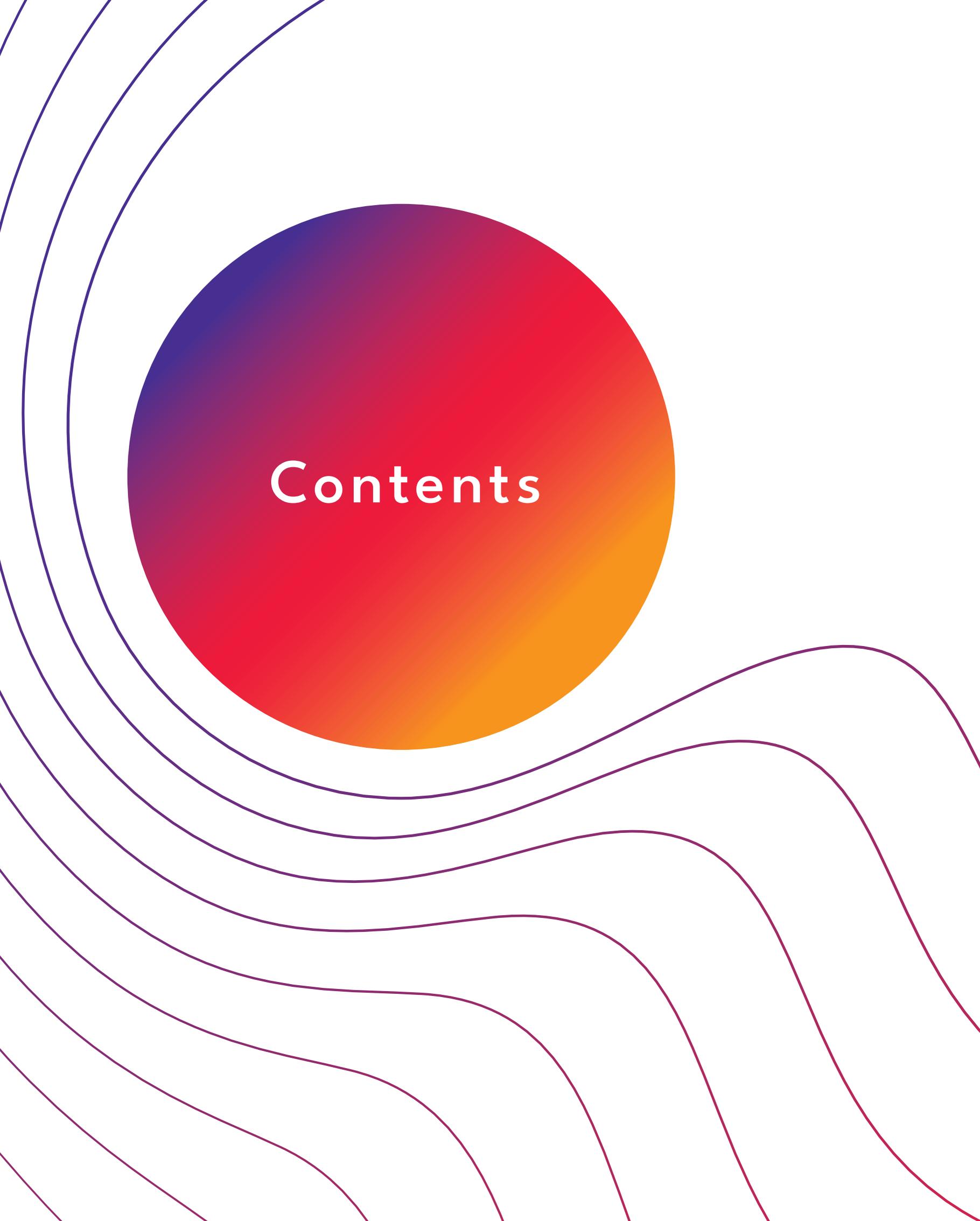


2020

ANNUAL

REPORT





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

Zorlu Group's foundation was laid in 1953 through the textiles sector in Babadağ, Denizli. Having started its operations as a family business, Zorlu Group is a major conglomerate today, with over 60 companies and more than 32,000 employees, by setting a robust example of corporate management.

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

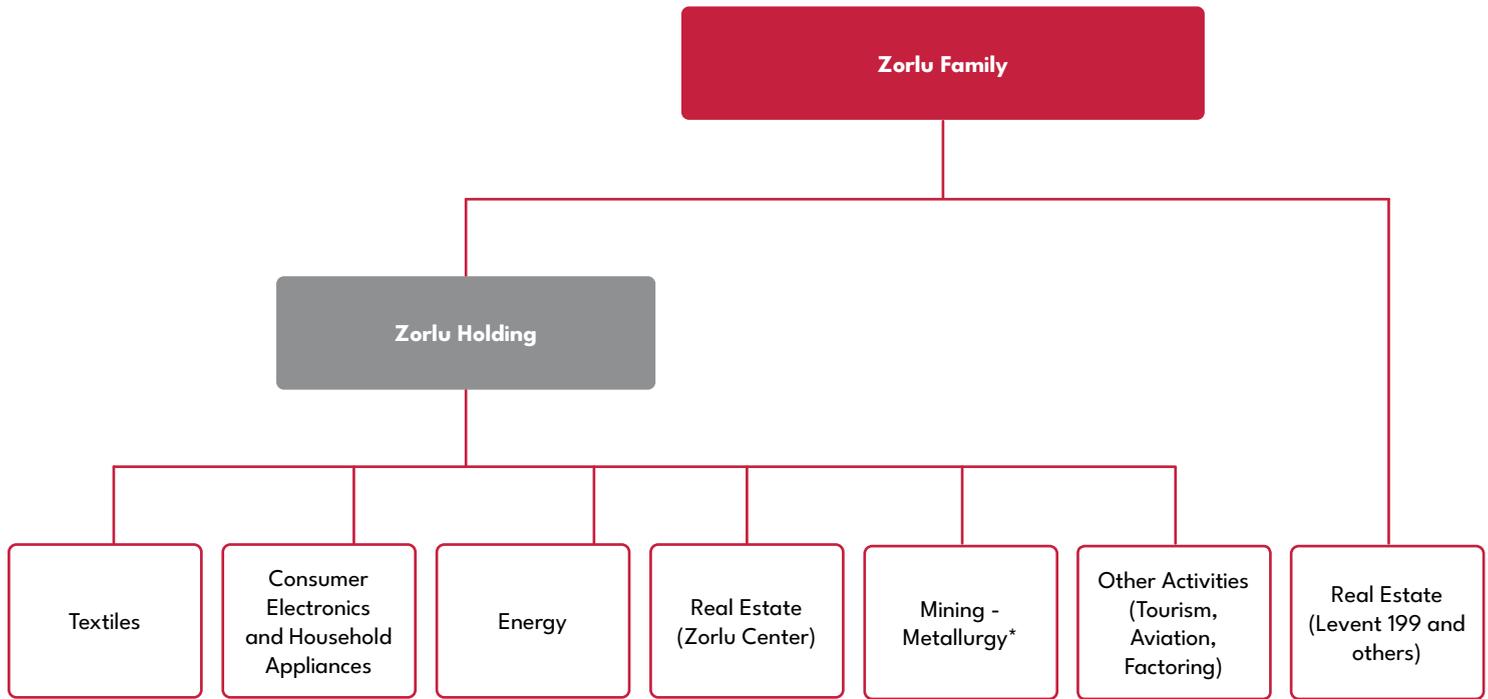
- Textiles,
- Consumer Electronics & Household Appliances,
- Energy,
- Real Estate,
- Mining-Metallurgy and
- Other (Tourism, Factoring, Aviation)

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

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

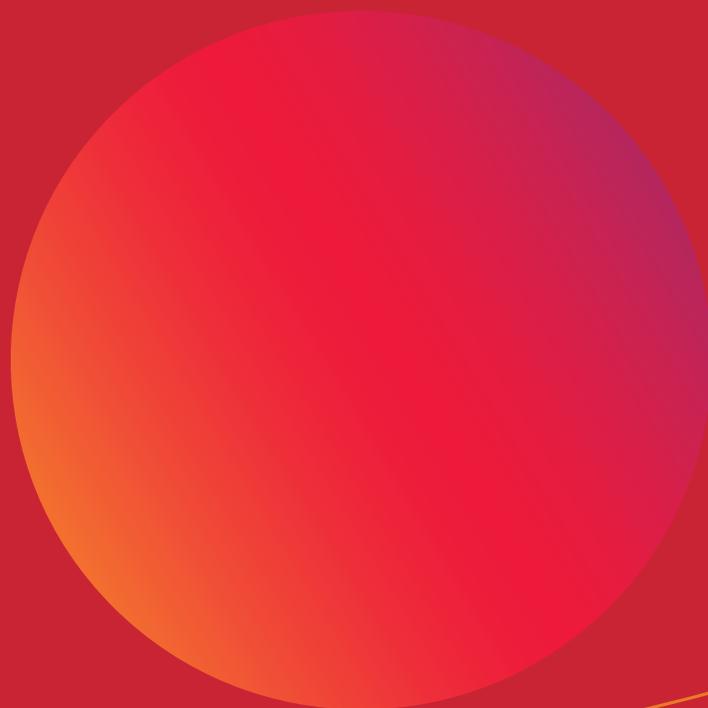
Combining its deep-rooted experience and know-how, competent and specialized human resources and a robust, visionary management structure, Zorlu Group is a highly reputed conglomerate in Turkey and across the globe. The Group focuses its activities on creating lasting value for all of its stakeholders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

Zorlu Group's Fields of Operation & Shareholding Structure



* Zorlu Holding AŞ and Vestel Elektronik Sanayi ve Ticaret AŞ are the shareholders of Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ, each holding 50% share.

A Success Story



Zorlu Group Milestones

1953

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

1960

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

1984

The company makes its first export sale with Korteks products.

1976

Korteks Velvet Weaving Plant is established in Bursa.

1966

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

1989

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

1990

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

1993

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

1999

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

1997

Vestel Beyaz Eşya is founded. Denizbank is founded.

1994

Vestel is acquired by Zorlu Group.

2000

20% of Zorlu Enerji's shares are offered to the public and begin trading on Borsa Istanbul.

2001

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

2003

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

2006

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

2004

trading on Borsa Istanbul. Zorlu Energy Group wins natural gas distribution license tenders and begins providing natural gas distribution services in Gaziantep and Trakya regions.

Jules Verne Travel & Event joins Zorlu Group.

2007

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

2008

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

2011

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

2012

Zorlu Faktoring begins operations.

