general, is evaluated in meetings attended by senior management at the General Manager and Director level, thus OHS issues are addressed at the entire 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 whenever they wish 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.

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.

In 2023, an average of 6.82 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 2023, an average of 1,686 contractor personnel per month was employed in Zorlu Enerji operations. Personnel of contractors received a total of 16,508 hours of OHS training. The average number of hours of training per person is 22.3 hours.

### Projects Realized within the Scope of OHS

#### Video Verification System

Zorlu Enerji launched the Video Verification System in June 2019, enabling live video sharing and communication among its employees. The system is being used by OEDAŞ System Operation Department and Distribution Services Department, and its scope was expanded as of 2022. Employees contact the Main Control Center before starting work to take the necessary OHS measures and obtain approval for the operation. Zorlu Enerji imposes various sanctions for employees who do not comply with OHS rules and enforces OHS requirements in operation areas where the Video Verification System is used. Thanks to this system, a significant reduction in occupational accidents was achieved and OEDAŞ stood out as an exemplary electricity distribution company in terms of occupational health and safety.

OEDAŞ obtained the license for the Video Communication System in 2022, and this year, it began efforts to include contractors in the system as part of its investment planning. This system is being used for the communication of personnel working in all System Operation and Distribution Services Departments and for live video sharing of work performed in line with occupational health and safety instructions. In electricity distribution operations, mobile devices and the system infrastructure are effectively used for the communication of field teams. Thanks to the system, teams connect to the main control center before starting work, receive approval, and start work in line with occupational health and safety measures. GTS records monitored by occupational health and safety experts since April 2021 are evaluated. As a result of OHS assessments, action reports are issued to the relevant managers for inappropriate work. The aim of the project is to prevent occupational accidents and dangerous situations by creating a safe working environment within the scope of occupational health and safety. With this project, significant reductions in energy-related occupational accidents were achieved and an exemplary position was attained in the sector. Its innovative features include the monitoring of field operations in terms of occupational health and safety and the detailed examination of accidents and dangerous situations.



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

Through the Measurement of Occupational Health and Safety Culture Level of Employees and Preparation of Action Plan Project, OHS culture levels of employees are measured and action plans are created. With face-to-face, online and survey-based interviews conducted as part of this project, the OHS culture levels of all employees were determined in 2022 and action plans were created. In the coming years, it is planned to continue evaluations based on criteria such as technical and managerial evaluation, leadership and commitment, safety culture, corporate-social behavior, communication, training and continuous improvement by expanding their scope.

### Digital Occupational Health and Safety Risk Detection System

Zorlu Enerji utilizes the power of digital transformation by effectively using the Salesforce application to manage OHS risks in charging station installation processes. Thanks to this system, mandatory OHS checks are carried out digitally before starting work and potential risks can be proactively identified and prevented. Identifying risks in advance and taking the necessary measures contribute significantly to the prevention of occupational accidents and occupational diseases. The digital platform saves time and costs by automating risk assessment and control processes.

**In 2023, an average of 1,686 contractor personnel per month was employed in Zorlu Enerji operations. Personnel of contractors received a total of 16,508 hours of OHS training.**



Energy

Zorlu Energy Group and Sustainability

Zorlu Enerji recognizes the importance of protecting natural resources in an ever-changing and evolving economic environment.

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 continues its operations in the fields of electricity generation, sales of electricity and natural gas, solar roof panels, operation of electric vehicle charging infrastructure, solar roof panel and inverter trade. While 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.



Zorlu Enerji continues its operations in the fields of electricity generation, sales of electricity and natural gas, solar roof panels, operation of electric vehicle charging infrastructure, solar roof panel and inverter trade.

Support for sustainable development with environmental sensitivity and innovative financing structure

In accordance with “Goal 7: Affordable and Clean Energy” of the United Nations Sustainable Development Goal, Zorlu Enerji acts with the aim to expand access to clean energy and support making clean energy accessible to all by 2030. To this end, the importance of promoting investment in renewable energy sources such as solar, wind and thermal is always emphasized.

Expanding clean energy infrastructure and making technological improvements in developing countries contribute significantly to economic growth as well as environmental sustainability. With this perspective, the Company focuses on high-potential renewable energy sources, particularly solar energy, in regions where energy demand is increasing and liberalization processes are ongoing in the Asian and Middle Eastern markets.

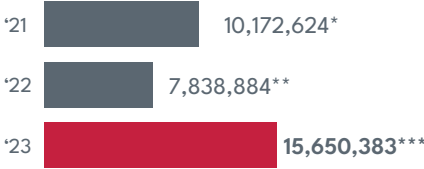
In this context, following the construction of a 56.4 MW wind power plant in Pakistan’s Jhimpir region by Zorlu Enerji Pakistan, the first wind power plant in the country to be realized with foreign investment, the Company took action for an investment in solar energy with an installed capacity of 300 MW. This new hybrid project will support the existing installed wind power generation facility at the Jhimpir Wind Farm with solar power.

In addition, works on solar power projects has been initiated in Punjab Province. These works are supported by a 25-year generation license issued by Pakistan’s National Electric Power Regulatory Authority (NEPRA).

According to NEPRA’s sector report for 2023, Pakistan’s total electricity consumption is 138,028.86 GWh. According to World Bank data, Pakistan’s population in 2022 was declared as 235,824,862 people. Based on this population, per capita electricity consumption is 585.3 kWh per year. The wind power plant in Jhimpir, which has an annual generation capacity of 159,000,000 kWh and meets the requirements of the “Gold Standard” certification, is estimated to provide electricity to 271.6 people annually. These initiatives are concrete examples of Zorlu Enerji’s contribution to clean and accessible energy in line with its sustainable development goals.



Environmental Investments (TRY)



\* Calculated based on the USD exchange rate of CBRT on 31.12.2021.  
\*\* Calculated based on the USD exchange rate of CBRT on 31.12.2022.  
\*\*\* Calculated based on the USD exchange rate of CBRT on 31.12.2023.



## Energy

## Combating the Climate Crisis

# Zorlu Enerji invests in domestic, renewable and clean energies.

Being aware of the importance of reliable and sustainable energy supply for all sectors, Zorlu Enerji attaches great importance to protecting energy resources, optimizing 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.

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. Due to Zorlu Enerji's renewable energy investments in recent years, the share of renewable energy in Türkiye's generation portfolio reached 100% by the end of 2023. The Company continues its efforts to become the most effective, visionary and technology-developing player in Türkiye in solar energy as well as in wind, hydroelectric and geothermal energy.

Due to Zorlu Enerji's renewable energy investments in recent years, the share of renewable energy in Türkiye's generation portfolio reached 100% by the end of 2023.



Zorlu Holding Annual Report 2023

## Important Steps in Combating the Climate Crisis

## Science Based Targets Initiative (SBTi)

Zorlu Enerji has made a commitment 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 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.

## Carbon Disclosure Project (CDP)

One of the steps Zorlu Enerji has taken to combat the climate crisis is the Carbon Disclosure Project (CDP). As the first company to join the project from Türkiye, Zorlu Enerji reports every year as part of the climate program. CDP reporting not only demonstrates the Company's commitments, but also shows compliance with global sustainability efforts and contribution to global climate targets. The Company once again proved its commitment to the environment by raising its "B" score to "A-" in 2023.

## Zero Carbon Footprint Forests Project

Zorlu Enerji makes efforts also at the micro level with the Zero Carbon Footprint Forests Project to combat the climate crisis and ensure a sustainable future. The Company calculated the carbon footprint of the visitors who visited the stand and the stand itself at all fairs and summits attended to raise awareness on Climate Change, and initiated afforestation efforts in the regions where activities were 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 600 thousand saplings by the end of 2023 in the regions where it operated, within the framework of the General Directorate of Forestry Commemorative Forests regulation. Launched with a target of 1,150,000 saplings, the project aims to carry out afforestation works consisting of 90 thousand saplings every year.

## GECO Project

Electricity generation from geothermal resources in Türkiye creates significant amount of emissions due to the unique structure of the reservoir. This is a critical problem in the fight against the climate crisis. In this framework, a project was initiated in cooperation with international institutions under the European Union's Horizon 2020 program to develop solutions for capturing emissions from geothermal resources and storing them underground.

Zorlu Enerji carried out afforestation works consisting of 600 thousand saplings by the end of 2023 in the regions where it operated, within the framework of the General Directorate of Forestry Commemorative Forests regulation.

**3**  
**TRY million**  
Expenditure on nature conservation and biodiversity activities in 2023

Zorlu Enerji has directed its operations to promote environmental responsibility and nature conservation as a critical aspect of its sustainability strategy.

Zorlu Holding Annual Report 2023

The pilot Carbon Capture and Storage Facility was established at Kızıldere III Geothermal Power Plant and activities were initiated. With this project, it is aimed to be part of an important step in combating the climate crisis by reducing emissions from geothermal power plants in our country after the final report to be published in 2023.

## Wind Power Plants with Storage

Wind Power Plants (WPPs) with Storage is included in Zorlu Enerji's roadmap as an important mitigation action to realize our SBTi targets. The efficient use of renewable energy and power plants with storage that provide energy storage capacity will reduce Scope 2 emissions.

Efforts are being carried out relentlessly to further increase the share of the current renewable energy portfolio and improve resource diversity. With the wind power plants with storage to be installed, it is aimed to utilize renewable energy resources at the maximum level and to add strength to our country's progress towards energy efficiency. When the wind power plants with storage are completed, 532 thousand tons of carbon dioxide emissions equivalent to the CO<sub>2</sub> emissions eliminated by 24 million trees per year will be prevented. With the energy to be obtained from the two plants, an additional more than 328 thousand households will be able to receive electricity from renewable sources annually.

## 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 2023, the Company spent a total of TRY 3 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.

## "Be Responsible (Duyarlı Ol) Project"

"Be Responsible Project" is an integrated environmental management project that aims to save resources and raise awareness in workplaces by focusing on governance, sustainable purchasing, energy, water and waste management. Focusing on measures that can be taken at the individual level and environmentally friendly choices for employees, this project was implemented by Zorlu Enerji Osmangazi Elektrik Perakende (OEPSAŞ) at its offices in Afyonkarahisar, Bilecik, Eskişehir, Kütahya and Uşak in cooperation with SKD Türkiye. In line with the vision of "Smart Life 2030," OEPSAŞ was awarded a gold certificate as part of the project. By promoting the use of renewable energy, the Company achieved significant gains in combating the climate crisis by digitalizing business processes through Digital Subscription Services and saving paper, water and fuel, and aimed to expand the use of renewable energy in electricity generation and consumption by certifying all its offices with the Renewable Energy Resource Guarantee System.



## Energy

## Combating the Climate Crisis

## At OEPSAŞ Eskişehir office, energy savings were achieved by conducting energy efficiency-oriented work.

At OEPSAŞ Eskişehir office, energy savings were achieved by conducting energy efficiency-oriented work. In 2023, 459,095.59 kWh (43,516.17 m<sup>3</sup>) of energy efficiency was achieved, increasing the value by approximately 45% compared to 2022.

### GHG Emissions

Zorlu Enerji is working intensively to achieve net zero carbon emissions by 2040, in line with its responsibility to do its part by complying with the targets set especially 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. Zorlu Enerji makes efforts within the “Science Based Targets Initiative (SBTi),” which supports sustainability goals and whose implementation was initiated by the UN Global Compact on a global scale as indexed to the global 1.5 °C compliance target, and expects its targets to be approved in 2024.

Direct and energy associated greenhouse gas emissions resulting from operational activities of Zorlu Enerji, including all its group companies, have been calculated and verified. Zorlu Enerji, which has measured and verified its carbon footprint in its sector and shared 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 756,843.22 tCO<sub>2</sub>e and 234,905.91 tCO<sub>2</sub>e in 2023, 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 6,001,865.26 tCO<sub>2</sub>e in 2023.

### Water Management

Water is vital in many areas, from ecosystems to industrial facilities, and it also plays a fundamental and irreplaceable role in Zorlu Enerji's activities. Recognizing this dependency and the risks arising from water scarcity, the Company has set the goal of using water resources more responsibly.



**Zorlu Enerji meticulously manages its approach to water resources in order to contribute to a sustainable future.**

Zorlu Enerji is aware of its responsibilities for water management and meticulously manages its approach to water resources in order to contribute to a sustainable future. Water Quality and Management are among its top priority topics. In this scope, the goal adopted in line with Zorlu Holding's Smart Life 2030 vision is to optimize the use of natural resources and minimize water consumption.

Zorlu Holding attaches importance to sharing the outputs of its efforts with stakeholders in line with the principle of transparency. Water used and impact data are reported through the CDP Water Program. In power plants with high water use, ISO 14046 Water Footprint verification processes are completed and data are shared with the public. Six plants, namely Kızıldere 1-2-3 Geothermal Power Plants, Bursa Natural Gas Power Plant, Lüleburgaz Natural Gas Power Plant and Alaşehir Geothermal Power Plant, have ISO 14046 Water Footprint certification.

### 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 realized within 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.

### Contribution to Circular Economy Practices

Zorlu Enerji sees the JIDEP project, which is part of its R&D projects, as an important step that reinforces its circular economy vision. Within the scope of the European Union's Horizon Europe program, the JIDEP project, which focuses on the recycling of composite materials, aims to reuse composite materials used in many industries, from automotive to marine, and directly contributes to waste management. This research and development project that is carried out in cooperation with 13 partners from 7 countries will create a database of recycled composite materials. This platform will promote the reuse of materials and efficient use of resources. In addition, it is aimed to contribute to the industry both environmentally and economically by sharing the experiences gained in recycling end-of-life wind turbine blades at the Gökçedağ Wind Power Plant. In 2023, stakeholders were contacted at various events organized, including the Wind Turbine Blade Recycling Workshop held in Izmir.

### Air Quality & Greenhouse Gas Emissions

Zorlu Enerji works with a comprehensive air quality management strategy that it adopted to minimize environmental impacts and risks. This strategy has been shaped by the vision of a clean environment and a healthy future.

Zorlu Enerji is committed to managing air pollutant emissions and reducing our impact. It carries out studies to identify, monitor, report and reduce emissions arising from its operations in line with national and international expectations.

It monitors emission data by making instantaneous measurements with the Greenhouse Gas Emissions Measurement System (GEMS) at its geothermal and thermal power plants, and reports them to the Provincial Directorate of Environment. It uses lime in a responsible manner in its thermal power plants to reduce SO<sub>x</sub> emissions. From 2022 to 2023, it took decisive steps in the energy sector, reducing NO<sub>x</sub> and SO<sub>2</sub> emissions by 49% and 32%, respectively. It also recorded reductions in dust and CO emissions, significantly reducing our environmental footprint.





## Energy

## Social Contribution

## In 2023, Zorlu Enerji provided approximately TRY 33,359,195 to social investment projects.

### Local Socio-Economic Impact

Zorlu Enerji evaluates its sustainable growth strategy together with its approach focusing on environmental and social issues, its business model and its strong financial capital. The Company believes that investing in future generations and the communities in which it operates contributes to the future of both the Group companies and the country. Through social responsibility projects, it supports social development by generating solutions that meet the needs of the local communities.

Zorlu Enerji aims to realize social investments with a focus on Sustainable Development Goals and to involve local communities in decision-making processes. In its investment processes, it places great importance on effective communication and that its projects are embraced by local communities. It creates versatile solutions for the broad needs of society, making various investments in areas such as social services, education support and protection of natural life. In 2023, the Company provided approximately TRY 33,359,195 to social investment projects. Social impact analyses are conducted while evaluating the social and economic impacts of the Company's operations, and management plans are developed to eliminate or mitigate potential impacts. During the construction and operation phases, various collaborations are carried out to protect the environment and the health of local communities, and reports are submitted regularly. In addition, the Company takes part in coordination groups with local governments all across electricity and gas distribution licenses and actively participates in for ensuring network security and user safety.

Zorlu Enerji attaches importance to technological infrastructure and education in the regions where it operates and shares its know-how through projects it developed to support the development of local communities. In this scope, it provides technology support to public institutions and schools, purchases technical equipment for engineering faculties of universities, and provides technological equipment support to students with limited financial means. In addition, Zorlu Enerji provides scholarships to more than 300 needy university students. Through the Zorlu Enerji Experience program, it increases young people's know-how on subjects such as sustainability, climate crisis, technology, project management, and supports their capacity development. With the motto of being the Energy Company of the Future, it contributes to the access of children, the architects of the fu-



**Zorlu Enerji attaches importance to technological infrastructure and education in the regions where it operates and shares its know-how through projects it developed to support the development of local communities.**

ture, to quality education, and provides training in mathematics and science to more than 200 children through the Lesson Support (Ders Destek) project.

### Corporate Social Responsibility Projects

In line with its goal of a sustainable world, Zorlu Enerji carries out social responsibility activities by focusing on various projects, especially in the areas of gender equality and youth development.

An Equal Life (Eşit Bi'Hayat): Through this program, support is provided to female employees and gender equality awareness is being raised in cooperation with schools. In 2023, the Company received the "Equal Opportunity Certificate" for its An Equal Life approach and practices. Its efforts in this field have been registered at national and international levels by going through an evaluation process covering 22 criteria of the Equal Opportunity Model developed under the leadership of the Women Entrepreneurs Association of Türkiye (KAGİDER).

Zorlu Enerji Experience: The Zorlu Enerji Experience (ZExperience) Program, conducted in partnership with imeceLAB for Zorlu Enerji scholarship holders, provides personal and professional development training to university scholarship holders to better prepare them for professional working life. In the first phase of the program, scholarship holders were provided with a perspective on the Sustainable Development Goals (SDGs) and trained in the areas of climate & sustainability, technology, energy and communication. In the second phase, they analyzed the problems in the SDGs of their choice in depth and had the opportunity to learn project management from A to Z through Design-Focused Thinking, Project Management, Brainstorming Workshop and Storytelling & Presentation Workshop trainings. With the knowledge they acquired, the scholarship holders designed projects in teams for the SDGs of their choice and participated in the Project Competition with the support of Zorlu Group volunteers (Sparks). The best 3 projects were awarded in the competition where 8 SDGs were addressed with 12 projects. In the evaluations made at the end of the program, the increase in their know-how and their willingness to team up and produce together showed that the program successfully achieved its goals.

Lesson Support Project: Online tutoring support is provided through distance learning tools to the 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> grade children of company employees studying at public schools, as well as to earthquake victim children. The project not only contributes to children's education but also encourages employee volunteerism and enables Zorlu Enerji employees to meet with students as volunteer instructors. The project aims to provide math and science education to 250 students.

Our Energy is Equal Vocational High Schools (Enerjimiz Eşit Meslek Liseleri) Project: The project provided technical skills and personal development training to students attending Vocational and Technical Anatolian High Schools and Multi-program Anatolian High Schools in Eskişehir, Uşak, Kütahya, Bilecik and Afyonkarahisar. Through this project, students are introduced to the electricity distribution sector and are supported to increase their knowledge on topics such as sustainability, gender equality and presentation skills.

Mehmet Zorlu Foundation: The Foundation provides support in the fields of education, culture and health to enable young people develop their talents and help them get off to a better start.

Scholarship Program: As part of the fight against poverty, this program provides scholarships to more than 300 needy university students in the investment regions each year for a period of 9 months. In this scope, 322 students received scholarships in the 2022-2023 period.

"Women's Power, Power of the Future (Kadının Gücü Geleceğin Gücü)" Program: With the aim of strengthening gender equality in technical business areas in the energy sector, both theoretical and field practice trainings were provided to female students studying at vocational high schools in Gaziantep. All 25 participants successfully graduated from the program and 5 participants



**As part of the fight against poverty, the Scholarship Program provides scholarships to more than 300 needy university students in the investment regions each year for a period of 9 months.**

were employed. The program, which aims to train the female technicians of the future, won the Women's Employment and Equal Opportunities at Work Award from the Women-Friendly Brands Platform in December 2023.

Support Programs for Universities in Investment Regions: Seminars, special events and technological equipment support are provided. For example, support is provided to the Mavera Technology Team, the first electric vehicle team of Osmangazi University, and the Solar Car Team of Istanbul Technical University, contributing to young people to produce the technology of the future with alternative energy sources.

Our Energy is for Our Region (Enerjimiz Bölgemiz İçin) Project: Supports such as sponsorships for local special days and festivals, providing access to clean water in villages and meeting the energy needs of schools are provided. In addition, children in disadvantaged climatic regions are regularly provided with winter clothes, and women's economic development is supported with the needs provided from local women's cooperatives.

Best Friends (Can Dostlar) Project: Realizing that the number of people feeding stray animals decreased due to lockdowns imposed during the Covid-19 pandemic, OEDAŞ field employees, with the support of their managers, launched the Best Friends social responsibility project in May 2021. With this initiative, the food and shelter needs of stray animals in Afyonkarahisar, Bilecik, Eskişehir, Kütahya and Uşak are met. In addition, medical device support is provided to public institutions that perform neutering, care and treatment procedures. The project won the gold award in the "Corporate Social Responsibility Program of the Year" branch in the European region at the 20<sup>th</sup> Stevie International Business Awards.

Sponsorship Activities: In addition to science-based studies supporting the environment and alternative energy sources, significant sponsorships are provided for events such as the Solar Vision Congress, Eco Love Festival, Energy Summit and IRENEC for a sustainable world.

**Significant sponsorships are provided for events such as the Solar Vision Congress, Eco Love Festival, Energy Summit and IRENEC for a sustainable world.**



## Energy

## Awards Received in 2023

## Zorlu Enerji received two awards at the Stevie Business Awards.

- At the Stevie Business Awards, one of the world's most prestigious business awards;  
o Silver Award - "Customer Service Department of the Year" category under the ZES brand  
o Bronze Award - "Best Technical Support Service" project under OEDAŞ brand

- At the 8<sup>th</sup> ACE (Achievement in Customer Excellence) Awards organized by Şikayetvar, the only platform that measures customer satisfaction in Türkiye, the "Diamond" award in the Energy category for the fifth time with the highest customer satisfaction rate among 18 companies in the energy sector

- "Low Carbon Hero" award for the fifth time this year at the 8<sup>th</sup> Istanbul Carbon Summit hosted by Istanbul Technical University (ITU) for GEKO (Geothermal Emission Control), a project to reduce emissions from geothermal power plants to zero - Third prize in the "Environmental Sustainability Management Category" at the ISO Green Transformation Awards

**Türkiye Reputation Index Survey - The Most Reputable Brand in the Energy Generation Sector:** Zorlu Enerji received the most reputable brand award in the "Energy Generation" sector of the Türkiye Reputation Index Survey.

**At the 10<sup>th</sup> ICCI Energy Awards;**

**Hybrid Power Plants Category - Alaşehir GPP & SPP Project;** Zorlu Enerji's "Alaşehir GPP & SPP" project received an award in the Hybrid Power Plants Category, emphasizing the importance the Company attaches to innovative energy solutions combining geothermal and solar energies. This project stands out with its goal of increasing efficiency and sustainability in energy generation.

Best Equipment Award-ZES Solar; ZES Solar, a sub-unit of Zorlu Enerji, won the Best Equipment Award, proving its contribution to the solar energy sector with its high-quality equipment and technological innovations.

### Satisfaction 4.0 Project

OEDAŞ's innovative approach, the Satisfaction 4.0 Project, was launched with the mission of increasing customer satisfaction and pioneering digital transformation in the energy sector. The project was born out of the need to provide fast and accurate information to our customers during planned outages and unexpected breakdowns. Research shows that the majority of calls to the call center request such

information. In this context, with Satisfaction 4.0, a system has been developed that can identify the region from which customers are calling and provide outage and fault information only for the city they are interested in. In this way, 40% of calls are successfully resolved through the interactive voice response system.

This project has been combined with diversified communication channels by being a part of OEDAŞ's overall approach to customer service. ALO 186 OEDAŞ Solution Center has been designed to facilitate customers' interactions with the company and ensure that they can perform all their transactions smoothly by providing 24/7 service via mobile applications, e-mail and website. Thanks to this comprehensive service network, OEDAŞ stood out as one of the companies with the highest customer satisfaction rate of 95.2% in a survey conducted by an impartial organization commissioned by the Ministry of Energy and Natural Resources.

In the second phase of Satisfaction 4.0, innovations such as the ability for consumers to report faults and providing customer support services via WhatsApp with chatbot and live chat services were developed. These innovations contribute to our goal of further improving the customer experience and increasing customer satisfaction to 100%. The Satisfaction 4.0 Project received a bronze award in the 'Best Technical Support Solutions' category at the Stevie International Business Awards, one of the world's most prestigious business awards.

### Best Friends Project

The project won the gold award in the "Corporate Social Responsibility Program of the Year" branch in the European region at the twentieth Stevie International Business Awards.

### The Most Successful E-Volunteering Project Award

The "Career Talks (Kariyer Sohbetleri)" project won the Most Successful E-Volunteering Project award at the 13<sup>th</sup> Awards from the Heart organized by the Private Sector Volunteers Association. In the 4<sup>th</sup> term of this project, 156 students came together with Sparks on an online platform and benefited from their career experiences.

### "Women's Power, Power of the Future" Program

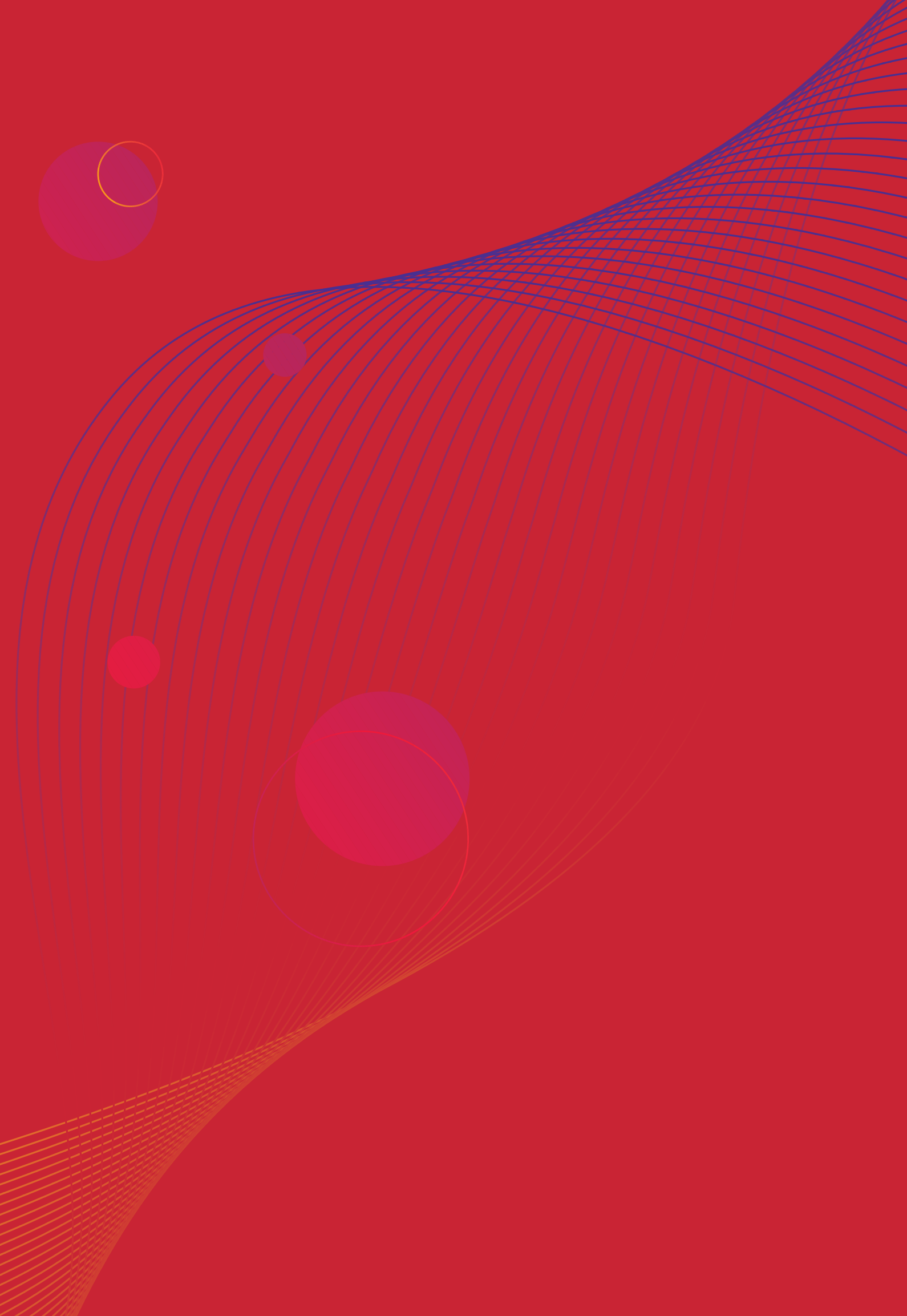
With the program, which aimed to train the female technicians of the future, the Company won the Women's Employment and Equal Opportunities at Work Award from the Women-Friendly Brands Platform in December 2023.





# Textile

Zorlu Textile Group, Europe's largest integrated polyester yarn and cotton home textile manufacturer, stands out as a global business partner offering high production capacity, a quality product range, strong brands, and superior marketing and distribution power.





# Textile



## Message from the CEO, Zorlu Textiles Group

In alignment with the Smart Life 2030 strategy, in 2024, as Zorlu Textile Group, we will continue to work towards expanding our positive impact in the environmental, social and economic fields for a more livable world. Guided by this strategy, we will maintain our investments in smart and technical textiles and the circular production that supports our value-added production.

**Necat Altın**  
CEO, Zorlu Holding Textile Group



## With Zorluteks and Korteks, we continue expanding our sphere of influence as one of Türkiye's leading textile groups.

Our Esteemed Stakeholders,

In the volatile economic climate of 2023, the search for balance in the economy persisted and competitive conditions in international trade grew more difficult. Risk management grew more prominent in this year of unpredictability and instability in the export environment. Even as green transformation continued to be the main determinant in the textile industry, as it has in all sectors, sustainability had already emerged as the new normal for competition in the markets of developed countries, especially in Europe.

As Zorlu Textile Group, we succeeded in ensuring the sustainability of our businesses in 2023, carrying out our activities with effective risk management under tightening conditions. With Zorluteks, Europe's leading manufacturer of home textiles, and Korteks, Europe's largest integrated polyester yarn manufacturer, we continued to expand our sphere of influence as one of Türkiye's leading groups in textiles. Aligned with the Zorlu Group's joint strategy Smart Life 2030, we continued producing works to create value in the textile ecosystem -for which we are responsible in the long term- by making sustainability an established way of doing business. With our sustainable, technical and smart textile products, and a flexible and agile production structure, we continued to grow as one of the world's most preferred business partners in our industry by meeting the demands of our customers from Türkiye and around the world in the optimal manner.

In home textiles, we continued to add quality, pleasure and convenience to the lives of millions of people, not only in Türkiye but also in different countries around the world, with Zorluteks, Türkiye's leading home textile manufacturer. Through retailing, we accelerated efforts to transform Zorluteks into a fashion and style brand in home textiles. While focusing on our growth strategy with Central Merchandising, we started strengthening our B2C muscles; we also boosted efforts to be more effective and efficient in online channels through a multi-channel strategy. Zorluteks' various license agreements have been an important factor in our growth by enabling us to reach a much more diverse customer base. In addition to home textile production through Zorluteks, we continued to invest in technical and smart textiles with the same determination. Our ongoing research and development efforts in this area have deepened, particularly in the three segments we

identified in the previous year. Further increasing the added value we create in the coming period will be our work in areas such as reinforced fabrics for companies producing conveyor systems, filter fabrics for the white goods industry, functional work clothes with features such as flame retardance and static resistance, and light panel-coated fabrics for the advertising industry, and tents, awnings and sleeping bags.

We continued to work with Korteks, Europe's largest integrated polyester yarn manufacturer, to meet the growing demand for polyester yarn in our country and throughout the world. We have become a preferred brand in the market with our product diversity, product quality, fast and flexible solutions and technical capacity. At Korteks, where large-scale investments were completed, we further increase our added value by means of technical textiles and circular production. With our yarns such as Dope-Dyed, Taç Reborn and Taç BioLoop, produced by recycling PET bottles and polyester yarns, we continue to be an exemplary and leading company, not only in Türkiye but worldwide. We continue to offer a laudable example across the industry by recovering PET bottle waste from nature through the Polymer Recycling Facility we built to produce RPET Chips, the main raw material of polyester, from PET bottles and production waste yarns. At Korteks, as a name that is the first choice of the world's leading automotive brands, we will maintain our focus on high-quality yarn production for the automotive industry in the coming period. In our new projects, we will maintain our work on fully bio-based and biodegradable products, and we will continue adding distinctive functional features, such as recycle, to our Bioloop product. We will continue to focus on technical textiles, such as specially designed engineering products defined as biocomponents, products made of composite materials and wearable textiles.

As Zorlu Textile Group, R&D and innovation are a driving force behind our growth. In our own R&D Centers and through our collaborations, we consistently work on developing sustainability-oriented products and solutions. While we continue to participate in projects under the Horizon Europe Program, we further expand our innovation capacity every year through TÜBİTAK projects and university collaborations. Through our deepening focus on these research and development-oriented projects in 2023 as well, we took important steps towards developing the sustainability-oriented products and solutions that will carry the future into the present.

As we develop our sustainability-oriented products, we continue to obtain certificates and documents that will be key to entering the EU together with the EU Green Deal. Korteks, which published EPD (Environmental Product Declaration) certificates in four product categories with LCA (Life Cycle Analysis) for the first time in the polyester yarn sector, voluntarily carried out HIGG-FEM audits showing the environmental performance of companies accepted in the industry, and SLCP audits showing social performance in 2023. As green transformation accelerates in the coming period, these credentials will provide us with significant advantages in competing internationally.

In line with the Smart Life 2030 strategy, as Zorlu Textile Group, we will continue to work with the goal of growing our positive impact in environmental, social and economic fields for a more livable world in 2024. In line with this strategy, we will continue to invest in smart and technical textiles and the circular production that supports our value-added production. We will move forward in accordance with a growth strategy that creates long-term value by implementing green transformation-oriented innovations ranging from process management to production, and logistics and shipment to sales and marketing.

**“We maintain our consistent growth as one of the world's most preferred business partners in our industry.”**



## Textile

## Zorlu Textile Group

# Zorlu Textile Group further increases its innovation capacity year by year.

One of the top-ranking textile manufacturers in the world, Zorlu Textile Group strengthens its position as a global business and solution partner 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 engaged in the production and marketing of polyester filament yarn, curtain and home textile products. 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 Türkiye's borders to four continents, reached USD 133 million in 2023. With around 6,000 employees and manufacturing facilities spanning 800,000 m<sup>2</sup> 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 competitive conditions that push the boundaries. These developments also affect the textile industry. Known as a business line with a traditional structure until recently, the sector stands out in the center of this change and transformation, and draws attention as one of the most visible faces of mega trends.

Aiming to be a part of the future, the players of the textile industry not only give life to products such as sheets, curtains or yarns, but also have to produce innovation in order to proactively meet consumer expectations that evolve rapidly in parallel with the social transformation triggered by technology, to change life and to improve the quality of life.



**Zorlu Textile Group acts with an R&D approach focused on sustainability and circular economy in line with the Smart Life 2030 strategy for a more livable world.**

Having become synonymous with innovation in its sector and effectively applying innovation both to its products and to its marketing strategies, Zorlu Textile Group acts with an R&D approach focused on sustainability and circular economy in line with the Smart Life 2030 strategy for a more livable world.

Aiming to develop sustainability-oriented products and solutions through its own R&D Centers and collaborations, Zorlu Textile Group continues to participate in projects within the scope of the Horizon Europe Program while further increasing its innovation capacity every year through TÜBİTAK projects and university collaborations. Zorluteks continues to work in its R&D and Design Centers with a circular economy-based continuous innovation approach in 2023 as well. Powered by its two R&D Centers, Zorluteks further consolidates and carries to the future its position as the innovative and competitive business partner of world giants.

## Technology-intensive business model and power of digitalization

Acting on the fact that sustaining its presence in global markets in the medium and long term is only possible by utilizing and investing in advanced technology, Zorlu Textile Group continuously invests in technology and uses the world's best digital printing machines in its production process.

## Products that go beyond consumer expectations and personalized designs

Managing consumers' needs and expectations effectively, as well as developing more functional, more innovative, more human-oriented, more customized and more striking designs are among the important factors of competition in the textile industry.

## A 360-degree sustainability approach that embraces the entire business cycle

In today's world, sustainability is addressed in a holistic and 360-degree approach with economic, environmental and social aspects and embraces the entire business cycle. The world's leading retailers show a high level of sensitivity to ensure that suppliers fully meet sustainability-related quality, norms and standards.

Zorlu Textile Group, which has scores above the sector averages, continues its efforts to achieve better scores in many sustainability-focused indices such as FEM Higg Index and FSLM Higg Index.

Korteks, which published EPD (Environmental Product Declaration) certificates in 4 different product categories with LCA (Life Cycle Analysis) for the first time in the polyester yarn sector, voluntarily carried out HIGG-FEM audits showing the environmental performance of companies accepted in the industry and SLCP audits showing social performance in 2023.

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 has focused on sustainable growth with Korteks and Zorluteks in 2023. With the Smart Life 2030 strategy, sustainability has become a way of doing business and sustainability-oriented products have been developed within this framework. Korteks continues to lead the market with Taç Reborn, Dope Dyed, Taç Bioloop yarns produced with high technology and sustainability vision.

In home textiles, new innovative products such as self-cleaning roller blinds and draperies and anti-bacterial bedding sets were added. It continues to work without slowing down in areas such as reinforced fabrics for companies producing conveyor systems, filter fabrics for the white goods industry, functional work clothes with features such as flame retardant and anti-static, light panel coated fabrics for the advertising industry, tents, awnings and sleeping bags.

**Zorlu Textile Group has focused on sustainable growth with Korteks and Zorluteks in 2023.**

## Smart processes with Industry 4.0

Industry 4.0, which envisions not only the communication of devices with each other but also the interaction of people with devices and the creation of a harmonious ecosystem, is one of the keys to taking part in a rapidly changing, 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 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, that can go beyond being a mere product. This phenomenon, which emerged as one of the main components of global competition, especially in textile industry, leads textile companies to create more value for their customers while improving their flexible production capabilities.

This is the approach that has enabled Zorlu Textile Group to expand its "Made by Zorlu" brand across the globe.

In 2023, many innovative products focusing on sustainability were launched in line with the demands and expectations of customers. The Group designed the Reborn Bedding Collection with this insight. With this collection, Taç tells the story of an endemic plant from seed to flower. This collection, which they launched with the responsibility to protect biodiversity, one of the important issues in environmental sustainability, makes a difference in environmentally friendly home textiles prepared with process optimizations to reduce carbon and water footprint. This collection, realized with the theme of sustainability in design, aims to create awareness for the protection of endemic plants and to make efforts in this direction more appreciated by the society.