2013

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

2014

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

2015

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

2016

Vestel Beyaz Eşya and Zorlu Enerji voluntarily join Borsa Istanbul's (BIST) Sustainability Index for the November 2016 - October 2017 period. Saritepe-Demirciler Wind Power Plants commence commercial operation. Zorlu Center is named Europe's Best Shopping Center by ICSC. Vestel Beyaz Eşya wins the Industrial Excellence Award 2016 in Turkey, advances to the finals in Europe, and becomes

the first Turkish company in its sector to win the Industrial Excellence Award in Europe. Zorluteks R&D Center enters into service. Zorlu Family acquires full ownership of META.

2018

The new Vestel Beyaz Eşya washing machine and dryer production plant is completed and begins production in the second quarter of 2018. Vestel Elektronik wins "TPM Advanced Special Award". Meta Nikel Kobalt Madencilik is awarded the "R&D Center Certificate." Vestel Elektronik buys 50% stake in Meta Nikel Kobalt Madencilik. The 65.5 MW second unit of Kızıldere III GPP becomes operational. Rehabilitation work to increase the installed capacity of İkizdere HPP from 18.6 MW to 24.94 MW is completed and the plant resumes electricity generation. Zorluteks opens a showroom in Munich, Germany. Zorluteks' sustainable working conditions are awarded the highest score from BSCI.

2017

The foundation of the new Vestel Beyaz Eşya washing machine and dryer production plant is laid in July. At the TPM Awards organized by the JIPM, Vestel Elektronik receives the Special Award for TPM Achievement in television manufacturing and Vestel Beyaz Eşya wins the Award for Excellence in Consistent TPM Commitment for its six production facilities simultaneously. Vestel Beyaz Eşya is the first company in the industry to receive the "Water Footprint" Verification in Turkey. Zorlu Enerji takes over the Osmangazi Electricity Distribution Region in February and enters electricity distribution and retail sales businesses. The

first unit of Kızıldere III Geothermal Power Plant (99.5 MW) enters into service in August. Zorlu Solar becomes the exclusive authorized distributor of the US-based First Solar in 26 countries. Construction of the Meta Nikel Kobalt Facility's R&D Center begins. Zorluteks becomes the first home textile company in Turkey to receive the "Authorized Economic Operator Certificate." Zorluteks Design Center is established. A first in the industry, TAÇ Curtain Arts Academy is established with the aim of training the curtain makers of the future.

2019

Vestel Beyaz Eşya's brand licensing agreement with Sharp Corporation is expanded to include smart products. Zorlu Enerji signed a contract to sell its 100% stake in Zorlu Rüzgar Enerjisi Elektrik Üretimi AŞ, which includes Saritepe and Demirciler WPPs in its portfolio. Meta Nikel-Kobalt Madencilik's project for "Recovery

of Concentrated Scandium Compounds from Gördes Nickel Cobalt Plant Waste by Ion Exchange and Solvent Extraction Methods" is approved by TÜBİTAK. Zorlu Tekstil opens seven new stores in six countries. The "No Barriers in Zorlu" project earns Zorlu Center the Albert Sussman International Community

Support Award, the most prestigious accolade awarded by ICSC. Zorlu PSM produces and stages a musical for the first time, titled Alice.

2020

Vestel signs an agreement with Iberdrola, one of the world's largest electricity companies, to manufacture electric vehicle chargers for the charging stations to be installed by the company in the UK, Italy and Spain. Vestel breaks new ground to start manufacturing battery packs for electric bicycles. Vestel Beyaz Eşya launches its products equipped with UVC technology to meet the increasing hygiene needs during the pandemic period. Vestel acquires White Knight and Hostess brands of British Crosslee PLC. Vestel launches Vestel Ekspres, a small-square-meter store concept where products are sold mostly via digital screens. Vestel issues Turkey's first TL-denominated green bond with

an international sustainability rating. Latest investments of Zorlu Enerji enable ZES to expand its electric vehicle charging station network to 81 provinces to serve 761 vehicles simultaneously at 455 locations. Efforts are underway to expand this network abroad, starting from Eastern Europe. Establishing Zorlu Yenilenebilir Enerji AŞ, Zorlu Enerji unites its 3 companies operating in renewable energy in Turkey under a single organization. ZJ Strong, of which Zorlu Enerji is a partner, commissions Dead Sea Solar Power Plant in Jericho region of Palestine. Zorlu Tekstil completes STeP, "Sustainable Textile Production" certification process in its factories and starts production with the 'Made in Green'

label used along with Standard 100 by Oeko-Tex and STeP by Oeko-Tex documents. Established under the investments in circular economy, the Polymer Recycling Plant breaks a new ground in Europe and Turkey by manufacturing polyester yarn completely out of plastic bottles. Zorlu Gayrimenkul introduces an air-conditioning system with UCV technology at Zorlu Center as well as an integrated Car Park Management System equipped with license plate recognition system intended for minimizing contact throughout the pandemic period. As one of the few culture and arts centers, Zorlu PSM reaches more than 1.5 million viewers via its online platform PSM Online.

Zorlu Holding

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

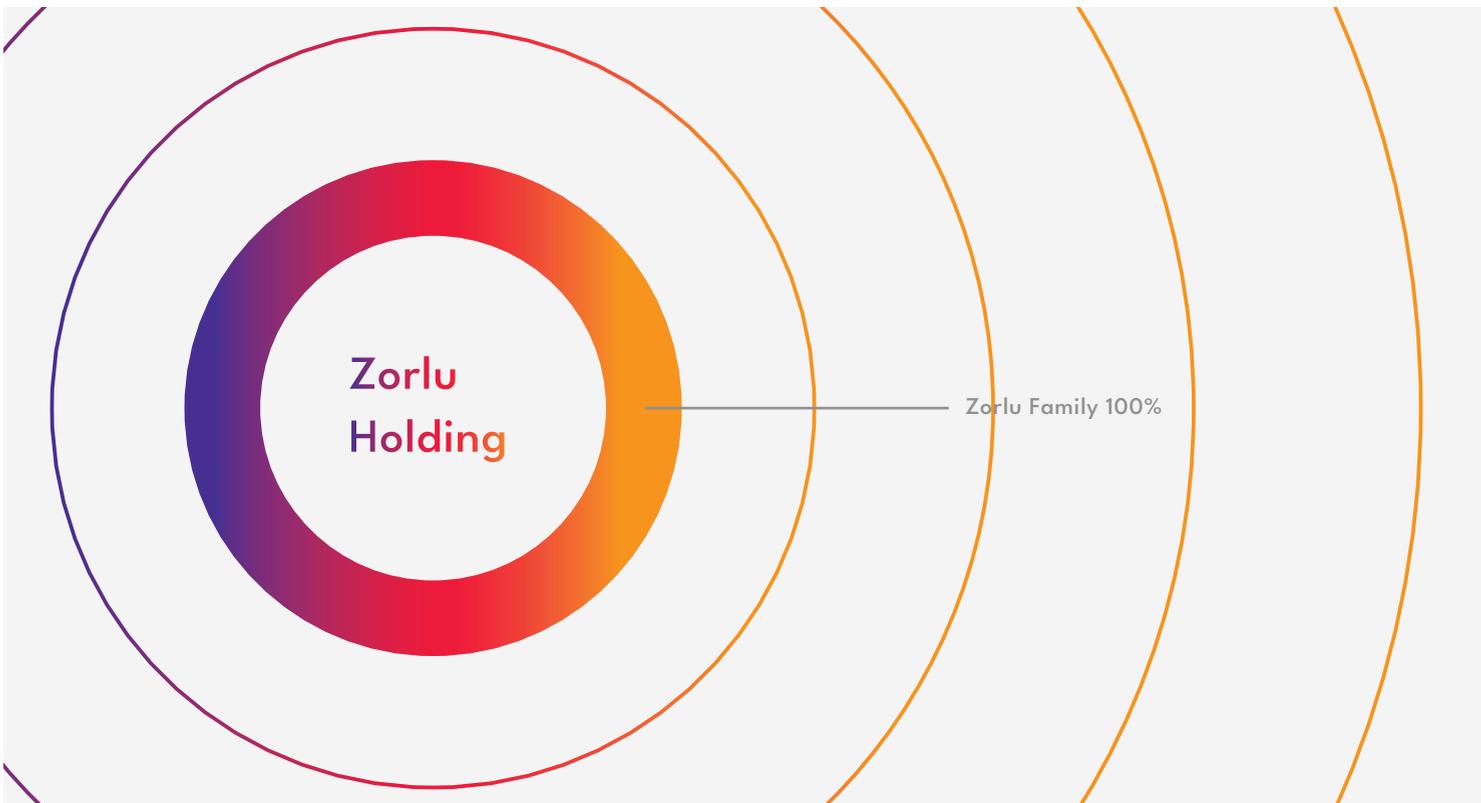
Zorlu Group companies engaged in consumer electronics, household appliances, textiles, energy and mining-metallurgy sectors, as well as Zorlu Yapı Yatırım AŞ, which owns Zorlu Center, operate under the roof of Zorlu Holding, which in turn is controlled by Zorlu Family.

The Group’s real estate investments other than Zorlu Center are directly controlled by Zorlu Family.

The shares of Vestel Elektronik Sanayi ve Ticaret AŞ, Vestel Beyaz Eşya Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ, as well as the corporate bonds of Korteks Mensucat Sanayi ve Ticaret AŞ, Zorlu Faktoring AŞ, Zorlu Enerji Elektrik Üretim AŞ trade on Borsa Istanbul (BIST).

As of December 31, 2020, Zorlu Holding’s paid-in capital amounts to TL 3,325,000,000.

Zorlu Holding Shareholding Structure



Zorlu Holding and Sustainability

Smart Life 2030 Sustainability Vision

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

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

Fully aware that the business world must actively take responsibility in achieving global goals, Zorlu Holding plays an active and leading role in this sense in Turkey. In ESG areas, it is fully aware that the solutions generated to solve today's problems should be egalitarian, inclusive and fair in order to ensure social welfare and development. With this belief, it invests in human-oriented ecosystems and innovative business models, and gains strength from radical collaborations.

Acknowledging that its employees are its greatest asset, Zorlu Holding strives to create an innovation-based and inclusive corporate culture by creating a working and collaboration environment responding to the needs of the new world for its employees and other stakeholders within its domain of influence in a wide variety of areas including gender equality, employee volunteering and intrapreneurship.