Zorlu Textile Group prepares all of its products with the motto "Today for Tomorrow," both meeting the expectations of conscious consumers and contributing to the construction of a better future.

As a globalized brand, Zorlu Textile Group is aware of its responsibility required as a pioneer in the industry and aims to take steps in this direction in the future as well. Zorlu Textile Group continues to work resolutely to increase its sustainability, innovation and international competitiveness, to meet customer expectations at the highest level and to add value to its stakeholders.



**Korteks continues to lead the market with Taç Reborn, Dope Dyed, Taç Bioloop yarns produced with high technology and sustainability vision.**



## Textile

Zorlu Textile Group

## Zorlu Textile Group remains the market leader in the Turkish home textiles industry.

**Zorlu Textile Group reaches customers in domestic and international markets through its leading brands.**

It remains the market leader in the Turkish home textiles industry with the drapery and bedding 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 Türkiye'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.

Zorlu Textile Group has an extensive retail structure in Türkiye 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 design customer-specific collections and realize fast production in desired quantities.

Zorluteks has achieved many firsts in the industry with its sustainability-oriented efforts within the scope of its Smart Life 2030 strategy. Today, Zorluteks is able to calculate its carbon and water footprint on a product basis thanks to many digitalization and technology-oriented investments such as the Clean Production Software, which the Company developed 3 years before the Green Deal Action Plan was published. It continues to be a pioneer in Türkiye and the world with its Ecode-sign products that reduce carbon footprint by at least 50%.



**With the Polymer Recycling Plant it commissioned, Korteks broke new ground in Europe and Türkiye, and started to produce polyester yarn from pet bottle waste.**

Korteks, which has achieved exemplary works not only in Türkiye but also in the world with circular economy-based products such as polyester yarn and biodegradable PET yarn production from pet bottle waste, broke new ground in Europe and Türkiye with its Polymer Recycling Plant, which was commissioned with an investment of USD 10 million, and started to produce polyester yarn from pet bottle waste.

With this investment, Korteks aims to contribute to the reduction of approximately 110,000 plastic bottles, which are not biodegradable in nature and are consumer waste, for the production of 1 ton of recycled yarn. In addition, Korteks has reduced water use per product by 30% by using the necessary techniques to reduce water use and reuse wastewater. The main goal has been set as to reduce water use by 50% per kg of product by 2030.



Zorlu Textile Group R&D centers also focus entirely on sustainability projects and cooperate with universities and various international institutions in this area. PLASTICE, the first Horizon Europe Project of Korteks, which was accepted to the European Horizon Program with this project, aims to recycle complex textile and plastic wastes, which are very difficult to separate, using environmentally friendly, innovative, efficient methods along with smart and digital technologies, and to contribute to the circular economy by manufacturing final products with low carbon footprint from recycled raw materials. The main objective of Korteks' 2<sup>nd</sup> Horizon Europe Project "Safe and Sustainable by Design framework for the Next Generation of Chemicals and Materials" (SSbD4CheM) is to promote the development of products and processes that are safe for people and the environment, as well as economically sustainable. The platform plans to integrate safety and sustainability considerations into the design and development of new products and processes, rather than treating them as an afterthought.






















**Zorlu Textile Group will continue to make strategic investments to achieve sustainable growth and increase its competitiveness in 2024 and beyond.**

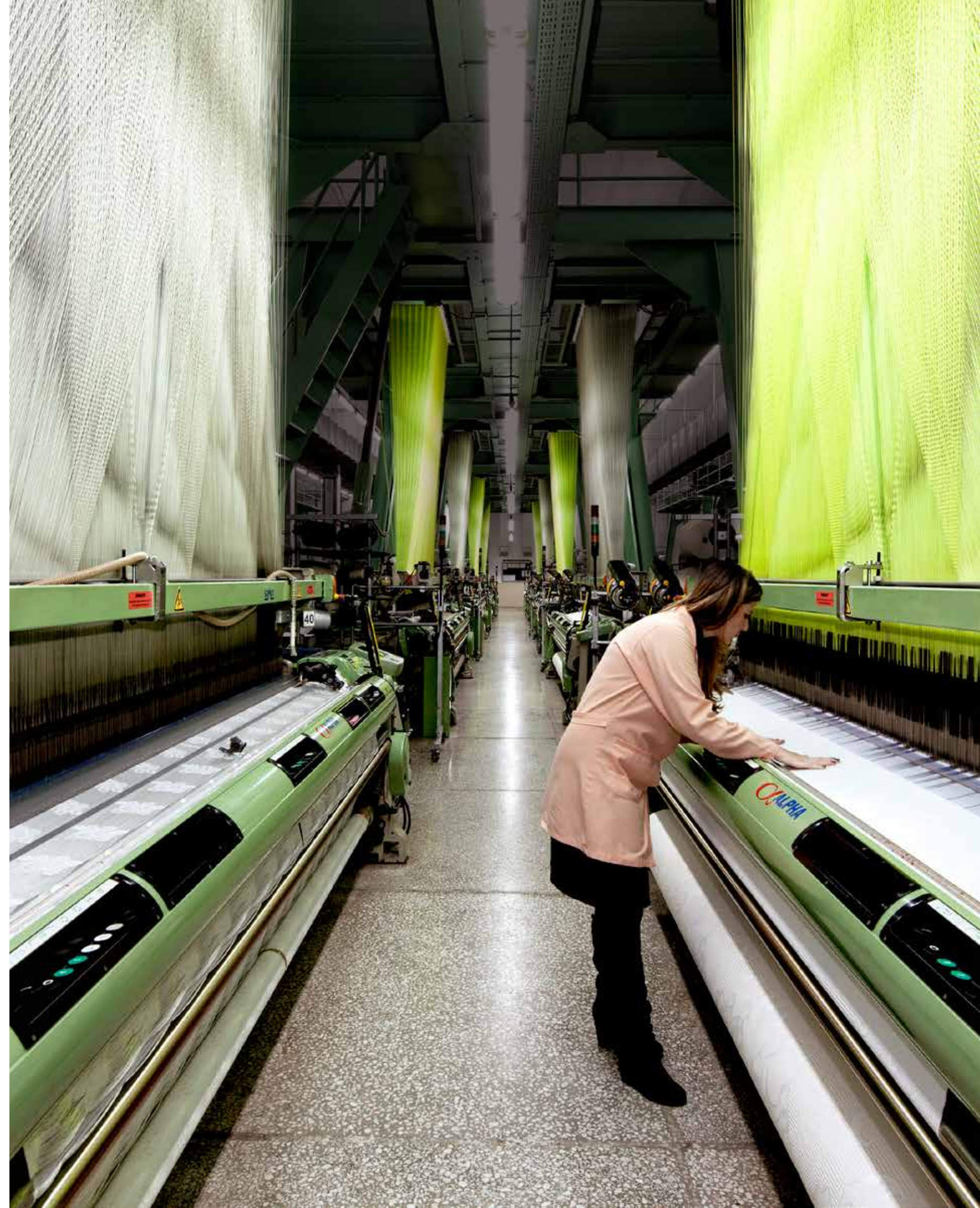
Zorlu Textile Group will continue to make strategic investments to achieve sustainable growth and increase its competitiveness in 2024 and beyond. Aiming to carry its sustainability, innovation and efficiency-oriented efforts in the textile industry even further, the Group will continue to invest in smart and technical textiles and circular production. It is aimed to move forward in line with a growth strategy that will create long-term value by implementing many green transformation-oriented innovations ranging from process management to production, logistics and shipment to sales and marketing.



## Textile

## Zorlu Textile Group

Smart Life 2030 Strategy Framework	Strategic Targets	Our Projects Contributing to the Targets		Relationship with SDG
		Korteks	Zorluteks	
Regenerative Business Models Net Zero Emissions and Circularity	Net zero emissions in Scope 12 by 2030 and across the entire value chain (Scope 1-2-3) by 2050	<ul style="list-style-type: none"> <li>- Taç Reborn</li> <li>- Dope-dyed Yarns</li> <li>- Machinery-Equipment Modernization Projects with High Energy Efficiency</li> <li>- Renewable Energy Certificate</li> </ul>	<ul style="list-style-type: none"> <li>• Taç Reborn</li> <li>• Clean Production Screens</li> <li>• Machine Productivity Screens</li> <li>• Energy Efficiency Projects</li> <li>• Actions taken within the scope of EU Green Deal harmonization studies</li> <li>• Reclaim</li> <li>• Oxipro</li> </ul>	  
	Reducing waste by 50% by 2030 and reaching zero waste by 2050	<ul style="list-style-type: none"> <li>- Recycled PES Filament Yarn</li> <li>- Deposited Packaging work with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Caustic Recovery Unit Rehabilitation</li> </ul>	  
	Recovering 50% of the water withdrawn by 2030 and all of it by 2050	<ul style="list-style-type: none"> <li>- Dope-dyed Yarns</li> </ul>	<ul style="list-style-type: none"> <li>• Reuse of Curtain Wastewater Treatment Plant Water</li> <li>• Care for Water Project</li> </ul>	  
Human Centric Ecosystems Inclusion and Diversity Investing in the future of business and becoming a leader in inclusion and diversity.	The most preferred company by employees in all industries	<ul style="list-style-type: none"> <li>- Human Resources Practices</li> <li>- Employee Development Trainings</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources Practices</li> <li>• SDG Innovation Program</li> <li>• Sustainability Bulletin</li> <li>• Zorluteks Market</li> <li>• Employee Development Trainings</li> <li>• Employee Satisfaction Survey</li> <li>• Reward/Suggestion System</li> </ul>	     
	Having a 100% sustainable supply chain by 2030 (Strategic Suppliers)	<ul style="list-style-type: none"> <li>- Establishing a Sustainable Supply Chain Management System</li> </ul>	<ul style="list-style-type: none"> <li>• Supply Chain Classification (Evaluation Processes)</li> <li>• Sustainability Supply Chain Management System Trainings and Audits</li> </ul>	 
	Being a pioneer in social investments and allocating 1% of Zorlu Holding's EBITDA to Sustainable Development Goals every year.	<ul style="list-style-type: none"> <li>- KORKUT</li> <li>- "Be a Beacon of Hope with Your Letter (Mektubun İle Umut Ol)" Volunteering Project</li> <li>- Project Mentoring Project</li> <li>- Career Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Tohum Autism Foundation Support Activities</li> <li>• My Sister (Kız Kardeşim) Mentorship Program</li> <li>• Zorluteks Market</li> <li>• Zorlu Enerji Mentor Interviews</li> <li>• KAÇUV Hope Cafe Project</li> <li>• Career Talks</li> <li>• Volunteering Activities</li> </ul>	   





Korteks has always ranked among the world’s leading polyester yarn manufacturers.

The largest integrated and innovative polyester yarn manufacturing center in Europe

Looking at textile raw materials in the world, polyester based products correspond to more than two thirds of world’s overall yarn supply. Polyester, the most important raw material in textile industry at the global scale, continuously consolidates its position in the textile industry thanks to its various uses, versatility and flexibility.

Korteks has always remained among the top-ranking polyester yarn manufacturers in Türkiye and the world at large since its foundation, and over time, it has increased its capacity through systematic investments, supporting its technology with innovation.

Important partner for Technical Textiles with sustainable R&D investments

Korteks produces innovative solutions for its domestic and international partners and provides services to all its stakeholders in the field of technical textiles thanks to its sustainable R&D investments, which it considers as one of its main competitive advantages and attaches great importance to in order to further improve its presence in international markets with its technological engineering capability.

Established in 1989 and augmented the capacity of its polymerization facility up to 580 tons/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.

- Developments in 2023;
- By switching to an automated warehouse system, the stocking area of 26,250 m² was reduced to 3,750 m² and the product search and finding time was reduced by 97%.
  - 2 next generation FDY machines were commissioned.



Korteks continues to invest in R&D efforts and technology development to improve its product quality.

“Companies that Add Value to the Economy” Award

On 21.01.2023, Korteks AŞ received an award from the Turkish Ministry of Industry and Technology at the “Companies that Add Value to the Economy” award ceremony.

In 2023, the number of continuous improvement projects increased to 196 and the Company’s earnings increased significantly, reaching approximately TRY 67.5 million. In addition, the total project/investment cost decreased to approximately TRY 9.1 million, indicating an increased return on investment and successful cost optimization.

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 20 years and regularly renews it every year.

Number of Employees (2023)	Female	Male	Total
Total number of employees	62	1,848	1,910
Number of white-collar employees	42	307	349
Number of blue-collar employees	20	1,541	1,561
Number of employees unionized/covered by collective bargaining agreements	20	1,541	1,561

Korteks Projects

Continuous improvement projects

- By replacing the socketed cables used in wind-er machines and heat block systems, a total of approximately TRY 4,111,038 was saved by reducing production loss, while the investment made for this change was only TRY 63,714. With the project, the amount of polymer waste and electricity consumption decreased, and the greenhouse gas reduced in total was 3.5 (Ton CO<sub>2</sub>) tons.
- A significant reduction in labor costs was realized with a software update on PDA devices in the production automation area.
- The adapters used in E-AFK texturing machines were improved.

Energy efficiency projects

- Air Conditioner Exchanger Project
- Replacement of Old Dryers with Next Generation Dryers
- Texturing Machinery G2x Motor Efficiency Project

Water reduction projects

- Osmosis System Flow Change
- Air Conditioner Exchanger Project
- Sock Dyeing Water Conservation Project

Waste reduction projects

- Texturing Machine Float Replacement Project
- Cardboard Bobbin Reuse Project
- Use of Idle Pallets in Pallet Matching Project

OHS risk mitigation projects

- MV Scada System Optimization
- Texturing AFK Machines Improvement
- Korteks Automatic Warehouse Security Improvement
- Update on the Textured Oven Cleaning Process

Corporate social responsibility projects

- “Be a Beacon of Hope with Your Letter” Volunteering Project
- MZV, KAÇUV and TOÇEV Scholars Volunteering Project
- Project Mentoring Project
- Technical Excursions
- Career Events

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.

KORKUT Activities

KORKUT’s activities in 2023 are distinguished by a variety of trainings and emergency interventions. In January, a group of KORKUT personnel attended the accreditation training at Bursa AFAD Campus, and in February, the entire team participated in the CBRN Awareness and Suspicious Mail Training held at Korteks. In the same month, a 16-member KORKUT team participated in search and rescue operations in the wake of the earthquake in Kahramanmaraş.

On March 18, Ahmet Zorlu expressed his gratitude and appreciation to the KORKUT team, which was formed by the volunteers in Korteks, for their efforts.

- Heimtextile, Yarn Fair, Texhibition, Hometex fairs were attended.
- Türkiye Green Industry Project Information Panel was attended.
- 62<sup>nd</sup> Dornbirn Global Fiber Congress was attended.
- Present and Future of Textile Panel
- Korteks received 92.2 points as a result of the verification made in 2022 within the scope of the Higg Index FEM Environmental Declaration Module.
- In 2023, Higg FSLM verification was carried out for the first time in Korteks and a 98% success rate was achieved.
- 2023 production amount is 273,632 tons.

Automated warehouse project

This project started with analyzing the existing warehousing process and identifying the need for new generation technologies. Digital twins of storage system alternatives were created using simulation software. An automated warehouse system compatible with Industry 4.0 technologies was preferred as a result of the analysis of production and sales movements.

The integration of the automated warehouse system with the ERP system facilitated the transition and utilization process, reduced the product search and finding time by 97% and decreased the number of relevant personnel from 15 to 1. These changes resulted in significant savings.

- Laboratory Test Automation
- Laboratory Test Equipment Database Integration Project
- Texturing Machines and Maintenance Management System Integration Project
- Warehouse Control System and Maintenance Management System Integration Project
- Approval of SAP Purchase Requests via Electronic Document Flow Project
- Completing the Goods Acceptance Process Accurately and Quickly for Products Received from Suppliers

97%  
Decrease rate in product search and finding time in 2023



## Zorluteks continues to grow by creating environmental, economic and social added value with the products it develops.

### 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.

It ranks among the most modern and largest integrated textile producers with its massive manufacturing facilities in Lüleburgaz, Kırklareli with high production capacity and over 3,500 employees, exceptional quality of products, and the importance it places on the environment, occupational health and working conditions.

Carrying out R&D and innovation activities within the framework of Smart Life 2030 sustainability strategies, Zorluteks continues to grow by creating environmental, economic and social added value with the products it develops. With the motto “Today for Tomorrow,” Zorluteks strives for less waste, less carbon footprint, less water footprint, less energy, more human value and more innovation.

Zorluteks builds its future position with various projects it carries out with the sustainability clause it also added to the strategies of its R&D and Design centers.

One of these projects is the Reborn Duvet Cover Collection, which aims to use fewer resources beginning from the design stage with the philosophy of minimalism. With this collection, it has reduced its carbon footprint by 50% compared to conventionally produced reactive printed products, verified this calculation with ISO 14067 and introduced the first carbon footprint reduced product range to the market.

**Zorluteks is Europe’s largest integrated manufacturer of cotton home textiles**

Zorluteks stands out as a leading organization in the textile industry. The Company has world-renowned brands producing drapery and home textile products in its home textile production facilities. The home textile production facilities with a 230,276 m<sup>2</sup> closed production area use innovative technologies to produce a total of 96 million meters of home textile products such as duvet covers, pique sheets, pillowcases, bed sheets, fitted sheets, tablecloths, bedspreads, cotton curtain



fabrics and towels annually. In addition to responding to the demands of the domestic market by producing for brands such as Taç and Linens with its 60,000 m<sup>2</sup> drapery factory, the Company contributes to the national economy by exporting to various parts of the world such as America, Europe and Russia. As of the end of 2023, the export ratio was approximately 63%.

**Zorluteks continues on with its exports-oriented performance also in 2023, reaching 51 countries in 5 continents.**

The export volume generated by Zorluteks, whose activities in home textiles have grown rapidly over the years and expanded beyond Türkiye’s borders to four continents, reached USD 133 million in 2023.

Manufacturing for the top home textile brands in Türkiye such as TAÇ, Linens and Valeron, Zorluteks, Europe’s largest integrated cotton home textiles manufacturer, exports 63% of its home textile products to various parts of the world, mainly Europe, the USA, Far East Countries and Russia.

Zorlu Textile Group single-handedly accounts for 16% of Türkiye’s bedding exports and 15% of drapery exports. Zorluteks exports 34% of its drapery 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 Türkiye, 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 133 million in export revenues in 2023, 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 its business operations. In locations with the necessary infrastructure, Zorluteks keeps online track of store inventories, enabling the Company to produce and export rapidly based on demand.

### Zorluteks in 4.0 area

Zorluteks, which aims to use resources efficiently while designing the future of home textiles with a sustainable environmental approach, is able to monitor the use of electricity, water, natural gas and steam per unit weight with the Clean Production Software, which was implemented as an output of a Tübitak-Teydeb project and has enabled the monitoring of consumption per unit production. In addition, annual target values and how far behind or ahead of the target the company is can also be monitored thanks to the software. With this system, machines whose downtime, performance and energy values differ from the target values are immediately detected and necessary actions are taken immediately.

Zorluteks, which always aims for the better and strives to work relentlessly towards its goal, is one of the leading companies in the textile industry and has world-renowned brands, including drapery and home textile production facilities.

Zorluteks established the ISO 14064 Greenhouse and Emissions Management System at Bursa Dokuma, Lüleburgaz and Hometeks locations in 2023 to demonstrate its environmental performance and reinforce its sustainability efforts. As a result of the audit conducted at the Lüleburgaz location, Zorluteks received the OEKO-TEX® SteP certifi-

cate at Level 3, the highest level, which it already had before, achieving a remarkable success. These achievements reflect Zorluteks’ commitment to fulfill its environmental responsibilities and demonstrate its commitment to sustainability.

During the product development phase, Ecodesign studies are carried out to support the Circular Economy Action Plan Principles published by the European Union and to ensure the development and implementation of sustainable business model innovations. The Company focuses on producing with less resource consumption and process optimization by saying ‘Today for Tomorrow’. Zorluteks has set out with a production approach that respects nature and people and has made sustainability the center of its activities. In this scope, Zorluteks has developed the Reborn Collection, a new product range that consumes fewer resources. The carbon footprint of this new product range, which aims to “use fewer resources” beginning from the design stage with the philosophy of minimalism, has been calculated with the IPCC GWP 100a method in Zorluteks’ Life Cycle Analysis Program using the gate-to-gate approach. All of the energy and water data used in the calculation was taken from the Clean Production System, Zorluteks’ energy and water monitoring system. With this new product range, Zorluteks has reduced its carbon footprint by 50% compared to conventionally produced reactive printed products.

Zorluteks aims to reach new markets/customers with innovative products in order to increase its competitive power and improve its leading position in the world textile trade. In order to make this goal a constant way of doing business, an R&D Center was established in 2016 at the Lüleburgaz location. Subsequently, the Istanbul Design Center was established at the Istanbul location in 2017 and the Bursa Design Center was established at the Weaving Factory in Bursa in 2018.

A significant portion of R&D activities of Zorluteks, the first and only company in the textile industry to have 1 R&D Center and 2 Design Centers, are sustainability-oriented. In addition to the projects developed in its own R&D center, Zorluteks collaborates with universities and carries out European Union projects as well.

Zorluteks recognizes the value of leaving a better world to future generations and improving and developing today’s conditions for both the textile industry and humanity, and shapes its activities within this framework. Not limiting its sustainability perspective to the environmental dimension, Zorluteks also pays special attention to work in governance, economic and social dimensions. Zorluteks, which adopts the understanding of “Regenerative Textiles for Nature and People” with the goal of a livable future, carries out its sustainability approach

in parallel with Zorlu Holding’s “Smart Life 2030” vision. Aiming to create value for its stakeholders under the headings of “Regenerative Business Models” and “Human Centric Ecosystems” within the framework of the Smart Life 2030 vision, Zorluteks targets to achieve net zero emissions in Scope 1-2 by 2030 and in the entire value chain (Scope 1-2-3) by 2050 in parallel with the 2053 Net Zero target announced by Türkiye after the Paris Agreement. Furthermore, in order to strengthen the circular economy, the Company aims to develop processes to reduce waste by half by 2030 and to transition to a 100% circular economy model by 2050. In addition to these goals, Zorluteks aims to recover half of the water used by 2030 and all of it by 2050 in order to ensure more efficient use of rapidly depleting water resources.

### Zorluteks Projects

#### Carbon reduction projects

- Taç Reborn
- Clean Production Screens
- Machine Productivity Screens
- Energy Efficiency Projects
- Actions taken within the scope of EU Green Deal harmonization studies
- Reclaim

#### Waste reduction projects

- Caustic Recovery Unit Rehabilitation

#### Water reduction projects

- Reuse of Curtain Wastewater Treatment Plant Water

#### Corporate social responsibility projects

- Tohum Autism Foundation Support Activities
- My Sister (Kız Kardeşim) Mentorship Program
- Zorluteks Market
- Zorlu Enerji Mentor Interviews
- KAÇUV Hope Cafe Project
- Career Talks
- Volunteering Activities







Textile

Zorlu Textile Group’s Global Operation Network

Zorlu Textile Group reaches its customers via thousands of points in Türkiye and abroad to offer them a wide range of products.

In its production cycle, Zorluteks;

			
Used less than <b>54</b> liters of water in the processing of 1 kg of cotton, instead of 120 liters, the global textile average for 2023,	Recycled <b>90%</b> of its solid waste,	Recovered an average of <b>11</b> tons of black paint per year from waste dyes of different colors,	Recycled <b>510</b> kg of vegetable oil with the participation of employees within the scope of waste oil collection in 2023,
			
Reduced the use of nylon bags with <b>957,000</b> eco-friendly bags produced to date,	Obtained the electricity it used from renewable sources with <b>I-REC Certificate</b> ,	Realized its ecological production in accordance with <b>GOTS, ISO 14001 and OEKO-TEX®</b> certificates, and thus achieved significant gains.	



LİNENS	TAÇ	VALERON	KORTEKS	ZORLUTEKS
 <b>AT ABROAD</b> IN <b>7</b> COUNTRIES <b>8</b> STORES	 <b>AT ABROAD</b> IN <b>38</b> COUNTRIES <b>112</b> STORES <b>760</b> POINTS OF SALE	 <b>AT ABROAD</b> IN <b>40</b> COUNTRIES NEARLY <b>200</b> POINTS OF SALE  DRAPERY AND BEDDING SALES IN THE USA THROUGH <b>11</b> DIFFERENT SALES CHANNELS	 IN <b>50</b> COUNTRIES EXPORTS TO <b>OVER 250</b> CUSTOMERS	 EXPORTS TO <b>51</b> COUNTRIES
 <b>AT HOME</b> IN <b>28</b> PROVINCES <b>72</b> STORES	 <b>AT HOME</b> <b>1,700</b> POINTS OF SALE IN <b>16</b> PROVINCES <b>29</b> FACTORY OUTLETS	 <b>AT HOME</b> <b>1</b> STORE	<b>Zorlu Textile Group delivers 60% of its production to global customers through exports.</b>	

MAJOR BRANDS

TAÇ, LİNENS, VALERON, BIANCA LUNA, KRİSTAL, CASABEL, BRIELLE



# Mining - Metallurgy

Meta Nikel, Türkiye's first and Europe's only nickel cobalt concentrate plant, operates under the umbrella of Zorlu Holding. The Company is aiming to become Türkiye's R&D base in next-generation mining with local R&D, and to make nickel mining an innovative business area.



## Mining - Metallurgy



### Message from the CEO, Zorlu Holding Mining Group

As META, our goal is to ensure that our employees optimize their knowledge and skills, and maximize their contribution to the business. Additionally, we strive to provide a healthy and safe working environment by consistently improving the work-life quality of all our employees.

**Dr. Orhan Yılmaz**  
CEO, Zorlu Holding Mining  
Group



## The Gördes plant brought dynamism to the industry with its “new and sustainable mining and metallurgy operation approach.”

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 Türkiye to the benefit of the national economy. META, one of just a few companies in the field worldwide, has nickel-cobalt production facilities in Gördes, Manisa, as well as nickel reserves in Eskişehir and Uşak. The Gördes plant, bringing dynamism to the industry with its “new and sustainable mining and metallurgy operation approach,” realizes environmentally friendly production by processing ore taken from the soil above the ground, in a closed system deploying the latest generation technology.

With its knowledge, as well as the strength and learning processes offered by the Company’s innovation-oriented business approach, META is capable of producing concentrated nickel and cobalt from ore. In addition to the production of high-quality nickel and cobalt forms, META maintains efforts to recover other metals, especially rare earth elements, and put them into production. Our Company has adopted the strategy of producing nickel and cobalt products in high purity and producing an end-product form that can be directly utilized in energy storage systems and battery products. META is a production center that stays abreast of developments in the mining and metallurgy industry with a rational policy, and that designs its strategies with a proactive approach. The Company also houses a strong ecosystem of well-educated employees who closely follow science and technology, who can produce original R&D projects, and who conduct and successfully finalize scientific studies by making useful inventions in the industry. Having received the title of R&D Center in the first quarter of 2018, META takes confident steps towards becoming a leading R&D base in its field and continues to nurture an R&D culture has guided the development of new products, improved product quality and reduced operational costs.

META’s near future strategies include raising its 81% design capacity utilization for 2023 to 100% capacity utilization, increasing production capacity by realizing new investments, and producing value-added end-products. Following new planned investments, the Gördes plant will become an integrated enterprise with the ability to produce its own inputs, thus reaching a position to respond quickly to market demand through activities at a speed and efficiency that can keep up with international changes.

“META is a production center that stays abreast of developments in the mining and metallurgy industry with its rational policy, and that designs its strategies with a proactive approach.”

With the vision of an organization that utilizes, researches and develops all conditions to further increase added value through the use of domestic raw material possibilities, META aims to meet the majority of the technology, machinery and equipment needs that will be used in planned investments for the upcoming years the coming years domestically, with an understanding that supports domestic and national production, and to boost its economic contribution to Türkiye 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 end users in the optimal manner by means of its production competencies and technical know-how.

Political, trade and political tensions between countries had a negative impact on the growth rate of the electric automobile market, and supply/demand balances in the market deteriorated with the gradual increase in newly opened nickel production facilities in Indonesia, resulting in a decline in nickel prices in 2023. The London Metal Exchange (LME) nickel metal price fell from USD 28,000.00/ton in the first quarter of 2023 to USD 16,000.00/ton in the last quarter. This price impact adversely affected many producers in Europe and there have been requests to the LME to evaluate the nickel price of countries with sustainable mining approaches differently from those countries that do not comply with the environmental, social and corporate governance approach.

Technical negotiations and pre-feasibility studies are being carried out with companies for the installation process of the nickel-cobalt metal and sulfate production facility for end-product form, which is among our near-medium term investment projects. With this production alternative, META will be more competitive in the market and aim to provide battery raw materials for the electric vehicle batteries produced for Togg, Türkiye’s first electric automobile. The value-added products to be produced with these investments will contribute positively to both the national economy and operating costs.

As META, our goal is to ensure that our employees make the best use of their knowledge and skills and maximize their contribution to the business. As well, we aim to provide a healthy and safe working environment by improving the work-life quality of all our employees. We believe that humans, rather than machinery or equipment, are our business’ strongest asset. META’s approach to mining and metallurgy is centered on having an experienced and talented workforce. We feel the support of this human force, as what makes us “we,” regardless of position, as we move forward on our journey to becoming a global supplier.

**81%**  
Design capacity  
utilization



## Mining - Metallurgy

## The Gördes plant is among the top 10 production points in the world in its field.

### A new and sustainable production approach in mining and metallurgy

Nickel mining in Türkiye started with the establishment of META in early 2000.

The Company operated in partnership with Zorlu Group since 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 Türkiye.

Investments activities for the Gördes META-Nikel project, designed with an annual production capacity of 10,000 tons of nickel metal equivalent concentrate 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 138 workdays in 2019 due to planned maintenance works and low nickel prices, 4,723 tons of concentrate products in 292 workdays in 2020, 5,810 tons of concentrated product in 276 workdays in 2021, and 6,384 tons of concentrated product in 264 workdays in 2022.

The plant produced 8,095 tons of nickel metal equivalent concentrated product in 290 workdays in 2023.

The facility produced a total of 36,173 tons of nickel metal equivalent concentrated product in the last 7 years and exported all of them.

In addition to mining-metallurgy activities, META focuses on producing innovative products with high added value by utilizing metallurgical and chemical sciences.



**Gördes facility has produced a total of 36,173 tons of nickel metal equivalent concentrated products in the last 7 years and exported all of them.**

**8,095 tons**  
2023 nickel metal equivalent concentrated product quantity

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 (Mixed Hydroxide Precipitate) of nickel and cobalt for export markets entirely.

Adopting the vision of producing nickel and cobalt elements in different forms, processing the rare earth elements in the ore and bringing them to the Turkish economy, META aims to become a global supplier by gradually increasing its production capacity.

In addition to especially the stainless-steel industry, nickel is used to manufacture corrosion-resistant alloys, armor plating and in the defense industry. The batteries used today 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, the demand for nickel will increase as a result of the gradual increase in the use of nickel in batteries and energy storage systems.

META has been awarded the ISO 50001 Energy Management Systems certification by the end of 2023 in addition to its existing management systems within the framework of its previously planned targets.

### Projects and investments in progress

In line with a sustainable production approach, the water in the process wastes sent to the waste storage facility is evaluated and fed back to be reused in the process in order to reduce the use of clean water in Gördes plant.

META features a 3-tiered 25 million m<sup>3</sup> 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 efforts in Türkiye with the "R&D Center" certification, which it received in March 2018.

Improvement and research studies to increase the efficiency of the facility and reach full capacity production, as well as R&D and investment projects to obtain new products are carried out with the devoted efforts of both management and technical staff.

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 facility, as well as an increase in total workdays.

### Improvements in existing steam plant

It is aimed to extend the operating time of the boiler by replacing the deformed panel pipe and economizer in the coal-fired boiler that has been operating since 2013. With the lime feeding system built within the project, it is aimed to reduce the flue gas SO<sub>x</sub> emission value.

### Eskişehir Dry Magnetic Separation Plant (50 tons/h feeding capacity)

It has been aimed to enrich and economically recover the lateritic nickel-cobalt ores with generally low nickel-cobalt content within the license boundaries of META Eskişehir Facility, and to ensure the sustainability of the whole process when viewed holistically. As a result of the process setup realized within META, it has been aimed to increase the %Ni grade in the fed ore from 0.7% to 0.90% as a result of magnetic separation.



### ADT Tier 3 Phase 2 investment

An investment was made to raise the Tier 3 Phase 2 body elevation (872-879 m elevation) of the mine waste disposal facility (Tailings Dam) planned for the storage of wastes arising from the nickel-cobalt mine enrichment plant operated by META within the borders of Gördes District, Manisa Province. ADT Tier 3 Phase 2 works generally include the raising of the body fill from 872 m to 879 m elevation and the laying of the coating material on the body elevation. The investment process was completed in September 2023, and a storage volume of 2,596,122.5 m<sup>3</sup> was gained.

Considering the filling times of the ADT, it was decided to carry out the Tier 3 Phase 3 in two stages. The 1<sup>st</sup> stage 877-886 m elevation right-left coast membrane laying stage is planned to start in early 2024, and the 2<sup>nd</sup> stage 879-886 m elevation body filling work process is planned to start in early 2025. The 1<sup>st</sup> stage right-left coast membrane laying investment process has started and membrane fabrication is ongoing. The procurement process for audit service, construction works and membrane tests is ongoing.

### ADT Tier 4 investment

Considering the filling possibility of the existing waste storage dam, it has been planned to initiate project design studies for a new waste storage facility location for the continuity of production.

**META has been awarded the ISO 50001 Energy Management Systems certification as of the end of 2023.**



## Mining - Metallurgy

## It is aimed to increase the existing production capacity and to produce Nickel, Cobalt Sulphate and/or Metal end products.

### Rooftop SPP System

In line with Zorlu Holding's Smart Life 2030, Sustainability strategies and the compliance with global agreements and to increase internal profitability by generating some of our energy, it has been planned to install a GES at the META Nickel plant. Within the project, if a rooftop SPP is installed on the roofs of buildings (Main Entrance, Administrative Building, Warehouse, Nickel warehouse, welding workshop, workshops) at Gördes Facility, 4% of the energy consumed will be obtained from renewable energy.

In the 2024 budget plan, it has been decided to install only on the roof of the main entrance building for trial purposes. Project studies are ongoing.

### Sulfuric Acid Production Plant

Sulfuric acid consumption will increase with the increase in MHP production capacity planned to be invested in META NIKEL Kobalt Madencilik Gördes Facility and the realization of nickel metal-nickel sulfate and cobalt metal-cobalt sulfate production projects. The sulfuric acid used in the production steps at Gördes Nickel Cobalt Facility is currently supplied from abroad by sea and transported domestically by road.

It is planned to establish an acid production facility with a production capacity of 400,000 tons/year in meeting the need for raw materials that will increase in parallel with the planned capacity increase, in order to prevent the environmental impact of acid transportation and to reduce the cost of sulfuric acid consumption in the production process of Nickel Cobalt Hydroxide Intermediate Product.

The main purpose of sulfuric acid production is to ensure that the resources to be spent on sulfuric acid chemicals procured from abroad remain within the Company and that production becomes more independent. At the same time, the electricity needs of the sulfuric acid plant and the existing MHP production facility will be met by the electrical energy to be generated with high pressure steam from the waste heat formed in the acid process. By meeting secondary needs such as steam-electricity from within the plant, cost advantages will be achieved.



It is planned to establish an acid production facility with a production capacity of 400,000 tons/year in order to reduce the cost of sulfuric acid consumption in the production process of Nickel Cobalt Hydroxide Intermediate Product.

In addition, the highway traffic used for the supply of raw materials needed in the existing plant will be reduced with the implementation of the project. In this way, reducing the number of trucks in traffic will have a positive impact on the budget and be a positive development in terms of public health and safety.

### Capacity expansion and end product investments

It is aimed to increase the existing production capacity and to produce Nickel, Cobalt Sulphate and/or Metal end products. Test studies are ongoing by the project company for the elaboration of the process design.

Technical negotiations and pre-feasibility studies are being carried out with companies for the plant installation process of the Nickel-Cobalt Metal and Sulfate production plant, which is among the medium-term investment projects. META will be able to be competitive in the market with this production alternative and aims to provide battery raw materials for electric vehicle batteries produced especially for domestic and national vehicle Togg. These investments will contribute positively to both the national economy and operating costs by producing value-added products.

## Sustainability Efforts

## The Company became a member of the European Water Committee as of July 2023.

By contributing to Zorlu Group's Smart Life 2030 sustainability vision, targets were monitored quarterly and activities were carried out to take necessary actions.

Within the framework of Smart Life 2030, greenhouse gas emission intensity decreased from 35.2 tons CO<sub>2</sub>e/ton Ni to 24.8 tons CO<sub>2</sub>e/ton Ni as of 2023. The main reason for the change is the change of the ore feeding strategy (increasing the amount of high-grade ore, increase of product tonnage) as of March 2023 and the indirect effect of separation of carbonate minerals by magnetic separation.

The recovered water rate was realized as 51.68% in line with the target of recovering 50% of the water used by 2030 in order to reduce the use of natural resources. In 2023, investment projects were carried out to reach the 2050 target and ADT surface water was reused at every point that could be used in production, resulting in a recovered water ratio of 71.2% by the end of 2023. Within the framework of Smart Life 2030, it is aimed to reduce the use of water from nature to zero by 2050. In addition, the Company became a member of the European Water Committee in July 2023 to raise awareness on sustainable water management, reduce pollution and support the protection of the aquatic ecosystem.

META, which implements ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System, carried out the installation of ISO 50001 Energy Management System within the framework of continuous improvement approach, successfully completed the certification audit in December 2023 and received ISO 50001 Energy Management System Certificate.

The ADT Return Line and Pump Capacity Increase Project, which started in 2022, aims to recover the lower and upper drainage wastewater arising from the mine waste storage facility (ADT) and increase the amount of wastewater utilization by increasing the pump capacities. The two-tier project was completed in March 2023, resulting in a 21.93% reduction in natural resource consumption compared to 2022.

Within the framework of Smart Life 2030, greenhouse gas emission intensity decreased from 35.2 tons CO<sub>2</sub>e/ton Ni to 24.8 tons CO<sub>2</sub>e/ton Ni as of 2023.

It is envisaged that some of the electricity used will be met from renewable energy by installing SPPs on building roofs. Following the feasibility studies carried out in 2023, it is planned to start with a building in 2024, with a total roof area of 418 m<sup>2</sup> and a 1,361 kWp DC installed power. Upon completion of the project, it is expected that energy consumption will decrease by 4% and Scope 2 greenhouse gas emissions will be reduced by 4% compared to 2022.

The existing economizer system in the steam power plant was improved between October and November 2023, reducing downtime due to failure and indirectly providing 1.88% coal savings.

The wastewater generated after the use of clean water in the core halving process was collected in a tank and reused in the halving process, thereby reducing the use of natural resource water, albeit to a lesser extent.

The Corporate Risk Management Committee started its work in 2023 under the coordination of Zorlu Holding's General Directorate of Risk Management and the process is ongoing.

With its mining and metallurgy activities, META focuses on producing innovative products with high added value by utilizing metallurgical and chemical sciences. Adopting the vision of producing nickel and cobalt elements in different forms, processing the rare earth elements in the ore and bringing them to the Turkish economy, META aims to become a global supplier by gradually increasing its production capacity.

With the power it will create by blending industrial and entrepreneurial competence of Zorlu Holding with R&D and innovation, the Company aims to further increase the added-value of its operations by transforming concentrated nickel and cobalt production into different forms, to create combined plants that can produce their own inputs through new auxiliary facilities to be established and maximize energy efficiency by recovering idle heat energy, and to contribute to reducing Türkiye's dependence on foreign countries and thus the current account deficit by making domestic and national production.

**71.20%**  
Ratio of water  
recovered in 2023



## Mining - Metallurgy

## R&amp;D Activities

## R&D center and TÜBİTAK projects were carried out in 2023 as well.

The strategy of the R&D Unit is primarily to improve existing products, to reduce costs in the process accordingly, to increase capacity, to develop products with high added value by processing raw ore and to be an environmentally sustainable and exemplary enterprise. While carrying out all these studies, it is aimed to keep pace with technological innovations and developments as well as to use existing methods as a result of the researches carried out. The most important proof of this is the work carried out to achieve the goal of becoming a pioneer in the industry by adopting the principle of environmentally friendly, sustainable next generation mining as per the Company's mission. In order to further consolidate the steps taken in this direction, collaborations were made with universities, harmonious working processes were carried out with stakeholders, trainings on patent, article and R&D center processes were provided by competent people in the field, workshops were attended at home and abroad, posters were prepared and applications for patents were made. Long-term goals include reducing Türkiye's dependence on foreign countries and contributing to domestic and national efforts, especially in the defense industry. Short-term goals include cost reduction and the production of high value-added forms, also considered as process improvement.

META's R&D strategies emphasize the expansion and augmentation of work areas. It is planned to open an R&D department in Ankara within META, and this department to continue its process as an R&D center once the necessary conditions are met. R&D center and TÜBİTAK projects were carried out in 2023 as well. These R&D center projects include recovery of precious metals from waste, disposal of SO<sub>2</sub> and CO<sub>2</sub> with high emission content in flue gas, development and production of Li-ion battery components and enrichment of low grade lateritic Ni-Co ore by reduction process. Within the scope of the battery studies carried out, the Company participated in the INESS 2023 11<sup>th</sup> International Conference on Nanomaterials and Advanced Energy Storage Systems training and symposium and the Critical and Strategic Raw Materials Seminar.



The Company participated in the INESS 2023 11<sup>th</sup> International Conference on Nanomaterials and Advanced Energy Storage Systems training and symposium.

In 2023, the production of high value-added products continued with the processing of raw mined soil. The improvements included in the studies were realized in the form of reducing CO<sub>2</sub> emissions, transforming the materials going to the tailings dam into high value-added products, removing Al, which creates a burden in the system, from the system and obtaining high value-added products, utilizing waste, producing cathode active materials from domestic raw materials and obtaining pharmacological quality Ca, Mg salts. In order to provide the necessary contribution to process innovations, trainings were received from Bilen Patent Company on patent and intellectual property rights, accounting, basic competence, patent workshops, innovation training and workshops.

### Production of aerospace-grade metallic nickel

Within the project, pure solutions of nickel sulfate and cobalt sulfate were obtained by solvent extraction (SX) method after leaching and neutralization of MHP. With the obtained solutions, Ni and Co electrolysis studies were carried out under optimum conditions determined within the project. The studies were first carried out on a laboratory scale, and then completed on a pilot scale. As a project output, 20 kg of metallic nickel with ≥ 99.5 purity and 1 kg of metallic cobalt with ≥ 99.5 purity were obtained. The metallic nickel and cobalt produced were delivered to TEI for use in aircraft engine alloys.

### Recovery of precious metals from waste

In the studies, firstly, size reduction is performed on industrial wastes. In studies following size reduction processes (Li-ion battery recovery), pre-concentration (physical-physicochemical) processes are applied in order to reduce chemical consumption. Afterwards, the precious metals contained in all solid industrial wastes are transferred to the liquid phase by leaching, which is a hydrometallurgical method. After the leaching process, neutralization studies are carried out to remove impurities other than the target metal. In order to obtain the targeted precious metals in the sample whose impurities have been removed, precipitation work is carried out using precipitation agent.

### Disposal work of SO<sub>2</sub> and CO<sub>2</sub> with high emission content in flue gas

The flue gas arising from the current coal power plant contains high levels of SO<sub>2</sub> gas, which varies according to the quality of the coal burned. In addition to SO<sub>2</sub> gas, there is also a high level of CO<sub>2</sub> generated during combustion in the same flue gas. In the near future, it is known that a low carbon footprint will be a reason for both taxation and preference for companies. Based on this, efforts are being made to dispose of SO<sub>2</sub> first and CO<sub>2</sub> secondly. It is aimed to produce products that will provide added value with the secondary products obtained from here.

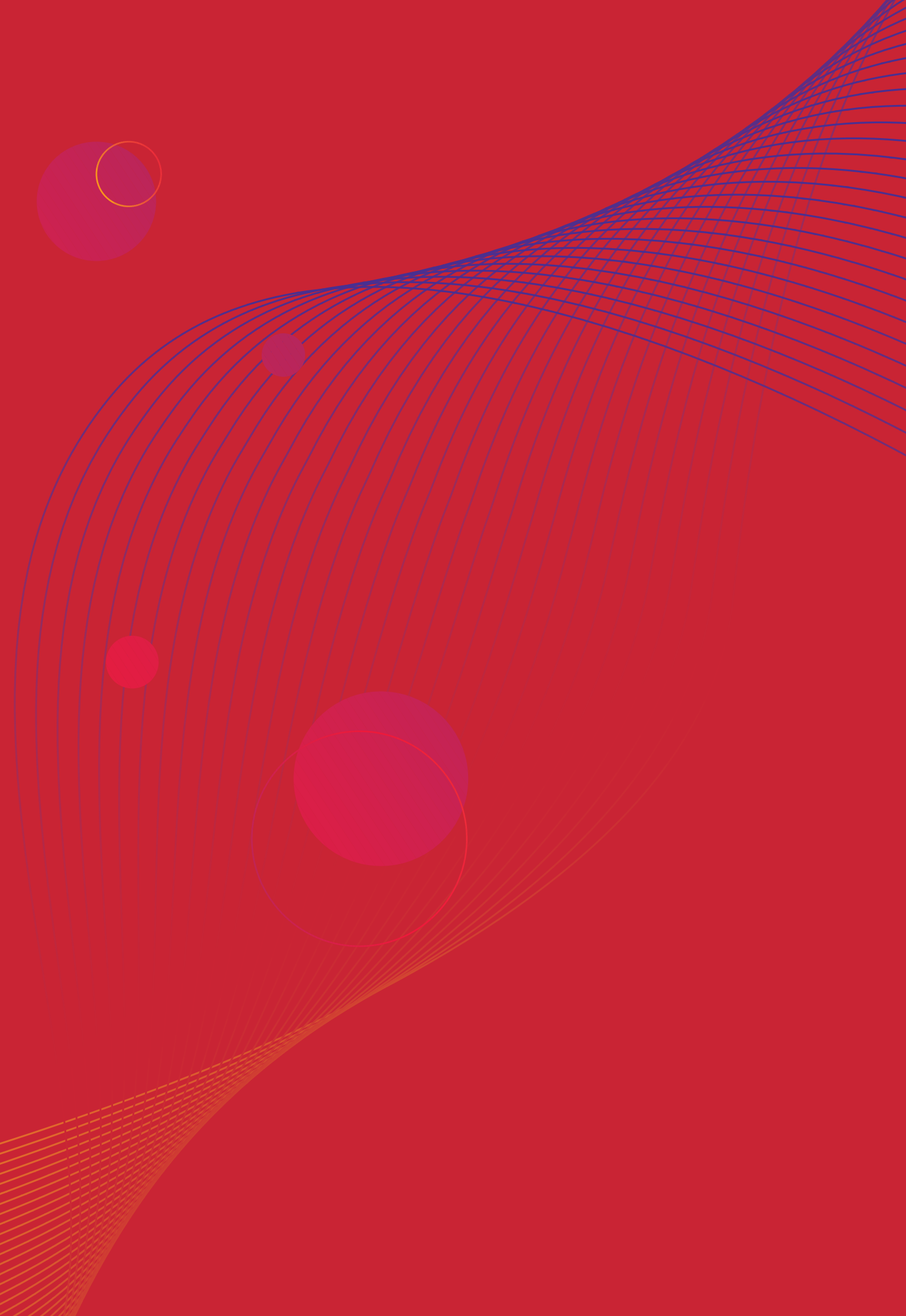
The flue gas scrubbing system has been used in coal-fired systems for many years, but the motivation of this project is the use of the internal resources of the plant to ensure disposal and the secondary products planned to be obtained from it.





# Real Estate

Aiming to create Türkiye's leading social, cultural and economic centers of attraction, Zorlu Real Estate Group offers a stellar example of next-generation living spaces with Zorlu Center. In addition to upscale residences and offices, the Center includes Zorlu Shopping Mall, the Zorlu Performing Arts Center and the Raffles Istanbul Zorlu Center.





## Real Estate



### Message from Zorlu Center General Manager

As Zorlu Real Estate Group, our innovative approach and sustainable solutions, coupled with our experience in developing innovative, smart and sustainable living spaces, ensures our ongoing contribution to the goals set within the scope of Smart Life 2030, the joint strategy of Zorlu Group.

**İlker Özcan**  
Zorlu Center General Manager



## Zorlu Center has received nearly 100 awards to date.

Our Esteemed Stakeholders,

In 2023, we witnessed a year shaped under the influence of changing social, economic and geopolitical conditions in Türkiye and around the world. The green transformation and sustainability approach continued to impact the real estate sector, as it has every sector. Accordingly, as Zorlu Real Estate Group, we present an innovative approach and sustainable solutions alongside our experience in developing innovative, smart and sustainable living spaces — thus ensuring our ongoing contribution to the goals that define Smart Life 2030, the joint strategy of Zorlu Group.

Celebrating its 10<sup>th</sup> anniversary, Zorlu Center has hosted more than 140 million guests and received nearly 100 awards, including some of the world's most prestigious honors. In line with its Smart Life 2030 strategy, the Center continued to offer the best examples of sustainable living spaces, not only in Türkiye but also worldwide, with a holistic business strategy that ranges from smart systems offering efficient energy and water use to 100% renewable energy use, and from zero-waste waste management goals to environmentally and nature-friendly events. In addition to the use of 100% renewable energy with the Renewable Energy Certificate (I-REC), Zorlu Center contributed to the construction of a sustainable lifestyle by means of smart management systems and applications extending from electric taxis to electric vehicle charging units. In 2023, Zorlu Center organized the third Eco Love Fest, bringing together “good life” enthusiasts and sustainable change-makers. We are pleased to have received a number of national and international awards for Eco Love Fest, an important project undertaken to disseminate the Smart Life 2030 mission to a wider audience and to raise awareness on these issues.

Zorlu PSM, the meeting point of culture and arts, continued to be the shining star of Zorlu Center in 2023 as well, presenting a variety of events featuring internationally acclaimed musicians and actors and the participation of hundreds of thousands of art lovers. Zorlu PSM crowned the mission undertaken during its foundation phase by staging not only world-class works but also PSM-produced theater plays. PSM Workshop, launched to ensure the sustainability of theater, continued to contribute to theater development in Türkiye by producing new graduates. The “My First Theater, My First Concert” project, launched last year, was realized with the motto, “The Stage for All of Us,” in partnership with SosyalBen and the Turkish Education Foundation. Through this project, adults and children living in disadvantaged areas of Istanbul — in-

“In 2024, we intend to maintain our position among the sector’s leading players by launching inspiring, innovative projects and sustainable investments for experience-oriented next-generation living spaces.”

dividuals who had never attended a concert or theater performance — are hosted at events to be staged at Zorlu PSM. In accordance with a social responsibility policy aimed at expanding culture and arts to a much wider audience, Zorlu PSM will strive to further develop these projects in the coming years.

Of course, one of the most important events of 2023 was the 1923 Musical. The production was significant for the entire Zorlu Group, as well as for Zorlu Real Estate Group. On the centenary of our Republic, the 1923 Musical, co-produced by Çolpan İlhan & Sadri Alışık Theater, Piu Entertainment and Zorlu PSM, with contributions from Zorlu Holding and Group companies, opened with a team of 200 people on stage and backstage to great acclaim. From lighting and sound design to dance choreographies, and from the use of a live orchestra to period costumes, the musical is the largest performing arts production to depict the founding process of the Republic starting with the National Struggle. The show was also the first local project to fully utilize the entire technical infrastructure of Zorlu PSM.

In 2023, Raffles Istanbul Zorlu Center, one of the world's most exclusive and luxurious hotels, maintained its longstanding status as the Istanbul address for distinguished visitors from Türkiye and around the world. The excitement derived from the positive impact of the new global brand identity efforts on the Raffles brand was also reflected at Raffles Istanbul. By means of its new projects launched in 2023, Raffles Istanbul further enriched the experiences of local and international guests. With its distinctive privileges, concepts and designs, Raffles Istanbul continued to present guests with an unparalleled experience in an elegant and congenial atmosphere.

Levent 199, the first A+ office project of this scale in Türkiye to receive an LEED Gold Certificate from the U.S. Green Building Council (USGBC), continued to set the standard in sustainability-oriented office and living spaces. Levent 199 further reinforces the sustainability-oriented mission undertaken with Smart Life 2030, offering an optimal living experience to residents and guests in a structure that has eco-friendly building features such as glass facades that contribute significantly to energy efficiency, LED fixtures in all lighting systems, 100% renewable energy use, and an exclusive parking lot for electric vehicles, as well as a bicycle parking area, heat-recovering fresh air systems, and an expansive 10,000-square-meter landscaped area.

As Zorlu Real Estate Group, these developments and our successful achievements signal a highly productive 2023. In 2024, we intend to maintain our position among the sector's leading players through inspiring innovative projects and sustainable investments for experience-oriented next-generation living spaces.



## Real Estate

## Zorlu Center is one of the rare examples of a mixed-use project in the world.

### An innovative and sustainable next 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, Türkiye's first five-function mixed-use project.

Comprising Zorlu Shopping Mall, Zorlu Performing Arts Center, Raffles Istanbul Zorlu Center, residences and offices, the five-function Zorlu Center is an exceptional mixed-use development in Türkiye and the world at large.

Zorlu Center's 10<sup>th</sup> anniversary was celebrated with special events in 2023. In addition, the 10<sup>th</sup> anniversary logo was featured in advertisements placed in national publications. Commercials prepared for social media and highlighting the functions and experience points were published.

Zorlu Real Estate Group continues to develop Zorlu Center with its experience in innovative, smart and sustainable living spaces, and to contribute to the goals set within the scope of Smart Life 2030, the joint strategy of Zorlu Group, with sustainable solutions.

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, the smart energy management system, ZES electric vehicle charging stations, tracking system for customer trends and electric outdoor benches are among the applications that 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 Türkiye, 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 its 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 scope, the Group takes important steps towards reducing environmental impacts, increasing social impact and strengthening governance.



### Zorlu Center's 10<sup>th</sup> anniversary was celebrated with special events in 2023.

Some examples of best practices for reducing environmental impact at Zorlu Center include a 120-m<sup>2</sup> 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.

The waste collected from 622 different areas in Zorlu Shopping Mall, Zorlu PSM, Raffles Istanbul, residences and offices is sorted in 12 sections and given to licensed companies, enabling the recycling and recovery of approximately one thousand tons of recyclable waste annually. In addition to more than 1,000 m<sup>2</sup> of waste sorting and 622 waste collection areas, Zorlu Center also supports the collection of waste generated in other residential and living areas in its surroundings through the Waste Collection Center, and focuses not only on reducing its environmental impact to zero, but also on spreading this impact to all members of society.

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 raising awareness on environment, not only in its immediate vicinity, but across the entire city of Istanbul.

### Zorlu Center, in cooperation with Zorlu Enerji, has certified the energy it used with the International Renewable Energy Certificate (I-REC).

Short videos explaining the sustainability projects carried out at Zorlu Center were also released on social media and Zorlu Center screens.

### High energy and water savings through innovative practices

In order to ensure the maximum level of comfort and safety and make quality sustainable at Zorlu Center, Türkiye's first five-function mixed-use project, a comprehensive operation is being managed. 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.

With the SkySpark program in use, all energy consumption data throughout Zorlu Center is collected at a single point and interpreted according to the specified conditions, enabling all systems throughout the project to operate more efficiently with less energy consumption.

Zorlu Center has adopted ISO 50001 Energy Management System to continually increase its energy performance, ensure compliance with laws and regulations, ensure the participation of all related parties in this policy, 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 it used with the International Renewable Energy Certificate (I-REC).





## Real Estate

## 2023 Activities

## Eco Love Fest received 6 different awards from national and international platforms so far.

**‘Eco Love Fest’ brought good life enthusiasts together for the third time.**

Zorlu Gayrimenkul, which treats sustainability as a way of life in line with Zorlu Group’s Smart Life 2030 strategy, organized “Eco Love Fest” for the third time in 2023 to raise awareness on sustainability. The festival draws attention as the first sustainability festival in Türkiye to be implemented in shopping centers with different topics. Organized for the first time in 2021, Eco Love Fest received 6 different awards from national and international platforms so far.

Guests who enjoyed shopping in the open air with brands that respect the world had the opportunity to participate in many events including ecological workshops, sustainability talks with experts in their fields as speakers and concerts.

The festival featured many brands that respect the world, have different concepts and focus their business on sustainability. In addition to the Sustainable Market, one of the activities that attracted the most attention of the visitors was the ecological workshops.

**‘Eco Love Fest’ was deemed worthy of many awards.**

Zorlu Center has been deemed worthy of 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. Finally, Eco Love Fest won the gold award in the “Best Shopping Center Event” category at the “ACE OF MICE/ MASTER OF EVENTS” ceremony in 2023. Zorlu Center is working for the continuity and sustainability of ‘Eco Love Fest’, which received many awards so far.



**Moviegoers Gathered at Zorlu Center Open Air Cinema.**

In 2023, Zorlu Center prepared a special summer program sponsored by Atelier Gelarto, offering moviegoers the pleasure of watching movies at the open air cinema.

**New Year enthusiasm was experienced at the ‘Zorlu New Year Festival’.**

Zorlu Center brought the joy of the New Year again in 2023. Zorlu New Year Village, Türkiye’s first New Year’s Village, welcomed its guests for the tenth 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 and events were organized throughout the month. At the New Year’s concert, Gökçe Bahadır and Erkan Kolçak Köstendil were the guests of renowned pianist Emir Ersoy.

**Zorlu Center continued to offer Istanbulites unique examples of art.**

Works of art were presented to art lovers in the exhibition areas created at the Levazım upper entrance section of the Zorlu Center Square Floor. The works “HUMMINGBIRDS,” “DERVISH,” “MY OWN WAVE” and “DANCERS” by Beste Alperat, a member of ACT “Assosiation des Artistes Contemporains de Turquie à Paris,” curated by DG&Art, were exhibited throughout the year. In the showcase area created in the Beymen corridor, the works of national and international artists such as Nesren Jake, Hamid Tolouei Fard, Cihan Ünalın,

curated by RedArt were presented to Zorlu Center guests. It is aimed to diversify art activities within the framework of the annual plan and bring them together with art lovers.

**Zorlu Center inspired all sectors with its social responsibility projects.**

As always, Zorlu Center attached importance to social responsibility in 2023, implementing many projects in this regard and inspiring the sector. In this scope, the Pink Mirror event was held at Zorlu Center in cooperation with Memorial to raise awareness on breast cancer and draw attention to the importance of early diagnosis. Zorlu Center supported the campaigns by changing its colors to orange to raise awareness as part of the Campaign to Combat Violence Against Women in 2023, and to purple on September 21, World Alzheimer’s Day, in cooperation with the Turkish Alzheimer Association. For the Children with Leukemia Week on November 2-8, Zorlu Center changed its colors to orange to raise awareness in cooperation with LÖ-SEV. Zorlu Center also participated in the “Light It Up Blue for Autism” campaign to draw attention to autism and raise awareness around the world this year as well. 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.**

Zorlu Center continued to offer its guests a unique shopping experience by expanding its brand mix in 2023 as well. In 2023, Les Benjamins, Edwards, Loro Piana, Gucci, Fabiana Filippi, Nike by Levazım, Tumi stores were opened.

**The Pink Mirror event was held at Zorlu Center in cooperation with Memorial to raise awareness on breast cancer and draw attention to the importance of early diagnosis.**



## Real Estate

### Zorlu Performing Arts Center

# In 2023, Zorlu PSM hosted more than 600 thousand art lovers in more than 900 events.

Zorlu PSM completed 2023 with the motivation to offer inspiring, inclusive and entertaining programs that will change the world of all art lovers who follow different genres in Türkiye. Starting its 11<sup>th</sup> season with the motto #Dünyadeğişsin, Zorlu PSM, as an institution that aims to contribute to Türkiye's culture and arts life, hosted world-renowned names and realized important projects in the field of culture and arts in 2023 as well. This year, it stood out among cultural and artistic institutions by hosting more than 600 thousand art lovers in more than 900 events. While bringing together the giant names of the local and foreign music scene with its audience and hosting world-renowned musicals, international music festivals and acclaimed local theater productions on its stages, it has also implemented projects investing in the sector and social benefit projects aiming to bring culture and arts to all segments of society. Art lovers have experienced more than two hundred theaters and concerts, five festivals, hundreds of stand up events, parties and corporate events under the roof of Zorlu PSM and have become partners in the innovative, dynamic, up-to-date, reliable, entertaining, polyphonic and inclusive world of art.

In 2023, Zorlu PSM hosted world-renowned names such as IDLES, Ludovico Einaudi, Roosevelt, Dhaf-er Youssef, Mark Eliyahu, Danny Brilliant, Monica Molina, Resa Seffa Park, Buika, Gypsy Kings and Asaf Avidan, and this year, for the first time in its history, Sónar Istanbul and MIX Festival 2023 were spread over 3 days, offering unforgettable moments to thousands of music lovers. Zorlu PSM's PSM Loves Summer by 100% Music series, which marked the summer months with world-renowned names, again hosted the best of the foreign music scene. World-renowned musicians such as Molchat Doma, Róisín Murphy, Baxter Dury, Tash Sultana, Moderat, Benjamin Clementine and FOALS took the stage one after the other during the summer months, transforming Zorlu PSM into a long-term festival venue. On the other hand, following the earthquake disaster in our country, DasDas and Needs Map collaborated to realize the Solidarity Stage project, featuring Türkiye's leading musicians and actors, to support the education of students in the region. As an institution that presents world-famous classics every year, it brought the Notre Dame de Paris Musical, legendary for its magnificent stage design, master actors, songs



**Zorlu PSM's PSM Loves Summer by 100% Music series, which marked the summer months with world-renowned names, again hosted the best of the foreign music scene.**

memorized by millions and admirable choreography, to Istanbul with 21 performances over 15 days. Shakespeare's unique work Romeo & Juliet reinterpreted by a mesmerizing cast of 50 dancers of the world-famous Monte Carlo Ballet led by director and choreographer Jean-Christophe Maillot, met art lovers for the first time in Türkiye at Zorlu PSM for two nights in a row.

Mummenschanz, which has spread from Switzerland to the world stage as one of the most fascinating examples of creative stage art and has become the symbol of mask theater, met art lovers with a unique show, and Piaf! The Show, one of the largest French productions in the world starring the world-famous star Nathalie Lermitte, described as 'the most beautiful tribute to Edith Piaf's career' and taking you on a journey through time with Edith Piaf's unforgettable songs, was staged for the first time in Türkiye at Zorlu PSM.

With the constant importance given to local productions, 5 PSM Productions theater plays met with theater lovers at Zorlu PSM only in 2023. In a special project for the 100<sup>th</sup> anniversary of the Republic, Zorlu PSM, Çolpan İlhan & Sadri Alışık Theater and Piu Entertainment partnered with Zorlu Holding and Group companies to produce the 1923 Musical, one of the largest and most comprehensive local musical projects in Turkish theater history. In addition to the plays that met with the audience for the first time in the previous seasons as Zorlu PSM Production's own production, Kibritin Ucunda, a play written by Murat Mahmutyazıcıoğlu, met with the audience with the performance of successful actor Rıza Kocaoğlu.

Shakespeare in Love (Aşık Shakespeare) which was brought to the stage with the partnership of Çolpan İlhan & Sadri Alışık Theater, Piu Entertainment and Zorlu PSM, starred by Uraz Kaygılaroğlu as William Shakespeare and Nezaket Erden as Viola, and adapted to the stage for the first time in Türkiye with the same name from the legendary film that won numerous awards, and recently the Whale (Balina) which was directed by İbrahim Çiçek, starred by Enis Ankan, Şebnem Bozoklu, Yağız Can Konyalı, Helin Kandemir and Emine Evirgen, and jointly produced by Zorlu PSM, Craft and Freestage, and Family Lies (Aile Yalanları) which was adapted from the novella in Nermin Yıldırım's story book "Bavula Sığmayan," starred by Melisa Sözen, Ülkü Duru and Müfit Kayacan, directed by Hakan Emre Ünal, and jointly produced by Zorlu PSM, Toy İstanbul and Melisa Sözen, were among the successful local productions brought to the stage with great praise from the audience.

For the first time in Türkiye, guests of a culture and arts institution were taken on a journey backstage to see what they were curious about, those no one else knew and saw. With the UNSEEN Tour, guests had the opportunity to visit the backstage of the giant productions staged at Zorlu PSM, the traces left by the artists, gifts, stories, photographs and many more memories in 2023 with a 5000-step guided tour full of discovery.

In addition to its extensive program, Zorlu PSM also launched new projects that contribute to the sustainability of culture and arts by aiming to introduce all segments of society to art. As one of the pioneering institutions of the industry, Zorlu PSM, which aims to bring culture and arts to all segments of society, launched last year the "My First Theater, My First Concert" project as pilot and started to host adults and children living in disadvantaged areas of Istanbul who have never been to a concert or theater in their lives in concerts and theater events at Zorlu PSM under the motto "The Stage for All of Us" in partnership with the expert non-governmental organizations SosyalBen and the Turkish Education Foundation.

Continuing to expand its audience, the PSM Workshop, which includes free training in directing, writing and producing in theater with the aim of bringing new talents to the theater, completed its second year. Organized with the corporate support of MeyDiageo, PSM Workshop staged a total of 18 different plays over the course of two seasons, and the trainings continue without interruption in its third year.

**Zorlu PSM started to host adults and children living in disadvantaged areas of Istanbul who have never been to a concert or theater in their lives in concerts and theater events at Zorlu PSM under the motto "The Stage for All of Us" in partnership with SosyalBen and the Turkish Education Foundation.**

**Raffles Istanbul Zorlu Center maintains its place among the best hotels in the world.**

Raffles Istanbul Zorlu Center, one of the most exclusive, luxury hotels in the world, continued to be the address in Istanbul for distinguished visitors from different countries around the world, including Türkiye. With 185 rooms and suits (and 66 residences), the hotel hosted a total of 89,502 local and international guests in 2023.

Raffles Istanbul, which has received many awards since its opening, was awarded the Five Star award by the prestigious Forbes Travel Guide, which determines the best in luxury travel, also in 2023, making it the only hotel in Türkiye to receive this award for five years in a row.

Raffles Istanbul was named the third best hotel in Türkiye in Readers' Choice 2023, which was organized by Conde Nast Traveler, an authority in the travel industry among international publications, and determined solely by readers' votes.

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 the commercial strategy activities carried out in targeted international markets and local markets throughout the year, the total advertising equivalent of the news articles promoting the hotel's rooms and suits as well as other functions such as food and beverage venues, Spa facilities, meeting and banquet areas remained at a high level.

With its distinctive service approach, Raffles Istanbul created unique gastronomic experiences in 2023.

Bosphorus Lounge, located on the 22<sup>nd</sup> floor of the hotel, started to host its guests in June 2023 with special privileges offered in the unique panorama of Istanbul. Bosphorus Lounge, which promises an intimate meeting point, a stylish workspace and a pleasant break, has started to offer Raffles Istanbul guests the opportunity to enjoy unique privileges while enjoying the most impressive panoramic view of the city during their stay.

Writers Bar, named after the literary geniuses of the century and restructured with a gentlemen's club concept, reopened its doors in June 2023 at Raffles Istanbul to host exclusive experiences for a limited number of members. Writers Bar continues to offer its members and their guests a comfortable environment in a sophisticated architectural design that carries the legacy of history and an atmosphere that combines classic and modern, with Raffles Istanbul's unique service and luxury approach.

In addition, in July 2023, Rocca updated its culinary concept to offer Mediterranean barbecue flavors and started to host its guests under the name Rocca Grill & Terrace in the renovated terrace area by moving from the lobby floor of the hotel to the upper floor. During the year, a rich selection of exquisite flavors from both Isokyo and Rocca Grill & Terrace were served to Istanbulites at the Raffles Brunch buffet.

**89,502**  
**people**  
**Number of guests hosted**  
**by Raffles Istanbul**  
**Zorlu Center in 2023**



## Real Estate

## Zorlu Performing Arts Center

## Levent 199 project has become the most important center of attraction in the commercial buildings sector in Istanbul.

The legendary Long Bar located within the hotel was renovated and started to welcome its guests by November with its friendly atmosphere, signature cocktails, exquisite flavors and “Live” concept. Every month, the Long Bar Live stage featured delightful stage performances by the best music artists of different music genres such as Latin, jazz, R&B and pop.

Located on the first floor of the hotel and continuing to bring innovations to the world of food and beverage since its opening in 2018, Isokyo, which stands for Pan Asia extending from Istanbul to Tokyo, started to introduce its new menu and renewed atmosphere to its guests with an invitation to Istanbulites in October 2023.

Raffles SPA, which has a 3,000 square meter area illuminated by daylight, has continued to offer distinctive care programs and signature therapies to its guests in 2023 as well. In November 2023, Raffles SPA held an enjoyable media event in its serene atmosphere with a program on the “purification” experience that touches both body and soul.

### Levent 199: Türkiye’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 Türkiye 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 thousand m<sup>2</sup> 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 the Second Prize in the office category of the Türkiye’s Most Successful Real Estate Investments competition in 2012.

Levent 199 project has become the most important center of attraction in the commercial buildings sector in Istanbul with its modern management approach that constantly renews itself and its technology through investments, and its design and implementation features at the highest standards in earthquake safety. In this sense, 78% average rental space occupancy was achieved in 2023. With the ongoing contract processes, it is expected to approach full occupancy level in 2024.

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 50% at least. 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 2023 in line with its sustainable and environment-friendly management policy, and its renewable energy use was certified by internationally recognized I-REC as well. In this way, annual carbon emissions from electricity consumption were reduced by 3,405 tons.

In order to encourage the reduction of fossil fuel consumption in vehicles, a total of 115 charging stations for electric vehicles belonging to Zorlu Enerji’s next 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 1,813 cubic meters of rainwater was collected and reused throughout 2023. As a result, 4% of Levent 199’s total annual water consumption was met by rainwater.

With its Zero Waste Management System, Levent 199 collected various wastes at 49 collection points located throughout the building, and recycled and recovered approximately 18 tons of recyclable waste in 2023.

## Awards Received in 2023

## Raffles Istanbul Zorlu Center was ranked among the world’s most exclusive hotels as selected by Forbes.

### Gold award for the Best Shopping Center Event

Eco Love Fest won the gold award in the “Best Shopping Center Event” category at the “ACE OF MICE/MASTER OF EVENTS” ceremony in 2023.

### 5 stars from Forbes Travel Guide

Raffles Istanbul Zorlu Center has become the first and only hotel in Türkiye to be awarded the 5-star category for the last 5 consecutive years in the Forbes Travel Guide “Star Rating” list, which annually evaluates the world’s most prestigious hotels.

Raffles Istanbul Zorlu Center has been included in the list of the world’s most exclusive hotels selected by Forbes, which is positioned as the pinnacle of awards in the tourism industry on a global scale. Being awarded 5 stars by Forbes Travel Guide may be considered as the pinnacle award of the luxury segment in hospitality among the countless awards received to date.



### Zorlu PSM received numerous awards.

Zorlu PSM received the Felis Global-Entertainment Award for the Air Anatolia Documentary and the Social Responsibility & Sustainability Award for the Solidarity Stage at the 18<sup>th</sup> Felis Awards. Zorlu PSM Website received the 18<sup>th</sup> Felis Awards User Experience Achievement Award, the Istanbul Marketing Awards 2023 Table Top Website Design and Renewed Website Award, and the First Prize in the Entertainment Category, the People’s Favorite Award and the Second Prize in the Events and Culture-Arts category at the 21<sup>st</sup> Golden Spider Web Awards. The 1923 Musical, one of the biggest productions in the history of theater, won the Haldun Dormen Special Award at the 25<sup>th</sup> Afife Theater Awards and the Best Production Award at the 48<sup>th</sup> İsmet Kuntay Theater Awards.

### Raffles Istanbul was named one of the best hotels in Europe by an international publication.

Raffles Istanbul was named the third best hotel in Türkiye in Readers’ Choice 2023, which was organized by Conde Nast Traveler, an authority in the travel industry among international publications, and determined solely by readers’ votes.



## Other Areas of Activity

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

### 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 2023, 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. The Company has removed the 2002 model Bell 430 VIP helicopter from its inventory by selling it in 2023, and canceled its air taxi license and started to carry out its activities under the air taxi license of Kaan Havacılık.

### Zorlu Faktoring

Zorlu Faktoring AŞ ("Zorlu Faktoring") was founded at the end of 2012 to deliver factoring services in Türkiye 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. Continuing to work 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

Started its operations 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 4 kilometers from the airport, Zorlu Grand Hotel is the first five-star hotel of the region with 6 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.



Started its operations in 1997 in the city center of Trabzon, Zorlu Grand Hotel is Zorlu Group's first tourism investment.

### 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 100 people. The vision of Jules Verne Business Mice Travel, which joined Zorlu Group in 2004 and became stronger is to be a reliable, creative, dynamic, globally minded, solution-oriented, expert, pioneering and exemplary organization that adds value to its customers in a globalized competitive environment. 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

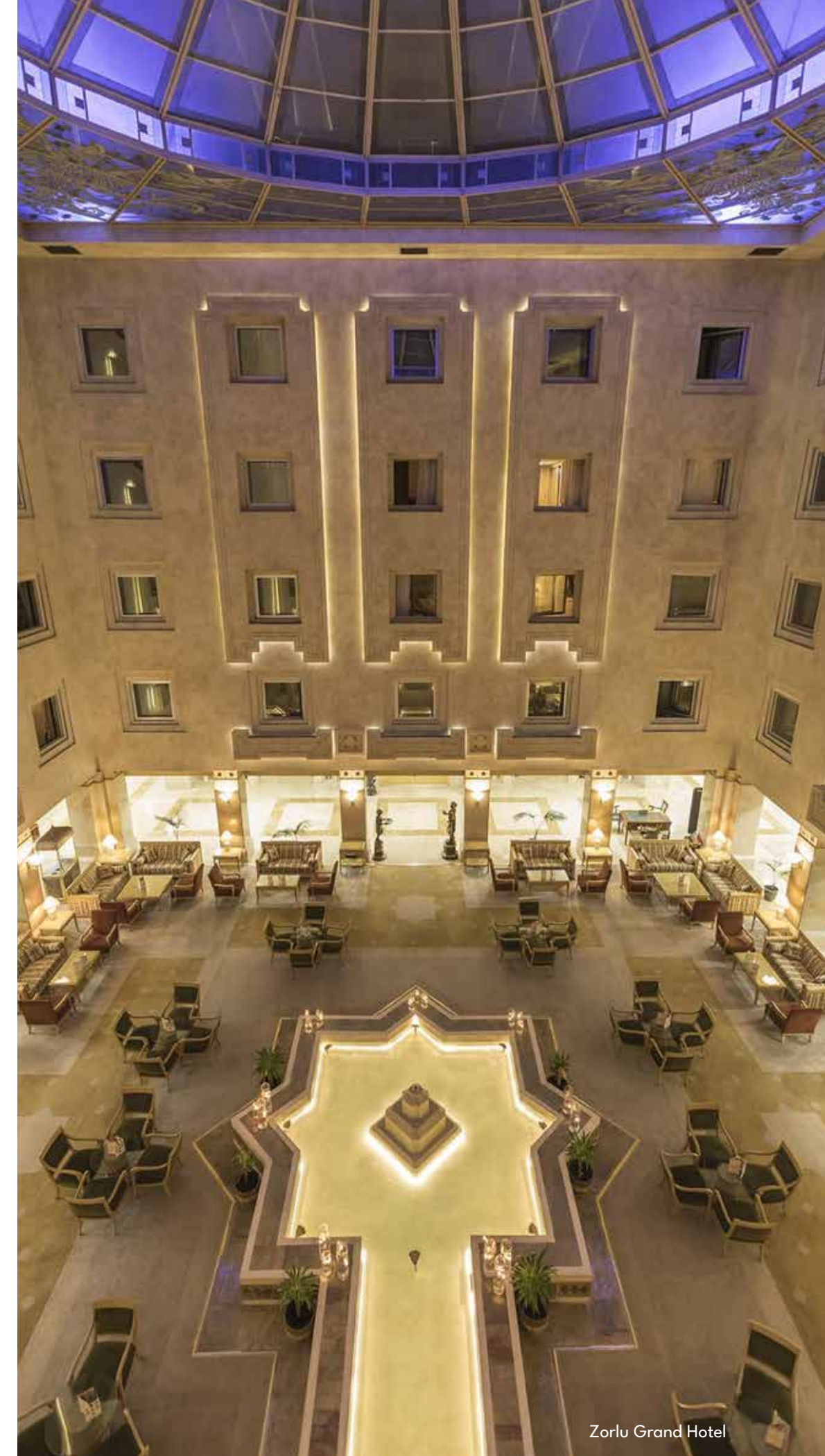
Jules Verne Travel makes dreams come true with travel programs tailored to expectations and desired experiences.