Fully aware that the earth's natural resources are finite, Zorlu Holding acts with responsibility to protect the environment and all living beings. Accordingly, guided by a sense of responsible investment, it reduces its environmental impact while maintaining its economic growth. Zorlu

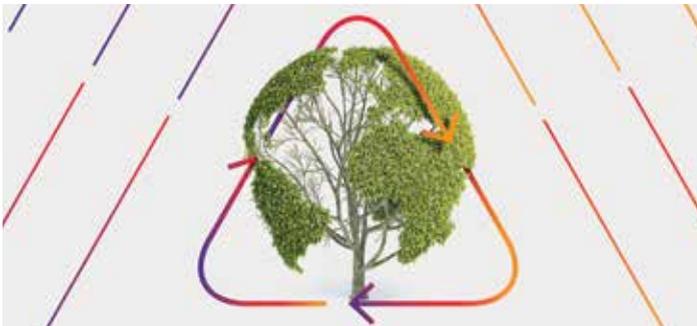
Holding continues to strengthen its supply chain while developing sustainable products and services in its smart facilities. To help mitigate the effects of the climate change, the Holding endeavors to reduce the environmental footprint and carbon emissions associated with the operations of Group companies, develop efficient products that reduce natural resource consumption, increase the share of renewable energy in production, and promote advanced, eco-friendly manufacturing technologies.

Guided by the United Nations 2030 Sustainable Development Goals, Zorlu Holding has created the Smart Life vision, leading to the creation of Sustainability Umbrella Goals. Designed to serve as a leverage for Zorlu Group, these goals are managed and monitored through working groups for seven focus areas: R&D, Innovation, Environment, Employees, Corporate Governance, Supplier Relations, Customer Relations and Community Relations.

In line with its Smart Life 2030 sustainability vision, Zorlu Holding:

- Offers trainings under the roof of the “Smart Life Academy” in order to improve the knowledge of its employees in the field of sustainability and to strengthen the follow-up on the developments in the field of sustainability across the world.
- Prepares young people for the future with the Mehmet Zorlu Foundation, where it develops numerous public benefit projects in various areas from education to culture & arts and healthcare to social welfare.
- In collaboration with the 21st Century Competencies Awareness Program, Zorlu Holding helps young people develop the skills and competencies of the 21st century.
- The Holding also contributes to the development of sustainable solutions for social issues through the support it gives to İmece, the social innovation platform of which it is a founding partner and whose open innovation laboratory imeceLAB provides a platform for high school and university students to collectively develop solutions for social, cultural and environmental challenges.
- Through its intrapreneurship program, Parlak Bi'Fikir (A Bright Idea), it aims to strengthen an innovative and innovation-oriented corporate culture, where different ideas freely come to life and are supported from an entrepreneurial perspective, by offering its employees the opportunity to combine their experiences in corporate life with the practice of innovation-oriented thinking.
- Driven by its vision of diversity and inclusion, it supports women's empowerment in all aspects of life within the framework of gender equality, by arguing that an equal life is possible for everyone.
- Through its technology and creativity platform Digilogue, the Holding collaborates with creative industries and universities to foster discussion and debate on the impacts of new technologies from the perspective of culture and arts.

Zorlu Holding will further strengthen its corporate and organizational structure through the Smart Life 2030 vision, and continue to build a better future with the synergic collaboration of the Group companies and their human resources.



Summary Financial Statements and Operational Indicators*

Continuing to grow in line with its targets in 2020 despite the negative impacts of the pandemic, Zorlu Holding's consolidated sales revenues reached TL 35.6 billion, an increase of 16% compared to 2019, mainly due to the increase in exports and foreign exchange-based revenues as well as the growth in domestic foreign currency-based revenues. Export revenues, which account for 58% of total sales, rose by 5% in USD terms to stand at USD 2.9 billion, driven by the export-oriented production strategy in consumer electronics, household appliances and textile sectors. EBITDA increased by 27% in 2020 to TL 6.5 billion, while EBITDA margin stood at 18.3%. Total assets of Zorlu Holding reached TL 81.9 billion.

Summary Balance Sheet (TL Thousand)

	2017	2018	2019	2020
Current Assets	14,172,743	16,891,925	17,708,860	21,681,538
Fixed Assets	28,709,321	41,257,421	45,498,700	60,235,506
Total Assets	42,882,064	58,149,346	63,207,560	81,917,044
Short-Term Liabilities	24,453,805	34,620,527	39,656,191	44,531,594
Long-Term Liabilities	14,629,884	17,372,969	20,886,177	29,487,839
Equity	3,798,375	6,155,850	2,665,192	7,897,611
Total Liabilities & Equity	42,882,064	58,149,346	63,207,560	81,917,044

Summary Income Statement (TL Thousand)

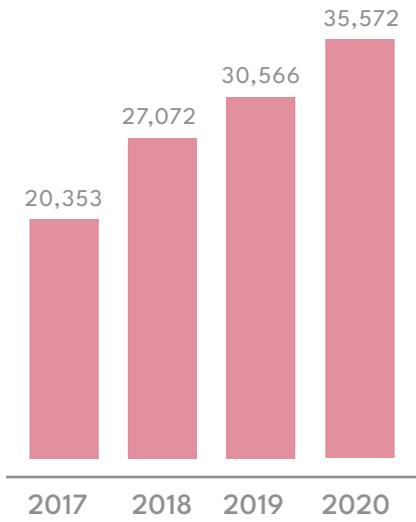
	2017	2018	2019	2020
Sales Revenues	20,353,392	27,071,872	30,566,306	35,571,591
Gross Profit	4,565,119	7,000,797	6,698,773	8,836,556
Operating Profit**	1,927,004	3,794,933	3,310,537	4,605,189
EBITDA**	2,704,496	4,947,209	5,126,072	6,524,753
Net Financial Expenses	-2,521,181	8,752,083	-7,281,501	-10,350,768
Net Loss for the Period***	-429,469	6,897,669	-4,018,090	-6,676,052
Gross Profit Margin	22.4%	25.9%	21.9%	24.8%
EBITDA Margin	13.3%	18.3%	16.8%	18.3%
Export Ratio	46.3%	52.3%	51.5%	57.6%

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

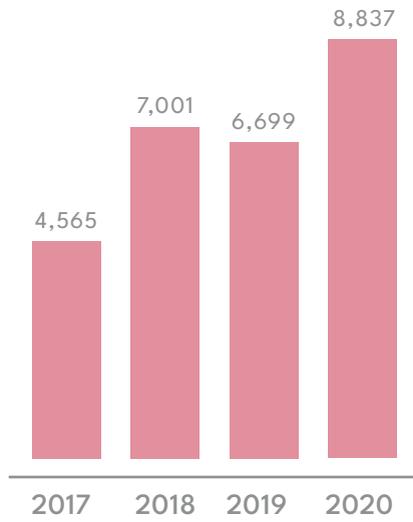
** Excludes other revenues and expenses from operations.

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

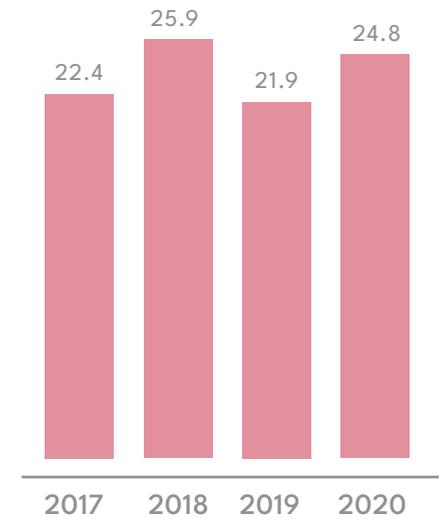
Net Sales
(TL Million)



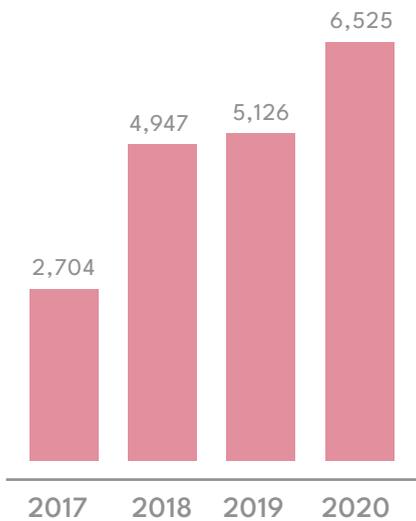
Gross Profit
(TL Million)



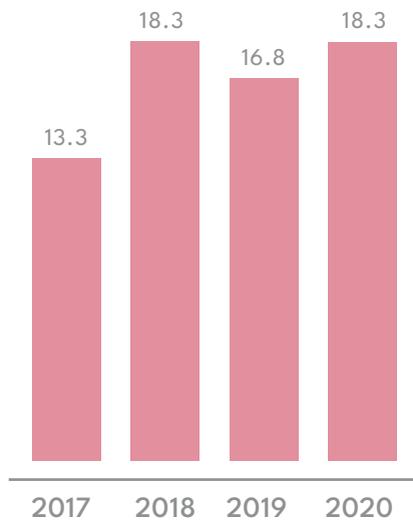
Gross Profit Margin
(%)



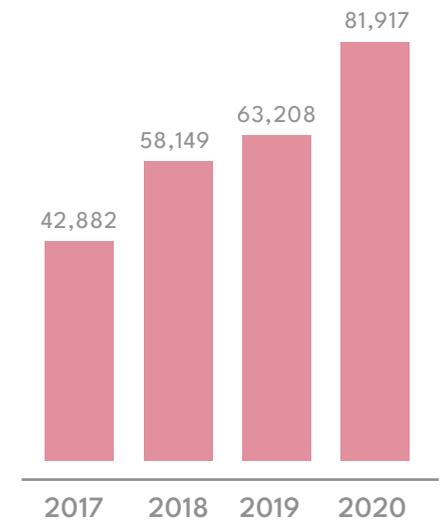
EBITDA*
(TL Million)



EBITDA Margin*
(%)

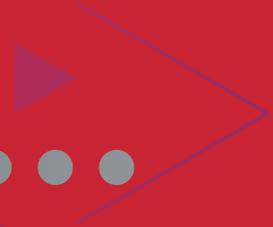


Total Assets
(TL Million)



* Excluding other operating income and expense

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



Zorlu Group's Fields of Operation

Textiles

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

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

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





Zorlu Group's Fields of Operation



Consumer Electronics & Household Appliances

Operating in the consumer electronics and household appliances sectors, Vestel Group of Companies is one of the world's leading ODM (Original Design Manufacturer) providers.

Market leader in TVs and one of the top three players in the household appliances market in Turkey, Vestel, as a global

producer, is also the second-largest TV producer and one of the top five household appliances manufacturers in Europe.

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



Zorlu Group's Fields of Operation

Energy

With its integrated structure, Zorlu Energy Group is a leading player in the Turkish energy industry. With renewable energy sources accounting for 51% of its total installed capacity of 1,208 MW as of the end of 2020, the Group maintains its growth trajectory in renewable energy by capitalizing on investment opportunities both in Turkey and international markets.