& 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, easily check the compliance of the processes with travel policies by creating instant online reports, manage expenses thanks to rule creation mechanisms and online tracking, thus 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 Türkiye and all over the world. With its experienced and dynamic team that is innovative, curious, inspired by the future, the Company 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 travelers 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](http://www.julesverne.com.tr)

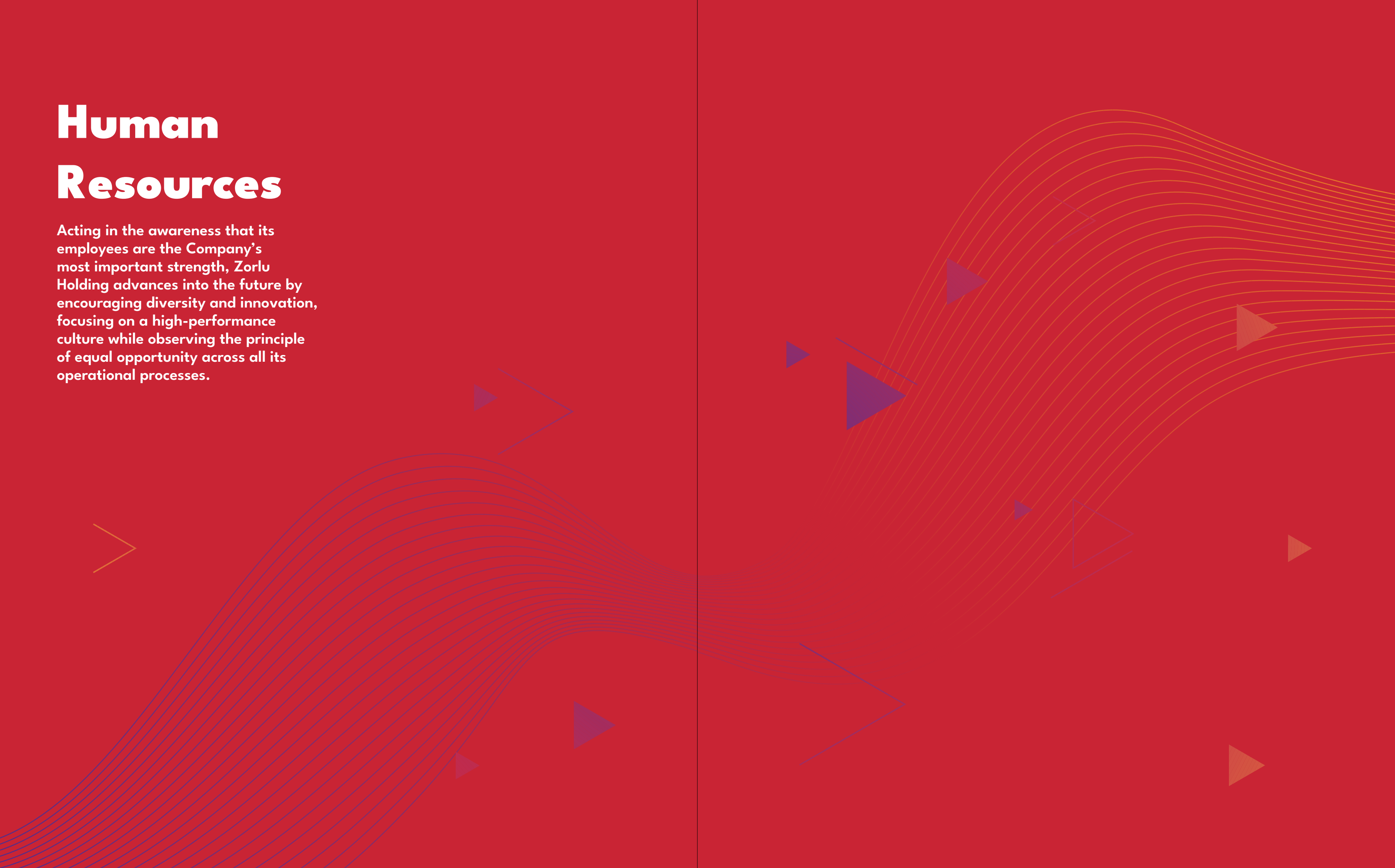


Zorlu Grand Hotel



# Human Resources

Acting in the awareness that its employees are the Company's most important strength, Zorlu Holding advances into the future by encouraging diversity and innovation, focusing on a high-performance culture while observing the principle of equal opportunity across all its operational processes.





# Human Resources



## Message from the Chief Human Resources Officer, Zorlu Holding

Our Esteemed Stakeholders,

As Zorlu Group, we believe that our employees constitute our biggest asset. In line with our Smart Life 2030 vision, we shape the future with strength derived from our human resources. The engagement and passion of our colleagues play a vital role in realizing our vision.

With this mindset, we focus on developing an inclusive corporate culture in a work environment that rewards success, ensuring that our human resources can fully utilize their talents. We empower our employees to embrace our aspiration for a better future and a more sustainable world.

**Necmi Kavuşturan**  
Chief Human Resources Officer,  
Zorlu Holding



## Human Resources

# Zorlu Group employs around 32 thousand people in over 60 companies.

### Zorlu Group Human Resources Vision and Purpose

Zorlu Group's human resources vision is to be among the most preferred companies in all sectors in which it operates through human resources policies and practices that add value to its employees.

The Group aims to attract the talents that will carry the Group into the future and support their sustainable development through pioneering human resources practices that are based on a high-performance culture and encourage diversity and innovation, by providing a people-oriented working environment.

### Zorlu Group Human Resources Strategies

In line with the human resources strategies determined for the sustainable success of Zorlu Group, the Group's investments in human resources are planned and implemented primarily to cover these focus areas.

### 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.

The Group follows and internalizes new, trend-setting human resources practices from across the globe and enables the development of creative and productive talents. Various training programs are provided to enable employees to develop themselves and to create an infrastructure that will create value for the 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.

### A leading player in Turkish economy, Zorlu Group employs around 32 thousand people in over 60 companies.

Human resources are the most valuable asset of Zorlu Holding. Zorlu Holding believes that innovative ideas and projects to be produced by qualified and motivated employees will enhance its competitive edge in all sectors and ensure sustainable growth.

As a signatory to the UN Global Compact, Zorlu Holding strives for full compliance with the 10 Principles governing work environment and human rights, and continues its efforts to fulfill its commitments.

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 to improve themselves in every aspect.

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.

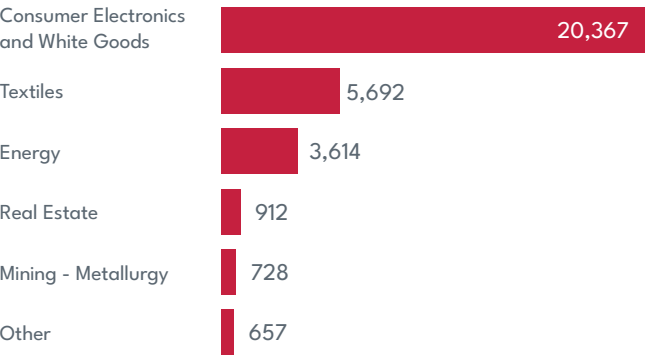
Zorlu Holding and its affiliated companies do not discriminate on the basis of language, religion, race, or gender in any of their human resources processes, including recruitment.

Zorlu Holding certified all its human resources processes before national and international community in accordance with KAGIDER's (Women Entrepreneurs Association of Türkiye) Equal Opportunities Model.

As a signatory to the UN Global Compact, Zorlu Holding strives for full compliance with the 10 Principles governing work environment and human rights, and continues its efforts to fulfill its commitments.

As of the end of 2023, Zorlu Group has a workforce of 31,970 people. 70% of the employees are blue-collar while 30% are white-collar.

### Breakdown of Zorlu Group Employees by Industry





## Human Resources

## Qualified employees are the most important force in achieving corporate goals.

### Zorlu Holding Human Resources Policy

In implementing its human resources management practices, Zorlu Holding is aware that the most important strength in achieving its corporate goals is its qualified employees who are passionate about their work, determined to succeed and professional in their fields.

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.

Zorlu Holding's Human Resources Policy and practices are based on a remuneration system that rewards success, transparent performance management, career management that focuses on development, 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.

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.

**Zorlu Holding's  
Remuneration System  
is based on employee  
position, the Group's  
remuneration policy, and  
performance parameters.**

### 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. Within the scope of Zorlu Group's Digital Transformation Program, in addition to projects in the areas of employee master data management, recruitment, performance management, training and development, projects on career development and talent management were also implemented in 2023. With these projects, all end-to-end human resources processes can be operated on a single platform, integrated with each other. Thanks to cloud-based technologies, employees can easily carry out their processes by connecting to the human resources system via mobile application or the web wherever and whenever they want.

## Training and Development

## Zorlu Group's training and development activities are carried out in accordance with the principle of equal opportunities.

The Group plans and implements training and development programs to enhance the competences of its human resources.

Zorlu Group's training and development activities are carried out in accordance with the principle of equal opportunities. Training and development activities carried out in the light of current practices in the field of human resources are important in order to enhance the professional and personal competencies of employees and to ensure that employees closely follow developments in their profession as well as in the industry at large.

There are also personalized competence development training programs offered for managerial positions across Group companies.

### Zorlu Academy

The online training platform Zorlu Academy 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 Academy 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 the Group and empower its managers who will lead this change and transformation to become inspiring role models, continues with the participation of managers carrying the Manager title. The Management Academy program is being 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."

**Continuing their  
successful work, internal  
trainers provided 9,970  
hours of training to 612  
employees in 2023.**

The Management Academy development program aims to add value to the leadership competencies of managers within the Group and contribute to their development on their leadership journey.

### Vestel Technology Academy

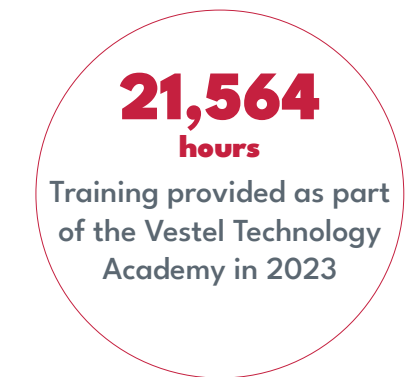
Developed in collaboration with Vestel Group of Companies and Özyeğin University, Vestel Technology Academy is a long-term postgraduate education program that aims to provide Vestel employees with qualified training that will contribute to their lifelong development and to increase their technical knowledge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

178 Vestel employees who received 21,564 hours of training as part of the Vestel Technology Academy in 2023 continued their graduate studies in the fields of Computer, Electrical-Electronics, Industrial, Mechanical Engineering and Data Science. A total of 400 employees have graduated so far. In addition, 74 academic studies were transformed into industrial practices and 446 studies became a part of patent, publication or incentive processes.

### Vestel Internal Trainer Training Program

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

Continuing their successful work within the scope of the award-winning project, internal trainers provided 9,970 hours of training to 612 employees in 2023.





## Human Resources

## Training and Development

## Zorluteks Academy offers personal development, professional development and leadership development programs to employees.

### Workshop Leadership Development School

The Workshop Leadership Development School, specially designed for Vestel's blue-collar teams/ shift leaders, aims to strengthen participants' lifelong competencies and leadership approaches through its multiple modules. The program, which was developed by Vestel's internal resources in terms of design, content, methodology and instructor staff, has an experience, game and activity-oriented approach. By creating an environment where senior management and team/shift leaders come together, fast and effective exchange of experience and managerial alignment of the corporate culture are ensured. In 2023, a total of 390 team/shift leaders received a training of 5 modules and 16,793 hours.

### Vestel "One to One (Bir'den Bir'e)" Corporate Coaching Program

At Vestel, it is believed that social, public and mass transformations can only be possible if individuals gain self-awareness and then set their own goals and aspire to transform themselves. In line with this approach, the Corporate Coaching Program was launched to support both personal and professional development processes of employees. In the 2 coaching cycles completed, the program has so far touched the lives of 39 clients with 37 coaching sessions, totaling 151 hours of coaching. The project has 25 volunteer coaches ready for the 3<sup>rd</sup> cycle of the program, which will take place in 2024 for the employees of Vestel Marketing and Vestel Sales companies.

### Zorluteks Academy

Zorlu Textile Group has a key role in Türkiye'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 language learning opportunities fully sponsored by Zorluteks. Through an online platform, employees have the opportunity to learn languages 24/7 with foreign instructors from many parts of the world.



Zorluteks Academy offers personal development, professional development and leadership development programs to employees.

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.

Zorluteks 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 PSM Academy "Stage Technician Training Program" was designed in cooperation with Bilgi 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. It is planned to provide theoretical and practical training to the participants with the expert instructors of PSM Academy. At the end of the training, participants will be entitled to receive a "Certificate of Participation."

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.

### Zorlu Enerji Trade Academy

In order to strengthen and develop its sales network, Zorlu Enerji has provided a comprehensive training program for all its sales staff.

ZES Digital, ZES Solar and OEPSAŞ sales teams are aimed to continue their success by developing a strong and widespread sales network. Explaining the value of brands accurately, completely and clearly is of great importance on the long journey with customers.

In the training program that lasted for six months from January 2023 to June 2023, 70 sales professionals received 3,284 hours of training on Professional Sales Techniques, Agile Transformation in Sales, Negotiation Techniques, Effective Presentation Techniques and Project Management.



## Human Resources

## Talent Management

## The 14<sup>th</sup> MT Program was completed in 2023.

Efforts are underway to evaluate the competencies of all white-collar employees to support Career and Talent Management processes by creating a common approach across the Group. With this approach, employees with high potential was specified and critical jobs were identified by assessing the criticality levels of the positions.

### One Step to the Future (Geleceğe Bi'Adım) Audit, Internal Control and Corporate Risk Management Young Talent Program

This program was implemented to bring 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 Audit, Internal Control and Corporate Risk Management.

Within the scope of the One Step to the Future Audit, Internal Control and Corporate Risk Management Young Talent program, young talents selected from among recent graduates from different universities across Türkiye were assigned to audit and internal control teams serving different sectors within the Audit Group Directorate and Internal Control and Corporate Risk Management General Directorate.

For young people taking a step into their future with the Zorlu Holding Audit, Internal Control and Corporate Risk Management young talent recruitment program, a detailed training program was designed to support their adaptation to business life with a focus on their fields of activity, and to contribute to aligning and creating a common language for strong communication with the ecosystem with which they will be in contact, and technical and personal development-oriented trainings were provided to our new graduate employees.

### Vestel Manager Training Program

Vestel Management Trainee (MT-Manager Training) Program is a comprehensive young talent training program through which Vestel aims to train new university graduates as future managers of Vestel and which it carries out with the support of distinguished universities. Content of the program, which spans a period of four months, consists of academic courses, theoretical training within Vestel, personal development training and practical internship phases. Through Vestel MT Program, the Company aims to train young trainees who get to know the corporate culture, have detailed, up-to-date and accurate knowledge of the industry and its functioning, and develop new projects that will add value to Vestel.

The 14<sup>th</sup> MT Program in 2023 received a total of 6,588 applications.

Designed to prepare high-potential candidates for a future role in Vestel's management, the program has been offered since 2010. The 14<sup>th</sup> MT Program was completed in 2023.

The young talents applying for the MT Program undergo a comprehensive assessment process before enrollment. The 14<sup>th</sup> MT Program in 2023 received a total of 6,588 applications. Of these applicants, 15 candidates successfully completed all stages of the meticulous assessment process and started attending the 14<sup>th</sup> MT Program.

The 14<sup>th</sup> Vestel MT Program was completed in 2023 with the participation of 15 graduates from Türkiye's leading universities and in cooperation with Koç University, and all young management candidates who completed the program started working at Vestel. Young management candidates received 3,525 hours of training in 12 different topics throughout the training program.

### Zorluteks Touch The Talent Young Talent Program

Collaborations are made with university career offices in order to discover talented young people while they are still in school and bring them into the Company. An advertisement describing the talent sought is shared with university career centers. Within the scope of the Touch The Talent Young Talent Program, senior students at universities are given the opportunity to work part-time on temporary contracts. In this way, young talents gain work experience and also have the opportunity to contribute to Zorluteks' activities. In this scope, a talent pool of nearly 10 part-time employees is being managed.

### META New Graduate Program

The META New Graduate Program was implemented with the aim of selecting and bringing innovative, dynamic and promising talents to the Company by supporting new graduates at the beginning of their career journey, mainly with managerial training, but also with personal development training and internal training.



10 talents were brought to META through this program carried out in 2023. After completing personal and managerial development training in cooperation with Boğaziçi University, one of Türkiye's distinguished universities, the technical and professional development of young talents is supported with in-house training.

### Korteks 2244 Industry PhD Program

Within the scope of university-industry collaboration, activities continue with TOBB University, Bursa Technical University and Uludağ University. "2244 Industry PhD Program" aiming to raise qualified human resources with doctoral degrees highly demanded in the textile industry under the academy-industry collaboration 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 employees and prospective employees who will have the opportunity to work 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 employees, 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 becomes more visible in both internal and external communication.

As one of the leading brands in the Turkish energy industry, 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, 4<sup>th</sup> year students of universities are encouraged to work at least 3 days a week to participate in the projects carried out, while their development is supported 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.



## Human Resources

## Employee Engagement and Satisfaction

## Employee engagement and satisfaction are crucial components of the sustainable performance of Zorlu Holding.

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, as well as corporate engagement and belonging in order to ensure the successful and sustainable performance of Group companies.

The Group regularly conducts employee engagement surveys, and measures engagement and satisfaction through various tools. In addition to these activities, the Company implements practices that will reinforce employee engagement and improve the employee experience by conducting analyses to identify the factors that ensure employee loyalty and preparing action plans.

**Zorlu Holding carries out planned activities to reinforce employee motivation, as well as corporate engagement and belonging in order to ensure the successful and sustainable performance of Group companies.**



## Gender Equality Training

## All activities related to gender equality are carried out under the “An Equal Life” (Eşit Bi’Hayat) 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, while having embraced this approach as a corporate policy that governs all human resources processes.

At all Zorlu Group companies, efforts are made to increase the number of female role models and leaders and to ensure equal representation of women in senior management. Committed to reflecting awareness on gender equality in discourse and in all areas of internal and external communication, the Group also focuses on contributing to the awareness of all stakeholders, from suppliers 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, works towards developing new projects in line with the published Gender Equality Declaration.

**At all Zorlu Group companies, efforts are made to increase the number of female role models and leaders and to ensure equal representation of women in senior management.**

Published in 2020 to encompass Zorlu Holding and all Group companies, the Domestic Violence Prevention Policy ensures that 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 supports the Equal Opportunities at Work Model (FEM) aiming to detect inequalities in recruitment, education, career planning and development, and eradicate discriminatory practices leading to gender inequality at work, and has registered its Human Resources processes in line with this model. In order to raise its impact in gender equality, Zorlu Holding work in cooperation with Türkiye’s leading non-governmental organizations.

As of the end of 2023, 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, the “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.

**32%**  
Female employee ratio



## Human Resources

## Gender Equality Training

## In 2023, gender equality trainings were initiated.

In 2023, gender equality trainings covering approximately 32 thousand Zorlu Group employees were initiated to raise employee awareness on gender equality. This training, which has a comprehensive curriculum and has been created by Equality and Inclusion Expert Ebru Nihan Celkan specifically for Zorlu Group, aims to reinforce the basic concepts of gender equality and 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 blue-collar employees also have access to this training, Human Resources teams at all locations receive 'train the trainer' training on Gender Equality and provide the relevant transfer to field employees.

As emphasized in the gender equality manifesto, the focus is on contributing to the awareness of not only its own employees but also all stakeholders, from suppliers to customers. In this context, in 2023, the training was published as an open resource on Zorlu Holding's YouTube channel and made available to all stakeholders.

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 scope, 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. Following evaluations made in 2023, companies were awarded the KAGİDER Equal Opportunity Model (FEM) Certificate.

**Eşit  
bi' hayat**

## Corporate Well-being Program “Together, We Are Good”

## Various events were held as part of the “Together, We Are Good” platform to increase employees’ well-being.

Zorlu Group's Corporate Well-being Program “Together, We Are Good” platform, which is thought to be good for everyone both physically and psychologically, enables employees and their family members to receive support from expert psychologists, dietitians and sports trainers specialized in healthy nutrition through a specially designed call line, website and Wellbees mobile application. In addition to these opportunities, in order to further increase interaction and synergy within the Company, various events were held in 2023 as part of the “Together, We Are Good” platform to increase employee well-being.

The webinar series, where experts in their fields are hosted, provide an opportunity for employees to come together and achieve interactive development. The “Healthy Nutrition” webinar program, organized as part of the “Together, We Are Good” platform, was designed to cover the healthy nutrition journey from start to finish and to develop healthy nutrition habits. The series of five separate webinars covered the basics of immunity, proper cooking methods, popular diets and common false facts, the long-term health effects of special diets and food literacy.

The second webinar series “Good Life Workshops” carried out in 2023 were organized online with 5 different topics and sessions. The workshops focused on breathing techniques, self-compassion, emotional resilience and the basics of healthy sleep.

As part of the “Together, We Are Good” 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 team of the “Healthy Living and Sports Clubs,” which are composed of employees, successfully represent Zorlu Group in corporate leagues. In addition, Together, We Are Good Book Club meets every month to share information about the books selected by members.





## Human Resources

## Corporate Volunteering Program “Sparks Movement”

## E-volunteering projects continued to be carried out with non-governmental organizations.

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 “Sparks Movement” gathering corporate volunteering projects under a single roof in line with Zorlu Group’s social benefit-oriented approach were performed in 2023 as well. Over 100 volunteering projects were conducted with more than 3,100 volunteers in a total of over 16,200 hours of volunteering since 2018 when the program was initiated until the end of 2023.

In line with Zorlu Holding’s social benefit-oriented approach, e-volunteering projects were continued to be developed in cooperation with NGOs that are the members of Açık Açı platform. In this scope, 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 and environmental cleaning.

Alongside volunteering projects conducted with non-governmental organizations, new volunteering projects developed by Sparks Movement were also implemented. In this scope, the e-volunteering project of the Sparks Movements called “Exploration Workshops” and workshops to create awareness on science, environment and art for 3<sup>rd</sup> and 4<sup>th</sup> grade primary school students were organized in 2023. In the workshops, more than 80 Sparks conducted workshops with more than 300 children. In the forthcoming period, projects developed by Sparks will continue to be implemented.

Believing that volunteering and creating social benefit is one of the foundations of a sustainable future, Zorlu Holding organized the Wikimarathon to create the Wikipedia “Corporate Volunteering” page to promote corporate volunteering with the aim to add value to society and to provide an accessible and permanent open source for everyone, together with the Sparks Movement, a corporate volunteering program. In the Wikimarathon organized in partnership with the social innovation platform imece, of which Zorlu Holding is among the founding partners, the “Corporate Volunteering” Wikipedia page was created by researching and referencing academic sources together with mentors and volunteers.



Over 100 volunteering projects were conducted with more than 3,100 volunteers since 2018 until the end of 2023.

## Occupational Health and Safety

## Zorlu Holding is focused on providing and maintaining a healthy and safe work environment.

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, and these training activities are supported by OHS scenario drills.

Zorlu Holding focuses on occupational safety as part of its sustainability initiatives in order to maintain its zero occupational accident rate.



Zorlu Holding is dedicated to maintaining its zero occupational accident rate.



## Human Resources

Events Implemented for Employees: One-on-One with the CEO, A Small Break

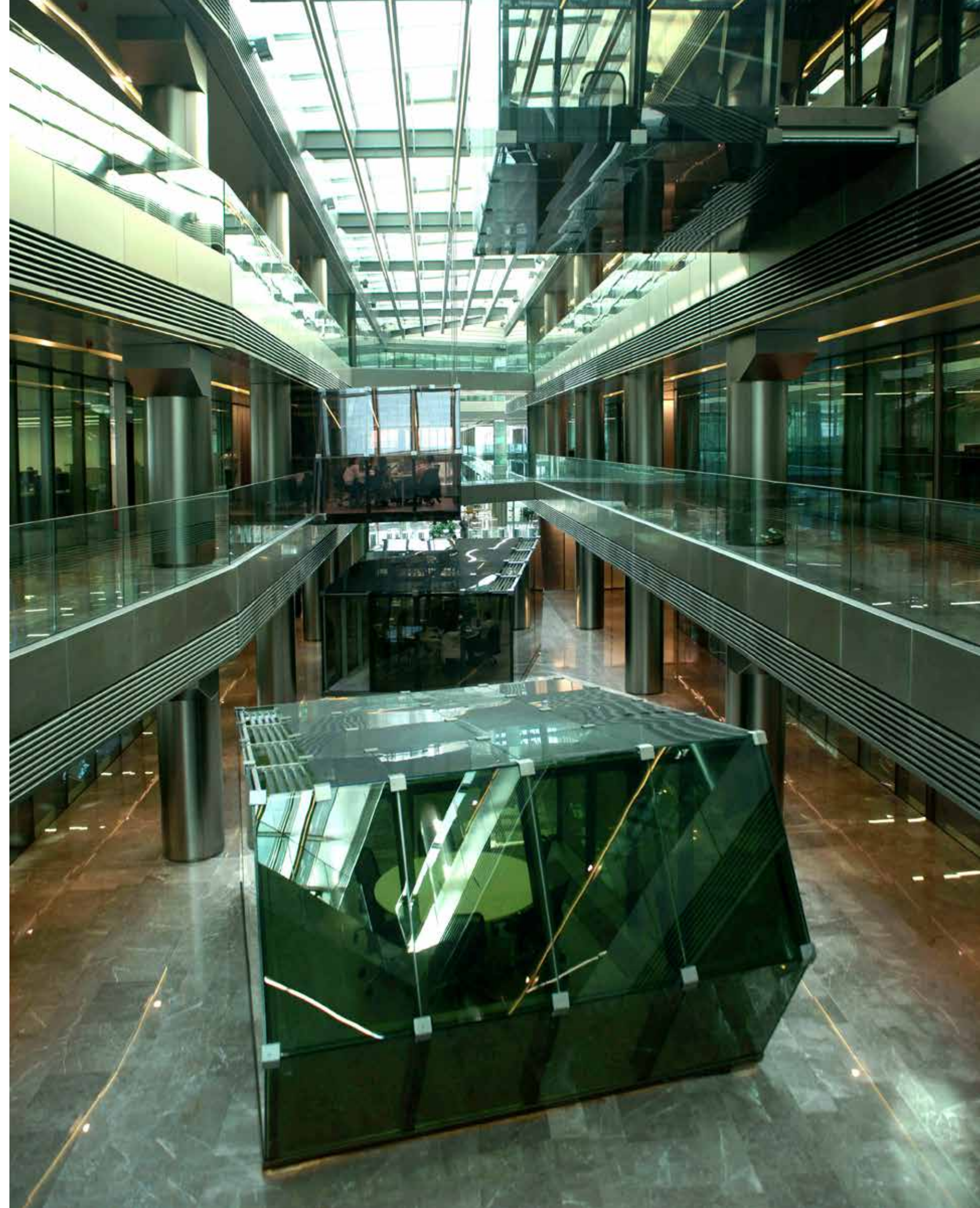
**The aim of the One-on-One with the CEO meetings is to create an environment of synergy between Group companies.**



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.

In 2023, more than 1,700 employees came together at these events, where experts in different fields participated as speakers and delivered presentations.

**In 2023, more than 1,700 employees came together at the events, where experts in different fields participated as speakers and delivered presentations.**





# Mehmet Zorlu Foundation

Believing that the future of a society can be shaped only by well-educated generations, the Mehmet Zorlu Foundation includes 2,000 students in its scholarship program every year. Having touched the lives of more than 30,000 students to date, the Foundation supports young people in attaining a secure future.





# Mehmet Zorlu Foundation



## Message from the Executive Board Member, Mehmet Zorlu Foundation

The Mehmet Zorlu Foundation (MZV), named after Hacı Mehmet Zorlu, the founder of our Group, has been undertaking charity efforts since 1999 across a broad range of areas, most notably education, as well as culture and the arts, health and social solidarity.

**Necmi Kavuşturan**  
Executive Board Member,  
Mehmet Zorlu Foundation



## The Zorlu Children's Theater reached nearly 1 million children.

Our Esteemed Stakeholders,

As Zorlu Holding, from the day we were founded, we have adhered to the philosophy of an organization that produces and creates value for its country at every step. In all our fields of operation, we endeavor to create solutions for societal challenges, and to create common value and benefit for the community.

Our Group's founder, Hacı Mehmet Zorlu, bequeathed this vision to us and the Mehmet Zorlu Foundation (MZV), named after him, has been undertaking philanthropic initiatives since 1999 across a broad range of areas, most notably education, as well as culture and the arts, health, and social solidarity.

As a Group designing the future from the present, one of our focus areas, valued in line with the UN Sustainable Development Goals, is quality education. Considering the stunning pace of transformation today, we believe that the momentum of the world — and, consequently, how ways of conducting business are emerging — profoundly affect youth and render traditional education schemes inadequate.

We are fully aware of the challenges faced by society and invest in the future accordingly through the schools we develop, the scholarships we offer, and our role in the MZV-MEF YetGen 21<sup>st</sup> Century Competencies Awareness Program — all part of our objective to help young people acquire the skills required by the new world order and to create lasting value and benefit for our country by helping train competent human resources.

We thank all 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 MZV.**

Zorlu Holding carries out its social responsibility activities for creating lasting social benefit through the Mehmet Zorlu Education, Health, Culture and Solidarity Foundation ("MZV") established on April 25, 1999.

MZF's activities are focused on education, culture & arts, health and social solidarity. Committed to investing in the future of Türkiye, MZV has pledged to continuously increase its contribution to the activities of young people in the fields of education, culture & arts and sports.

**MZV provides a range of scholarship opportunities in education, as well as in-cash and in-kind aid to schools, associations and foundations.**

**MZV offered scholarships to more than 29 thousand students to date, including in the 2022-2023 academic year.**

MZV 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 MZV scholarships.

Scholarships continue until the graduation of students, depending on their individual achievement and support needs.

In line with the principle of equal opportunity in access to education, a scholarship program was initiated to support students who were affected by the earthquakes occurred in our country in February and who had difficulty in continuing their education due to financial difficulties, to contribute to their academic and personal development and to help them continue their educational journey.

100 university students affected by the earthquakes were included in the scholarship program. Scholarship support will continue throughout their university education.

**40% of MZV scholarship holders are primary or secondary education students, while the remaining 60% are university students.**

In addition to scholarship opportunities, MZV also builds schools in various regions of Türkiye to enable young people to realize their aspirations through better education. MZV has built 8 schools to date, and contributed to the development and renovation of many universities, high schools and primary schools in Türkiye.

### **Zorlu Children's Theater**

Operating since 2003, Zorlu Children's Theater has reached nearly 1 million children from all over Türkiye with nearly 1,500 stagings over 20 years. In 2020, Elif Sude Dobra's story "Bizarre Technological Tales," which was selected as the winner of the 3<sup>rd</sup> "A Dream, A Game" (Bir Hayal Bir Oyun) story contest, was scripted by Özlem Saraç Özcan and directed by Gaye Can-kaya 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. As part of April 23<sup>rd</sup> National Sovereignty and Children's Day, a tour was organized to the region between April 23-27 in order to bring a smile to the faces of children in the earthquake region and contribute to their well-being. Zorlu Children's Theater met with children in Hatay, Kahramanmaraş and Adıyaman with 10 performances of the play "Lunapark Gezegeni."



## Mehmet Zorlu Foundation

# MZV offers medicine, medical product and equipment aid to persons in need of assistance.

**MZV-MEF YetGen 21<sup>st</sup> 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, MZV participates in the MZV-MEF YetGen 21<sup>st</sup> 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 21<sup>st</sup> century.

Introduced in 2015 and having been continuously improved since then, the MZV-MEF YetGen 21<sup>st</sup> 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, Preparation of Written Content, Presentation Techniques & Teamwork, Introduction to Algorithmic Thinking, Modeling with Excel, Technology Literacy, Literacies for the 21<sup>st</sup> Century, Entrepreneurship and Freelance Working, Sustainability and Social Innovation, Self-Development and Active Citizenship, Leadership, GirişGen and Transition to the Business World. The Youth Summit, organized at Zorlu PSM at the end of the program, aims to enable young people to meet and be inspired by experts and opinion leaders in Türkiye. In order to increase the accessibility of the program, trainings are broadcast live and made accessible to young people in different regions of Türkiye. As of 2023, nearly 12 thousand high school and university students participated in the program.

**MZV is behind the Teacher Network, which creates a community that enables sustainable empowerment.**

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 500 teachers from 68 provinces participated in the 9-week program. Within the scope of the program, teachers are offered development opportunities through training contents such as "Career Planning," "Teamwork and Presentation Techniques," "Literacies for the 21<sup>st</sup> Century," "Educational Technologies," "Psychology and Education," "Art and Education," "Teaching Beyond the Age" and "GirişGen Teacher."

### MZV's systematic contribution to healthcare

MZV offers medicine, medical product and equipment aid to persons who request assistance, as well as support and donations to several institutions and associations on healthcare.

### Institutions of which MZV is a Stakeholder

MZV is behind the Teacher Network, which supports teachers' personal and professional development journeys, develops solutions to teachers' needs together with teachers, and creates a community that enables sustainable empowerment by bringing together the resources needed in the field of education. The Teacher Network has so far organized more than 1,500 face-to-face and online events and meetings in cooperation with 721 Change Ambassador teachers from 61 different cities and more than 400 stakeholder people and institutions, reaching more than 500 thousand students through teachers. As the main partner, MZV supports 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.





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# Audit



## Message from the Chief Audit Officer, Zorlu Holding

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**  
Chief Audit Officer,  
Zorlu Holding

## Zorlu Holding Audit Group Directorate contributes to the realization of Zorlu Group's goals.

Zorlu Holding Audit Group Directorate works to ensure that the Group's activities are carried out in an effective, transparent and efficiency-based perspective within the framework of relevant laws and regulations in a complete and accurate manner, and contributes to the realization of Zorlu Group's goals.

In addition to the effective and efficient performance of audit work, the execution of projects that envisage the development of Group-wide functions in the medium and long term as well as in the short term is considered a priority objective.

### Organization and Activities of the Audit Group Directorate

The internal audit function in 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.

Established in 2011 to conduct financial audit operations 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 Directorate as of December 1, 2015, while the Internal Audit Department was restructured into two distinct departments, namely the Internal Audit Process and Internal Audit Review departments 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 Internal Control Department began operations as an independent unit as of January 1, 2018.

Audit Department went through an organizational change as of July 1, 2021. In this scope, the tax consultancy function of the Tax Directorate, which carried out tax consultancy and audit functions, was transferred to the Financial Affairs Group Management, and the activities of the Internal Audit Process and Internal Audit Review Departments were gathered under the Internal Audit and Ethics Directorate with the addition of the ethics function, and the department continues its activities as the Deputy General Manager of Internal Audit and Ethics 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 Company's targets and the risks that could jeopardize these 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 the 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, reasonable assurance and, where necessary, consultancy services are provided, and best practice examples are suggested by utilizing the synergy of the Group.

One month after the publication of 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 holds periodic meetings with companies that have completed the structuring of their Audit Committees, activities such as audits, consultancy and special inspections planned and realized during the year are evaluated, findings encountered are shared, action plans to be taken for the identified findings and follow-up results are determined and plans for the next period are reviewed.

Zorlu Group supports and encourages the professional development of the members of the Zorlu Group Internal Audit Team, which consists of 15 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, Türkiye – IIA Türkiye), and obtain international certification.

The team holds 3 CFE (Certified Fraud Examiner License), 1 CRMA (Certification in Risk Management Assurance), 2 CPA (Certified Public Accountant), 1 CMB Advanced Level License and 1 CMB Derivatives License.

### Financial Audit and Tax Audit Activities

The Financial Audit and Tax Audit Departments have been auditing Zorlu Group companies since 2012. Currently, these departments have a total of 12 employees, with 8 Financial Audit personnel and 4 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 and Corporate Risk Management



In light of new ways of conducting business, along with the complex risks and technological requirements associated with an evolving business world, we coordinate the development of risk management and internal control systems that support the Group in achieving its goals, and contribute to our corporate governance progress and sustainability objectives.

**Arzu Pişkinoğlu**  
Zorlu Holding Internal Control and Corporate Risk General Manager



## Efforts are made to develop and maintain internal control systems.

### Internal Control

The Internal Control Department, which is organized under the Zorlu Holding Internal Control and Corporate Risk Management General Directorate, 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, Group companies are actively supported in areas such as process development, benefiting from information technologies, strengthening their internal control structures, and strengthening their corporate memories. Related managers and employees are guided on these matters and engaged also 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, support is given for the development of our Group in terms of corporate governance by carrying out activities based on needs and a risk-based plan.

### Internal Control Department Organization and Activities

Internal Control function of all Zorlu Group companies is managed via an organization centrally coordinated under Zorlu Holding.

Following the completion of restructuring of organizational processes for carrying out internal control activities separately under the General Directorate of Audit and Internal Control in 2017, the Internal Control Department started to operate as an independent department as of January 1, 2018.

While internal control activities are coordinated centrally, the Internal Control Department features teams responsible for the internal control activities of sectors and companies, some of which operate in the field and back each other up.

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. In addition, the basic internal control principles planned to be implemented in the Group has been defined in the "Zorlu Holding Internal Control Framework" and are shared with employees in an up-to-date version.

"The internal control system is a system guided by the Board of Directors, executives and employees of the organization and implemented to provide reasonable assurance to ensure the effectiveness and efficiency of operations, the reliability of the financial reporting system and its compliance with legal requirements." The Internal Control Department guides and coordinates process owners and managers who carry out activities to establish and maintain effective and efficient internal controls with the aim of developing processes and internal control structures to ensure an effective risk management at Zorlu Group.

The Internal Control Department assists executives and employees in identifying areas of improvement in existing processes and the internal control system as well as the 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 assume responsibility and 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 work 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 Risk Commit-

tee 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 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 shared, action plans agreed to be taken for the relevant findings and follow-up results are evaluated, 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, system implementation controls 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 executives and employees to develop and implement internal control systems that contribute to the realization of targets. In addition, Zorlu Holding Internal Control and Corporate Risk Management General Directorate 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, and regularly presents the results of its work to the relevant senior management and the Risk Committee. In line with the risk-based annual audit plan, Zorlu Holding Audit Group Directorate independently carries out audits on the existence and/or effectiveness of the internal control systems 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.



## Internal Control

## Corporate Risk Management

## Zorlu Group prioritizes the management of non-financial assets as a key element of its corporate governance approach.

Today's business world is changing rapidly, creating effects in different dimensions. The most influential aspect of change is "uncertainty," which can be seen as a threat with its negative effects and an opportunity with its positive effects. Zorlu Holding, while evaluating threats and opportunities in its corporate risk management approach, always emphasizes the importance of taking into account the strategic goals and values of all management staff in the decision-making process. In this context, it is aimed to take the corporate risk management into account at every stage, from strategic management decisions to the execution of daily operations, by integrating it into the strategies and corporate culture of Group companies, to approach risks from the perspective of threats and opportunities as part of the performance of all employees, and thus to contribute to sustainable growth.