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

In natural gas distribution, Zorlu Energy Group continues to expand its network to new districts in its licensed regions to bring natural gas to more locations, while continuing its investments in electricity distribution and retail sales, which the Group entered in 2017, to renovate and technologically advance the existing infrastructure and enhance the quality of service offered to customers.

As part of its vision to reduce carbon emissions for a better future, Zorlu Enerji has taken significant steps towards becoming a technology and innovation-oriented next generation energy company, pioneering the efforts to promote electric vehicle use with new investments in charging stations.





Zorlu Group's Fields of Operation

Real Estate

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

Zorlu Shopping Mall has hosted 83 million visitors in the span of 7 years and has become one of the most prominent venues for shopping and social life.



Filling an important gap in our country's culture & arts scene, Zorlu PSM hosts over 500,000 people at more than 1,000 events each season and constantly works to offer an even wider range of events. By the end of its seventh year, Zorlu PSM has hosted 3 million guests and focuses on staging different projects.

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



Zorlu Group's Fields of Operation

Mining-Metallurgy

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

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

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





Zorlu Group's Fields of Operation

Other Fields of Operation

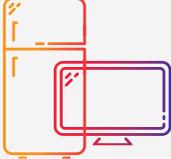
Zorlu Holding continues distinguishing itself with its quality and unique approach to service in a wide range of other fields, from tourism to factoring and aviation.

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





Zorlu Group's Fields of Operation

SECTOR	SCOPE	PARENT COMPANIES
 <p>CONSUMER ELECTRONICS & HOUSEHOLD APPLIANCES</p>	<p>Manufacturing and sale of;</p> <ul style="list-style-type: none"> • Television sets, • Household appliances, • Digital and mobile products 	<p>Vestel Elektronik Vestel Beyaz Eşya 2020 Turnover: TL 21.5 billion Asset Size: TL 23.6 billion</p>
 <p>ENERGY</p>	<ul style="list-style-type: none"> • Generation and sale of electricity and steam • Electricity distribution and retail sales • Electricity trade • Natural gas distribution • Natural gas trade and sales • Power plant construction, maintenance, repair and operation • Solar panel trade and installation • Electric vehicle charging station installation • Electric vehicle rental 	<p>Zorlu Enerji Zorlu Yenilenebilir Enerji OEDAŞ OEPSAŞ Zorlu Elektrik Trakya Doğal Gaz and Gaziantep Doğal Gaz Zorlu O&M Zorlu Doğal Gaz Zorlu Doğal Gaz Tedarik Zorlu Energy Solutions Electrip 2020 Turnover: TL 9.0 billion Asset Size: TL 23.4 billion</p>
 <p>TEXTILES</p>	<ul style="list-style-type: none"> • Production and sale of polyester yarn and home textiles 	<p>Korteks Zorluteks 2020 Turnover: TL 4.1 billion Asset Size: TL 5.6 billion</p>
 <p>REAL ESTATE</p>	<ul style="list-style-type: none"> • Development, sale, lease and/or operation of high-quality real estate projects 	<p>Zorlu Gayrimenkul Geliştirme Zorlu Yapı 2020 Turnover: TL 851.0 million Asset Size: TL 12.6 billion</p>
 <p>MINING - METALLURGY</p>	<ul style="list-style-type: none"> • Development and operation of nickel and cobalt resources in Turkey and their domestic & international sales; recovery of precious metals from process waste and development of production technology for rare earth elements 	<p>Meta Nikel Kobalt Madencilik 2020 Turnover: TL 402 million Asset Size: TL 4.2 billion</p>
 <p>OTHER SECTORS</p>	<ul style="list-style-type: none"> • Factoring • Tourism • Aviation 	<p>ABH Turizm Temsilcilik ve Ticaret AŞ (Jules Verne Travel & Event & Jabiroom) Zorlu Faktoring Zorlu Grand Otel Zorlu Air</p>

SECTOR POSITION

- Ranks among top three producers in TVs and top five in household appliances in Europe
- Market leader in TVs and one of top three producers of household appliances in Turkey
- Export champion of Turkey's electronics sector for the last 22 years

COMPETITIVE ADVANTAGES

- One of Europe's largest industrial manufacturing complexes operating in a single location (Vestel City)
- Efficiency, productivity and cost advantages brought about by manufacturing under a single roof
- Ability to differentiate mass production on an order basis through flexible production capability
- Capability to develop and diversify product range according to the needs of customers from different socio-cultural characteristics and regions
- Seamless ODM (Original Design Manufacturer) services for export markets from original design and production to point delivery
- Leading ODM in the region
- Logistics costs and delivery advantages compared to Asian competitors due to the proximity of production facilities to the European market
- The presence of an advanced household appliances support industry in Manisa
- Production facilities situated nearby the port of Izmir, offering distribution and logistics cost advantages
- Growing branded product sales in the European market through long-term licensing agreements with global brands
- Exports to 157 countries
- One of Turkey most extensive sales and after-sales service network
- Broad technological know-how ranging from household appliances to TV sets and mobile devices and investments in new technologies
- One of Turkey's top 10 most recognized brands

- Turkey's leading player in geothermal energy with 19% share
- Electricity sales to a total of 1.9 million customers
- Approximately 1.89 million subscribers in electricity distribution
- Approximately 4.4% share in Turkey's electricity distribution
- 4.8% share in Turkey's total natural gas consumption

- Presence in each link of the electricity value chain
- Integrated service capability
- Balanced and diversified generation portfolio by resource and geography
- Investments in countries offering high growth potential
- Focus on renewables (87% of installed capacity in Turkey, 51% of total installed capacity)
- Renewable energy power plants that benefit from the USD-based fixed feed-in tariffs under the Renewable Energy Resources Support Mechanism in Turkey; overseas investments with long-term power purchase guarantees
- Strong license and project portfolio to support future domestic and overseas growth
- Electricity distribution and retail sales in the Osmangazi Region, which offers high growth potential with its university, industry and urbanization
- More than 10 years of experience in natural gas distribution
- Investments and efforts for smart systems and technologies for becoming the energy company of the future

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

- Europe's largest integrated and innovative polyester yarn production center
- Home textile manufacturing facility with cutting edge production technologies
- Exports to 68 countries
- Widespread domestic and international sales and distribution network
- Leading companies in the Turkish home textiles sector
- Wide product range

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

Levent 199: Eco-friendly A+ office project with accolades in office architecture

- Smart, eco-friendly and sustainable real estate projects that stand apart in their respective segments with their architectural qualities and advanced technologies
- Proven track record in Istanbul's premium locations: Zorlu Center and Levent 199
- **Zorlu Shopping Mall:** A shopping mall offering select restaurants and world-famous brands
- **Zorlu Performance Arts Center (PSM):** Qualified to be among the top five performing arts centers in the world, Zorlu PSM hosts a variety of events, including world-renowned shows, Broadway musicals, concerts and festivals in a variety of musical genres, theater plays, opera performances, film screenings and corporate events, welcoming thousands of guests in its fully-equipped halls and spaces.
- **Raffles Istanbul Zorlu Center:** One of the world's most luxurious hotel brands
- Portfolio of high-potential plots of land in leading tourism destinations of Turkey

- Turkey's first and only nickel-cobalt mining plant and one of the world's top 10 most technologically advanced facilities in its field

- Turkey's first and only nickel-cobalt plant with an annual production capacity of 10,000 tons of nickel metal in Grdes-Manisa
- Innovative and environmentally-friendly production technology
- Nickel-cobalt reserve development and investment projects planned within the scope of the licenses in Eskişehir and Uşak
- Proven and potential reserves equivalent to a total of 660,000 tons of Ni-metal content in licensed areas

- Strong brand values
- Growth-oriented investments

Zorlu Holding Portfolio Strategy

We have adopted the principle of acting with the awareness of our influence while managing our resources and risks. We manage our portfolio encompassing Consumer Electronics and Household Appliances, Energy, Textiles, Real Estate and Mining-Metallurgy in the light of an approach based on increasing our export-based global footprint.

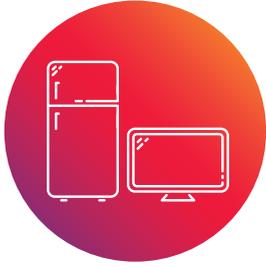
As Zorlu Holding, we face various problems and the root causes of those problems each and every day while the needs, wishes and concerns of countries, societies and all individuals are changing during a period when breaking points and radical transformations are observed in every aspect of life. We have aligned our portfolio management with our sustainability vision and targets through a management mentality based on agility, dynamism, interactivity and determination in order to be a part of the solution in parallel with these facts.

We have adopted the principle of acting with the awareness of our influence while managing our resources and risks. We manage our portfolio encompassing Consumer Electronics and Household Appliances, Energy, Textiles, Real Estate and Mining-Metallurgy in the light of an approach based on increasing our export-based global footprint. While doing this, we aim to maintain and develop our portfolio in technological and innovative areas with a focus on sustainability.

We aim to expand our investments in growth-oriented areas where we maintain the current level of profitability. At Zorlu Holding, we have a growth target that is 10 points above Turkey's growth rate every year. Considering the areas of environmental, social and governance, we prioritize investment projects with high added value, where we transfer our corporate experience and the competencies of our human resources to different geographies. While taking firm steps towards becoming the company of today, tomorrow and the future, we adopt a stakeholder economy approach and act with the dream of a better world under the responsibility and power of being a family growing every day, together with our customers, suppliers and vendors, especially our employees, whose lives we touch.

Growth Strategies of Group Companies

CONSUMER ELECTRONICS & HOUSEHOLD APPLIANCES



- Increasing sales in existing business segments by expanding product range
- Increasing its activities in distant markets, which stand out with their large population and developing economies, while strengthening its position in nearby markets
- Increasing the production market share by further strengthening collaborations in the European market of households appliances
- Seeking new brand licensing partnerships for international markets in the consumer electronics segment
- Improving domestic brand image, distribution network and after-sales services to increase market share, particularly in household appliances
- Increasing the intensity of operations in new areas of business with high growth potential related to the electronics industry such as automotive electronics, electric vehicle chargers, connected devices and cloud software, battery and energy storage systems

ENERGY



- Building upon the existing renewables portfolio with a particular focus on geothermal, solar and wind energy in Turkey and abroad
- Expanding the operations of electric vehicle charging stations, of which it is the market leader in Turkey, to foreign markets and investing in emerging areas such as the electric vehicle sharing platform that is synergistic with it
- Continuing to make R&D investments in smart and sustainable systems such as on-site storage systems as well as energy efficiency in line with the vision of being the energy company of the future
- Providing customers with the highest quality service by completing the network investments and improving the technological infrastructure in electricity distribution

TEXTILES



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

REAL ESTATE



- Presenting the best examples not only in Turkey but also across the world in sustainable and innovative living spaces in line with the Smart Life 2030 vision.
- While developing the assets in its current portfolio, especially Zorlu Center and Levent 199, as an area of experience to set an example for new generation living spaces, harmonizing the living spaces it offers with the transformations and trends in the world via technological and digital investments

MINING-METALLURGY



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

Message from the Board of Directors



As Zorlu Group, we continued to create value for Turkey with our more than 60 companies and over 32 thousand employees at a time when the economies all over the world were struggling, the supply chain was negatively affected and trade was coming to a standstill from time to time.



2020 was a year in which one of the biggest health problems of the last century was experienced due to the pandemic as well as an unprecedented contraction in the global economy as a result of the restrictions and lockdown measures.

While economies were facing serious difficulties due to the global pandemic, the leading central banks of the world, especially the US Federal Reserve, became a lifeline by introducing monetary expansion policies one after another and providing liquidity to the economies.

Despite the money injected into the market by central banks and the direct support of governments; the International Labor Organization (ILO) stated that 2020, a year when the loss of employment was experienced at a global level, poverty was deepened in low-income countries and radical contraction as well as job losses were experienced in sectors such as travel, accommodation and culture & arts, caused 4 times more job losses when compared to the 2009 global crisis. According to the data of the Organization for Economic Cooperation and Development (OECD), the global economy shrank by 3.4% in 2020, while the world's largest economy, the USA, shrank by 3.5% and the Eurozone, to which Turkey delivers a large part of its exports, shrank by 6.6%.

The Turkish economy, which started to experience the impacts of the global pandemic as of March 2020, had a hard time especially in the initial period of the pandemic. However, there was a recovery in the third quarter of the year due to the measures taken against the pandemic. Responding to the demands of Europe with flexibility and agility in the wake of the problems experienced in the global supply chain, Turkish companies played an important role in the recovery of the economy with the contribution of exports. While the problems in the domestic market were balanced with exports, Turkey, along with China, came to the fore among the economies that recorded growth in 2020. According to OECD data, Turkey grew by 1.8% at a time when Russia shrank by 3.6%, India by 7.4% and South Africa by 7%. However, increasing inflation, rising exchange rates and interest rates were still persisting in 2021 as important problems that need to be overcome for Turkey.

It is predicted that there will be a gradual recovery in the global economy with the vaccination, which is expected to become more widespread in the second half of 2021. Considering that the vaccination will become widespread primarily in developed countries, especially in the EU Region, this development will provide a significant advantage for the Turkish economy in terms of export and tourism. At a time when the global supply chains are being reshaped, the world's largest free trade agreement has been signed in the Asia-Pacific region, and Brexit has been completed, Turkey can boost its power and influence as a value-creating actor in the global economy in 2021 and beyond following the disappearance of the pandemic.

We have grown with production and export that create added value based on technology and innovation

As Zorlu Group, we continued to create value for Turkey with our more than 60 companies and over 32 thousand employees at a time when the economies all over the world were struggling, the supply chain was negatively affected and trade was coming to a standstill from time to time. Through our exports to 157 countries, we offered products touching and improving the lives of the whole society, especially many people who had to stay at home due to the pandemic. We worked hard to contribute to a better life today and in the future by making sustainability a way of doing business.

As a group interpreting the rapid change in the world well, adapting to it, and having strong dreams for the future, we continued to undertake project that would bring hope to Turkey throughout this challenging process in the light of our self-confidence, innovation, our long-standing investment in research and development as well as our entrepreneurial spirit. With our companies operating in textiles, consumer electronics and household appliances, energy, real estate and mining sectors, we continued to work for delivering strategic products and services to help secure a more sustainable growth for our country by focusing on innovative areas to move Turkey towards the future.

In addition to our activities, we continued to make investments uninterruptedly despite the pandemic conditions. Our factories and facilities continued to produce in accordance with the new conditions based on the maximum precautions and measures taken with a focus on human health. It was a year when we reached full capacity, especially in electronics and household appliances, and broke records in exports. However, our priority throughout the year was the health of our colleagues. While taking health measures, we strengthened the steps that would ensure the sustainability of our business in order to protect an employment network of more than 80 thousand including our suppliers and business partners. While there was a strong contraction in employment all over the world, we maintained and even increased our employment as the group of Turkey creating the highest level of employment in industry. As one of Turkey's largest exporting and income generating groups, we increased our strength throughout this process thanks to our high export revenues. We maintained our sustainable growth with our activities in areas with high added value that would carry Turkey into the future.

We are taking firm steps towards the future through our innovative activities

Via our innovation and technology-oriented activities shaping Turkey's future, we continued to engage in activities by taking responsibility on behalf of our country in a challenging year like 2020 and continued to bring the world of the future to the present time through our activities, which were among the first examples of the

new generation economy. While making sustainability a way of doing business by placing our Smart Life 2030 sustainability vision at the center of our business model, we presented technology and innovation by transforming them into products and services improving people's lives.

The fact that sustainability and digitalization, which have been the cornerstones of our strategy in the last five years, have turned into two prominent areas throughout the pandemic period shows how accurate the steps we have taken in this regard are. In the light of this vision, our Group, which is one of the partners of TOGG, is continuing to engage in activities that are shown as a model not only in Turkey, but also across the world through the charging devices and charging stations for electric vehicles, renewable energy investments, smart household appliances, electronic products, technical and smart textiles, new-generation mining creating added value and innovative living spaces in real estate. We believe that the further development of the products and services offered by our companies in the light of this vision throughout the pandemic process will turn us into a global group offering value-added services for the smart world of the future.

Our industries work for a smart and sustainable life

Working for a smart and sustainable life in line with our Smart Life 2030 strategy, our industries succeeded in achieving pioneering new activities in Turkey in 2020 as well. As the innovative business partner of world giants, our Textile Group continued to be the window of textile in our country opening to the world with its smart and sustainable products. In textile, our smart textile products and solutions, ranging from conductive fabrics to technical textiles, from wearable technology to energy, from security to healthcare industry, came to the fore with antibacterial products offered during the pandemic period. We showed once again that we could quickly adapt our know-how in technical textiles to various sectors and offer the value-added textile products needed. Our factories continued to be a pioneer in Turkey in terms of sustainability and circular economy, through certificates certifying their green production and the Polymer Recycling Plant established to produce polyester yarn completely out of plastic bottles.

Being the export champion in its sector for 22 years in a row, Vestel continued to be the address of innovative and value-added production and exports in Turkey in 2020 as well. It further increased its success in the European market via branded sales by adding new brands to its portfolio through its acquisition operations. It received a great return on its long-term investments in retail as well as e-commerce in the domestic market. As a result of its investments in R&D and innovation, the Daylight Technology offered innovative solutions to consumers' hygiene and health-oriented product expectations. With regard to automotive electronics, which we consider as one of the areas with the highest room for improvement, we began to achieve

Message from the Board of Directors



At Zorlu Group, we will continue to work with all our strength for the sustainability of our activities through our 68 years of experience, seasoned senior management and competent human resources in 2021 during which the global pandemic and the uncertainties posed thereby will continue for a while according to our opinion.



tangible results in our activities ranging from chargers for the electric vehicle ecosystem to electronic cards, from entertainment and information systems to battery systems. We also made significant progress in our efforts to make our production base Vestel City the first facility to achieve the Industry 4.0 transformation in Turkey.

Relying on renewable resources for 87% of its installed capacity in Turkey, Zorlu Enerji continued to make its investments in renewable energy and electric vehicle ecosystem for a carbon-free world in 2020 as well. After investing in renewable energy sources such as geothermal, hydroelectricity and wind, it continued to focus on solar energy. It carried out pioneering activities in Turkey with many operations ranging from the sales of solar panels to their installation on roofs. It continued to make investments in solar power plants abroad with new projects of which it was a partner in Palestine and Israel. Although the number of electric vehicles in Turkey is still very low, it strengthened its market leadership by spreading the electric vehicle stations launched under the new generation technology company ZES to all cities of the country with great foresight. By enlarging its goals in this regard, it started to work towards the goal of installing electric vehicle charging stations in many European countries, starting from the neighboring ones.

Our real estate segment continued to facilitate the lives of its guests through Zorlu Center and Levent 1999 by taking appropriate measures for controlled social life throughout a challenging process like the pandemic. Zorlu Center successfully managed this process with the help of its technologies maximizing air quality and offering contactless transactions, and high-level hygiene practices. Zorlu PSM fulfilled its mission in the digital environment as the meeting point of culture and arts throughout the pandemic process and became a source of motivation for art enthusiasts in this challenging period.

Operating in the field of mining, our Meta Nikel facility continued to engage in R&D, technology and innovation-oriented activities as a pioneer in new-generation mining in our country in spite of the pandemic. It continued to make investments that would ensure the efficiency of our facility. It furthered its operations to produce value-added forms of nickel and cobalt.

As Zorlu Group, we introduced all these activities in line with our Smart Life 2030 strategy in order to create value for the society and environment. We took the steps required for offering a diverse and inclusive work environment for our colleagues where they could improve their creativity, take action to do good for the world, unleash their innovation-oriented perspective and entrepreneurial spirit. Initiating the second cycle of our intrapreneurship program, Parlak Bi'Fikir (A Bright Idea), in 2020, we laid the groundwork for business models needed by the new world, new generation companies and new sectors through the entrepreneurial ideas from Zorlu Group employees. With the engagement of our colleagues, we also continued to engage in a wide range of activities from gender equality to employee volunteering. We continued to prepare our youth for a future full of confidence with the scholarships offered through Mehmet Zorlu Foundation and the MZF-MEF YetGen 21st Century Competencies Education Program that we support. We supported the social entrepreneurship ecosystem with the social innovation platform "imece", of which we are the founding partner; we worked together to solve complex problems that we once again became aware of, especially during the pandemic period.

We will continue to work with all our strength for the sustainability of our activities in 2021

At Zorlu Group, we will continue to work with all our strength for the sustainability of our activities through our 68 years of experience, seasoned senior management and competent human resources in 2021 during which the global pandemic and the uncertainties posed thereby will continue for a while according to our opinion.