With its holistic corporate risk management approach, Zorlu Holding aims to diagnose the potential consequences of situations that may threaten the continuity of the Group's activities and anticipate events that may create obstacles to achieving its goals, to allocate resources for the measures to be taken by evaluating the risks related to these events, and to develop and maintain a structure that will ensure continuous monitoring of risks. Aware of the importance of identifying non-financial risks as well as financial risks and developing a proactive approach towards them, Zorlu Group accordingly gives the management of non-financial assets, such as human, innovation, and environmental capital, an important place in its corporate governance approach. As a critical part of risk

management, the Group's risk appetite and tolerance are taken into account and in determining these factors, in addition to financial considerations, the effects on reputation, innovation, sustainability, occupational health and safety, human rights, environment, productivity, employee and customer satisfaction, and Ethical Principles are also meticulously assessed.

### Organization and Activities of Corporate Risk Management Department

The Corporate Risk Management Department, which was established in January 2023 under the Holding's General Directorate of Internal Control and Corporate Risk Management, coordinates the creation of a risk management strategy and policy in line with the Group's strategic plan and goals, the development of a corporate risk management model, the implementation of a corporate risk management program, and the development of a risk culture. Zorlu Holding Corporate Risk Management Department carries out its duties by working together with Corporate Risk Management officers/coordinators in the sectors.

The Corporate Risk Management Department, together with the sector corporate risk management officers/coordinators designated in Group companies, works to;

- Establish a holistic risk management strategy and policy in line with the Group's strategic plan and goals,
- Develop a common risk management language across the Group, and establish the necessary standards so that risks are perceived in the same way by everyone,

- Identify and assess the Group's significant strategic, financial, operational and compliance risks, determine and manage risk responses according to risk appetite, and guide regular reporting and monitoring,
- Establish and execute programs at different levels to raise awareness of corporate risk management,
- Guide the management of the companies to establish the necessary communication network and infrastructure to manage the activities of the companies within the determined risk tolerances.

The Corporate Risk Management Department presents the results of its work to the Holding CEO, the Risk Committees of the Holding and Group companies, the management of the relevant companies and the Boards of Directors.

In the corporate risk management system, all Zorlu Group employees have the main responsibility for identifying, measuring and effectively managing the risks associated with the activities and processes they own. It is aimed that process owners observe the risk appetite and tolerances of the organization in managing their processes and at every decision point.

Information on the principles of corporate risk management within the Group was shared through the publication of "Corporate Risk Management Policy" and "Corporate Risk Management Regulation" documents in order to raise awareness among all employees within the organization. In addition, a comprehensive training on corporate risk management was made accessible to all employees.

Zorlu Group's Corporate Risk Management team consists of professionals with extensive experience in various sectors and fields such as corporate risk management, business continuity, internal control, internal audit, insurance and financial affairs. 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 CRMA, CIA and CISA).

Zorlu Group's Corporate Risk Management team consists of professionals with extensive experience in different sectors.



# 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, namely 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 the 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 extensive experience in various sectors as well as members with experience and expertise in banking, strategic human resources, financial investment and sustainability. One third of the Board of Directors is composed of women.

### Activities of the 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 scope, 12 board meetings were held in 2023 with 98% attendance rate. In addition, 3 board seminars were organized to keep members updated on the Holding's strategic plans and developments affecting the business world.

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 and annual budget, evaluating and approving investment decisions, following-up the realization rate of financial and non-financial targets, determining corrective actions, evaluating the corporate risk management framework and approving strategic human resources issues.

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 for 2023 in March 2024. At the end of the performance evaluation process, which was 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 a work plan was prepared accordingly in 2024.

### Committees of the 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 four committees established to support the Holding Board of Directors are as follows:

- Audit Committee
- Risk Committee
- Corporate Governance Committee
- Sustainability Committee

In 2023, 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, has received services from an independent consulting organization throughout 2023.

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.

	Audit Committee	Risk Committee	Corporate Governance Committee	Sustainability Committee
Chair	Tayfun Bayazıt	Ahmet Dördüncü	Ege Karapınar	Ege Karapınar
Member	Ahmet Dördüncü	Olgun Zorlu	Selen Zorlu Melik	Ahmet Dördüncü
Member	Billur Demet Atan	Tayfun Bayazıt	Şule Zorlu	Selen Zorlu Melik
Member		Arzu Pişkinoglu	Necmi Kavuşturan	Ömer Yüngül



# Financials

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Additional Disclosures Required by Legislation

1. GENERAL INFORMATION

Reporting Period

The Annual Report covers the fiscal period between 01.01.2023-31.12.2023.

Corporate Title and Other Information

**Corporate Title:** Zorlu Holding AŞ  
**Head Office:** Levent 199 Büyükdere Cad. No: 199 34394 Şişli/İSTANBUL/TÜRKİYE  
**Trade Registry ID:** 267687  
**Tax ID:** 999 003 0324  
**Telephone:** +90 212 456 20 00  
**Faks:** +90 212 422 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	Chair	15.06.2022	15.06.2025
Olgun Zorlu	Vice Chair	15.06.2022	15.06.2025
Selen Zorlu Melik	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
Tayfun Bayazıt	Member	15.06.2022	15.06.2025
Ege Karapınar	Member	15.06.2022	15.06.2025
Ahmet Cemal Dördüncü	Member	01.11.2023	11.11.2026

As Zorlu Holding AŞ is subject to independent audit pursuant to the Turkish Commercial Code No. 6102, the firm Anılar Bağımsız Denetim ve Yeminli Mali Müşavirlik AŞ, information about which is listed below, was selected to externally audit Company accounts and transactions during 2023.

Corporate Title:	Anılar Bağımsız Denetim ve Yeminli Mali Müşavirlik AŞ
Fiscal Year:	01.01.2023 - 31.12.2023
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

Within the framework of the authorization granted by the General Assembly of the Company, the members of the Board of Directors do not have any transactions with the Company on their own behalf or on behalf of others, or any activities within the scope of the prohibition of competition.

Shareholding Structure and Capital Distribution

Shareholders	Number of Shares	Share Amount (TRY)	Share in Capital (%)
Ahmet Nazif Zorlu	1,529,500,000	1,529,500,000	46
Olgun Zorlu	665,000,000	665,000,000	20
Zülal Zorlu	33,250,000	33,250,000	1
Selen Zorlu Melik	498,750,000	498,750,000	15
Fatma Şehnaz Çapkinoğlu	498,750,000	498,750,000	15
Şehminur Aydın	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

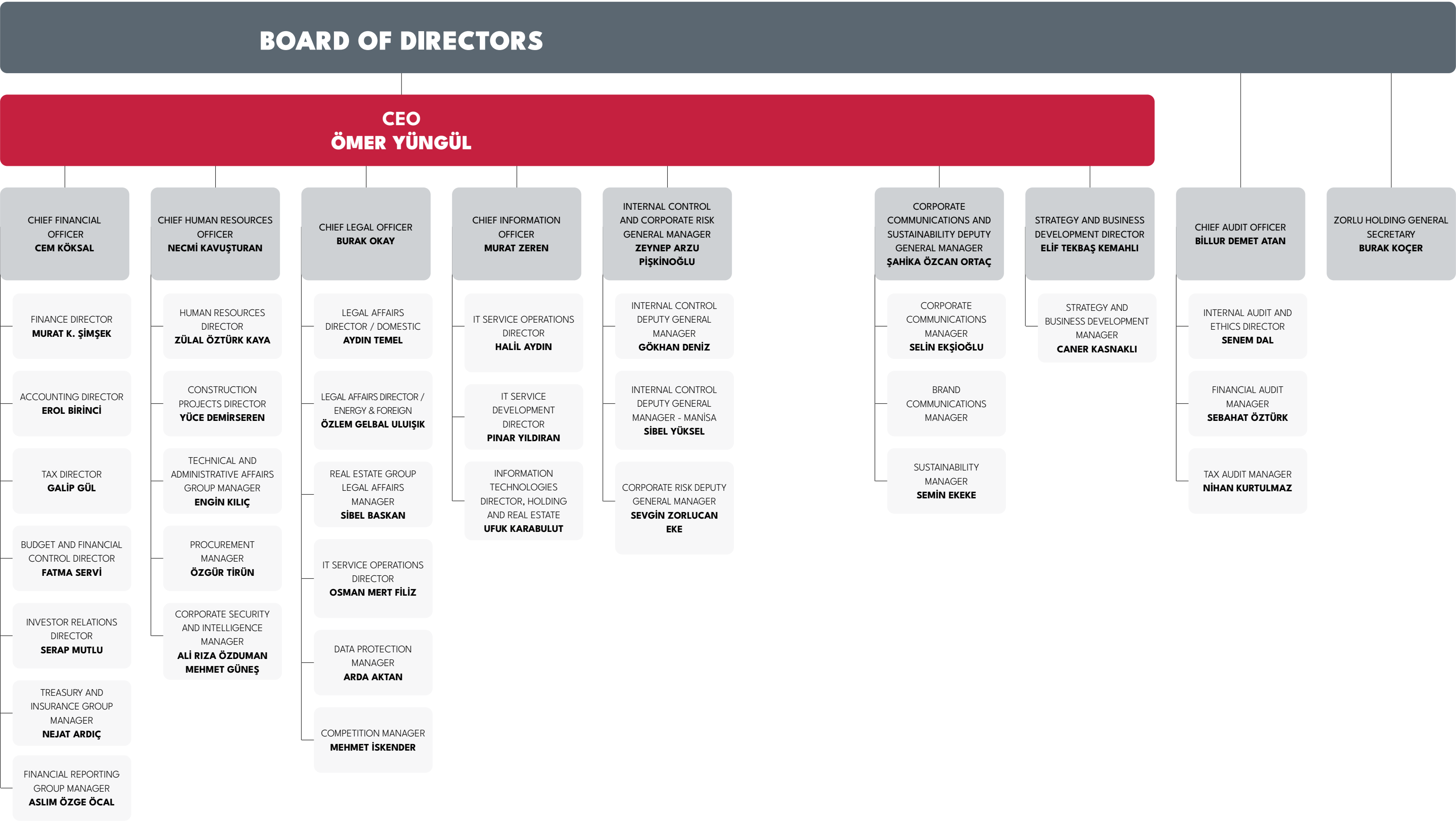
The Company's capital is divided into 3,325,000,000 shares each with a par value of TRY 1 and all shares are registered.

The Company does not have any preferential shares.



Additional Disclosures Required by Legislation

Zorlu Holding Organization Chart





Additional Disclosures Required by 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 2023 fiscal period. The aforementioned individuals received a total of TRY 127,493,508.43 as compensation, and a total of TRY 2,515,089.23 was spent for their insurance expenses.

3. THE COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES

None.

4. ACTIVITIES IN 2023

Participation in Capital Increase in 2023

Company Name	Increased Capital	Participated Amount of Increase (TRY)	Participated Number of Shares	Share Ratio (%)
Zorlu Air Havacılık AŞ	Non paid up	60,000,000.00	60,000,000	100
Zorlu Faktoring AŞ	Non paid up	20,000,000.00	20,000,000	100
Zorlu Enerji Elektrik Üretim AŞ	2,500,000,000	990,621,686.71	99,062,168,671	39.62

Participation in Capital Decrease in 2023

In 2023, there was no capital decrease participated.

Information on Subsidiaries Liquidated in 2023

In 2023, there was no subsidiary liquidated.

Share Purchases in 2023

	Nominal Value of Shares Purchased (TRY)	Number of Shares Purchased	Ratio of Shares Purchased in Capital (%)
Fadalya Turizm AŞ	14,803,306.69	14,803,307	100

Share Sales in 2023

	Nominal Value of Shares Sold (TRY)	Number of Shares Sold	Ratio of Shares Sold in Capital (%)
Vestel Elektronik Sanayi ve Ticaret AŞ	17,625,126.00	1,762,512,600	5.25
Zorlu Enerji Elektrik Üretim AŞ	731,816,850.11	73,181,685,011	21.96

Shares Transferred and Taken Over in 2023

In 2023, there were no shares transferred or taken over.

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 2023 fiscal year.

Disclosures on Special and Public Audits Conducted During the Fiscal Year

No special or public audit was conducted in the Company during the 2023 fiscal year.

Compliance/Non-Compliance with General Assembly Resolutions

All resolutions taken at the 2022 Ordinary General Assembly were complied with during the 2023 fiscal period.

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	31.12.2023
Current Assets/Total Assets	23.0%
Fixed Assets/Total Assets	77.0%
Short-Term Liabilities/Total Liabilities	53.3%
Long-Term Liabilities/Total Liabilities	20.0%
Equity Capital/Total Liabilities	26.7%
B. LIQUIDITY RATIOS	31.12.2023
Current Ratio	43.2%
Liquidity Rate	27.2%
C. PROFITABILITY RATIOS	01.01.2023-31.12.2023
Gross Profit Margin	19.6%
EBITDA Margin*	17%

\* Other operating incomes and expenses from trading activities, except foreign exchange gains and losses, have been included.

Dividend Distribution Proposal

No contingency reserves will be set aside as the year 2023 has resulted in loss.



Additional Disclosures Required by Legislation

6. MANDATORY PARENT COMPANY DISCLOSURES IN CORPORATE GROUPS

31.12.2023

Direct and indirect subsidiaries included in consolidation	Voting right	Activity ratio
Zorlu Enerji Elektrik Üretim A.Ş.	50.26%	50.08%
Zorlu Enerji Pakistan Limited	99.99%	50.07%
ZGP Pakistan (Private) Ltd <sup>(1)</sup>	99.70%	49.93%
Nemrut Jeotermal Elektrik Üretimi A.Ş. <sup>(2)</sup>	--	--
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	100%	50.08%
Zorlu Osmangazi Enerji Sanayi ve Ticaret A.Ş.	100%	50.08%
Zorlu Enerji Israil Limited	100%	50.08%
ZJ Strong Energy for Renewable Energy Limited Co.	75%	37.56%
Zorlu Enerji Dağıtım A.Ş.	100%	50.08%
Zorlu Enerji Asia Holding Limited <sup>(3)</sup>	--	--
Zador Israel Limited	100%	50.08%
Zorlu O/M Enerji Tesisleri İşletme ve Bakım Hizmetleri A.Ş.	100%	100.00%
Rosmiks LLC	100%	100.00%
Zorlu Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	99%	99%
Eway Araç Kiralama Ticaret A.Ş. <sup>(4)</sup>	100%	50.08%
Zorlu Yenilenebilir Enerji A.Ş. <sup>(5)</sup>	100%	50.08%
Rarik-Türkison Enerji A.Ş. <sup>(6)</sup>	--	--
Alkan Jeotermal Enerji Elektrik Üretimi A.Ş. <sup>(7)</sup>	--	--
Osmangazi Elektrik Perakende Satış A.Ş.	100%	50.08%
Osmangazi Elektrik Dağıtım A.Ş.	100%	50.08%
Zorlu Doğal Elektrik Üretimi A.Ş.	100%	50.08%
Zorlu Jeotermal Enerji Elektrik Üretimi A.Ş.	100%	50.08%
Rotor Elektrik Üretim A.Ş.	100%	50.08%
Trakya Bölgesi Doğal Gaz Dağıtım A.Ş. <sup>(8)</sup>	90%	45.07%
Gazdaş Gaziantep Doğal Gaz Dağıtım A.Ş. <sup>(8)</sup>	90%	45.07%
Zorlu Doğal Gaz Tedarik Ticaret A.Ş. <sup>(8)</sup>	100%	50.08%
Zorlu Renewable Pakistan (Private) Limited	99%	49.78%
Zorlu Sun Power (Private) Limited	99%	49.78%
Zorlu Industrial Pakistan (Private) Limited	100%	49.92%
Zorlu O&M Pakistan Limited	100%	49.92%
Zorlu Solar Pakistan Limited <sup>(9)</sup>	99%	49.78%
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%

<sup>(1)</sup> Registered as the new trade name of “Zorlu Wind Pakistan (Private) Limited.”

<sup>(2)</sup> In order to establish a more effective and focused structure in renewable energy activities and to evaluate the public offering of the shares of Zorlu Yenilenebilir AŞ, a 100% subsidiary of Zorlu Enerji Elektrik Üretim AŞ, the shares of Nemrut Jeotermal Elektrik Üretim AŞ and Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. AŞ, which were in the assets of the Company, were transferred to Zorlu Yenilenebilir AŞ at their nominal share values in accordance with the relevant legislation provisions.

<sup>(3)</sup> The liquidation process of Zorlu Enerji Asia Holding Limited, a company established in Dubai International Financial Center, in which Zorlu Enerji Elektrik Üretim AŞ owned all of the shares representing its capital, was completed.

<sup>(4)</sup> Registered as the new trade name of “Electrip Araç Kiralama Ticaret AŞ” on February 9, 2023.

<sup>(5)</sup> An application was made to CMB on February 22, 2024 for the approval of the Prospectus regarding the public offering of some shares of Zorlu Yenilenebilir Enerji AŞ.

<sup>(6)</sup> The application made to the Capital Markets Board on February 6, 2023 for “Simplified Merger by Acquisition” with Rarik Türkison Enerji AŞ, a wholly-owned subsidiary of Zorlu Enerji Elektrik Üretim AŞ, was approved by the Board’s decision dated August 9, 2023 and numbered 46/956.

<sup>(7)</sup> The application made to the Capital Markets Board on October 11, 2023 for “Simplified Merger by Acquisition” with Alkan Jeotermal Enerji Elektrik Üretimi AŞ, a wholly-owned subsidiary of Zorlu Enerji Elektrik Üretim AŞ, was approved by the Board’s decision dated December 1, 2023 and numbered 75/1628.

<sup>(8)</sup> It was decided to sell Zorlu Enerji Dağıtım AŞ together with its subsidiaries Trakya Bölgesi Gaz Dağıtım AŞ, Gazdaş Gaziantep Doğalgaz Dağıtım AŞ and Zorlu Doğal Gaz Tedarik Ticaret AŞ to Palmet Enerji AŞ, and the sale transactions of Zorlu Enerji Dağıtım AŞ together with its subsidiaries to Gaztrak Enerji AŞ, a 100% subsidiary of Palmet Enerji AŞ, were completed as of March 12, 2024.

<sup>(9)</sup> The transfer transactions of 997 shares representing 99.7% of the share capital of Zorlu Solar Pakistan Limited to ZGP Pakistan (Private) Limited (formerly Zorlu Wind Pakistan (Private) Limited) were completed.

31.12.2023

Direct and indirect subsidiaries included in consolidation	Voting right	Activity ratio
Vestel Elektronik Sanayi ve Ticaret A.Ş.	55.69%	55.69%
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	77.33%	43.06%
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100%	55.69%
Vestel Ticaret A.Ş.	100%	55.69%
Vestel CIS Limited	100%	55.69%
Vestel Holland B.V. Iberia Branch Office <sup>(1)</sup>	100%	55.69%
Vestel Ventures Ar-ge A.Ş.	100%	55.69%
Vestel France SA	100%	55.69%
Vestel Holland BV	100%	55.69%
Vestel Holland B.V. Germany Branch Office	100%	55.69%
Cabot Communications Limited	90.80%	50.57%
Vestel UK Limited	100%	55.69%
Vestel Holland B.V. UK Branch Office	100%	55.69%
Vestek Elektronik Araştırma Geliştirme A.Ş.	100%	55.69%
Vestel Trade Limited	100%	55.69%
Intertechnika LLC	99.90%	55.63%
Vestel Holland B.V. Poland Branch Office <sup>(2)</sup>	100%	55.69%
Vestel Central Asia LLP	100%	55.69%
Vestel Electronics Shangai Trading Co. Ltd	100%	55.69%
Vestel Electronics Gulf DMC	100%	55.69%
Vestel Electronica SRL	100%	55.69%
Vestel USA	100%	55.69%
Zorlu Air Havacılık A.Ş.	100%	100%
Zorlu International Investments Limited	100%	100%
ABH Turizm Temsilcilik ve Ticaret A.Ş.	75%	75%
Zorlu Faktoring A.Ş.	100%	100%
Zorlu Yapı Yatırım A.Ş.	100%	100%
Meta Nikel Kobalt Madencilik Sanayi A.Ş.	100%	77.84%

<sup>(1)</sup> It has been decided to merge Vestel Iberia S.L., a 100% subsidiary of Vestel Ticaret A.Ş. (“Vestel Ticaret”), a 100% subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., domiciled in Spain, and Vestel Holland B.V., a 100% subsidiary of Vestel Ticaret, domiciled in the Netherlands, under Vestel Holland B.V. With this merger, all assets, liabilities and operations of Vestel Iberia S.L. were transferred to Vestel Holland B.V. Sucursal En España, a branch of Vestel Holland B.V. established in Spain, as of October 1, 2023.

<sup>(2)</sup> It has been decided to merge Vestel Poland sp. z o.o., a 100% subsidiary of Vestel Ticaret A.Ş. (“Vestel Ticaret”), a 100% subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., domiciled in Poland, and Vestel Holland B.V., a 100% subsidiary of Vestel Ticaret, domiciled in the Netherlands, under Vestel Holland B.V. With this merger, all assets, liabilities and operations of Vestel Poland sp. z o.o. were transferred to Vestel Holland B.V. Sp. z o.o. Oddział w Polsce, a branch of Vestel Holland B.V. established in Poland, as of October 1, 2023.



Additional Disclosures Required by Legislation

The table below sets out the affiliates and the effective ownership interests in the affiliates as of December 31, 2023:

31.12.2023

Indirect affiliates	Voting right	Activity ratio
Dorad Energy Ltd.	25.00%	12.52%
Ezotech Electric Ltd. (Ezotech) <sup>(1)</sup>	42.15%	21.11%
Solad Energy Ltd.	42.15%	21.11%
Adnit Real Estate Limited <sup>(2)</sup>	42.15%	21.11%
Lentatek Uzay Havacılık ve Teknoloji AŞ	35.00%	19.49%
Aydın Yazılım Elektronik ve Sanayi AŞ	21.00%	11.69%
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret AŞ <sup>(3)</sup>	23.00%	12.81%
Electrip Global Limited <sup>(4)</sup>	49.99%	27.84%

<sup>(1)</sup> Ezotech Electric Ltd. owns 100% of the shares of Ashdod Energy Ltd. ("Ashdod") and Ramat Negev Energy Ltd. ("Ramat Negev").  
<sup>(2)</sup> Zorlu Enerji Elektrik Üretim AŞ acquired 42.15% of Adnit's shares in 2019, and Adnit's capital has been NIS 10,000.  
<sup>(3)</sup> As a result of the activities carried out under the Joint Venture Group to which Zorlu Holding AŞ is a party, Vestel Elektronik Sanayi ve Ticaret AŞ participated in the capital of "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret AŞ," which was founded to produce electric passenger cars and to carry out supporting activities in the Türkiye's Automobile Project, with a share of 19%. In this scope, Shareholders' Agreement and Articles of Association were signed on May 31, 2018. The registration of the founded company was completed on June 28, 2018. As per the decision taken at the Ordinary General Assembly meeting of Türkiye's Automobile Initiative Group ("TOGG") dated May 31, 2021 and the provisions of TOGG's Articles of Association, Vestel Elektronik Sanayi ve Ticaret AŞ's final share in TOGG became 23%.  
<sup>(4)</sup> As disclosed in the material event disclosure dated December 9, 2022, all shares representing the capital of ZES Dijital Ticaret AŞ, a 100% direct subsidiary of Zorlu Enerji Elektrik Üretim A.Ş., were transferred to Electrip Global B.V., a 100% direct subsidiary of Zorlu Enerji Elektrik Üretim A.Ş., on the same date. The foundation of Electrip Global Limited ("Electrip Limited"), a 100% subsidiary of Wren House Infrastructure LP ("Wren House") in the island of Jersey in the United Kingdom, was completed on December 9, 2022 and the shares representing half of the share capital of Electrip Global B.V., in which Zorlu Enerji Elektrik Üretim A.Ş. holds 100% of the shares, plus one share were sold to Electrip Global Limited on January 13, 2023 for USD 50,000 thousand. The shares representing half of the share capital of Electrip Global B.V., which remained under the ownership of Zorlu Enerji Elektrik Üretim A.Ş., minus one share (minority shares) were transferred to Electrip Global Limited by placing as capital in kind against the capital commitment of the Company in the capital increase of Electrip Global Limited on the same date. With this share transfer, the management control of Electrip Global B.V. has been transferred to Wren House through Electrip Global Limited.

Independent Auditor’s Report on the Annual Report



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INDEPENDENT AUDITOR’S REPORT  
ON THE BOARD OF DIRECTORS’ ANNUAL REPORT

To The General Assembly of Zorlu Holding A.Ş.

1) Opinion

As we have audited the full set consolidated financial statements of Zorlu Holding A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 1 January 2021-31 December 2023, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. 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 for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 1 January 2023 - 31 December 2023 in our Auditor's Report dated 11 July 2024.

4) Management’s Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communique on Principles of Financial Reporting:

- 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 all respects of the Group's flow of operations for that yea and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face arc also pointed out in this report. The Board of Director's evaluation on those matters arc also stated in this report.
- c. The annual report also includes the matters stated below:
  - The significant events occurred in the Group's activities after 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 and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communique arc fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

Arılar Bağımsız Denetim ve YMM A.Ş.  
A member of Nexia International



Ahmet G. HIZARCI  
Partner

Bursa, 11 July 2024



**ZORLU HOLDİNG A.Ş.  
CONSOLIDATED FINANCIAL  
STATEMENTS AT 31 DECEMBER  
2023 TOGETHER WITH  
AUDITOR’S REPORT**

**(Convenience translation of the  
independent auditors’ report and  
consolidated financial statements  
originally issued in Turkish)**



## 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 2023, 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, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards (TAS).

#### 2) Basis for Opinion

We conducted our audit in accordance with Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (POA) that are part of the Turkish Auditing Standards. Our responsibilities under those Standards are described in detail in the Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements 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) issued by POA and the ethical requirements in the regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 3) 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. 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
<b>Application of TAS 29 'Financial Reporting in Hyperinflationary Economies'</b>	
TAS 29, 'Financial Reporting in Hyperinflationary Economies' ('TAS 29') has been applied in the consolidated financial statements of the Group for the year ended 31 December 2023.	During our audit, we performed the following audit procedures related to the application of TAS 29: <ul style="list-style-type: none"><li>- Understand and evaluate the process and controls for the application of TAS 29 designed and implemented by management,</li><li>- Checking whether the distinction between monetary and non-monetary items made by management is made in accordance with TAS 29,</li><li>- Obtaining detailed lists of non-monetary items and testing the original recording dates and amounts using the sample method,</li><li>- Evaluating the calculation methods used by the management and checking whether they are used consistently in each period,</li><li>- Checking the general price index rates used in the calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute,</li><li>- Testing the mathematical accuracy of non-monetary items, income statement and cash flow statement restated for the effects of inflation,</li><li>- Assessing the adequacy of the disclosures in the notes to the consolidated financial statements of the application of TAS 29 in accordance with TFRSs.</li></ul>
Explanations on the application of TAS 29 are disclosed in Note 2.2.	As a result of these studies on the application of TAS 29, we did not have any significant findings.



Key Audit Issues	How the issue is handled in the audit
<b>Time and demand bank deposits</b>	
As of 31.12.2023, the Group has demand deposits amounting to TL 4.434.463 thousand and time-contracted deposits amounting to TL 3.398.339 thousand. It has been handled as a key audit matter as it is material to the Group's financial statements.	<p>During our audit, the following audit procedures were applied regarding the time and demand bank deposits.</p> <ul style="list-style-type: none"> <li>- By making a distinction between time deposits and demand deposits, it has been reviewed whether they are compatible with the amounts in the records.</li> <li>- A list of time deposits was obtained, and a distinction was made between short- and long-term.</li> <li>- Time and demand deposits were revalued with the period-end foreign exchange buying rates, and their compliance with the records was reviewed.</li> <li>- 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.</li> <li>- Income accruals calculated for time deposits were examined and their compatibility with the records was reviewed.</li> <li>- Withholding tax letters were obtained from banks and it was examined whether they agreed with the prepaid taxes and interest income accounts.</li> </ul> <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
<b>Recoverability of receivables</b>	
As of 31 December 2023, trade receivables from non-related parties amounting to TL 22.842.384 thousand and other receivables from related parties amounting to TL 2.591.559 thousand constitute a significant part of total assets.	<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"> <li>- 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,</li> <li>- Comparison of the collection turnover rate with the previous year,</li> <li>- 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,</li> <li>- Examining the balances of trade receivables from unrelated parties by sending confirmation letters by way of sampling,</li> <li>- Testing the collections made in the following period by means of samples,</li> </ul> <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>
<b>Financial Liabilities</b>	
As of 31.12.2023, the Group has short-term contractual financial liabilities amounting to TL 102.633.321 thousand and long-term contractual financial debts amounting to TL 54.747.101 thousand to financial institutions. It has been handled as a key audit matter as it is material to the Group's financial statements.	<p>During our audit, the following audit procedures regarding financial liabilities were applied:</p> <ul style="list-style-type: none"> <li>- Loan instructions were obtained for the loans used by the Group in the current period, and they were reconciled with the records,</li> <li>- During the period, controls were made by sampling method for loan interest payments,</li> <li>- It has been evaluated whether the liability agrees with the records by calculating interest for loans according to the effective interest method,</li> <li>- The classifications of the loans have been reviewed by making a distinction between short- and long-term loans.</li> <li>- End of period exchange rate valuations of foreign currency loans were re-evaluated, and it was reviewed whether they agreed with the records.</li> <li>- Verifications of the loans were provided and it was seen that they agreed with the records.</li> </ul> <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
<b>Provision for impairment of inventories</b>	
Inventories amounting to TL 28.678.239 thousand in the financial statements as of 31 December 2023 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>During our audit, the following audit procedures regarding the provision for inventory impairment were applied:</p> <ul style="list-style-type: none"><li>- Understanding and evaluating the appropriateness of the accounting policy related to the provision for impairment of inventory,</li><li>- Comparison of stock turnover with the previous year,</li><li>- 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,</li><li>- Observing whether there are long-standing or damaged stocks in year-end inventory counts,</li><li>- Sample testing of selling prices deducted from the discounts used in the net realizable value calculation.</li></ul> <p>As a result of these studies on the provision for impairment of inventory, we have not made any significant findings.</p>

#### 4) 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.

#### 5) 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 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 because 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 based on these consolidated financial statements.

As part of an independent audit conducted in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We are 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) Other Liabilities Arising from Legislation

1) Pursuant to the fourth paragraph of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities and financial statements for the period January 1 - December 31, 2023, are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to Article 402 of the TCC, the Board of Directors provided us with the necessary explanations and submitted the required documents within the scope of audit.



**Arılar Bağımsız Denetim ve YMM A.Ş.**  
**A member of Nexia International**

**Ahmet G. HIZARCI**  
**Partner**

**Bursa, 11 July 2024**



ZORLU HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 31.12.2023 AND 31.12.2022

(All amounts in thousands of Turkish Lira (“TL”) as adjusted for the effects of inflation in TL unit currents at 31.12.2023 pursuant to TAS 29 unless indicated otherwise.)

Assets	Note	Audited 31.12.2023	Audited 31.12.2022
<b>Current assets</b>			
Cash and cash equivalents	5	8.089.691	11.332.566
Investment securities	7	434.541	1.159.772
Trade receivables			
-Related parties	35	2.591.559	1.696.782
-Third parties	8	22.457.083	28.746.679
Receivables from finance sector operations			
-Other trade receivables from finance sector operations	9	--	1.845
Other receivables			
-Related parties	35	141.433	2.262.141
-Third parties	12	3.029.716	3.558.609
Receivables from service concession arrangements	13	1.732.907	1.716.084
Inventories	16	28.678.239	30.934.791
Prepaid expenses			
-Related parties	35	2.177	--
-Third parties	10	1.936.148	497.356
Current income tax assets		15.478	91.795
Derivative financial instruments	11	187.966	176.676
Other current assets			
-Third parties	14	1.613.708	1.416.715
<b>Current assets</b>			
		<b>70.910.646</b>	<b>83.591.811</b>
Non-current assets classified for sale		6.623.867	--
<b>Total current assets</b>			
		<b>77.534.513</b>	<b>83.591.811</b>
<b>Non-current assets</b>			
Trade receivables			
-Third parties	8	385.301	225.668
Other receivables			
-Related parties	35	7.215.014	6.164.649
-Third parties		379.163	343.593
Investments valued by equity method	6	10.323.809	6.435.765
Investment securities	7	39.662.149	45.588.524
Receivables from service concession arrangements	13	7.387.545	11.149.923
Mining assets	20	704.785	730.684
Contract assets	15	300.740	14.057
Property, plant and equipment	17	168.105.400	182.903.140
Intangible assets	18	12.754.726	13.262.770
Right of use assets	19	2.495.784	2.309.919
Derivative financial instruments	11	343.657	941.618
Prepaid expenses			
-Third parties	10	1.533.833	2.119.273
Other non-current assets			
-Third parties	14	186.872	281.495
Deferred tax asset	26.b	7.218.908	4.821.096
<b>Total non-current assets</b>			
		<b>258.997.686</b>	<b>277.292.174</b>
<b>Total assets</b>			
		<b>336.532.199</b>	<b>360.883.985</b>

The accompanying notes are an integral part of these consolidated financial statements.

ZORLU HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 31.12.2023 AND 31.12.2022

(All amounts in thousands of Turkish Lira (“TL”) as adjusted for the effects of inflation in TL unit currents at 31.12.2023 pursuant to TAS 29 unless indicated otherwise.)

Liabilities and equity	Note	Audited 31.12.2023	Audited 31.12.2022
<b>Current liabilities</b>			
Financial liabilities	21	102.633.321	95.462.154
Other financial liabilities		1.259.701	--
Trade payables			
-Related parties	35	279.504	216.795
-Third parties	23	49.309.858	48.371.287
Payables from finance sector operations			
-Other trade payables from finance sector operations	22	210.397	276.222
Employee benefit obligations		976.300	1.003.981
Other payables			
-Related parties	35	3.133.524	3.119.512
-Third parties		2.035.527	4.378.903
Deferred income			
-Related parties	35	58	1.494
-Third parties	10	3.113.398	5.985.086
Derivative financial instruments	11	626.360	1.010.839
Taxation on income	26	1.753.514	1.656.606
Short term provisions			
-Provision for employee benefits	25	365.682	281.679
-Other provisions	25	3.072.993	2.717.056
Other liabilities			
-Third parties	24	3.553.024	2.405.598
<b>Current liabilities</b>			
		<b>172.323.161</b>	<b>166.887.212</b>
Liabilities related to asset groups classified for sale		7.012.617	--
<b>Total current liabilities</b>			
		<b>179.335.778</b>	<b>166.887.212</b>
<b>Non-current liabilities</b>			
Financial liabilities	21	54.747.101	98.244.068
Other financial liabilities		257.015	--
Trade payables			
-Third parties	23	177.854	300.790
Other payables			
-Related parties	35	376.809	1.191.186
-Third parties		456.030	1.246.178
Deferred income			
-Third parties		11.271	--
Long term provisions			
-Provision for employee benefits	27	2.666.511	3.356.789
-Other provisions	25	394.468	286.980
Other non-current liabilities			
-Third parties	24	17	31
Deferred tax liability	26	8.320.734	13.818.266
<b>Total non-current liabilities</b>			
		<b>67.407.810</b>	<b>118.444.288</b>
<b>Equity</b>			
Paid in capital	28.a	3.325.000	3.325.000
Adjustments to share capital	28.b	41.527.487	41.527.487
Share premium		18.008	8.865
Other comprehensive income / (expense) not to be reclassified to profit or loss			
-Revaluation reserves	28.c	34.177.282	41.340.306
-Actuarial gain/loss arising from defined benefit plans	28.c	(1.463.930)	(1.384.079)
Other comprehensive income / (expense) to be reclassified to profit or loss			
-Cash flow hedge fund	28.d	(13.397.862)	(19.571.108)
-Translation reserve	28.d	64.033.746	63.282.250
Restricted reserves	28.e	439.960	439.960
General reserves	29	(81.105.809)	(77.315.124)
Net loss for the year		5.889.303	3.301.362
<b>Equity attributable to owners of the parent</b>			
		<b>53.443.185</b>	<b>54.954.919</b>
Non-controlling interests		36.345.426	20.597.566
<b>Total equity</b>			
		<b>89.788.611</b>	<b>75.552.485</b>
<b>Commitments and contingencies</b>			
		<b>--</b>	<b>--</b>
<b>Total liabilities and equity</b>			
		<b>336.532.199</b>	<b>360.883.985</b>

The accompanying notes are an integral part of these consolidated financial statements.



ZORLU HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE YEARS ENDED 31.12.2023 AND 31.12.2022

(All amounts in thousands of Turkish Lira (“TL”) as adjusted for the effects of inflation in TL unit currents at 31.12.2023 pursuant to TAS 29 unless indicated otherwise.)

		Audited 01.01.- 31.12.2023	Audited 01.01.- 31.12.2022
	Note		
Revenue	4	163.462.550	177.026.791
Cost of sales (-)	4	(131.465.451)	(148.751.827)
<b>Gross profit</b>		<b>31.997.099</b>	<b>28.274.964</b>
Marketing, selling and distribution expenses (-)		(15.605.501)	(14.362.339)
General administrative expenses (-)		(8.108.025)	(6.882.257)
Other income	32	6.034.569	10.156.227
Other expense (-)	32	(19.216.960)	(18.997.965)
<b>Operating loss</b>		<b>(4.898.818)</b>	<b>(1.811.370)</b>
Income from investing activities	33	4.895.373	282.500
Expenses from investing activities (-)	33	(1.041.291)	(39.092)
Share of profit/loss of investments accounted through equity method	6	1.679.024	1.784.949
<b>Operating profit before financial expenses</b>		<b>634.288</b>	<b>216.987</b>
Financing income	34	15.709.093	18.424.515
Financing expense (-)	34	(88.467.807)	(84.990.254)
Monetary gain		70.387.516	69.316.134
<b>Profit / (loss) before taxation</b>		<b>(1.736.910)</b>	<b>2.967.382</b>
Current tax charge		(951.245)	(695.393)
Deferred tax income / (expense)		6.760.575	(4.501.100)
<b>Taxation on income / (expense)</b>		<b>5.809.330</b>	<b>(5.196.493)</b>
<b>Period profit from discontinued operations</b>		<b>58.948</b>	<b>2.209.725</b>
<b>Net profit / (loss) for the year</b>		<b>4.131.368</b>	<b>(19.386)</b>
<b>Profit / (loss) attributable to:</b>			
Equity holders of the Parent		5.889.303	3.301.362
Non-controlling interests		(1.757.935)	(3.320.748)

The accompanying notes are an integral part of these consolidated financial statements.