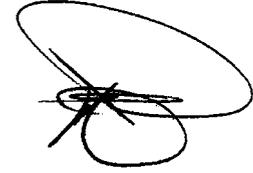
In line with our Smart Life 2030 strategy, we will use our minds and hearts for a more livable world through the steps to be taken by our group companies. We will walk resolutely towards the dream of a better future via the benefits we will create for our world, our country, society and all our stakeholders. While increasing our performance in our activities, we will continue to improve our contribution to sustainable growth, economic and social welfare in the long run by enlarging our impact on environmental, social and governance areas.

We would like to express our endless gratitude to all our stakeholders that have contributed to Zorlu Group's being a group that does good for the world and all living things, and creates value for its country and the world, and have walked with us to introduce our innovative activities and solutions that improve life.

Sincerely,



Ahmet Nazif Zorlu
Chairman



Zeki Zorlu
Co-Chairman

Message from the Board of Directors



Via our innovation and technology-oriented activities shaping Turkey's future, we continued to engage in activities by taking responsibility on behalf of our country in a challenging year like 2020 and continued to bring the world of the future to the present time through our activities, which were among the first examples of the new generation economy.



Ahmet Nazif Zorlu
Chairman



Message from the Board of Directors



In line with our Smart Life 2030 strategy, we will use our minds and hearts for a more livable world through the steps to be taken by our group companies. We will walk resolutely towards the dream of a better future via the benefits we will create for our world, our country, society and all our stakeholders.



Zeki Zorlu
Co-Chairman



Board of Directors



Ahmet Nazif Zorlu
Chairman

(1944 - Denizli) Ahmet Nazif Zorlu began his career in the textile business at a young age, following in on his father's footsteps. After engaging in the textile trade with the store he opened in Trabzon in the early years of his career, he moved his company's headquarters to Istanbul in 1970, laying the foundations of Zorlu Holding. Ahmet Zorlu set up his first production company, Korteks, in 1976 and united all of his companies under the roof of Zorlu Holding in 1990. In 1994, Ahmet Zorlu acquired Vestel, thus opening the door to new lines of business for Zorlu Holding. Ahmet Zorlu's entrepreneurial spirit, which manifested itself in the textile industry, continued in various businesses operating in a wide range of industries, such as household appliances, electronics, energy, property development, metallurgy, and defense. In addition to his duty as the Chairman of Zorlu Holding, Ahmet Zorlu serves as chairman or deputy chairman in several Zorlu Group companies operating in different industries.

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



Zeki Zorlu
Co-Chairman

(1939 - Denizli) Zeki Zorlu began his career in the family-owned textile company in Babadağ, Denizli. Having opened his first textile store in Trabzon, Zeki Zorlu laid the foundations of Korteks in Bursa in 1976. Zeki Zorlu founded Zorlu Holding along with his brother Ahmet Nazif Zorlu, and added Vestel to Holding's business portfolio in 1994. He also played a critical role in the foundation and acquisition of numerous companies in energy, tourism and real estate industries. In addition to his co-chairmanship duties on the Board of Zorlu Holding, Zeki Zorlu also chairs the Board of Directors of Zorlu Group companies operating in energy, textile and real estate industries. Zeki Zorlu also assumes active roles in several NGOs. He is the Vice President of Textile Industry Assembly of TOBB (The Union of Chambers and Commodity Exchanges of Turkey). Having served on the Board of BUSİAD (Industrialists and Businessmen Association of Bursa) for two years, Zeki Zorlu is currently a member of the International Patent Cooperation Union, BUFAD (Bursa Disaster Association), the Foundation for the Empowerment of Uludağ University, KalDer (Turkish Society for Quality), SUSEB (Association of Artificial Synthetic Fiber Manufacturers), the Bursa Research Foundation, and the Association for International Competition and Technology.



Olgun Zorlu
Board Member

(1965 - Trabzon) Olgun Zorlu began his professional career in 1986 after completing his higher education in textiles and business administration in the UK. He started to serve in managerial positions at various Zorlu Group companies in 1988 and led their foreign market research and business development operations. Having served on the Board of Directors of Zorlu Holding since 1998, Olgun Zorlu is also the Chairman of Meta Nikel and sits on the boards of Zorlu Enerji, Vestel Beyaz Eşya, Vestel Elektronik and various subsidiaries of Zorlu Holding. Zorlu is a member of the Turkish Industry and Business Association (TÜSİAD) and the Turkish Home Textile Industrialists' Association (TETSİAD).



Mehmet Emre Zorlu

Board Member

(1984 - Istanbul) Mehmet Emre Zorlu graduated from the Department of Electrical and Electronics Engineering at Koç University in 2006 before joining Vestel Elektronik as Board Member in 2009.



Selen Zorlu Melik

Board Member

(1975 - Trabzon) Selen Zorlu Melik graduated from the Department of Business Administration of the Faculty of Economics and Administrative Sciences at Uludağ University. She began her professional career at Denizbank in 1998. Following her internship at the Bursa branch of Denizbank, she enrolled in Denizbank's Management Trainee Program in 1999. After working in a number of positions at the Denizbank head office, Selen Zorlu Melik attended a marketing certificate program at the University of California, Berkeley in 2001. She joined Korteks Yarn Factory in 2002 and is currently a Board Member of Zorlu Holding, Zorlu Enerji, Vestel Beyaz Eşya and Vestel Elektronik as well as several subsidiaries of Zorlu Holding.

CEO's Assessment



Despite the pandemic conditions, Zorlu Holding's consolidated turnover in 2020 increased by 16% year-on-year with a double-digit growth, reaching TL 36 billion. Export revenues, which account for 58% of total sales, stood at USD 2.9 billion, driven by our export-oriented production strategy in consumer electronics, household appliances and textile sectors.



Dear Stakeholders,

2020 was an extraordinary year in the shadow of prevailing pandemic conditions. It was a period in which economies were partially or completely shut down, problems were experienced in the global supply chain, and many countries experienced an unprecedented economic contraction. As Zorlu Group, we continued to produce in all our sectors in the light of our technology and innovation-oriented approach and sustainability-oriented strategic goals in 2020, a year in which the Turkish economy achieved growth, albeit limited, despite these challenging conditions. We successfully completed the year thanks to our qualified and highly adaptable human resources, our agile and dynamic structure driving our ability to cope with crises, and our strong muscles in exports.

2020 was a year in which we witnessed the positive impacts of the steps we took in line with our Smart Life 2030 sustainability vision, and we tested the durability of our portfolio under pandemic conditions. Throughout this period, we started to reap the rewards of our investments in areas to shape the smart world of the future by positioning technology, digitalization and innovation as an important lever of this strategy. We managed to ensure the sustainability of our business by proactively and effectively managing our projects within our companies in different sectors in line with the needs of those sectors. Thus, in line with our Smart Life 2030 vision, we ensured our sustainable growth by producing value-creating activities through our companies, while improving our performance in environmental, social and governance areas.

With the test we successfully passed against the pandemic, we, as Zorlu Holding, balanced the problems experienced in the domestic market thanks to the strong contribution of exports. In this extraordinary year, more than half of our revenues came from exports. We clearly observed the impact of exports in Vestel and Zorlu Tekstil. Due to its contribution to the Turkish economy and its relentless structure, our energy sector continued to produce and invest in this challenging period. Except for our Real Estate group, which was affected by the restrictions introduced due to the measures taken in parallel with the pandemic, we did not have any other sector the turnover of which contracted in real terms.

Despite the pandemic conditions, Zorlu Holding's consolidated turnover in 2020 increased by 16% year-on-year with a double-digit growth, reaching TL 36 billion. Export revenues, which account for 58% of total sales, stood at USD 2.9 billion, driven by our export-oriented production strategy in consumer electronics, household appliances and textile sectors. EBITDA grew by 27% to reach TL 6.5 billion while the EBITDA margin stood at 18.3%. Zorlu Holding's total assets, on the other hand, increased by 30% in 2020 to reach TL 82 billion.

Via Smart Life 2030, our group companies create value for all our stakeholders

At Zorlu Holding, we continued to respond to the stakeholder-oriented transformation, which became more evident following the pandemic across the world, with the Smart Life 2030 strategy in 2020 as well. We continued to manage financial assets as well as all non-financial assets such as human resources, innovation and environmental capital in a way to create value, with the help of the sustainability-oriented business model that our group companies embraced and managed based on their needs. Focusing on human and consumer experience and producing sustainable solutions with innovation, our group companies maintained their profitability on one hand and invested in areas that would contribute to the solution of complex global issues in the long term on the other.

In this respect, we continue to move forward resolutely in line with our goal of transforming our group into a global group producing value-added products and services while creating value for stakeholders.

We grew with a new generation of smart and sustainable activities

In 2020, our group companies continued to present the first examples of transition to the new generation economy in a wide range of activities from smart products to smart homes, smart cities, electric vehicle rentals and electric vehicle charging points.

Despite the pandemic conditions, our Vestel Group managed all processes proactively and closed 2020 with record profitability. Being the export champion for 22 years in its own sector with exports to 157 countries, Vestel recorded 73% of its revenues from export revenues. Vestel took steps to further its success in the European market with branded sales, particularly Toshiba in TV and Sharp in household appliances, under new agreements. In this context, Vestel acquired the European royalty, production and sales rights of White Knight and Hostess brands of Crosslee PLC, one of the major players in the UK household appliances market. We anticipate that this acquisition will place Vestel in an even stronger position in the UK and EU countries. In addition, Vestel made a difference with its innovative products for the needs arising out of the pandemic in the domestic market and with its long years of investment in e-commerce on the retail side. Vestel launched Daylight Technology, which it developed by taking inspiration from nature, at the beginning of the pandemic period. Equipped with this technology, innovative products such as the refrigerator cleaning the air therein, the dishwasher preventing the formation of pests by emitting a natural light and the washing machine offering extra hygiene for laundry washed by special lights and easily sterilizing many clothes frequently touched in daily life through the special light within its waterless washing program attracted a great deal of attention in the market. Thanks to the integrated retail system it has been

implementing for a decade, Vestel made a difference in e-commerce by delivering the orders placed on the website within 24 hours throughout the pandemic period. Furthering its efforts in the field of automotive electronics for electric and autonomous vehicles, which we believe will be one of the brightest areas of the future, in 2020, Vestel started producing the first domestic electric bicycle battery the hardware, software, mechanical designs, production and testing infrastructure of which were completely developed by Vestel. While continuing to export electric vehicle chargers to the entire world, it became the manufacturer and supplier of Iberdrola, one of the largest energy companies of the world, for the international electric vehicle chargers project in the next 5 years through the agreement signed with the company. In addition, it achieved 90% of its targets with the Industry 4.0 practices that have been going on at Vestel City for more than six years.

Our Textile Group, Europe's leading producer of home textiles and Europe's largest integrated polyester yarn producer, accomplished pioneering and innovative activities in 2020 relying upon its know-how in technical textiles. Offering technical and smart textile products to various sectors such as home textile, security, defense industry, health and automotive, our Textile Group quickly took action by producing solutions to the sudden demands of the changing world throughout the pandemic period. It offered exemplary products suitable for the needs of the period via its antibacterial and antiviral products. In addition to masks produced with DRY TOUCH® fabrics in the technical textile category, it continued to add value to our exports by selling antibacterial fabrics to Europe and air-purifying curtains to the UK. By also taking important steps towards transforming sustainability into a way of doing business, it completed STeP "Sustainable Textile Production" certification process at its factories, certifying itself as a sustainable textile manufacturer. Based on this certification, it started producing under the 'Made in Green' label used with Standard 100 by Oeko-Tex and STeP by Oeko-Tex certificates. In a very challenging period such as the pandemic, it started producing polyester yarn completely out of plastic bottles, breaking a new ground in Europe and Turkey through its Polymer Recycling Plant investment. While continuing to engage in sustainability-oriented R&D projects, it was included in the EU Horizon 2020 as the only manufacturer from the textile industry within the scope of OXIPRO project.

In 2020, our Zorlu Energy Group continued to undertake pioneering activities in Turkey by making sustainability a way of doing business in the light of the vision of being the energy company of the future. Completely relying on renewable energy sources for electricity generation in Turkey, Zorlu Enerji, which initially engaged in hydroelectric, wind and geothermal power generation, continued to take this venture a step forward with solar power. Continuing its overseas investments, which was initiated by acquiring a 42.15%

CEO's Assessment



With the strength we derive from our Smart Life 2030 strategy, we, as Zorlu Holding, will continue our efforts to be a promising and inspiring group for our country, offering technology to the service of society as an element that advances human life.



share of Adnit Real Estate Ltd. from Israel, which won the tender for a 13-MW solar power plant in 2019, Zorlu Enerji commissioned the Dead Sea Solar Power Plant with a total installed capacity of 2 MW in Jericho region of Palestine through ZJ Strong venture company, of which it owns by 75%. Launching projects aiming to reduce the environmental footprint within the scope of Smart Life 2030, Zorlu Enerji continued to invest in the electric vehicle ecosystem with ZES, a new generation technology company, so as to reduce carbon emissions in cities, although the electric vehicle market in Turkey is still very small. These recent investments enabled ZES to spread its electric vehicle charging station network to 81 cities at the end of 2020 and to offer an uninterrupted electric vehicle experience from one end of Turkey to the other, by simultaneously serving 761 vehicles at 455 locations. While ZES is increasing its share in the market where it is the pioneer and leader in Turkey, it established ZES Netherlands company in order to transfer its projects in this field to the European Union and surrounding countries and to operate in the relevant countries, and it introduced its growth target in other countries as well. Continuing to perform its R&D studies on electric vehicle charging stations, energy storage and carbon neutralization projects, Zorlu Enerji became a partner in 20 projects executed with EMRA and TÜBİTAK, primarily the Horizon 2020 Program of the European Union, and was entitled to receive a total grant of TL 14 million until the end of 2020.

Although our Zorlu Real Estate Group is the group company most affected by the pandemic process, it carried out successful process management at Zorlu Center and Levent 199 in 2020, thanks to its flexible and adaptive structure as well as the agile measures taken. Zorlu Center continued to host its visitors in such a way that they could move safely, with the highest level of measures taken within the scope of the pandemic, innovative practices as well as technological and digital investments. It offered a safe and hygienic living space for its visitors with its wide outdoor areas as well as its high-level air quality in indoor areas with the help of its air-conditioning system equipped with UVC (Ultraviolet) technology, and the Car Park Management System (OYS) application integrated with license plate recognition system technology, aiming at the least possible contact. In addition, it was certified with ISO 50001 Energy Management System Certificate by taking new steps to increase its impact on sustainability. Having hosted approximately 3 million arts enthusiasts to date, Zorlu PSM digitalized its mission of being the meeting point of culture and arts, reaching more than 1.5 million viewers via PSM Online.

Our Meta Nikel facility, the first specialized business of Turkey to develop nickel-cobalt resources established in Gördes, Manisa in the field of mining, continued to take firm steps towards becoming the R&D and technology base of our country in next generation mining in 2020. Despite the drawbacks posed by the pandemic, it initiated an important investment under the sulfuric acid production facility

project. This investment will enable Meta Nikel not only to fulfill all the needs in this area in a completely safe way within this facility, but also to generate electricity with high and low-pressure saturated steam as a process output as a result of this process. Along with all ongoing investments, we continue to engage in activities in this facility in line with the goal of producing and exporting different higher value-added forms of nickel and cobalt, which are very strategic elements also used in batteries and are the heart of electric cars.

We continued to strengthen our innovation-oriented corporate culture, which is reinforced by diversity and inclusion

Despite the negative conditions triggered by the pandemic, our priority remained to be creating an innovation-oriented, inclusive and diverse corporate culture where our colleagues, which is the basis of all our achievements and whom we consider as our most important value, can fully unleash their talents in 2020. In this sense, we continued to develop many in-house programs ranging from gender equality to employee volunteering and intrapreneurship.

We published the Gender Equality Manifest and Domestic Violence Prevention Policy throughout this process, on the journey we set out by saying “An Equal Life is Possible for All”. We continued to introduce new practices in our group in order to avoid sexist discourses and make our working areas more egalitarian. Fully aware of our sphere of influence, we cooperated with various civil society organizations and initiatives working in the field of gender equality in Turkey.

We initiated the second cycle of our Parlak Bi’Fikir (A Bright Idea) intrapreneurship program, through which we launched start-ups from within our group, by moving the program online throughout the pandemic process.

Through Kivılcımlar Movement, our corporate volunteering program, we continued to develop the philanthropy instilled into the DNA of Zorlu Group in a way to enable our colleagues to create their own volunteering projects and create collaborations and partnerships with our stakeholders.

We continued to support different programs of the social innovation platform, imece, of which we are one of the founding partners. We continued to generate innovative solutions to social, cultural, economic and environmental problems through imece. While making arrangements for controlled social life in our work environment in accordance with the pandemic, we made available “We Are Good Together”, our corporate well-being platform, to our colleagues as a website and application in order to support them.

We will take firm steps forward with our Smart Life 2030 strategy to be renewed in 2021

Throughout the process that the world is going through, we have become more aware that the stakeholder-based approach is now a necessity for both the continuity of our business and the future of the world. The European Union Green Deal, one of the most recent examples of this change, shows that developments in this field will become more and more institutionalized. As a group that exports a significant part of our exports to the European region, we believe that we will be a pioneer and set an example for our country beyond adapting to this situation through the sustainability-oriented steps we will take in line with our Smart Life 2030 strategy to be renewed in 2021. In the light of a “responsible investment holding” approach adopted in line with the Smart Life 2030 strategy, we aim to shape our goals which we will set regarding environmental, social and governance (ESG) areas and which will create value for the society through an approach embraced and managed by group companies based on their needs and make a greater contribution to the United Nations Sustainable Development Goals in the upcoming decade.

With the strength we derive from our Smart Life 2030 strategy, we, as Zorlu Holding, will continue our efforts to be a promising and inspiring group for our country, offering technology to the service of society as an element that advances human life. With our unlimited imagination, courage, entrepreneurial spirit and innovation that make us who we are, we will move forward with the goal of becoming a global group of companies that shape the smart world of the future.

With these thoughts, I would like to express my gratitude to our business partners, clients and all our stakeholders, especially our colleagues who are our most valuable stakeholders, for the value they add to Zorlu Group.

Sincerely,



Ömer Yüngül
CEO

CEO's Assessment



2020 was a year in which we witnessed the positive impacts of the steps we took in line with our Smart Life 2030 sustainability vision, and we tested the durability of our portfolio under pandemic conditions. Throughout this period, we started to reap the rewards of our investments in areas to shape the smart world of the future by positioning technology, digitalization and innovation as an important lever of this vision.



Ömer Yüngül
CEO



Message from the Chairman of the Sustainability Committee



Thanks to technology and innovation, which are the main levers of our Smart Life 2030 strategy, we were able to offer products and solutions improving the lives of individuals together with our group companies despite the adverse conditions posed by the pandemic.



Dear Stakeholders,

In the wake of the pandemic taking its toll around the world in 2020, individuals and institutions began to question the current social and economic structure, the areas of responsibility and missions of policy-making and implementing institutions and organizations within this structure.

Everyone found out personally what kind of disasters could happen to the world when natural resources were consumed, living spaces were violated and humanity acted as the owner of the entire universe. This painful experience has raised concerns that climate crisis, migration, economic fluctuations and many other global issues may lead to radical social disruption and environmental disasters of more considerable dimensions in the future.

These developments led to an elevated self-criticism of the traditional profit-oriented economic models that have been in place for a while and the search for a new model became even stronger. As a reflection of this, sustainability along with digitalization became more prominent throughout the pandemic while the concept of stakeholder capitalism was discussed more and more. Rather than an investor and shareholder-oriented economic management model, the environmental, social and governance models paying attention to all stakeholders as well as the well-being of the planet and all living things stood out.

In this context, we see that with the publication of the European Union Green Deal, the sustainability approach has no longer been a choice but a necessity for the business world, and companies continue to change their business models with a stakeholder-based approach instead of a growth-based approach. In this background, 2020 was a year when the pandemic played an accelerating role on the road to 2030 for sustainability as well as digitalization. As a group that has been working with this awareness for many years together with the Smart Life 2030 strategy, this year was a good one to test our resilience. In fact, we have observed by living together how meaningful and important it is to create economic and social value for individuals and the society when effective systems are established by creating appropriate conditions and focusing on “human” in challenging times. We ensured the healthy and efficient continuity of our operations by acting in a flexible and agile way thanks to the steps we had previously taken in this direction on one hand and we continued to create value for our stakeholders on the other.

Thanks to technology and innovation, which are the main levers of our Smart Life 2030 strategy, we were able to offer products and solutions improving the lives of individuals together with our group companies despite the adverse conditions posed by the pandemic. We expanded our sphere of influence by continuing to create value for the society via our practices and projects aimed at solving global issues.

In 2020, we continued to carry out activities to open up space for the talents and competencies of our colleagues, develop and diversify an innovation-oriented, inclusive corporate culture. In this context, we continued to develop various corporate projects and programs in areas such as gender equality, employee volunteering and intrapreneurship,

which are of great importance for our sustainability strategy, with the participation of our colleagues from all of our group companies.