ZORLU HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE  
INCOME FOR THE YEARS ENDED 31.12.2023 AND 31.12.2022

(All amounts in thousands of Turkish Lira (“TL”) as adjusted for the effects of inflation in TL unit currents at 31.12.2023 pursuant to TAS 29 unless indicated otherwise.)

	Audited 01.01.-31.12.2023	Audited 01.01.-31.12.2022
<b>Net profit / (loss) for the year</b>	<b>4.131.368</b>	<b>(19.386)</b>
<b>Other comprehensive income / (expense) not to be reclassified to profit / (loss)</b>		
- Actuarial losses	27	(450.883)
- Revaluation of property, plant and equipment		(911.821)
- Tax effect		298.257
	<b>(1.064.447)</b>	<b>18.066.993</b>
<b>Other comprehensive income / (expense) to be reclassified to profit / (loss)</b>		
- Cumulative losses on cash flow hedging		55.840
- Translation differences		1.143.850
- Tax effect		(13.960)
	<b>1.185.730</b>	<b>(8.001.776)</b>
<b>Total comprehensive income for the year</b>	<b>4.252.651</b>	<b>10.045.831</b>
<b>Other comprehensive income / (expense) attributable to:</b>		
Equity holders of the Parent		6.003.971
Non-controlling interests		(1.751.320)

The accompanying notes are an integral part of these consolidated financial statements.



ZORLU HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY  
FOR THE YEARS ENDED 31.12.2023 AND 31.12.2022

(All amounts in thousands of Turkish Lira (“TL”) as adjusted for the effects of inflation in TL unit currents at 31.12.2023 pursuant to TAS 29 unless indicated otherwise.)

	Paid in capital	Adjustments to share capital	Share premium	Revaluation reserve	Actuarial gain/loss arising from defined benefit plans	Cash flow hedge fund	Currency translation difference	Retained earnings				Non-controlling interests	Total equity
								Restricted reserve	Retained earnings	Net profit for the year	Equity holders of the parent		
Balance at 01.01.2022	3.325.000	41.527.487	9.563	28.176.574	(359.864)	(19.654.386)	68.477.186	439.960	(100.407.797)	7.080.850	28.614.573	17.849.129	46.463.702
Transfer to accumulated deficit	--	--	--	(4.629.724)	--	--	--	--	11.710.571	(7.080.847)	--	--	--
Dividend paid to minority interest	--	--	--	--	--	--	--	--	--	--	--	(243.384)	(243.384)
Total comprehensive income	--	--	--	19.350.988	(955.978)	(1.841.235)	(4.994.166)	--	--	3.301.359	14.860.968	(4.815.137)	10.045.831
Transactions with non-controlling interests	--	--	(698)	(1.557.532)	(68.237)	1.924.513	(200.770)	--	11.382.102	--	11.479.378	7.806.958	19.286.336
Balance at 31.12.2022	3.325.000	41.527.487	8.865	41.340.306	(1.384.079)	(19.571.108)	63.282.250	439.960	(77.315.124)	3.301.362	54.954.919	20.597.566	75.552.485
Transfer to accumulated deficit	--	--	--	(4.279.287)	--	--	--	--	7.580.649	(3.301.362)	--	--	--
Disposal of subsidiary	--	--	--	--	432	--	--	--	--	--	432	--	432
Dividend paid to minority interest	--	--	--	--	--	--	--	--	--	--	--	1.026	1.026
Total comprehensive income	--	--	--	(726.285)	(220.656)	(125.810)	1.280.502	--	(93.083)	5.889.303	6.003.971	(1.751.320)	4.252.651
Transactions with non-controlling interests	--	--	9.143	(2.157.452)	140.373	6.299.056	(529.006)	--	(11.278.251)	--	(7.516.137)	17.498.154	9.982.017
Balance at 31.12.2023	3.325.000	41.527.487	18.008	34.177.282	(1.463.930)	(13.397.862)	64.033.746	439.960	(81.105.809)	5.889.303	53.443.185	36.345.426	89.788.611

The accompanying notes are an integral part of these consolidated financial statements.

ZORLU HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31.12.2023 AND 31.12.2022

(All amounts in thousands of Turkish Lira (“TL”) as adjusted for the effects of inflation in TL unit currents at 31.12.2023 pursuant to TAS 29 unless indicated otherwise.)

	Note	Audited 01.01.- 31.12.2023	Audited 01.01.- 31.12.2022
Net profit / (loss) for the year		4.131.368	(19.386)
Depreciation of property, plant and equipment	17,19	11.917.091	9.746.838
Amortization of intangible assets	18	1.497.020	1.203.076
Profit on sale of property, plant and equipment	33	(749.111)	(12.870)
Loss on sale of property, plant and equipment	33	1.041.291	36.652
Provision for employee termination benefits	27	495.058	130.587
Provision for doubtful receivables, net	8	94.667	61.587
Provision for diminution of inventories, net	16	67.929	124.697
Other provisions, net	25	560.111	(835.128)
Losses (gains) on derivative financial instruments, net		1.835.631	(1.663.835)
Interest expense		23.106.913	20.760.265
Interest income		(3.306.506)	(2.570.286)
Investment in associate		(1.679.024)	(1.784.949)
Adjustments to profit from sale of subsidiary		(2.944.647)	--
Unearned interest on receivables		79.335	(9)
Unearned interest on payables		(32.422)	(32.425)
Unrealised foreign exchange gains		(19.815.989)	(19.347.028)
Monetary gain / loss		(1.413.356)	22.062.811
Adjustments to profit / loss reconciliation		122.030	(442.918)
Adjustments to the tax expense / income		(5.809.330)	5.196.493
Net cash generated from operating activities before changes in operating assets and liabilities		9.198.059	32.614.172
Changes in trade receivables		3.103.132	(1.553.882)
Changes in inventories		1.990.690	7.931.463
Changes in other receivables		117.576	(267.913)
Changes in other assets		(503.884)	(1.854.952)
Changes in contract assists		(289.677)	38.391
Changes in concession agreements		746.788	(1.371.743)
Changes in trade payables		4.751.426	(5.936.947)
Changes in other payables		(618.283)	63.397
Changes in other liabilities		1.153.343	(939.417)
Changes in deferred income		(2.832.342)	3.156.660
Changes in prepaid expenses		(855.529)	2.715.422
Employee termination paid	27	(931.697)	(203.060)
Taxes paid		(1.662.510)	(1.439.674)
Net cash generated from operating activities		13.367.092	32.951.917
Cash flows from investing activities			
Cash inflows related to sales resulting in loss of control of subsidiaries		2.105.061	--
Purchases of property, plant and equipment	17	(5.767.858)	(10.145.801)
Purchases of mining assets		(35.937)	(78.430)
Purchases of intangible assets	18	(1.802.005)	(968.674)
Revaluation of property, plant and equipment		911.821	(23.199.744)
Proceeds from sale of property, plant and equipments and intangible assets		650.004	146.972
Transactions with non-controlling interests		9.982.017	19.286.336
Other cash inflows / outflows		(83.119)	--
Cash outflows from capital advance payments of associates and/or joint ventures		(1.367.774)	--
Net cash used in investing activities		4.592.210	(14.959.341)
Cash flows from financing activities			
Proceeds from borrowings		84.780.563	39.625.728
Repayments of borrowings		(88.292.894)	(41.397.022)
Changes in other financial liabilities		1.201.810	--
Changes in investment securities		5.723.433	8.056.441
Payment of settlement of derivatives		(1.653.036)	(2.928.136)
Changes in other receivables from related parties	35	1.070.343	11.563.043
Changes in other payables to related parties	35	(800.365)	(9.710.781)
Interest received		3.306.506	2.570.286
Interest paid		(22.723.079)	(20.393.797)
Payments of lease liabilities		(798.566)	(1.154.729)
Dividend paid to non-controlling interests		1.026	(243.384)
Net cash generated from financing activities		(18.184.259)	(14.012.351)
Translation differences		(2.961.703)	(5.707.949)
Net change in cash and cash equivalents		(3.186.660)	(1.727.724)
Cash and cash equivalents at beginning of year		11.276.351	13.004.075
Cash and cash equivalents at end of year	5	8.089.691	11.276.351

The accompanying notes are an integral part of these consolidated financial statements.



ZORLU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in thousands of Turkish Lira (“TL”) in terms of the purchasing power of TL as of 31 December 2023 unless indicated otherwise.)

1. ORGANISATION AND NATURE OF ACTIVITIES

Zorlu Holding A.Ş. (‘the Company’ or ‘Zorlu Holding’) was established in 1990 to support and organise the activities of Zorlu Group companies in the textile, energy, real estate, white goods and electronics sectors by providing centralised services in finance, accounting, budgeting, internal audit, human resources and corporate communications.

As of 31 December 2023, Zorlu Holding and its subsidiaries and joint ventures (‘the 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 is organized into four major production divisions given below;

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 auto producer group.

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 and steam production 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 İsrail Limited	Electricity production	İsrail
Zador İsrail Limited	Electricity production	İsrail
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 construction 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.	Leasing vehicle and supply of related software and equipment	Turkey
Electrip Global B.V.	Power plant installation, operation and other	Netherlands
Rarik Turkison Enerji A.Ş.	Engineering and consultancy activities for energy projects	Turkey
ZES B.V.	Electric charging station sales, installation and operation	Netherlands

ZORLU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in thousands of Turkish Lira (“TL”) in terms of the purchasing power of TL as of 31 December 2023 unless indicated otherwise.)

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, wholesale and purchase of electricity	Turkey
Trakya Bölgesi Doğal Gaz Dağıtım A.Ş.	Distribution of gaseous fuels through the main network	Turkey
Gazdaş Gaziantep Doğal Gaz Dağıtım A.Ş.	Distribution of gaseous fuels through the main network	Turkey
Zorlu Industrial Pakistan (Private) Limited	Engineering and consultancy activities for energy projects	Pakistan
Zorlu O&M Pakistan Limited	Operation and maintenance activities for energy projects	Pakistan
Electrip Energy Solutions and Mobility Services Sasu	Power plant installation, operation and other	France
Electrip Bucharest SRL	Power plant installation, operation and other	Romania

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
<b>Production</b>		
Korteks Mensucat Sanayi ve Ticaret A.Ş.	Production of textile goods	Turkey
Zorluteks Tekstil Sanayi ve Ticaret A.Ş.	Production of textile goods	Turkey
<b>Marketing</b>		
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 Ltd.	Textile marketing	U.K.



ZORLU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in thousands of Turkish Lira (“TL”) in terms of the purchasing power of TL as of 31 December 2023 unless indicated otherwise.)

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 Holland B.V. Iberia Branch Office	Sales	Spain
Vestel France SA	Sales	France
Vestel Holland BV	Sales	Netherlands
Vestel Holland B.V. Germany Branch Office	Sales	Germany
Cabot Communications Limited	Software	England
Vestel UK Limited	Sales	England
Vestel Holland B.V. UK Branch Office	Sales	England
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 Holland B.V. Poland Branch Office	Sales	Poland
Vestel Electronics Gulf DMC	Sales	UAE
Vestel U.S.A.	Sales	USA

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 Havacılık 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

ZORLU HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in thousands of Turkish Lira (“TL”) in terms of the purchasing power of TL as of 31 December 2023 unless indicated otherwise.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1. Basis of preparations

The consolidated financial statements of the Group have been prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) and the related appendices and interpretations in accordance with international standards issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”)

The Company and its subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of the Republic of Turkey. The consolidated financial statements are prepared in Turkish Lira under the historical cost convention, except for the financial assets and liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost convention, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS/TFRS.

The accompanying consolidated financial statements of the Group have been prepared in accordance with the “Announcement on TFRS Taxonomy” published by POA on 15 April 2019.

2.2 Accounting in hyperinflationary economies

As announced by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities that apply TFRSs are required to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies for the annual reporting period beginning on or after 31 December 31. TAS 29 is applied to the financial statements, including the consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy.

In accordance with the standard, financial statements based on the currency of a hyperinflationary economy are prepared in the purchasing power of this currency at the balance sheet date, and comparative information is expressed in terms of the current measurement unit at the end of the reporting period for the purpose of comparison in previous period financial statements. Therefore, the Group has presented its financial statements dated 31 December 2022 on the basis of purchasing power as of 31 December 2023.

The restatements in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index (“CPI”) in Turkey published by the Turkish Statistical Institute (“TURKSTAT”). As at 31 December 2023, the indices and adjustment factors used in the restatement of the consolidated financial statements are as follows

Date	Index	Coefficient of correction	3-Year Compound Inflation Rate
31 December 2023	1.859,38	1,00000	%268
31 December 2022	1.128,45	1,64773	%156
31 December 2021	686,95	2,70672	%74

The main components of the Group’s restatement for the purpose of financial reporting in hyperinflationary economies are as follows:

- The consolidated financial statements for the current period presented in TL are expressed in terms of the purchasing power at the balance sheet date and the amounts for previous reporting periods are restated in accordance with the purchasing power at the end of the reporting period.

- Non-monetary assets, liabilities and equity items that are not expressed in the current purchasing power at the balance sheet date are restated by using the relevant conversion factors.

- All items in the statement of comprehensive income, except for the effects of non-monetary items in the balance sheet on the statement of comprehensive income, are restated by applying the coefficients calculated over the periods in which the income and expense accounts were initially recognised in the financial statements.

- The effect of inflation on the Group’s net monetary asset position in the current period is recognised in the gain/(loss) on net monetary position in the consolidated statement of income.



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2.3 Measurement currency and reporting currency

These consolidated financial statements are presented in TL. Turkish Lira (“TL”) is the Group’s functional currency.

2.4 Amendments in International Financial Reporting Standards

As at December 31, 2023, the accounting policies adopted in preparation of the consolidated financial statements for the year ended 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/IFRS and interpretations of TAS/IFRS effective as of January 1, 2023. The effects of these standards and interpretations on the financial position and performance of the Group are disclosed in the related paragraphs.

*As of 31.12.2023, the new standards in force and the changes and comments made to the previous standards*

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. Effect of this change on the consolidated financial position and performance of the Group is evaluated.

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. Effect of this change on the consolidated financial position and performance of the Group is evaluated.

Amendment to TAS 12, International tax reform – pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Cooperation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. Effect of this change on the consolidated financial position and performance of the Group is evaluated.

TFRS 17, ‘Insurance contracts’, is effective for annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide range of applications. TFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group. However, in the letter dated 6 April 2023 sent by the Public Oversight Authority (POA) to the Association of Insurance, Reinsurance and Pension Companies of Turkey, it has been reported that it has reached the opinion that it will be appropriate to apply TFRS 17 in the consolidated and separate financial statements of insurance, reinsurance and pension companies, banks that have partnerships/investments in these companies and other companies that have partnerships/investments in these companies as of 1 January 2024.

*Standards and amendments and interpretations that are issued but not effective as at 31.12.2023*

TFRS 16, Sale and leaseback transactions, effective from annual periods beginning on or after 1 January 2024. These amendments include the sale and leaseback provisions in TFRS 16 that clarify how an entity accounts for a sale and leaseback transaction after the transaction date. It is likely to affect sale and leaseback transactions where some or all of the lease payments are variable lease payments that are not linked to an index or rate. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

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. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the TASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

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TAS 21 Lack of Exchangeability; a transaction or activity in a foreign currency that is not convertible into another currency at a effective from annual periods beginning on or after January 1, 2025. An entity is affected when it has particular measurement date for a particular purpose. A currency can be exchanged when the ability to obtain another currency is available (with a normal administrative delay) and the transaction occurs through a market or clearing mechanism that creates enforceable rights and obligations. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

TFRS S1, ‘General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

TFRS S2, ‘Climate-related disclosures’; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

2.5 Comparable financial information and reclassification of prior period financial statements

Consolidated financial statements of the Group have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the consolidated financial statements.

2.6 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.

2.7 Critical accounting estimates, assumptions and judgments

The preparation of financial statements in conformity with TFRS 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.

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 31.12.2023, 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.



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- 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).

2.8 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.

2.9 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 by applying uniform accounting policies and presentation.

a) Subsidiaries

The Group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity’s returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable /receivable balances and sales / purchase transactions are eliminated. The carrying value of the investment held by 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.

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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.

Since Lentatek and Aydin Yazılım has net liability position as of 31 December 2023 and 31 December 2022, 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.



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Consolidated company	31.12.2023		31.12.2022	
	Ownership interest	Economic interest	Ownership interest	Economic interest
Zorlu Enerji Elektrik Üretim A.Ş.	50,26%	50,08%	71,80%	71,80%
Zorlu Enerji Pakistan Limited	99,99%	50,07%	99,99%	71,80%
ZGP Pakistan (Private) Ltd (1)	99,70%	49,93%	99,70%	71,60%
Nemrut Jeotermal Elektrik Üretimi A.Ş. (2)	--	--	100%	71,80%
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	100%	50,08%	100%	71,80%
Zorlu Osmangazi Enerji Sanayi ve Ticaret A.Ş.	100%	50,08%	100%	71,80%
Zorlu Enerji İsrail Limited	100%	50,08%	100%	71,80%
ZJ Strong Energy for Renewable Energy Limited Co.	75,00%	37,56%	75%	53,80%
Zorlu Enerji Dağıtım A.Ş.	100%	50,08%	100%	71,80%
Zorlu Enerji Asia Holding Limited (3)	--	--	100%	71,80%
Zador Israel Limited	100%	50,08%	100%	71,80%
Zorlu O/M Enerji Tesisleri İşletme ve Bakım Hizmetleri A.Ş.	100%	100,00%	100%	100%
Rosmiks LLC	100%	100,00%	100%	100%
Zorlu Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	99%	99%	99%	99%
Eway Araç Kiralama Ticaret A.Ş. (4)	100%	50,08%	100%	71,80%
Zorlu Yenilenebilir Enerji A.Ş. (5)	100%	50,08%	100%	71,80%
Rarik-Turkison Enerji A.Ş. (6)	--	--	100%	71,80%
Alkan Jeotermal Enerji Elektrik Üretimi A.Ş. (7)	--	--	100%	71,80%
Electrip Global B.V.	--	--	100%	71,80%
Osmangazi Elektrik Perakende Satış A.Ş.	100%	50,08%	100%	71,80%
Osmangazi Elektrik Dağıtım A.Ş.	100%	50,08%	100%	71,80%
Zorlu Doğal Elektrik Üretimi A.Ş.	100%	50,08%	100%	71,80%
Zorlu Jeotermal Enerji Elektrik Üretimi A.Ş.	100%	50,08%	100%	71,80%
Rotor Elektrik Üretim A.Ş.	100%	50,08%	100%	71,80%
Trakya Bölgesi Doğal Gaz Dağıtım A.Ş. (8)	90%	45,07%	90%	64,62%
Gazdaş Gaziantep Doğal Gaz Dağıtım A.Ş. (8)	90%	45,07%	90%	64,62%
Zorlu Doğal Gaz Tedarik Ticaret A.Ş. (8)	100%	50,08%	100%	71,80%
Zorlu Renewable Pakistan (Private) Limited	99%	49,78%	99%	71,37%
Zorlu Sun Power (Private) Limited	99%	49,78%	99%	71,37%
Zorlu Industrial Pakistan (Private) Limited	100%	49,92%	100%	71,58%
Zorlu O&M Pakistan Limited	100%	49,92%	100%	71,58%
Zorlu Solar Pakistan Limited (9)	99%	49,78%	99%	71,37%
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%

<sup>(1)</sup> The new title of “Zorlu Wind Pakistan (Private) Ltd.”, established in Pakistan, has been registered as “ZGP Pakistan (Private) Ltd”.

<sup>(2)</sup> Based on the special situation statement dated 29 September 2023; In order to establish a more effective and focused structure in renewable energy activities and to evaluate the initial public offering of the shares of Zorlu Yenilenebilir which 100% subsidiary of Zorlu Enerji, the shares of Nemrut, Jeotermal and Zorlu Elektrik in the company’s assets were transferred to Zorlu Yenilenebilir at their nominal share values, in accordance with the relevant legislation.

<sup>(3)</sup> The liquidation process of Zorlu Enerji Asia Holding Limited, established in Dubai International Financial Center, in which Zorlu Enerji owns all of its shares representing its capital, has been completed.

<sup>(4)</sup> The company’s new trade name was registered on 9 February 2023 as “Eway Araç Kiralama Ticaret AŞ”.

<sup>(5)</sup> An application was made to the CMB of Turkey on 22 February 2024 for the approval of the Prospectus regarding the public offering of some shares of Zorlu Yenilenebilir.

<sup>(6)</sup> The application made to the Capital Markets Board on 6 February 2023 for “Merger in Facilitated Procedure through Acquisition” with Rarik Turkison Enerji AŞ, Zorlu Enerji’s wholly owned subsidiary, was approved by the Board’s decision dated 9 August 2023 and numbered 46/956.

<sup>(7)</sup> The application made to the Capital Markets Board on 11 October 2023 for “Merger in Facilitated Procedure through Acquisition” with Alkan Jeotermal Enerji Elektrik Üretimi A.Ş., Zorlu Enerji’s wholly-owned subsidiary, was approved by the Board’s decision dated 1 December 2023 and numbered 75/1628. approved.

<sup>(8)</sup> The sale and share transfer of all shares of Zorlu Enerji’s 100% subsidiary Zorlu Enerji Dağıtım AŞ to Palmet Enerji AŞ’s 100% subsidiary Gaztrak Enerji AŞ, were completed on 12 March 2024. Following the fulfillment of the conditions required by TFRS 5, the assets and liabilities of this subsidiary have been classified as “non-current assets classified for sale” and “liabilities related to asset groups classified for sale”, respectively.

<sup>(9)</sup> Based on the special situation statement dated 26 July 2023; The transfer of 997 shares, representing 99.7% of the company capital of Zorlu Solar Pakistan Limited, to ZGP Pakistan (Private) Limited (old title: Zorlu Wind Pakistan (Private) Limited) has been completed.

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Consolidated company	31.12.2023		31.12.2022	
	Ownership interest	Economic interest	Ownership interest	Economic interest
Vestel Elektronik Sanayi ve Ticaret A.Ş.	55,69%	55,69%	60,90%	60,90%
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	77,33%	43,06%	80,60%	49,10%
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100%	55,69%	100%	60,90%
Vestel Ticaret A.Ş.	100%	55,69%	100%	60,90%
Vestel CIS Limited	100%	55,69%	100%	60,90%
Vestel Holland B.V. Iberia Branch Office (1)	100%	55,69%	100%	60,90%
Vestel Ventures Ar-ge A.Ş.	100%	55,69%	--	--
Vestel France SA	100%	55,69%	100%	60,90%
Vestel Holland BV	100%	55,69%	100%	60,90%
Vestel Holland B.V. Germany Branch Office	100%	55,69%	100%	60,90%
Cabot Communications Limited	90,80%	50,57%	90,80%	55,30%
Vestel UK Limited	100%	55,69%	100%	60,90%
Vestel Holland B.V. UK Branch Office	100%	55,69%	100%	60,90%
Vestek Elektronik Araştırma Geliştirme A.Ş.	100%	55,69%	100%	60,90%
Vestel Trade Limited	100%	55,69%	100%	60,90%
Intertechnika LLC	99,90%	55,63%	99,90%	60,80%
Vestel Holland B.V. Poland Branch Office (2)	100%	55,69%	100%	60,90%
Vestel Central Asia LLP	100%	55,69%	100%	60,90%
Vestel Electronics Shangai Trading Co. Ltd	100%	55,69%	100%	60,90%
Vestel Electronics Gulf DMC	100%	55,69%	100%	60,90%
Vestel Electronica SRL	100%	55,69%	100%	60,90%
Vestel USA	100%	55,69%	100%	60,90%
Zorlu Air Havacılık A.Ş.	100%	100,00%	100%	100%
Zorlu International Investments Limited	100%	100,00%	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.	100%	100%	99,20%	99,20%
Meta Nikel Kobalt Madencilik Sanayi A.Ş.	100%	77,84%	100%	81,80%

<sup>(1)</sup> Vestel Iberia S.L, a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş. (“Vestel Ticaret”) based in Spain, and Vestel Holland B.V., a wholly owned subsidiary of Vestel Ticaret A.Ş. (“Vestel Ticaret”) based in the Netherlands, have been merged under Vestel Holland B.V. With this merger, all assets, liabilities and operations of Vestel Iberia S.L. have been transferred to Vestel Holland B.V. Sucursal En España, a branch of Vestel Holland B.V. established in Spain, as of October 1, 2023.

<sup>(2)</sup> Vestel Poland sp. z o.o.o., a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., a wholly owned subsidiary of Vestel Ticaret AŞ (“Vestel Ticaret”), a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., and Vestel Holland B.V., a wholly owned subsidiary of Vestel Ticaret B.V., a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., a wholly owned subsidiary of Vestel Ticaret AŞ (“Vestel Ticaret”), domiciled in Poland, was merged under Vestel Holland B.V. With this merger, all assets, liabilities and operations of Vestel Poland sp. z o.o. were transferred to Vestel Holland B.V. Sp. z o.o.o., the Polish branch of Vestel Holland B.V., as of January 1, 2023. Oddział w Polsce.



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The table below sets out all associates and demonstrates the proportion of ownership interest as of 31 December 2023 and 31 December 2022:

	31.12.2023		31.12.2022	
	Ownership interest	Economic interest	Ownership interest	Economic interest
Associates				
Dorad Energy Ltd.	25,00%	12,52%	25,00%	17,95%
Ezotech Electric Ltd. (Ezotech) (1)	42,15%	21,11%	42,15%	30,26%
Solad Energy Ltd.	42,15%	21,11%	42,15%	30,26%
Adnit Real Estate Limited (2)	42,15%	21,11%	42,15%	30,26%
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	35,00%	19,49%	35,00%	21,32%
Aydın Yazılım Elektronik ve Sanayi A.Ş.	21,00%	11,69%	21,00%	12,79%
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (3)	23,00%	12,81%	23,00%	14,01%
Electrip Global Limited (4)	49,99%	27,84%	--	--

<sup>(1)</sup> Ezotech Electric Ltd. owns 100% of the shares of Ashdod Energy Ltd. ("Ashdod") and Ramat Negev Energy Ltd. ("Ramat Negev").

<sup>(2)</sup> Zorlu Enerji has taken over 42.15% of Adnit's shares in 2019 and Adnit's capital is NIS 10,000.

<sup>(3)</sup> 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, the Group's stake in TOGG has reached 23%.

<sup>(4)</sup> Based on the special situation statement dated 9 December 2022. The total of payments representing the capital of ZES Dijital Ticaret AŞ, which is also a 100% direct subsidiary of the Company, was transferred to Electrip Global B.V., which is also a 100% direct subsidiary of the Company. The establishment of the Company titled Electrip Global Limited ("Electrip Limited"), as a 100% subsidiary of Wren House Infrastructure LP ("Wren House") on the island of Jersey in the United Kingdom, was completed on 9 December 2022. The shares representing half of the capital of Electrip Global B.V., in which Zorlu Enerji owns 100%, plus one share were sold to Electrip Global Limited on 13 January 2023, for a price of 50,000 thousand US Dollars. The shares minus one share (minority shares) representing half of the capital of Electrip Global B.V., which remained under the ownership of the Company, were transferred to Electrip Global Limited by being contributed as capital in kind in return for the capital commitment of the Company in the capital increase of Electrip Global Limited on the same date. With this share transfer, management control of Electrip Global B.V. passed to Wren House through Electrip Global Limited.

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.

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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,

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.

Service concession arrangements

IFRIC 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 IFRIC 12 by the Group.

As per the conditions of arrangements based on the contracts within the scope of IFRIC 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.



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The Group distributes electricity and gas within the scope of the service concession agreement transferred from public to private sector. The Group recognises investment expenditures related to distribution, under financial assets to the extent that it has unconditional rights arising from the contract concerning invoicing to subscribers in line with the instructions from the guarantor. The right to collect in return for distribution services is carried out by invoicing subscribers. The distribution element of the said invoices is regulated by distribution tariffs determined by Energy Market Regulation Authority (“EMRA”). The difference between the annual collections from distribution and the revenue cap predetermined by EMRA is corrected by EMRA by revising the future tariff.

The Group constructs or renews the infrastructure used for the delivery of a public service within the framework of its natural gas distribution activities and operates and maintains this infrastructure during the specified period. The Group also 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, investments made during the period are calculated on a net basis by deducting the connection revenues obtained in the relevant tariff year from the regulated network investment expenditures made within the scope of distribution activities for each tariff year, according to the Regulation on Tariff Calculation Procedures and Principles for Natural Gas Distribution Companies with decision number 7139.

In scope of IFRIC 12, all investments of the Group related to electricity and gas distribution operation are recognised as “Receivables from service concession agreements” (Note 5). As of December 31, 2023, “Financial Assets Related to Concession Agreements” related to natural gas distribution activities are classified as “Non-Current Assets Classified for Sale”. Service concession agreements related to OEDAŞ disclosed under intangible assets are included in the consolidated financial statements in 2017 as a result of the business combination accounting applied according to TFRS 3.

The electricity distribution activities of OEDAŞ are carried out within the framework of the service concession agreement regulated by the Transfer of Operating Rights (“TOR”) agreement signed with Türkiye Elektrik Dağıtım AŞ (“TEDAŞ”) on 24 July 2006. Until the expiration date of the distribution license of the Company on 1 September 2036 or its cancellation for any reason before its expiration, the Company has the right to operate the electricity distribution system, the existing or to be established distribution facilities in the distribution region and the operation of distribution facilities, rehabilitation and strengthening of these facilities and constructions. It has control of immovable and immovable assets, which are of very high importance for the Company. Any renewal of the distribution license will not result in the extension of the contract with the same terms. The Company may apply to TEDAŞ and request the renewal of the contract at least one year before the expiry of the contract period. TEDAŞ may decide to renew the contract six months before the expiration of the contract, after considering this request taking into account the new conditions within the framework of the current legislation.

The distribution system operating income requirement and related parameters for the third implementation period, which will be valid for OEDAŞ between 2016-2020, were determined by EMRA with the Board decision dated 30 December 2015 and numbered 6039-1 (last revision: numbered 9067-1 and dated 26 December 2019) whereas the distribution system operating income requirement and related parameters for the fourth implementation period, which will be valid between 2021-2025, were approved by EMRA with the Board decision dated 24 December 2020 and numbered 9911-1.

Trakya’s natural gas distribution activity started with the receipt of a license on 25 January 2006 after the tender held by EMRA on 23 June 2005. The license of Trakya will expire on 25 January 2036. The parameters regarding the investment and operating income requirement for the retail sales tariffs for the third tariff implementation period, which will be valid for Trakya between 2022 and 2026, were published by EMRA with the Board Decision dated 8 September 2022 and numbered 11194. Gazdaş’s natural gas distribution activity started with the receipt of a license on 24 February 2006 after the tender held by EMRA on 28 July 2005. Gazdaş’s license will expire on 24 February 2036. The parameters regarding the investment and operating income requirement for the third tariff implementation period retail sales tariffs for Gazdaş, which will be valid between 2022-2026, are determined by EMRA. It was published with the Board Decision dated 1 September 2022 and numbered 11169.

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In the natural gas distribution sector, the ownership of the distribution network belongs to the distribution company. The distribution company may request the renewal of the natural gas distribution license in force, at the earliest one year or at the latest nine months before the expiration date of the license via a petition to EMRA. If the license period is not extended by EMRA, EMRA opens a tender for the relevant city in accordance with the procedures and principles specified in the Distribution and Customer Services Regulation and licenses the legal entity that has submitted the most appropriate offer.

Receivables from service concession agreements are measured at amortized cost in accordance with TFRS 9, since they are composed of cash flows that only include principal and interest.

Receivables from service concession agreements for electricity and natural gas distribution activities are depreciated over 10 and 22 years as per the concession arrangements, respectively.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. As of 31 December 2023 the Group accounted for its power plants, lands, buildings and machinery and equipment under a revaluation model using the fair value method. The accumulated depreciation of the buildings, plant, machinery and equipment’s are netted off with the cost and the net value is increased to the valued amount.

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.

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.



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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
Infrastructure and land improvements	10-48
Buildings	25-30
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 software's, service concession arrangements, customer relationships and goodwill.

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).

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Right of use asset

The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) the any initial direct costs incurred by the Group

To apply the cost model, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Group applies the depreciation requirements in TAS16 Property, Plant and Equipment in depreciating the right-of-use asset.

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:

- a) fixed payments, including in-substance fixed payments,;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) the exercise price under a purchase option that the Group is reasonably certain to exercise,
- d) lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) increasing the carrying amount to reflect interest on lease liability
- b) reducing the carrying amount to reflect the lease payments made and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

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.

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.



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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. 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.

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.

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, whether or not consideration is received. In the ordinary course of business, an entity may enter into certain business relationships with related parties.

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.

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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 30).

*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.

Current and deferred income taxes

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

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.

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 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.

Employee termination benefits

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.

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 provision

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.



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Financial instruments

Financial assets

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 compressive income.. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. The Group’s financial assets carried at amortized cost comprise “trade receivables”, “other assets” and “cash and cash equivalents” in the statement of financial position.

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 far value. 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 provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently remeasured at fair value. Gains and losses arising from the valuation are recognised in profit or loss.

ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recognised initially at fair value plus transaction costs. Financial assets at fair value through other comprehensive income are measured at fair value subsequent to initial recognition. Interest income calculated using the effective interest method on marketable securities at fair value through other comprehensive income and dividend income on marketable securities representing a share in capital are recognised in the statement of income.

The difference between the fair value and amortised cost of financial assets at fair value through other comprehensive income is recognised under equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in equity are recognised in the statement of profit or loss.

Loans and receivable

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.

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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.

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.

Sale and leaseback transactions

A sale and leaseback transaction involves the sale of an asset and the leaseback of the same asset. The lease payments and the sale price are often interdependent, as they are negotiated as a whole. The method of accounting for a sale and leaseback transaction depends on the type of lease. When a sale and leaseback transaction results in a finance lease, the excess of the sales proceeds over the carrying amount is not recognised immediately as income by the seller-lessor. Instead, such income is deferred and amortised over the lease term. If the leaseback transaction is a finance lease, the transaction is a means by which the lessor provides financing to the lessee, with the leased asset being the collateral for the transaction. Therefore, it is not correct to recognise sales proceeds in excess of the carrying amount of the related asset as income. Such excess amounts are deferred and amortised over the lease term.

Buildings leased back through sale and leaseback transactions are recognised under 'Property, plant and equipment'.

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.

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Commitments and contingencies

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognised in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

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.

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 Group’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.

Assets held for sale and discontinued operations

The Group classifies the non-current asset (or asset group to be disposed of) as held for sale if the book value of a non-current asset or asset group will be recovered through a sale transaction rather than continued use. For this situation to be valid; The relevant asset must be in a position to be sold immediately under customary conditions that are common in the sale of such assets, and the probability of sale must be high. The Group measures the fixed asset group, which it classifies as assets held for sale, at the lower of its book value and fair value less costs to sell. Depreciation is stopped for tangible and intangible assets within this asset group as of the relevant classification date. Discontinued activities related to the asset group in question are presented in the period profit/loss, and the transactions presented and the adjustments regarding these transactions are defined and classified as transactions that will not be included in the financial statements after the sale transaction takes place.

Discontinued operations

A discontinued operation is part of the Group’s business that includes activities and cash flows that are clearly distinguishable from other parts of the Group and:

- Represents a separate major business line or geographic area of operations;
- It is part of the sale of a separate major line of business or geographic area of operations under a single coordinated plan; or
- It is a subsidiary acquired for the sole purpose of resale.

Classification as a discontinued operation occurs after or before the sale of the activity, if it meets the criteria for being an asset held for sale.

If an activity is classified as a discontinued operation, the statement of profit or loss and other comprehensive income is presented again as if the activity had been discontinued from the beginning of the comparative period.

The Group’s profit from discontinued operations for the period ended 31.12.2023 is TL 58.948 thousand (31.12.2022: TL 2.209.725 thousand).

Going concern

The accompanying consolidated financial statements of the Group have been prepared on a going concern basis.

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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 o f 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).
  - Other : This segment mainly contain the nickel cobalt mining company of Zorlu Group.

The segment results for the periods ended 31.12.2023 is as follows:

	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Intersegment elimination	Total
01.01.- 31.12.2023								
External revenue	27.867.445	17.173.648	807.345	112.184.238	4.412.645	1.017.229	--	163.462.550
Intersegment revenue	2.058.678	27.965	822.819	31.496	51.616	3.385.738	(6.378.312)	--
	29.926.123	17.201.613	1.630.164	112.215.734	4.464.261	4.402.967	(6.378.312)	163.462.550
Cost of sales (-)	(25.244.894)	(10.952.261)	(734.391)	(87.812.218)	(2.033.982)	(4.687.705)	--	(131.465.451)
	4.681.229	6.249.352	895.773	24.403.516	2.430.279	(284.738)	(6.378.312)	31.997.099
Other segment items included in the income statement:								
Depreciation expense	4.140.654	1.259.661	16.871	5.448.406	507.109	544.390	--	11.917.091
Amortization charge	475.368	74.098	3.182	926.000	7.155	11.217	--	1.497.020
	4.616.022	1.333.759	20.053	6.374.406	514.264	555.607	--	13.414.111



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The segment results for the periods ended 31.12.2022 is as follows:

	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Intersegment elimination	Total
01.01.- 31.12.2022								
External revenue	37.382.321	22.737.668	980.892	110.347.926	5.523.154	54.830	--	177.026.791
Intersegment revenue	4.168.343	27.870	613.318	777.015	32.381	4.441.256	(10.060.183)	--
	41.550.664	22.765.538	1.594.210	111.124.941	5.555.535	4.496.086	(10.060.183)	177.026.791
Cost of sales (-)	(34.780.936)	(13.251.976)	(572.685)	(91.244.686)	(4.747.820)	(4.153.724)	--	(148.751.827)
Gross profit	6.769.728	9.513.562	1.021.525	19.880.255	807.715	342.362	(10.060.183)	28.274.964
Other segment items included in the income statement:								
Depreciation expense	3.639.740	1.807.818	22.462	3.130.096	479.209	667.517	--	9.746.842
Amortization charge	470.214	68.773	3.309	647.360	5.846	7.575	--	1.203.077
	4.109.954	1.876.591	25.771	3.777.456	485.055	675.092	--	10.949.919

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The segment assets and liabilities as of the financial position dates and capital expenditure for the years ended are as follows:

31.12.2023	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current assets							
Cash and cash equivalents	2.080.122	165.344	3.138.991	2.294.683	320.364	90.187	8.089.691
Investment securities	399.069	4	137	35.331	--	--	434.541
Trade receivables	4.895.604	1.942.365	108.444	17.769.632	213.077	119.520	25.048.642
Other receivables	1.321.394	314.806	2.995	1.484.556	1.316	46.082	3.171.149
Receivables from service concession arrangements	1.732.907	--	--	--	--	--	1.732.907
Inventories	608.636	2.943.518	16	23.510.954	252.425	1.362.690	28.678.239
Prepaid expenses	184.040	110.435	5.428	1.515.233	45.049	78.140	1.938.325
Current income tax assets	12	40	32	13.878	98	1.418	15.478
Derivative financial instruments	--	860	--	187.106	--	--	187.966
Other current assets	863.442	188.870	86.013	466.129	3.090	6.164	1.613.708
Current assets	12.085.226	5.666.242	3.342.056	47.277.502	835.419	1.704.201	70.910.646
Assets held for sale	6.623.867	--	--	--	--	--	6.623.867
Total current assets	18.709.093	5.666.242	3.342.056	47.277.502	835.419	1.704.201	77.534.513
Non-current assets							
Trade receivables	373.111	11.369	--	821	--	--	385.301
Other receivables	1.291.862	281	4.975.870	1.297.791	15.134	13.239	7.594.177
Investment in associate	4.466.538	--	--	5.857.271	--	--	10.323.809
Investment securities	1.952	40.231	39.372.309	247.657	--	--	39.662.149
Receivables from service concession arrangements	7.387.545	--	--	--	--	--	7.387.545
Mining assets	--	--	--	--	--	704.785	704.785
Contract assets	300.740	--	--	--	--	--	300.740
Property, plant and equipment	50.090.106	19.303.674	3.174.541	46.362.184	39.162.613	10.012.282	168.105.400
Intangible assets	7.701.249	423.442	630.988	3.913.789	39.454	45.804	12.754.726
Derivative financial instruments	343.657	--	--	--	--	--	343.657
Right of assets	604.241	172.886	11.399	1.231.084	286.429	189.745	2.495.784
Prepaid expenses	1.032.612	23.823	17	459.194	12	18.175	1.533.833
Other non-current assets	3.096	--	--	--	--	183.776	186.872
Deferred tax assets	4.901.804	44.563	--	--	2.704.308	(431.767)	7.218.908
Total non-current assets	78.498.513	20.020.269	48.165.124	59.369.791	42.207.950	10.736.039	258.997.686
Total assets	97.207.606	25.686.511	51.507.180	106.647.293	43.043.369	12.440.240	336.532.199

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31.12.2023	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
<b>Current liabilities</b>							
Financial liabilities	17.923.719	21.407.467	8.754.689	26.862.255	26.322.116	1.363.075	102.633.321
Other financial liabilities	--	--	--	1.259.701	--	--	1.259.701
Trade payables	4.089.935	1.963.090	80.243	41.808.791	186.148	1.461.155	49.589.362
Payables from finance sector operations	--	--	--	--	--	210.397	210.397
Employee benefit obligations	50.996	148.745	16.004	715.405	20.934	24.216	976.300
Other payables	1.905.754	15.632	3.123.732	14.078	99.710	10.145	5.169.051
Deferred income	--	1.432.792	524.178	1.078.885	72.684	4.917	3.113.456
Derivative financial instruments	--	--	--	626.360	--	--	626.360
Taxation on income	106.181	--	1.631.123	15.668	--	542	1.753.514
Provision for expenses	81.855	37.552	33.210	3.169.204	77.102	39.752	3.438.675
Other liabilities	1.017.134	35.747	13.492	2.404.848	68.311	13.492	3.553.024
<b>Current liabilities</b>							
	<b>25.175.574</b>	<b>25.041.025</b>	<b>14.176.671</b>	<b>77.955.195</b>	<b>26.847.005</b>	<b>3.127.691</b>	<b>172.323.161</b>
Assets held for sale	7.012.617	--	--	--	--	--	7.012.617
<b>Total current liabilities</b>							
	<b>32.188.191</b>	<b>25.041.025</b>	<b>14.176.671</b>	<b>77.955.195</b>	<b>26.847.005</b>	<b>3.127.691</b>	<b>179.335.778</b>
<b>Non-current liabilities</b>							
Financial liabilities	25.802.361	2.389.802	5.117.071	2.530.431	9.600.013	9.307.423	54.747.101
Other financial liabilities	--	--	--	257.015	--	--	257.015
Trade payables	--	--	--	177.854	--	--	177.854
Other payables	--	--	832.839	--	--	--	832.839
Deferred income	--	--	--	1.521	--	9.750	11.271
Long term provisions	294.913	639.248	45.604	1.941.328	34.231	105.655	3.060.979
Other non-current liabilities	17	--	--	--	--	--	17
Deferred tax liability	2.950.881	1.328.306	160.396	3.711.273	169.878	--	8.320.734
<b>Total non-current liabilities</b>							
	<b>29.048.172</b>	<b>4.357.356</b>	<b>6.155.910</b>	<b>8.619.422</b>	<b>9.804.122</b>	<b>9.422.828</b>	<b>67.407.810</b>
<b>Total liabilities</b>							
	<b>61.236.363</b>	<b>29.398.381</b>	<b>20.332.581</b>	<b>86.574.617</b>	<b>36.651.127</b>	<b>12.550.519</b>	<b>246.743.588</b>
<b>01.01.- 31.12.2023</b>							
<b>Capital expenditure</b>	<b>1.503.603</b>	<b>195.773</b>	<b>10.240</b>	<b>5.459.813</b>	<b>217.833</b>	<b>218.538</b>	<b>7.605.800</b>

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31.12.2022	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
<b>Current assets</b>							
Cash and cash equivalents	4.180.805	290.264	3.914.075	2.557.955	323.561	65.906	11.332.566
Investment securities	1.092.113	5	1.493	66.161	--	--	1.159.772
Trade receivables	9.792.300	2.336.393	1.737	18.021.194	201.110	90.727	30.443.461
Receivables from finance sector operations	--	--	--	--	--	1.845	1.845
Other receivables	1.048.320	312.975	28.876	4.152.973	1.832	275.774	5.820.750
Receivables from service concession arrangements	1.716.084	--	--	--	--	--	1.716.084
Inventories	1.289.508	4.550.710	31	22.555.834	400.631	2.138.077	30.934.791
Prepaid expenses	179.698	108.831	4.152	67.969	64.532	72.174	497.356
Current income tax assets	35.119	104	15	56.389	168	--	91.795
Derivative financial instruments	--	--	--	176.676	--	--	176.676
Other current assets	447.929	139.871	528.323	267.850	2.020	30.722	1.416.715
<b>Total current assets</b>							
	<b>19.781.876</b>	<b>7.739.153</b>	<b>4.478.702</b>	<b>47.923.001</b>	<b>993.854</b>	<b>2.675.225</b>	<b>83.591.811</b>
<b>Non-current assets</b>							
Trade receivables	150.967	74.591	--	110	--	--	225.668
Other receivables	1.306.124	328	4.686.867	490.394	20.265	4.264	6.508.242
Investment in associate	2.659.471	--	--	3.776.294	--	--	6.435.765
Investment securities	1.953	40.936	45.357.753	187.882	--	--	45.588.524
Receivables from service concession arrangements	11.149.923	--	--	--	--	--	11.149.923
Mining assets	--	--	--	--	--	730.684	730.684
Contract assets	14.057	--	--	--	--	--	14.057
Property, plant and equipment	69.426.917	18.142.757	2.450.715	37.283.951	45.000.171	10.598.629	182.903.140
Intangible assets	8.893.271	368.834	629.953	3.288.042	43.848	38.822	13.262.770
Derivative financial instruments	756.613	--	--	--	185.005	--	941.618
Right of assets	610.367	214.435	13.640	989.330	275.687	206.460	2.309.919
Prepaid expenses	1.195.686	44.523	25	873.067	101	5.871	2.119.273
Other non-current assets	25.998	7	--	--	--	255.490	281.495
Deferred tax assets	2.228.132	22.281	--	--	--	2.570.683	4.821.096
<b>Total non-current assets</b>							
	<b>98.419.479</b>	<b>18.908.692</b>	<b>53.138.953</b>	<b>46.889.070</b>	<b>45.525.077</b>	<b>14.410.903</b>	<b>277.292.174</b>
<b>Total assets</b>							
	<b>118.201.355</b>	<b>26.647.845</b>	<b>57.617.655</b>	<b>94.812.071</b>	<b>46.518.931</b>	<b>17.086.128</b>	<b>360.883.985</b>



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31.12.2022	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
<b>Current liabilities</b>							
Financial liabilities	20.930.368	21.437.037	9.365.768	33.490.325	8.141.855	2.096.801	95.462.154
Trade payables	9.283.544	2.370.158	78.188	35.457.189	190.039	1.208.964	48.588.082
Payables from finance sector operations	--	--	--	--	--	276.222	276.222
Employee benefit obligations	38.175	143.249	29.755	748.018	31.037	13.747	1.003.981
Other payables	4.302.646	14.795	897.498	4.536	2.263.779	15.161	7.498.415
Deferred income	2.111.924	1.394.236	--	2.060.368	68.041	352.011	5.986.580
Derivative financial instruments	29.503	--	--	981.336	--	--	1.010.839
Taxation on income	221.260	--	1.428.701	--	--	6.645	1.656.606
Provision for expenses	42.918	36.239	31.953	2.756.824	103.991	26.810	2.998.735
Other liabilities	412.184	46.665	12.978	1.820.566	96.532	16.673	2.405.598
<b>Total current liabilities</b>	<b>37.372.522</b>	<b>25.442.379</b>	<b>11.844.841</b>	<b>77.319.162</b>	<b>10.895.274</b>	<b>4.013.034</b>	<b>166.887.212</b>
<b>Non-current liabilities</b>							
Financial liabilities	37.785.062	4.279.687	12.297.601	1.885.396	33.314.327	8.681.995	98.244.068
Trade payables	--	--	--	300.790	--	--	300.790
Other payables	2.356	--	2.434.917	--	--	91	2.437.364
Deferred income	--	--	--	--	--	--	--
Long term provisions	298.233	877.462	42.989	2.299.510	46.524	79.051	3.643.769
Other non-current liabilities	28	3	--	--	--	--	31
Deferred tax liability	8.285.173	1.758.134	28.107	2.461.190	1.285.830	(168)	13.818.266
<b>Total non-current liabilities</b>	<b>46.370.852</b>	<b>6.915.286</b>	<b>14.803.614</b>	<b>6.946.886</b>	<b>34.646.681</b>	<b>8.760.969</b>	<b>118.444.288</b>
<b>Total liabilities</b>	<b>83.743.374</b>	<b>32.357.665</b>	<b>35.563.308</b>	<b>75.351.195</b>	<b>45.541.955</b>	<b>12.774.003</b>	<b>285.331.500</b>
<b>01.01.- 31.12.2022</b>							
<b>Capital expenditure</b>	<b>1.620.354</b>	<b>1.319.040</b>	<b>7.136</b>	<b>6.867.304</b>	<b>1.058.821</b>	<b>320.249</b>	<b>11.192.904</b>
<b>Geographical Segments</b>							
<b>Revenue</b>							
Turkey	77.820.695						83.963.449
Europe	68.404.301						75.353.493
Other countries	17.237.554						17.709.849
	<b>163.462.550</b>						<b>177.026.791</b>

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5. CASH AND CASH EQUIVALENTS

	31.12.2023	31.12.2022
Cash in hand	17.679	8.550
Demand deposit at banks	4.434.463	5.194.978
Time deposit at banks	3.398.339	5.706.373
Blocked deposit	31.605	161.870
Other	207.605	260.795
<b>Cash and cash equivalents</b>	<b>8.089.691</b>	<b>11.332.566</b>
Bank overdrafts (-)	--	(56.215)
<b>Cash and cash equivalents presented in cash flow statement</b>	<b>8.089.691</b>	<b>11.276.351</b>

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. and 49,99% voting and equity interets Electrip Global Limited. These investments are accounted for under the equity method.

	01.01.- 31.12.2023	01.01.- 31.12.2022
Investments in associate	10.323.809	6.435.765
Share of gain loss of associates	1.679.024	1.784.949

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 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, the Group's stake in TOGG has reached 23%.

It has been decided to sell all of the shares of ZES Solar to Electrip Global Limited, a company incorporated in Jersey, in which 49,99% of ZES Solar shares are held, for a total consideration of USD 49.400 thousand, and it has been decided to make adjustments to the sale price if the adjustment conditions stipulated in the Share Purchase and Sale Agreement are fulfilled, and the related share transfer transactions have been completed.

With the aforementioned share transfers, Electrip Global B.V. and ZES Solar are out of the scope of full consolidation. Zorlu Enerji Elektrik Üretim AŞ's ownership interest in Electrip Global Limited has become 49,99% and Electrip Global Limited, which is directly owned by Zorlu Enerji Elektrik Üretim A.Ş., has been accounted for under investments accounted through equity method in the financial statements for the period ended 30 June 2023.

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7. INVESTMENT SECURITIES

	31.12.2023	31.12.2022
<b>Current</b>		
Investment securities held to maturity	434.537	1.159.636
Other	4	136
	<b>434.541</b>	<b>1.159.772</b>

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.

	31.12.2023	31.12.2022
<b>Non-current financial assets available-for-sale</b>		
Financial assets held to maturity	39.273.957	45.259.316
Other investments	388.192	329.208
	<b>39.662.149</b>	<b>45.588.524</b>

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.

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.

8. TRADE RECEIVABLES

	31.12.2023	31.12.2022
<b>Current</b>		
Trade receivables		
- Third parties	21.438.205	27.508.952
- Related parties, note 35	2.591.559	1.696.782
Notes receivable		
- Third parties	1.920.568	2.439.574
	<b>25.950.332</b>	<b>31.645.308</b>
Unearned interest on receivables (-)		
- Third parties	(142.209)	(165.789)
Allowance for doubtful receivables (-)	(759.481)	(1.036.058)
	<b>25.048.642</b>	<b>30.443.461</b>
<b>Non-current</b>		
Trade receivables		
- Third parties	373.111	150.968
Notes receivable		
- Third parties	12.190	74.700
	<b>385.301</b>	<b>225.668</b>

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Movement in the allowance for doubtful receivables is as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
<b>Opening balance, 01.01</b>	<b>1.036.058</b>	<b>1.543.677</b>
Charge for the year	185.705	224.033
Amounts utilized during the year (-)	(90.943)	(162.359)
Doubtful receivables written-off	(95)	(87)
Translation differences	114.391	34.749
Assets held for sale	(19.174)	--
Monetary gain / loss	(466.461)	(603.955)
	<b>759.481</b>	<b>1.036.058</b>

9. RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31.12.2023	31.12.2022
<b>Current</b>		
Domestic factoring receivable	--	1.845
	<b>--</b>	<b>1.845</b>

The Group had received guarantees amounting to TL 3.297.525 (2022: TL 3.096.754) as collateral for receivables from sector operations.

10. PREPAID EXPENSES AND DEFERRED INCOME

	31.12.2023	31.12.2022
<b>Current</b>		
Prepaid expenses	539.327	253.388
Advances given to third parties	1.396.821	243.968
Advances given to related parties, note 34	2.177	--
	<b>1.938.325</b>	<b>497.356</b>
<b>Non-current</b>		
Prepaid expenses	1.122.971	1.250.975
Advances given	410.862	868.298
	<b>1.533.833</b>	<b>2.119.273</b>
<b>Deferred income</b>		
Advances received from third parties	2.514.626	4.389.669
Advances received from related parties, note 34	58	1.494
Deferred income	598.772	1.595.417
	<b>3.113.456</b>	<b>5.986.580</b>



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11. DERIVATIVE FINANCIAL INSTRUMENTS

	31.12.2023			31.12.2022		
	Fair values			Fair values		
	Contract amount	Asset	Liability	Contract amount	Asset	Liability
<b>Held for hedging</b>						
Interest rate swaps	--	--	--	10.460.228	185.005	--
Currency forwards	57.151	48.629	465.112	20.814	15.545	623.834
<b>Held for trading</b>						
Interest rate swaps	14.457.836	343.657	--	15.131.432	756.613	--
Currency forwards	19.423	139.337	161.248	171.596	161.131	387.005
	<b>14.534.410</b>	<b>531.623</b>	<b>626.360</b>	<b>25.784.070</b>	<b>1.118.294</b>	<b>1.010.839</b>

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 2023, The Group has forward foreign currency purchase contract that amounts to EUR 277.544 thousand, USD 1.084.382 thousand, GBP 135.899 thousand, PLN 21.625 thousand, CNY 156.580 thousand and against forward foreign currency sales contract that amounts to EUR 705.294 thousand, USD 419.731 thousand, GBP 142.433 thousand, PLN 60.625 thousand and TL 4.417.056.

12. OTHER RECEIVABLES

	31.12.2023	31.12.2022
<b>Current</b>		
Due from related parties, note 34	141.433	2.262.141
VAT receivables	1.215.917	2.044.300
Deposits and guarantees given	300.102	349.378
Due from personnel	17.107	1.669
Other receivables	1.496.590	1.163.262
	<b>3.171.149</b>	<b>5.820.750</b>

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13. RECEIVABLES FROM SERVICE CONCESSION ARRANGEMENT

	31.12.2023	31.12.2022
Short-term	1.732.907	1.716.084
Long-term	7.387.545	11.149.923
	<b>9.120.452</b>	<b>12.866.007</b>

The receivables from service concession arrangement represent the amounts of the investments not yet recovered by the tariff.

As at 31 December 2023, the total of the receivables from service concession arrangement is related to OEDAŞ (31 December 2022: TL 10.002.593 is related to OEDAŞ, TL 2.863.414 is related to Gazdaş and Trakya). As of 31 December 2023, TL 3.107.351 of the from service concession arrangement related to Gazdaş and Trakya is reclassified to “Assets Held for Sale”.

The maturity analysis of the receivables from service concession arrangement is as follows:

Up to 1 year	1.732.907	1.716.084
Up to 1-3 year	1.732.907	1.716.084
Up to 3-5 year	5.654.638	9.433.839
	<b>9.120.452</b>	<b>12.866.007</b>

The movements of the receivables from service concession arrangement for electricity and gas distribution companies are as follows:

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
<b>Opening balance</b>	<b>12.866.007</b>	<b>10.896.952</b>
Adjustments related to EMRA tariff change (*)	--	(56.294)
<b>Adjusted opening balance</b>	<b>12.866.007</b>	<b>10.840.658</b>
Gross investments	1.695.568	3.994.473
Subscriber connection fee (**)	(394.879)	(253.040)
<b>Net investment</b>	<b>1.300.689</b>	<b>3.741.433</b>
Collections (-)	(1.938.893)	(1.716.084)
Assets held for sale	(3.107.351)	--
	<b>9.120.452</b>	<b>12.866.007</b>

(\*) For Trakya and Gazdaş, the parameters related to 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 (Energy Market Regulatory Authority) with the Board Decision dated 8 September 2022, and numbered 11194 and the Board Decision dated 1 September 2022 and numbered 11169, respectively. 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 in 2022 figures as adjustments made in accordance with the EMRA tariff change.

(\*\*) 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 within the framework of natural gas distribution activities. The subscriber connection fee amounts determined by EMRA are collected at the time of signing the connection agreement for once only and is non-refundable. In this context, subscriber connection investments and collections made during the period are shown as gross.

(\*\*\*) EMRA takes the annual CPI into account when setting the price of capital expenditures made by distribution companies. Therefore, receivables from concession service agreements recognised as financial assets in accordance with TFRS Interpretation 12 are updated at each reporting date in accordance with the CPI.

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14. OTHER ASSETS

	31.12.2023	31.12.2022
Current		
VAT receivable	1.055.676	967.953
Income accruals	250.958	390.433
Other	307.074	58.329
	1.613.708	1.416.715
Non-current		
VAT receivable	183.776	255.492
Other	3.096	26.003
	186.872	281.495

15. CONTRACT ASSETS

Other contract assets (*)	300.740	14.057
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(\*) Contract assets consist of ongoing investment expenditures as of 31 December 2023 and 2022. The aforementioned investment expenditures have not yet been notified to EMRA by the Group and include amounts that cannot be recognized as financial assets related to concession agreements. They are recognized as financial assets associated to service concession agreements upon their notification to EMRA by the Company.

16. INVENTORIES

	31.12.2023	31.12.2022
Raw and auxiliary materials	13.321.602	12.608.592
Work in process	1.234.003	1.465.134
Finished goods and merchandise	13.960.238	16.342.178
Other	582.032	983.881
	29.097.875	31.399.785
Provision for diminution in value of inventories (-)	(419.636)	(464.994)
	28.678.239	30.934.791

Movement in the diminution in value of inventories is as follows:

	01.01.-31.12.2023	01.01.-31.12.2022
Opening balance, 01.01	464.994	600.134
Charge for the year	180.329	198.283
Amounts utilized during the year (-)	(112.400)	(73.586)
Translation difference	35.163	37.597
Monetary gain / loss	(148.450)	(297.434)
Ending balance, 31.12	419.636	464.994

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17. PROPERTY, PLANT AND EQUIPMENT

	01.01.2023	Additions	Disposals	Unconsolidated subsidiary	Assets held for sale	Translation differences	Revaluation of property, plant and equipment	
							Transfer	31.12.2023
Cost								
Land and buildings	76.819.818	324.147	(233.337)	--	(17.178)	(3.530.323)	7.374.668	81.299.602
Machinery and equipment	88.757.652	1.649.133	(2.191.660)	(133.136)	(5.394)	(1.741.986)	(8.300.719)	74.034.733
Motor vehicles	434.367	263.059	(176.585)	(29.710)	(14.068)	(2.598)	--	476.459
Leasehold improvements	1.891.128	115.441	(520)	(69.681)	(18.612)	(96.435)	--	1.827.706
Furniture and fixtures	10.371.732	376.025	(46.795)	(13.467)	(123.665)	(9.653)	--	10.618.475
Construction in progress	15.632.213	3.040.053	(189.895)	(145.742)	(23)	(2.339.217)	--	10.991.203
	193.906.910	5.767.858	(2.838.792)	(391.736)	(178.940)	(7.720.212)	(926.051)	179.248.178
Accumulated depreciation (-)								
Land and buildings	--	1.442.740	(82.474)	--	(2.408)	(191.990)	--	--
Machinery and equipment	--	9.209.101	(1.611.423)	(7.483)	(4.942)	(338.055)	--	--
Motor vehicles	341.049	39.460	(165.691)	(7.771)	(13.990)	(3.273)	--	189.784
Leasehold improvements	1.584.916	71.201	(240)	(25.485)	(17.531)	(96.297)	--	1.516.564
Furniture and fixtures	9.077.805	515.540	(43.614)	(1.847)	(96.321)	(15.133)	--	9.436.430
	11.003.770	11.278.042	(1.903.442)	(42.586)	(135.192)	(644.748)	--	11.142.778
Net book value	182.903.140							168.105.400



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	01.01.2022	Additions	Disposals	Translation differences	Revaluation of property, plant and equipment	Transfer	31.12.2022
Cost							
Land and buildings	71.766.917	1.055.995	(6.810)	(444.627)	5.032.122	(583.779)	76.819.818
Machinery and equipment	70.830.613	2.657.400	(511.572)	248.006	18.167.621	(2.634.416)	88.757.652
Motor vehicles	391.786	49.887	(27.707)	10.282	--	10.119	434.367
Leasehold improvements	1.791.545	163.600	(89.707)	25.690	--	--	1.891.128
Furniture and fixtures	9.814.305	562.929	(33.864)	(5.108)	--	33.470	10.371.732
Construction in progress	13.210.964	5.655.990	(19.442)	(1.003.946)	--	(2.211.353)	15.632.213
	167.806.130	10.145.801	(689.102)	(1.169.703)	23.199.743	(5.385.959)	193.906.910
Accumulated depreciation (-)							
Land and buildings	--	1.526.769	(10)	(84.476)	--	(1.442.283)	--
Machinery and equipment	--	6.776.451	(416.407)	(376.475)	--	(5.983.569)	--
Motor vehicles	306.955	33.653	(9.550)	9.864	--	127	341.049
Leasehold improvements	1.555.615	95.677	(86.801)	20.425	--	--	1.584.916
Furniture and fixtures	8.598.933	501.956	(31.361)	8.343	--	(66)	9.077.805
	10.461.503	8.934.506	(544.129)	(422.319)	--	(7.425.791)	11.003.770
Net book value	157.344.627						182.903.140

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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 31.12.2023 “Construction in Progress” account for new investments in tangible fixed assets amounted to TL 10.991.203 (2022: TL 15.632.213) which was broken down as follows:

	31.12.2023	31.12.2022
Energy segment	9.140.522	11.441.586
White goods segment	22.500	532.355
Textile segment	9.103	27.188
Holding segment	1.775.560	3.299.939
Other segment	43.518	331.145
	10.991.203	15.632.213

Energy segment

- Construction of one 340 MW energy power plants by Rosmiks LLC in Russia amounting to TL 7.232.326 (2022: TL 8.991.666).
- Investments in other investments amounting to TL 1.908.196 (2022: TL 2.449.920).

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18. INTANGIBLE ASSET

	01.01.2023	Additions	Disposals	Unconsolidated subsidiary	Assets held for sale	Translation differences	Transfer	31.12.2023
Cost								
Wind energy production rights	1.040.779	1.513.939	--	--	--	--	--	2.554.718
Development cost	10.952.559	--	(3.582)	--	--	188	30	10.949.195
Concessional service agreements	5.649.618	--	--	--	--	--	--	5.649.618
Customer service	2.146.388	--	--	--	--	--	--	2.146.388
Rights	4.844.874	147.961	(4.016)	(10.704)	(1.440.862)	(3.548)	1.737	3.535.442
Other intangible assets	2.060.177	140.105	(4.479)	--	(50.697)	(6.816)	9.185	2.147.475
	26.694.395	1.802.005	(12.077)	(10.704)	(1.491.559)	(10.176)	10.952	26.982.836
Accumulated depreciation (-)								
Wind energy production rights	496.508	38.877	--	--	(535.385)	--	--	--
Development cost	7.984.995	893.303	(473)	--	--	(6.487)	--	8.871.338
Concessional service agreements	826.540	288.367	--	--	--	--	--	1.114.907
Customer service	1.526.108	109.556	--	--	--	--	--	1.635.664
Rights	1.058.076	86.474	(3.887)	(5.198)	(103.053)	(3.025)	--	1.029.387
Other intangible assets	1.539.398	80.443	(883)	--	(34.783)	(7.361)	--	1.576.814
	13.431.625	1.497.020	(5.243)	(5.198)	(673.221)	(16.873)	--	14.228.110
Net book value								
	13.262.770							12.754.726

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	01.01.2022	Additions	Disposals	Translation differences	Transfer	31.12.2022
Cost						
Wind energy production rights	1.040.779	--	--	--	--	1.040.779
Development cost	10.159.401	785.362	(15.215)	23.011	--	10.952.559
Concessional service agreements	5.649.618	--	--	--	--	5.649.618
Customer service	2.146.388	--	--	--	--	2.146.388
Rights	4.804.808	61.098	(4.645)	(11.574)	(4.813)	4.844.874
Other intangible assets	1.929.025	122.214	(4.556)	9.549	3.945	2.060.177
	25.730.019	968.674	(24.416)	20.986	(868)	26.694.395
Accumulated depreciation (-)						
Wind energy production rights	457.631	38.877	--	--	--	496.508
Development cost	7.371.166	617.000	(891)	(2.280)	--	7.984.995
Concessional service agreements	538.173	288.367	--	--	--	826.540
Customer service	1.416.552	109.556	--	--	--	1.526.108
Rights	986.980	82.541	(829)	(10.489)	(127)	1.058.076
Other intangible assets	1.490.783	66.735	(2.648)	(15.538)	66	1.539.398
	12.261.285	1.203.076	(4.368)	(28.307)	(61)	13.431.625
Net book value						
	13.468.734					13.262.770



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19. RIGHT OF USE ASSETS

	01.01.2023	Additions	Disposals	Revaluation	Transfer	Assets held for sale	31.12.2023
<b>Cost</b>							
Buildings	2.817.519	688.527	(44.504)	--	--	(34.718)	3.426.824
Motor vehicles and machinery	1.128.300	123.241	(40.492)	14.230	(17.684)	(1.062)	1.206.533
Furniture and fixtures	575.288	--	--	--	--	--	575.288
	<b>4.521.107</b>	<b>811.768</b>	<b>(84.996)</b>	<b>14.230</b>	<b>(17.684)</b>	<b>(35.780)</b>	<b>5.208.645</b>
<b>Accumulated depreciation (-)</b>							
Buildings	1.245.042	421.490	(36.377)	--	--	(15.157)	1.614.998
Motor vehicles and machinery	665.596	185.768	(35.417)	--	(17.684)	(950)	797.313
Furniture and fixtures	300.550	--	--	--	--	--	300.550
	<b>2.211.188</b>	<b>607.258</b>	<b>(71.794)</b>	<b>--</b>	<b>(17.684)</b>	<b>(16.107)</b>	<b>2.712.861</b>
<b>Net book value</b>	<b>2.309.919</b>						<b>2.495.784</b>
			01.01.2022	Additions	Disposals	Transfer	31.12.2022
<b>Cost</b>							
Buildings			1.967.957	1.100.624	(251.062)	--	2.817.519
Motor vehicles and machinery			1.087.462	62.943	(22.105)	--	1.128.300
Furniture and fixtures			575.288	--	--	--	575.288
			<b>3.630.707</b>	<b>1.163.567</b>	<b>(273.167)</b>	<b>--</b>	<b>4.521.107</b>
<b>Accumulated depreciation (-)</b>							
Buildings			981.970	514.039	(250.967)	--	1.245.042
Motor vehicles and machinery			447.328	233.654	(15.386)	--	665.596
Furniture and fixtures			257.422	43.128	--	--	300.550
			<b>1.686.720</b>	<b>790.821</b>	<b>(266.353)</b>	<b>--</b>	<b>2.211.188</b>
<b>Net book value</b>			<b>1.943.987</b>				<b>2.309.919</b>

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20. MINING ASSETS

	1.01.2023	Additions	Disposals	Translation differences	Transfer	31.12.2023
<b>Cost</b>						
Mining assets	878.062	35.937	--	(35.098)	--	878.901
	<b>878.062</b>	<b>35.937</b>	<b>--</b>	<b>(35.098)</b>	<b>--</b>	<b>878.901</b>
<b>Accumulated depreciation (-)</b>						
Mining assets	147.378	31.791	--	(5.053)	--	174.116
	<b>147.378</b>	<b>31.791</b>	<b>--</b>	<b>(5.053)</b>	<b>--</b>	<b>174.116</b>
<b>Net book value</b>	<b>730.684</b>					<b>704.785</b>
				Translation differences	Transfer	31.12.2022
<b>Cost</b>						
Mining assets	921.814	78.430	(7.644)	(107.344)	(7.194)	878.062
	<b>921.814</b>	<b>78.430</b>	<b>(7.644)</b>	<b>(107.344)</b>	<b>(7.194)</b>	<b>878.062</b>
<b>Accumulated depreciation (-)</b>						
Mining assets	154.621	21.511	(1.911)	(19.649)	(7.194)	147.378
	<b>154.621</b>	<b>21.511</b>	<b>(1.911)</b>	<b>(19.649)</b>	<b>(7.194)</b>	<b>147.378</b>
<b>Net book value</b>	<b>767.193</b>					<b>730.684</b>

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21. BORROWINGS

	Foreign currency		TL equivalent	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<b>Current</b>				
-USD (*000)	1.975.381	1.367.267	58.151.651	42.125.138
-EUR (*000)	587.359	409.233	19.132.573	13.442.206
-TL	14.542.246	31.884.108	14.542.246	31.884.108
-PKR (*000)	--	168.304	--	22.745
-NIS (*000)	394	405	3.219	3.551
-CNY (*000)	145.484	68.467	599.569	302.413
-RUB (*000)	--	685.038	--	292.890
<b>Issued bonds</b>				
-TL	7.621.795	5.718.284	7.621.795	5.718.284
-USD (*000)	59.720	25.304	1.758.060	779.610
<b>Finance leases</b>				
-TL	444.522	487.395	444.522	487.395
-USD (*000)	10.293	10.436	303.007	321.531
-EUR (*000)	2.354	2.505	76.679	82.283
			<b>102.633.321</b>	<b>95.462.154</b>
<b>Non-current</b>				
-USD (*000)	1.075.087	2.100.022	31.648.605	64.701.122
-EUR (*000)	343.172	560.708	11.178.450	18.417.753
-TL	3.332.361	4.943.947	3.332.361	4.943.947
-NIS (*000)	4.732	5.053	38.660	44.299
<b>Issued bonds</b>				
-TL	220.990	151.916	220.990	151.916
-USD (*000)	237.975	269.449	7.005.577	8.301.652
<b>Finance leases</b>				
-TL	1.118.178	1.177.589	1.118.178	1.177.589
-USD (*000)	4.206	11.782	123.817	363.000
-EUR (*000)	2.406	4.266	78.373	140.126
-PKR (*000)	19.895	19.715	2.090	2.664
			<b>54.747.101</b>	<b>98.244.068</b>

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Korteks Mensucat Sanayi ve Ticaret A.Ş. has issued bonds with a nominal value of TL 50.000 with a maturity of 182 days and fixed interest rate as of 13 July 2023, with a nominal value of TL 131.580 with a maturity of 182 days and fixed interest rate as of 14 September 2023 and with a nominal value of TL 89.930 with a maturity of 148 days and fixed interest rate as of 30 November 2023 and with principal and interest payments at maturity.

Korteks Mensucat Sanayi ve Ticaret A.Ş. has issued bonds with a nominal value of TL 33.200 with a maturity of 406 days and a floating interest rate as of 2 February 2023, with quarterly coupon payments and principal and interest payments at maturity, with a nominal value of TL 142.350 with a maturity of 378 days and a floating interest rate as of 2 March 2023, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 26.330 with a maturity of 407 days and a floating interest rate as of 16 March 2023, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 83.480 with a maturity of 387 days and a floating interest rate as of 5 April 2023, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 88.380 with a maturity of 392 days and a floating interest rate as of 4 May 2023, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 37.770 with a maturity of 378 days and a floating interest rate as of 18 May 2023, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 85.750 with a maturity of 400 days and a floating interest rate as of 13 July 2023, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 74.160 with a maturity of 385 days and a floating interest rate as of 28 July 2023, with a coupon payment every 3 months and principal and interest payments at maturity, with a nominal value of TL 180.000 with a maturity of 365 days and a floating interest rate as of 17 August 2023, with a coupon payment every 3 months and principal and interest payments at maturity, with a nominal value of TL 96.520 with a maturity of 392 days and a floating interest rate as of 14 September 2023, with quarterly coupon payments and principal and interest payments at maturity, with a nominal value of TL 100.000 with a maturity of 395 days, floating interest rate as of 31 October 2023, quarterly coupon and principal and interest payments at maturity, with a nominal value of TL 125.000 with a maturity of 366 days and a floating interest rate as of 29 November 2023, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 185.000 with a maturity of 365 days and a floating interest rate as of 30 November 2023, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 100.000 with a maturity of 400 days and floating interest rate as of 20 December 2023, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 90.500 with a maturity of 393 days and a floating interest rate as of 14 December 2022, with monthly coupon payments and principal and interest payments at maturity.

Zorlu Enerji Elektrik Üretim A.Ş. has issued bonds of floating interest rate, monthly coupon and principal and interest payment at maturity with a nominal value of TL 162.880 with a maturity of 384 days as of 13 January 2023, with a nominal value of TL 124.450 with a maturity of 384 days as of 17 February 2023, with a nominal value of TL 74.310 with a maturity of 385 days as of 16 March 2023, with a nominal value of TL 41.700 with a maturity of 393 days as of 19 April 2023, with a nominal value of TL 33.250 with a maturity of 392 days as of 18 May 2023, with a nominal value of TL 35.750 with a maturity of 392 days as of 15 June 2023, with a nominal value of TL 55.590 with a maturity of 370 days as of 7 July 2023, with a nominal value of TL 230.000 with a maturity of 399 days as of 27 July 2023, with a nominal value of TL 141.850 with a maturity of 399 days as of 14 December 2023, with a nominal value of TL 125.000 with a maturity of 426 days as of 21 December 2023.

Zorlu Enerji Elektrik Üretim A.Ş. has issued bonds of floating interest rate, quarterly coupon and principal and interest payments at maturity, with a nominal value of TL 118.820 with a maturity of 399 days as of 2 February 2023, with a nominal value of TL 180.350 with a maturity of 399 days as of 10 August 2023, with a nominal value of TL 150.000 with a maturity of 392 days and TL 154.560 with a maturity of 392 days as of 7 September 2023, with a nominal value of TL 100.000 with a maturity of 395 days as of 25 September 2023, with a nominal value of TL 230.820 with a maturity of 393 days as of 27 September 2023, with a nominal value of TL 114.270 with a maturity of 385 days as of 26 October 2023 and with a nominal value of TL 100.770 with a maturity of 371 days as of 9 November 2023.



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Zorlu Enerji Elektrik Üretim A.Ş. has issued financing bonds of fixed interest rate and principal payments at maturity with a nominal value of TL 70.000 with a maturity of 175 days as of 10 August 2023, with a nominal value of TL 78.250 with a maturity of 147 days and a nominal value of TL 100.000 with a maturity of 217 days as of 9 November 2023, with a nominal value of TL 66.440 with a maturity of 154 days as of 14 December 2023.

Vestel Elektronik Sanayi ve Ticaret A.Ş. has issued bonds of floating interest rate and quarterly coupon payments and principal and interest payments at maturity with a nominal value of TL 120.000 with a maturity of 379 days of 25 January 2023, with a nominal value of TL 190.000 with a maturity of 362 days of 25 August 2023, with a nominal value of TL 300.000 with a maturity of 265 days of 15 September 2023, with a nominal value of TL 500.000 with a maturity of 283 days of 18 September 2023, with a nominal value of TL 300.000 with a maturity of 395 days of 3 October 2023, with a nominal value of TL 460.000 with a maturity of 379 days of 19 October 2023, with a nominal value of TL 214.000 with a maturity of 162 days and TL 517.000 with a maturity 379 days of 22 November 2023.

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. has issued bonds of floating interest rate, quarterly coupon payments and principal and interest payments at maturity with a nominal value of TL 50.000 with a maturity of 390 days as of 25 August 2023, with a nominal value of TL 390.000 with a maturity of 173 days and TL 260.000 with a maturity of 383 days as of 1 September 2023, with a nominal value of TL 265.000 with a maturity of 728 days as of 9 June 2022.

Zorlu Faktoring A.Ş. has issued bonds with fixed interest rates and coupon payments every 28 days and principal and interest payments at maturity; with a nominal value of TL 35.000 with a maturity of 140 days as of 28 August 2023, with a nominal value of TL 25.000 with a maturity of 142 days as of 20 September 2023, with a nominal value of TL 25.000 with a maturity of 140 days as of 1 November 2023, with a nominal value of TL 25.000 with a maturity of 147 days as of 22 November 2023 and with a nominal value of TL 70.000 with a maturity of 140 days as of 21 December 2023.

Summary maturity schedule of total borrowings is given below:

	USD (‘000)	EUR (‘000)	NIS (‘000)	CNY (‘000)	TL	TL equivalent		
31.12.2023								
Due in one year	2.035.101	587.359	394	145.484	22.164.042	101.809.113		
One to two years	416.328	85.485	253	--	1.414.951	16.457.545		
Two to three years	331.654	59.124	369	--	582.800	12.275.011		
Three to four years	107.266	47.271	404	--	458.098	5.158.917		
Four to five years	156.765	42.394	448	--	337.680	6.337.157		
Over five years	301.049	108.898	3.258	--	759.822	13.196.013		
	3.348.163	930.531	5.126	145.484	25.717.393	155.233.756		
	USD (‘000)	EUR (‘000)	PKR (‘000)	NIS (‘000)	RUB (‘000)	CNY (‘000)	TL equivalent	
31.12.2022								
Due in one year	1.392.571	409.233	168.304	405	685.038	68.467	37.602.390	94.570.945
One to two years	1.119.976	251.752	--	367	--	--	1.994.183	44.772.926
Two to three years	362.690	62.408	--	393	--	--	1.136.457	14.364.221
Three to four years	361.194	52.506	--	418	--	--	525.238	13.381.876
Four to five years	189.725	42.471	--	3.875	--	--	465.881	7.740.289
Over five years	335.886	151.571	--	--	--	--	974.106	16.301.377
	3.762.042	969.941	168.304	5.458	685.038	68.467	42.698.255	191.131.634

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22. PAYABLES FROM FINANCE SECTOR OPERATIONS

	31.12.2023	31.12.2022
Current		
Borrowings received (*)	182.618	221.570
Finance bonds	27.779	54.652
	210.397	276.222

(\*) 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 have fixed interest rates. On the maturity date, the principal amount paid for the bond will be paid back to the investor. The total interest accrual of the bills amounting to TL 180.000 (31 December 2022: TL 132.900) is TL 2.618 (31 December 2022: TL 1.480).

Zorlu Faktoring A.Ş. has issued bonds with fixed interest rates and coupon payments every 28 days and principal and interest payments at maturity; with a nominal value of TL 35.000 with a maturity of 140 days as of 28 August 2023, with a nominal value of TL 25.000 with a maturity of 142 days as of 20 September 2023, with a nominal value of TL 25.000 with a maturity of 140 days as of 1 November 2023, with a nominal value of TL 25.000 with a maturity of 147 days as of 22 November 2023 and with a nominal value of TL 70.000 with a maturity of 140 days as of 21 December 2023.

23. TRADE PAYABLES

Current		
Trade payables		
- Third parties	48.530.722	47.525.234
- Related parties, note 35	279.504	216.795
Notes payables		
- Third parties	858.932	933.224
Other	14.383	17.085
	49.683.541	48.692.338
Unearned interest on payables (-)		
- Third parties	(94.179)	(104.256)
	49.589.362	48.588.082

Non-current

Third parties	177.854	300.790
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24. OTHER LIABILITIES

Current		
Taxes payable	1.794.762	1.478.404
Other	1.758.262	927.194
	3.553.024	2.405.598
Non-current		
Deposits and guarantees received	17	31

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25. PROVISION FOR EXPENSES

	31.12.2023	31.12.2022
<b>Current</b>		
Warranty provisions	1.190.271	1.120.481
Provision for employee benefits	365.682	281.679
Legal claims	175.398	243.996
Other provisions	1.707.324	1.352.579
	<b>3.438.675</b>	<b>2.998.735</b>
<b>Non-current</b>		
Provision for employee benefits (Note 27)	2.666.511	3.356.789
Warranty provisions	349.160	249.928
Other provisions	45.308	37.052
	<b>3.060.979</b>	<b>3.643.769</b>

Movement of provisions is as follows:

	01.01.-31.12.2023	01.01.-31.12.2022
<b>Opening balance, 01.01</b>	<b>3.285.715</b>	<b>4.120.843</b>
Additions	4.233.941	2.344.653
Disposals (-)	(2.394.867)	(1.433.981)
Monetary gain / loss	(1.291.646)	(1.745.800)
	<b>3.833.143</b>	<b>3.285.715</b>

26. TAXATION ON INCOME

a. Current taxation

Corporations calculate advance tax at the rate of 25% 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. Advance tax paid during the year 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 permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax rate is applied on the tax base which is calculated by adding non-deductible expenses and deducting exemptions and deductions in accordance with the tax laws to the commercial income of the corporations. No other tax is payable unless the profit is distributed and all or part of the profit is distributed as dividends;

- To real persons
- Real persons and legal entities exempt or exempt from Income and Corporate Tax,
- Narrow taxpayer real and legal persons,

In case of distribution, 15% Income Tax Withholding is calculated. If the profit for the period is added to the capital, it is not considered as profit distribution and withholding tax is not applied.

Dividend earnings of corporations from their participation in the capital of another corporation subject to full obligation are exempt from corporation tax. Furthermore, 75% of the profits arising from the sale of the participation shares included in the assets of the institutions for at least two full years and the founding certificates of the real estates (immovables) that they own for the same period, the dividend shares and the preference rights, are exempt from corporate tax.

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However, with the amendment made with the Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018. Additionally, as of 15 July 2023, the 50% tax exemption rate for real estate capital gains specified in Law No. 5520 has been abolished. However, this exemption will be applied at a rate of 25% for the sales of real estate assets existing in the assets of enterprises before 15 July 2023.

In order to be able to benefit from the exemption, the income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

According to the Corporate Tax Law, financial losses stated on the tax return can be deducted from the tax base of current institutions, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by tax offices within five years and tax accounts can be revised.

Corporate Tax rate will be applied as 23% for the corporate income for the taxation period of 2022 and 25% for the corporate income for the taxation period of 2023.

A reconciliation of the Group’s tax provision on the financial position is as follows:

	31.12.2023	31.12.2022
Corporation tax payable	1.759.418	1.680.466
Prepaid tax (-)	(5.904)	(23.860)
	<b>1.753.514</b>	<b>1.656.606</b>
Deferred tax assets	7.218.908	4.821.096
Deferred tax liabilities	(8.320.734)	(13.818.266)
	<b>(1.101.826)</b>	<b>(8.997.170)</b>



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b. Deferred taxation

The Group recognizes deferred tax assets and liabilities based upon temporary differences between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes.

The composition of cumulative temporary differences and the related deferred tax assets/liabilities in respect of items for which deferred tax has been provided at the balance sheet dates using the expected future tax rates were as follows:

	Deferred tax assets		Deferred tax liabilities		Net	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Tangible and intangible assets	7.986.914	977.565	9.740.769	15.925.557	(1.753.855)	(14.947.992)
Receivables from service concession arrangements	--	--	2.280.113	2.573.201	(2.280.113)	(2.573.201)
Employee termination benefits	666.413	677.209	--	--	666.413	677.209
Changes in inventories	260.653	17.717	511.866	390.676	(251.213)	(372.959)
Provision for doubtful receivables	42.809	58.152	2.313	3.361	40.496	54.791
Taxable losses carried forward	3.548.537	3.030.982	--	--	3.548.537	3.030.982
Investment allowance	864.379	4.032.087	--	--	864.379	4.032.087
Unearned income / expense, net	--	--	4.836	3.102	(4.836)	(3.102)
Derivative financial instruments	109.814	160.932	86.129	182.423	23.685	(21.491)
Warranty provisions	384.858	274.082	--	--	384.858	274.082
Other	1.391.795	1.174.040	3.731.972	321.616	(2.340.177)	852.424
	15.256.172	10.402.766	16.357.998	19.399.936	(1.101.826)	(8.997.170)
Net-off (-)	(8.037.264)	(5.581.670)	(8.037.264)	(5.581.670)	--	--
Net deferred tax assets / (liabilities), net	7.218.908	4.821.096	8.320.734	13.818.266	(1.101.826)	(8.997.170)

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 35.058,58 as of 31.12.2023 (2022: TL 15.371,40) on historical cost basis.

The Group has no other obligation for employee termination other than the retirement pay above.

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Movement of reserve for retirement pay is given below:

	31.12.2023	31.12.2022
Opening balance, 01.01	3.356.789	1.791.726
Service cost	495.058	130.587
Actuarial gain/loss	450.883	1.604.994
Interest expense	285.891	268.525
Repayments (-)	(931.697)	(203.060)
Translation difference	(66)	(440)
Unconsolidated subsidiary	(45.291)	--
Monetary gain / loss	(945.056)	(235.543)
Ending balance, 31.12	2.666.511	3.356.789
Number of personnel employed at years end:		
White goods and electronics	19.304	20.438
Textile	5.043	5.794
Energy	2.691	2.716
Holding	381	348
Other	677	882
	28.096	30.178

28. EQUITY

a) Share capital

As of 31.12.2023, 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Zorlu Family	%100	%100	3.325.000	3.325.000

b) Adjustment to share capital

Adjustment to share capital is the difference between restated share capital (in purchasing power at the date of 31 December 2004) and historical share capital.

	31.12.2023	31.12.2022
Adjustment to share capital	41.527.487	41.527.487

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c) Other accumulated comprehensive income (loss) that will not be reclassified to profit or loss

Increases of carrying amounts as a result of revaluations recognized directly in the equity are followed in the headings below;

Revaluation gains	34.177.282	41.340.306
Gains (losses) on remeasurement of defined benefit plans	(1.463.930)	(1.384.079)

d) Other accumulated comprehensive income (loss) that will be reclassified to profit or loss

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	(13.397.862)	(19.571.108)
Translation differences	64.033.746	63.282.250

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 Group’s share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Group’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	439.960	439.960
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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	(81.105.809)	(77.315.124)
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30. COMMITMENTS AND CONTINGENCIES

Contingent assets

	31.12.2023	31.12.2022
--	------------	------------

a. Obtained from customers and suppliers		
Letters of guarantee	10.809.371	12.237.118
Checks and notes	2.278.190	3.944.730
Mortgaged and guarantees received	10.709.642	10.502.861

	23.797.203	26.684.709
--	------------	------------

Contingent liabilities

a. Letters of guarantee, checks and notes given

On behalf of incorporated body	600.000	988.638
On behalf of consolidated subsidiaries	383.508.775	287.393.759
On behalf of other Zorlu Group of companies	95.561.722	92.052.026
On behalf of third parties	1.098.448	653.140

	480.768.945	381.087.563
--	-------------	-------------

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 AŞ, Türkiye İş Bankası AŞ and Türkiye Sınai Kalkınma Bankası AŞ 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 TAŞ, Türkiye İş Bankası AŞ and Türkiye Sınai Kalkınma Bankası AŞ 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 9.500.000. 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 AŞ 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 574 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 6.000.000. 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.



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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.

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 6,000,000. 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 299 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 AŞ 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.AŞ were transferred to Şeker Finansal Kiralama AŞ 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.

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 AŞ,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 147,743 thousand 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 AŞ. Share pledge agreements amounting to TL 52,126 thousand and TL 1,150,050 thousand were signed for OEPSAŞ and Zorlu Osmangazi, respectively as well. The outstanding balance after payments and with all adjustments related to reporting is TL 2,192 million.

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 6 million NIS 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 5.1 million.

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*Electricity purchase and sale commitments*

*Zorlu Elektrik Toptan*

There is no commitment for electricity purchase for the year 2024. Within the scope of electricity purchase contracts made with energy companies, 1,727 MWh of energy was committed to be purchased in 2023, and all committed energy has been purchased. No transactions were made in 2023 within the scope of risk-sharing agreements made with energy companies related to electricity purchase and sale operations. Zorlu Elektrik Toptan has also not committed to any transactions for 2024.

*Zorlu Enerji*

There is no commitment for electricity purchase for the year 2024. There is no commitment for electricity purchase/sale for the year 2023. No transactions were made in 2023 within the scope of risk-sharing agreements made with energy companies related to electricity purchase and sale operations. Zorlu Elektrik Toptan has also not committed to any transactions for 2024.

*OEDAŞ*

The Company has no electricity sales commitment for 2023. Within the scope of electricity sales agreements the Company has committed to buy 803,163 MWh energy for 2023 and has bought the total of the committed amount.

*OEPSAŞ*

The Company has a electricity purchase commitment of 854,123 MWh for 2024. Within the scope of the electricity buying agreements made with energy companies, the Company has committed to buy 1,775,340 MWh energy for 2023 and fulfilled its commitment as at 31 December 2023.

*Natural gas purchase and sale commitments*

*Trakya*

Trakya has committed to purchase 924.28 million sm3 gas according to its contract with BOTAŞ for the year 2023. Related consumption was realized as 647.87 million sm3.

*Gazdaş*

Gazdaş has committed to purchase 530.40 million sm3 gas according to its contract with BOTAŞ for the year 2023. Related consumption was realized as 480.45 million sm3.

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31. NATURE OF EXPENSES

Nature of expenses consists of cost of sales, selling, general and administrative expenses.

	01.01.- 31.12.2023	01.01.- 31.12.2022
Direct materials and merchandise expenses	103.078.221	123.190.184
Changes in inventories	496.536	2.196.124
Personnel expenses	16.744.177	12.788.865
Depreciation and amortisation expense	12.890.075	10.388.104
Freight and freight insurance	4.551.114	6.343.445
Warranty expenses	3.101.992	1.965.402
Energy expenses	878.697	368.397
Advertising expenses	1.251.856	1.266.290
Repair and maintenance expenses	1.059.065	908.821
Outsourcing expenses	1.022.731	874.656
Office expenses	598.264	580.682
Energy transmission line distribution expenses	1.278.491	613.684
Export commissions	467.225	24.464
Exhibition expenses	251.151	103.814
Other	7.509.382	8.383.491
	155.178.977	169.996.423

32. OTHER INCOME AND EXPENSE

Foreign exchange gains from trade transactions	2.418.149	7.112.338
Interest income from trade transactions	411.377	263.178
Provisions released	386.491	191.481
Indexation of receivables from service concession arrangements	134.270	192.330
Income on insurance claims	105.224	65.179
Scrap sales income	32.480	76.675
Other	2.546.578	2.255.046
Other income	6.034.569	10.156.227
Foreign exchange loss from trade transactions	15.925.849	15.646.893
Interest expense from trade transactions	1.345.891	1.611.219
Doubtful debts provision expense	615.103	308.173
Depreciation of service concession arrangements	288.367	288.148
Idle capacity depreciation expenses	235.669	273.662
Other	806.081	869.870
Other expense	19.216.960	18.997.965

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33. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	01.01.- 31.12.2023	01.01.- 31.12.2022
Gain on sale of property, plant and equipment	749.111	12.870
Sale and leaseback transaction income	1.706	16.938
Gain on sale of associates	2.944.647	--
Gain on sale of subsidiary	1.199.909	252.692
Income from investing activities	4.895.373	282.500
Loss on sale of property, plant and equipment	1.041.291	36.652
Other	--	2.440
Expense from investing activities	1.041.291	39.092

34. FINANCING INCOME AND EXPENSE

Foreign exchange gain	9.270.195	11.407.458
Interest income	2.895.129	2.307.108
Profit on derivative financial instruments	--	2.732.551
Other financial incomes	3.543.769	1.977.398
Financing income	15.709.093	18.424.515
Foreign exchange loss	62.204.228	55.927.395
Interest expense	21.761.022	19.149.046
Loss on derivative financial instruments	1.835.631	994.587
Bank commission expenses	1.479.181	1.068.715
Other financial expenses	1.187.745	7.850.511
Financing expense	88.467.807	84.990.254



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35. RELATED PARTY DISCLOSURE

The significant balances with related parties at period end are shown below:

31.12.2023	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
<b>Current</b>						
Ezom Ltd.	11.018	--	--	--	--	--
Zorlu Usa Inc.	519.707	--	--	--	--	--
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş	385.622	--	--	--	--	--
Edeltech Ltd.	628.302	--	--	--	--	--
Hometeks Tekstil Ürünleri Sanayi ve Ticaret A.Ş.	6.754	2.534	--	11.900	--	1.321
Ashdod Energy Ltd.	421.699	--	--	--	--	--
Sichuan Zorluteks Yinhua Co. L	--	--	--	47.356	--	--
Ramat Negev Energy Ltd.	453.364	--	--	--	--	--
Zorlu Tesis Yönetim A.Ş.	27.763	--	2.177	26.370	--	4
Zorlu Family	147	16	--	--	--	3.126.742
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	2.652	118.298	--	346	--	--
Other	134.531	20.585	--	193.532	58	5.457
	<b>2.591.559</b>	<b>141.433</b>	<b>2.177</b>	<b>279.504</b>	<b>58</b>	<b>3.133.524</b>

31.12.2023	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
<b>Non-current</b>						
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.	--	4.893.716	--	--	--	--
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	--	1.264.083	--	--	--	--
Ezotech Electric Ltd.	--	878.534	--	--	--	--
Other	--	178.681	--	--	--	376.809
	<b>--</b>	<b>7.215.014</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>376.809</b>

31.12.2022	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
<b>Current</b>						
Ezom Ltd.	11.607	--	--	--	--	--
Zorlu Usa Inc.	539.911	--	--	--	--	--
Sichuan Zorluteks Yinhua Co. L	--	--	--	100.518	--	--
Hometeks Tekstil Ürünleri Sanayi ve Ticaret A.Ş.	3.539	--	--	24.751	--	--
Ashdod Energy Ltd.	452.498	--	--	--	--	--
Ramat Negev Energy Ltd.	486.502	--	--	--	--	--
Zorlu Tesis Yönetim A.Ş.	57.773	--	--	25.953	--	7
Zorlu Family	38	288	--	--	--	3.113.646
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	849	1.001.513	--	18	--	--
Vestel Ventures Ar-Ge A.Ş.	420	1.226.622	--	3	--	--
Other	143.645	33.718	--	65.552	1.494	5.859
	<b>1.696.782</b>	<b>2.262.141</b>	<b>--</b>	<b>216.795</b>	<b>1.494</b>	<b>3.119.512</b>

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31.12.2022	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
<b>Non-current</b>						
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.	--	4.616.212	--	--	--	--
Ezotech Electric Ltd.	--	941.776	--	--	--	--
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	--	435.055	--	--	--	--
Vestel Ventures Ar-Ge A.Ş.	--	--	--	--	--	1.166.419
Other	--	171.606	--	--	--	24.767
	<b>--</b>	<b>6.164.649</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.191.186</b>

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 exposure to credit risk is limited to the carrying amount of financial assets recognized at the balance sheet date.

Credit risk concerns the risk that a loss will be suffered by a party due to the reason that the other party to the transaction is unable to meet its obligations.

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.

The Group management considers that all the financial assets shown above under paragraph liquidity risk that are not impaired for each of the reporting dates under review are of good credit quality. 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.

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As of financial position dates, the Group’s exposure to credit risk is as summarised below:

Receivables								
	Trade receivables		Other receivables					
	Related	Third	Related	Third	Factoring	Bank	Derivative	
31.12.2023	Parties	parties	Parties	parties	receivables	amounts	instruments	Other
Secured portion of the maximum credit risk by guarantees, etc.								
A. Carrying amount of financial assets that are not overdue and not impaired	2.591.559	12.898.526	7.356.447	3.408.879	--	7.864.407	531.623	--
B. Financial assets with renegotiated conditions	--	--	--	--	--	--	--	--
C. Carrying amount of assets that are overdue but not impaired	--	9.938.306	--	--	--	--	--	--
- Carrying amount secured with collateral	--	(4.239.622)	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	5.552	--	--	--	--	--	--
-Overdue (gross carrying amount)	--	753.929	--	--	--	--	--	--
-Impairment (-)	--	(759.481)	--	--	--	--	--	--
-Carrying amount secured with collateral	--	5.552	--	--	--	--	--	--
	2.591.559	22.842.384	7.356.447	3.408.879	--	7.864.407	531.623	--

Receivables								
	Trade receivables		Other receivables					
	Related	Third	Related	Third	Factoring	Bank	Derivative	
31.12.2022	Parties	parties	parties	parties	receivables	amounts	instruments	Other
Secured portion of the maximum credit risk by guarantees, etc.								
A. Carrying amount of financial assets that are not overdue and not impaired	1.696.782	19.647.537	8.426.790	3.902.202	1.845	11.063.221	1.118.294	--
B. Financial assets with renegotiated conditions	--	--	--	--	--	--	--	--
C. Carrying amount of assets that are overdue but not impaired	--	9.321.061	--	--	--	--	--	--
- Carrying amount secured with collateral	--	(3.496.277)	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	3.749	--	--	--	--	--	--
-Overdue (gross carrying amount)	--	1.032.310	--	161.314	--	--	--	--
-Impairment (-)	--	(1.036.059)	--	(161.314)	--	--	--	--
-Carrying amount secured with collateral	--	3.749	--	--	--	--	--	--
	1.696.782	28.972.347	8.426.790	3.902.202	1.845	11.063.221	1.118.294	--

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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.

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.

The net currency position of the Group as of 31.12.2023 and 31.12.2022 are shown below:

	USD (‘000)	EUR (‘000)	GBP (‘000)	CHF (‘000)	Other currencies TL equivalent	Total TL equivalent
2023						
Cash and cash equivalents	162.523	7.008	102	3	30.031	5.046.618
Investment securities	--	--	--	--	--	--
Trade and other receivables	326.198	10.166	505	--	583.376	10.536.112
Total foreign currency assets	488.721	17.174	607	3	613.407	15.582.730
Trade and other payables	246.934	4.962	236	--	(58)	7.439.702
Current borrowings	2.045.394	589.713	--	--	3.220	79.425.189
Non-current borrowings	1.317.268	345.578	--	--	40.750	50.075.572
Total foreign currency liabilities	3.609.596	940.253	236	--	43.912	136.940.463
Derivatives						
Assets	1.084.382	277.544	135.899	--	807.889	46.859.132
Liabilities	(419.731)	(705.294)	(142.433)	--	(776.940)	(41.440.184)
	664.651	(427.750)	(6.534)	--	30.949	5.418.948
Net foreign currency position	(2.456.224)	(1.350.829)	(6.163)	3	600.444	(115.938.785)
Import	1.550.266	212.398	--	126	625.846	42.946.750
Export	741.936	1.599.007	2.106	749	9.851.005	82.723.197



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	USD (‘000)	EUR (‘000)	GBP (‘000)	Other currencies TL equivalent	Total TL equivalent
2022					
Cash and cash equivalents	207.988	35.296	56	72.849	7.642.357
Investment securities	65.000	--	--	--	2.002.634
Trade and other receivables	704.578	294.956	374	1.828.651	33.238.885
Total foreign currency assets	977.566	330.252	430	1.901.501	42.883.876
Trade and other payables	1.242.073	244.414	156	157.246	46.459.311
Current borrowings	1.403.007	411.738	--	26.296	56.777.058
Non-current borrowings	2.381.253	564.974	--	46.962	91.970.615
Total foreign currency liabilities	5.026.333	1.221.126	156	230.504	195.206.984
Derivatives					
Assets	818.205	491.760	79.849	458.380	44.778.949
Liabilities	(559.982)	(858.845)	(84.901)	(611.958)	(49.221.724)
	258.223	(367.085)	(5.052)	(153.578)	(4.442.775)
Net foreign currency position	(3.790.544)	(1.257.959)	(4.778)	1.517.419	(156.765.884)
Import	1.507.491	291.897	391	262.903	49.969.689
Export	827.588	1.684.655	4.784	4.011.418	80.049.833

On basis of the above an increase of 10 % in the foreign exchange rates against the Turkish Lira as of 31 December 2023 will amount to a loss of TL 9.745.315 (31 December 2022: TL 15.675.588) 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.

The Group’s interest rate position is as follows:

	31.12.2023	31.12.2022
Fixed interest rate financial instruments		
Financial assets-time deposits		
- Time deposits	3.398.339	5.706.373
Financial liabilities		
- Borrowings	62.792.879	104.375.581
-Finance lease liabilities	2.146.666	2.574.587
-Payables of factoring sector operations	210.397	276.222
Variable interest rate financial instruments		
Financial liabilities		
- Borrowings	92.440.877	86.756.053

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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 30 day 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:

	Book value	Total cash out flow	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years
31.12.2023						
Contractual maturities						
Bank loans	138.627.334	165.395.932	54.377.843	56.320.528	44.059.148	10.638.413
Other financial liabilities	1.516.716	1.516.716	--	1.259.701	257.015	--
Bond issued	16.606.422	17.353.746	7.880.435	1.330.441	104.628	8.038.242
Payables from finance sector	210.397	210.397	89.088	121.309	--	--
Financial lease liabilities	2.146.666	2.159.290	120.074	690.742	1.348.474	--
	159.107.535	186.636.081	62.467.440	59.722.721	45.769.265	18.676.655
Expected maturities						
Trade payables	49.767.216	49.861.344	43.258.047	6.425.443	102.302	75.552
Other payables	6.001.890	6.001.890	1.328.589	3.840.462	832.839	--
Other liabilities	3.553.041	3.553.041	1.622.495	1.930.529	17	--
	59.322.147	59.416.275	46.209.131	12.196.434	935.158	75.552
Derivative cash inflow	626.360	76.573.870	60.373.726	16.200.144	--	--
Derivative cash outflow	--	(73.981.513)	(57.932.996)	(16.048.517)	--	--
Derivative financial liabilities	626.360	2.592.357	2.440.730	151.627	--	--
31.12.2022						
Contractual maturities						
Bank loans	176.180.172	289.779.683	45.566.987	84.621.219	123.906.777	35.684.700
Bond issued	14.951.462	2.563.510	434.251	1.646.711	482.548	--
Payables from finance sector	276.222	276.222	117.875	158.347	--	--
Financial lease liabilities	2.574.588	12.447.393	3.301.594	310.100	534.041	8.301.658
	193.982.444	305.066.808	49.420.707	86.736.377	124.923.366	43.986.358
Expected maturities						
Trade payables	48.888.872	48.993.136	41.421.873	7.270.473	208.787	92.003
Other payables	9.935.779	9.935.779	6.603.273	895.142	2.437.364	--
Other liabilities	2.405.629	2.405.629	398.669	2.006.929	31	--
	61.230.280	61.334.544	48.423.815	10.172.544	2.646.182	92.003
Derivative cash inflow	1.010.839	44.909.321	23.041.402	21.867.919	--	--
Derivative cash outflow	--	(48.654.533)	(27.961.735)	(20.692.798)	--	--
Derivative financial liabilities	1.010.839	(3.745.212)	(4.920.333)	1.175.121	--	--

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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.

The Group’s net debt to overall or financing ratio developed as follows:

	31.12.2023	31.12.2022
Total borrowings, note 21	157.380.422	193.706.222
Less: Cash and cash equivalents, note 5	(8.089.691)	(11.332.566)
Less : Investment securities	--	--
<b>Net debt</b>	<b>149.290.731</b>	<b>182.373.656</b>
Total equity	89.788.611	75.552.485
<b>Overall financing</b>	<b>239.079.342</b>	<b>257.926.141</b>
<b>Net debt to overall financing ratio</b>	<b>62%</b>	<b>71%</b>

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.

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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 2023 is as follows:

Assets at fair value in the financial position	Level 1	Level 2	Level 3
Investment securities (note 7)	--	388.192	--
Derivative financial instruments (note 11)	--	531.623	--
Land and buildings (note 17)	--	--	81.299.602
Machinery and equipment (note 17)	--	--	74.034.733

Liability at fair value in the financial position	Level 1	Level 2	Level 3
Derivative financial instruments (dipnot 11)	--	626.360	--

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)	--	329.208	--
Derivative financial instruments (note 11)	--	1.118.294	--
Land and buildings (note 17)	--	--	76.819.818
Machinery and equipment (note 17)	--	--	88.757.652

Liability at fair value in the financial position	Level 1	Level 2	Level 3
Derivative financial instruments (note 11)	--	1.010.839	--



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37. POST BALANCE SHEET EVENTS

Within the framework of the investment policies and strategies of Zorlu Group, including our Company; It has been decided to sell all of the 895.150.000 shares with a nominal value of TL 1 each representing the capital of our subsidiary “Zorlu Enerji Dağıtım AŞ”, in which our Company participates 100% in the capital, together with all its rights and debts, to Palmet Enerji AŞ, registered in the Istanbul trade registry with registration number of 201308-0, provided that legal permissions are obtained and payment of the share purchase amount to be adjusted according to the terms and conditions of the Agreement is made on the Closing Date. In this regard, the “Share Purchase Agreement” was signed between the parties on 13 February 2024.

Pursuant to our material event disclosures, as per the adjustment procedures stipulated under the Share Purchase Agreement, by making adjustment for the financial and commercial liabilities on the closing date and deducting the financial and commercial liabilities amounting to a total of 2.806.342.588 Turkish Liras from the sale price and payment of the remaining amount of 3.568.987.412 Turkish Liras in cash and upfront by the buyer, the sale of all of our shares in our 100% owned subsidiary Zorlu Enerji Dağıtım AŞ for a total consideration of 6.375.330.000 Turkish Liras, equivalent to USD 200.000.000 (converted at the USD/TRY exchange rate of 31,8767), to Gaztrak Enerji AŞ, a 100% subsidiary of Palmet Enerji AŞ, is completed on 12 March 2024.

Pursuant to the material event disclosure dated 15.02.2022, the application of Zorlu Doğal Elektrik Üretimi AŞ, an indirect wholly-owned subsidiary of Zorlu Enerji, to terminate the pre-license of its Kızıldere 4 Geothermal Power Plant Project, which was planned to be developed in Denizli and Aydın, in accordance with the findings from resource exploration activities which indicated that the geothermal resource in the project site is insufficient, has been accepted by the Energy Market Regulatory Authority and the pre-license was terminated.

In accordance with the decision taken at the board of directors meeting of Zorlu Enerji, a subsidiary of the Company, dated 24 May 2024;

- Sell its entire 4.215 shares, each valued at 1 New Israeli Shekel (NIS), in the 10,000 NIS capital of Ezotech Electric Ltd. (“Ezotech”), in which we hold a 42,15% direct shares, to its other partner (57,85%) Edeltech Ltd. (“Edeltech”) for 5.405.406 USD, together with all rights and obligations, provided that the necessary conditions are met and legal permissions are obtained (As a result of this sale, our indirect subsidiaries Ashdod Energy Ltd. and Ramat Negev Energy Ltd., both 100% subsidiaries of Ezotech, along with the Ashdod and Ramat Negev natural gas power plants, will also be transferred to Edeltech.) Additionally, within the scope of this sale, our financial receivable, amounting to 28.918.919 USD, will be collected from Ezotech.
- Sell its entire 4.215 shares, each valued at 1 NIS, in the 10.000 NIS capital of Solad Energy Ltd. (“Solad”), in which we hold a 42,15% direct shares, to its other partner (8,85%) Edeltech for the nominal value of the shares, 4,215 NIS, together with all rights and obligations, provided that the necessary conditions are met and legal permissions are obtained. Additionally, within the scope of this sale, our financial receivable, amounting to 4.324.324 USD, will be collected from Edeltech Energy Lines Ltd. and Edeltech
- Sell its entire 4.215 shares, each valued at 1 NIS, in the 10.000 NIS capital of Adnit Real Estate Ltd. (“Adnit”), in which we hold a 42,15% direct shares, to its other partner (57,85%) Edeltech Holdings 2006 Ltd. for the nominal value of the shares, 4.215 NIS, together with all rights and obligations, provided that the necessary conditions are met and legal permissions are obtained. Within this scope, provided that the contractual conditions are met and legal permissions are obtained, separate “Share Purchase Agreements” for the sale of Ezotech, Solad, and Adnit companies have been signed today, on 24.05.2024.

It has been decided to sell Zorlu Enerji Dağıtım, which is evaluated within the scope of TFRS 5 ‘Non-current Assets Held for Sale and Discontinued Operations’, together with its subsidiaries Trakya, Gazdaş and Zorlu Doğal Gaz Tedarik to Palmet Enerji AŞ and the ‘Share Purchase Agreement’ was signed between the parties on 13 February 2024. Following the fulfillment of the conditions required by TFRS 5, the assets and liabilities of this subsidiary have been classified as “non-current assets classified for sale” and “liabilities related to asset groups classified for sale” and the profit related to asset groups have been classified as ‘Profit for the period from discontinued operations’. The sale of all shares in Zorlu Enerji Dağıtım, a 100% subsidiary of the Company, to Gaztrak Enerji AŞ, a 100% subsidiary of Palmet Enerji AŞ, and the share transfer transactions were completed as of 12 March 2024.

Zorlu Enerji Elektrik Üretim A.Ş. has issued bonds of floating interest rate, quarterly coupon and principal and interest payment at maturity with a nominal value of TL 278.800 with a maturity of 384 days as of 1 February 2024, with a nominal value of TL 400.000 with a maturity of 385 days and TL 181.000 with a maturity of 427 days as of 7 March 2024, with a nominal value of TL 174.450 with a maturity of 399 days as of 4 April 2024, with a nominal value of TL 225.000 with a maturity of 399 days as of 16 May 2024, with a nominal value of TL 260.580 with a maturity of 393 days as of 13 June 2024, with a nominal value of TL 600.000 with a maturity of 391 days as of 11 July 2024.

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Zorlu Enerji Elektrik Üretim A.Ş. has issued financing bonds of fixed interest rate and principal payment at maturity with a nominal value of TL 74.030 with a maturity of 161 days as of 1 February 2024, with a nominal value of TL 69.000 with a maturity of 147 days as of 7 March 2024, with a nominal value of TL 149.830 with a maturity of 119 days as of 4 April 2024, with a nominal value of TL 75.000 with a maturity of 182 days as of 16 May 2024.

In accordance with the authorization granted by article 11 of the Vestel Elektronik Sanayi ve Ticaret A.Ş.’s Articles of Association; the Board of Directors resolved to take all necessary actions and apply to the Capital Markets Board (CMB), the Central Securities Depository and other authorities and institutions for the issuance of debt securities up to a total amount of USD 500.000.000 or an equivalent amount to be sold outside Turkey through one or more issuances within one year from the date of the approval of CMB. In line with this decision, an application was made to the Capital Markets Board on March 14, 2024.

Vestel Elektronik Sanayi ve Ticaret A.Ş. has issued bonds with floating interest rate, quarterly coupon payments and principal and interest payments at the end of maturity with a nominal value of TL 370.000 with 384 days maturity as of 8 February 2024, with a nominal value of TL 550.000 with 98 days maturity as of 28 March 2024, with a nominal value of TL 600.000 with 147 days maturity as of 2 May 2024, with a nominal value of TL 400.000 with 167 days maturity as of 6 June 2024 and with a nominal value of TL 500.000 with 55 days maturity as of 27 June 2024.

Pursuant to our PDP statements dated 21.03.2019, 07.12.2020, 27.01.2023 and 29.11.2023; the 13th Chamber of the Council of State accepted the appeals of the Competition Authority and Vestel Ticaret AŞ (Vestel Ticaret), a wholly-owned subsidiary of our Company and decided to annul the appellate decision, affirming the legality of the Competition Board’s decision and that the file should be sent back to the Court of Appeal (Ankara 8th Administrative Trial Chamber) to be decided in favor of Vestel Ticaret and Whirlpool (Whirlpool Ev Aletleri Pazarlama ve Ticaret AŞ and Whirlpool Beyaz Eşya Sanayi ve Ticaret AŞ), with its decision dated 10.04.2023 and numbered 2023/206 E., 2023/1767 K. Based on the reversal decision of the Council of State, the file was sent to Ankara 8th Administrative Trial Chamber, and in order to ensure that the Council of State’s reversal decision was fulfilled, the investigation initiated against Whirlpool and Vestel Ticaret was terminated by the Competition Authority’s decision numbered 23-37/689-238. At this stage, Ankara 8th Administrative Trial Chamber, with its decision numbered 2023/1627 E. and 2024/395, decided to reject the plaintiffs’ appeal, complying with the reversal decision of the 13th Chamber of the Council of State. Thus, due to Whirlpool’s decision to terminate its activities in Turkey, the agreement regarding the after-sales services of Whirlpool products in the market to be provided by Vestel Ticaret was found to be lawful by the decision of the Ankara 8th Administrative Trial Chamber. It is permissible procedurally to appeal against the decision in question.

Korteks Mensucat Sanayi ve Ticaret A.Ş. has issued financing bonds of with fixed interest rates and principal and interest payments at maturity, with a nominal value of TL 50.000 with a maturity of 140 days as of 11 January 2024, TL 71.660 with a maturity of 132 days as of 14 March 2024 and TL 127.500 with a maturity of 167 days as of 26 April 2024.

Korteks Mensucat Sanayi ve Ticaret A.Ş. has issued bonds with a nominal value of TL 100.000 with a maturity of 381 days and a floating interest rate as of 8 January 2024, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 150.000 with a maturity of 378 days and a floating interest rate as of 11 January 2024, with monthly coupon payments and principal and interest payments at maturity, with a nominal value of TL 349.490 with a maturity of 392 days and a floating interest rate as of 14 March 2024, with quarterly coupon payments and principal and interest payments at maturity, with a nominal value of TL 223.880 with a maturity of 391 days and a floating interest rate as of 26 April 2024, with a coupon payment every 3 months and principal and interest payments at maturity, with a nominal value of TL 200.000 with a maturity of 381 days and a fixed interest rate as of 6 May 2024, with quarterly coupon payments and principal and interest payments at maturity, with a nominal value of TL 200.000 with a maturity of 534 days and a fixed interest rate as of 28 May 2024, with quarterly coupon payments and principal and interest payments at maturity, with a nominal value of TL 400.000 with a maturity of 399 days and fixed interest rate as of 30 May 2024, with quarterly coupon payments and principal and interest payments at maturity, with a nominal value of TL 300.000 with a maturity of 406 days and a fixed interest rate as of 13 June 2024, with quarterly coupon payments and principal and interest payments at maturity.

Zorlu Faktoring A.Ş. has issued a bond with a nominal value of TL 25.000 with a maturity of 168 days and fixed interest rate as of 9 February 2024 and principal payment at maturity, with a nominal value of TL 25.000 with a maturity of 168 days and fixed interest rate as of 20 March 2024, with principal payment at maturity, with a nominal value of TL 25.000 with a maturity of 168 days and fixed interest rate as of 17 April 2024, with principal payment at maturity, with a nominal value of TL 12.000 with a maturity of 168 days and fixed interest rate as of 9 May 2024, with principal payment at maturity and with a nominal value of TL 35.000 with a maturity of 168 days, fixed interest rate as of 1 July 2024 and principal payment at maturity.

## Contact

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