Engaging in next generation activities with the help of the technologies of the future, our group companies continued to develop products and solutions for a sustainable and smart life. They presented good and effective examples of the next generation economy based on renewable resources and circular economy.

In this respect, we continued to perform the second stage of our intrapreneurship platform, Parlak Bi'Fikir (A Bright Idea), which is one of the most critical programs of Smart Life 2030, by making use of digital facilities in spite of the prevailing pandemic.

In 2020, we took many steps in the field of gender equality, which is one of the important issues we focus on. We continued to take important actions in this regard with the Gender Equality Committee and the Gender Equality Working Group, which we formed with the voluntary participation of our colleagues. With regard to the activities initiated in line with our roadmap, we act together with all group companies under the leadership of the committee and the working group. We continued to raise corporate awareness in this field through workshops, training and communication activities, and various collaborations. Similarly, we published our Eşit Bi'Hayat (Equal Life) Manifest in this period. In line with this manifest, we continued to develop a business culture that aims to act by considering equal opportunities in the fields of discourse, business environment and cooperation with stakeholders. We designed Eşit Bi'Hayat (Equal Life) Dictionary as a guiding dictionary to avoid sexist discourse patterns and idioms embedded in our language and made it accessible to all our stakeholders. We published the Domestic Violence Prevention Policy by participating in the Business Against Domestic Violence (BADV) project carried out by Sabancı University Corporate Governance Forum in cooperation with TÜSİAD and supported by UNFPA and Sabancı Foundation.

Under Kivılcımlar Movement launched within the scope of employee volunteering, which is one of the important steps of Smart Life 2030, we switched to a new model in 2020 to enable our employees to create their own volunteering projects. Through Kivılcımlar Movement, our corporate volunteering program transferred to online platforms due to the pandemic, we continued to transform the philanthropy instilled into the DNA of Zorlu Group into a structure paving way for creating collaborations and partnerships with our stakeholders.

We continued to support "Smart Life Architects", who lead Smart Life 2030 in Zorlu Group, with training activities. As the first group to open a training program on sustainability for its employees by developing content with one of Turkey's most respected institutions such as Boğaziçi University through the "Smart Life 2030 Academy", we conducted this program online in 2020. In the training events organized by Boğaziçi University Lifelong Learning Center, the participants improved their literacy in these areas by receiving training on different topics such as future trends, sustainable innovation and technology, intrapreneurship, strategy, sustainability leadership, diversity and inclusion, and being a purpose-driven company.

In line with our Smart Life 2030 strategy, our companies further strengthened their impact in the field of ESG (Environmental, Social, Governance) in 2020, with environmentally-friendly products and circular economy-oriented solutions introduced for consumers. As one of the founders of the Business World Plastics Initiative, Korteks, one of our companies, broke a new ground in Europe in circular economy through the Polymer Recycling Plant, which manufactures polyester yarn completely out of plastic bottles.

However, we see that sustainability-oriented finance is becoming more and more widespread all over the world. While ESG (environmental, social and governance) ratings are increasingly considered in investment strategies, the size of mutual funds observing ESG criteria has tripled globally since 2015.¹ According to projections, ESG-based assets approaching USD 38 trillion by the end of 2020 are expected to reach USD 53 trillion by 2025, a rise of approximately 40%.² In parallel with these developments in global finance, our companies continued to use green financing methods effectively while making sustainability a way of doing business in 2020. Entitled to receive the highest score as a result of the evaluation made by the International Capital Markets Association (ICMA), Vestel broke a new ground in Turkey with its TL-denominated Green Bond issuance. Zorlu Enerji's first sustainable sukuk (lease certificate) issuance brokered by the Industrial Development Bank of Turkey (TSKB) attracted attention as the first of its kind across the world, as it also included targets such as sustainable infrastructure and clean transport.

At Zorlu Holding, we take firm steps towards the future with the sustainability-oriented steps we have taken in this operating period. Through our Smart Life 2030 strategy to be renewed in 2021, we will initiate a period during which the value-creating targets we will set in ESG areas are also adopted and managed by our group companies based on their needs. Through a "responsible investment holding" approach we have adopted for an equal, inclusive, fair and smart future, we will manage our non-financial assets such as human resources, innovation and environmental capital by investing in the core areas of "people-oriented ecosystems" and "regenerative business models" and continue to derive strength from radical collaborations. We are aware that this transformation is now a necessity for both the continuity of our business and the future of the world.

As Zorlu Holding, we would like to take this occasion to state once again that we will do our best for a more livable world in 2020 and beyond, continue to take firm steps towards our Smart Life 2030 goals and express our gratitude to all our stakeholders contributing to us along this long journey.

Sincerely,



Bekir Cem Köksal
Chairman of the Sustainability Committee

¹ Source: OECD, *Financial Markets and Climate Transition*, April 2021

² <https://www.bloomberg.com/professional/blog/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/>

Message from
the Chairman of
the Sustainability
Committee



As Zorlu Holding, we would like to take this occasion to state once again that we will do our best for a more livable world in 2020 and beyond, continue to take firm steps towards our Smart Life 2030 goals and express our gratitude to all our stakeholders contributing to us along this long journey.



Bekir Cem Köksal
Chairman of the Sustainability Committee



Senior Management



Ömer Yüngül
CEO

(1955 - Izmir) Ömer Yüngül obtained his bachelor's degree in mechanical engineering at Boğaziçi University in 1978. He started his career at Tekfen İnşaat, and went on to hold various managerial positions at Metaş, Faz Elektrik, and Merloni Elettrodomestici. In 1997, he was named General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, and became Chairman of the Executive Board of Vestel Group in 2000. After serving as an executive at Vestel for 15 years, Ömer Yüngül was named the CEO of Zorlu Holding in 2013.



Bekir Cem Köksal
CFO

(1967 - Ankara) Cem Köksal graduated from the Mechanical Engineering Department of Boğaziçi University in 1988 and obtained a master's degree at Bilkent University in 1990. After serving in the banking industry between 1990 and 2001, Cem Köksal was named Deputy General Manager of Denizbank in 1997. Köksal joined Vestel as the Chief Financial Officer in 2002. He currently serves as an Executive Committee Member at Vestel Group of Companies, and is the Chief Financial Officer and Chairman of the Sustainability Committee at Zorlu Holding and a Board Member at Zorlu Enerji.



Enis Turan Erdoğan
CEO, Vestel Group

(1955 - Mersin) Enis Turan Erdoğan obtained his bachelor's degree in mechanical engineering from Istanbul Technical University in 1976 and his MBA from Brunel University in the UK in 1979. Following his return to Turkey, he worked in managerial positions in various companies in the private sector before joining Vestel in 1988. Having assumed various managerial positions at Vestel since 1988, Mr. Erdoğan served as the Chairman of Vestel Foreign Trade and as an Executive Committee Member at Vestel Elektronik until 2013. Since January 1, 2013, Turan Erdoğan has been the CEO of Vestel Group of Companies. Mr. Erdoğan served as the President of TURKTRADE (Turkish Foreign Trade Association) for two terms between 2002 and 2006. From 2010 to 2014, he sat at the board of Europe's largest ICT Confederation, DIGITALEUROPE, as the first Turkish national to hold this position.



Necat Altın
CEO, Zorlu Textile Group

(1966 - Bursa) Necat Altın graduated from Uludağ University Department of Textile Engineering in 1987. After starting his career at Korteks Mensucat Sanayi ve Ticaret AŞ, a Zorlu Holding company, in 1992, Altın assumed the critical role of coordinating the investment process for the integrated polyester yarn manufacturing facility between 1995 and 1998, and contributed to the completion of the investment in record time. Necat Altın served as Deputy General Manager for Production at Korteks Mensucat Sanayi ve Ticaret AŞ from 1994 to 2004 before being appointed as General Manager. Having held the position of Deputy CEO of Zorlu Holding Textile Group since 2016, Altın was named CEO of the Textiles Group on January 1, 2018.

Altın is also a board member at several NGOs including Synthetic Yarn Manufacturers' Association of Turkey and BOSİAD and the president of European Man-Made Fibres Association, one of the leading artificial and synthetic yarn platforms in the world, since November 2017.



İbrahim Sinan Ak
CEO, Zorlu Energy Group

(1971 - Ankara) Sinan Ak graduated from the Department of Management Engineering at Istanbul Technical University. He started his career as an investment specialist at Evgin Yatırım Menkul Değerler. He then received his MBA degree from Old Dominion University in the USA. Between 2000 and 2002, Ak worked as Finance Chief at Vestel Komünikasyon and between 2002 and 2006 as Finance Manager at Vestel Beyaz Eşya. He joined Zorlu Energy Group in 2006. Ak served as Deputy General Manager in charge of Financial Affairs at Zorlu Enerji Elektrik Üretim AŞ until 2012 and became the General Manager of Zorlu Enerji in January 2012. Ak has been the CEO of Zorlu Energy Group encompassing Zorlu Enerji Elektrik Üretim AŞ since December 1, 2016. Sinan Ak is also the Chairman of DEİK Turkey-Israel Business Council, a Board Member of ELDER (Electricity Distribution Services Association) and a Member of the Advisory Board of the Electricity Producers Association.



Orhan Yılmaz
CEO, Zorlu Mining Group

(1960 - 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 manager, respectively in the same company and was named Deputy General Manager in 2003. In 2004, he was named General Manager and Chairman of the Board at Eti Maden, positions which he held until 2015. Between 2015 and 2017, he served as an advisor in the Ministry of Energy and Natural Resources. Orhan Yılmaz has been the CEO of Zorlu Holding Mining Group since January 2017.

Senior Management



Necmi Kavuşturan
CHRO, Zorlu Holding

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



Burak İsmail Okay
CLO, Zorlu Holding

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



Murat Zeren
CIO, Zorlu Holding

(1970 - Izmir) Murat Zeren obtained his bachelor's and master's degrees in electrical-electronic engineering at Bilkent University and his PhD degree in the same field at Ohio State University, USA. Upon his return to Turkey, Murat Zeren managed the R&D and software teams at Alcatel Teletaş, Telsim and Oksijen Teknoloji. He held tenure at Boğaziçi University as an Associate Professor of Computer Engineering between 2002 to 2004, during which he acted as a reviewer concerning projects by TÜBİTAK (Scientific and Technological Research Council of Turkey) and acted as a consultant for various technology companies. Murat Zeren served in several managerial positions at Ülker Group, Argela Teknoloji and Türk Telekom before his appointment as the Chief Information Officer at Doğan Online. He joined Zorlu Holding as CIO in 2013.



Billur Demet Atan

Audit General Manager, Zorlu Holding

(1964 - Istanbul) Billur Demet Atan obtained her bachelor's degree in Business Administration in 1986 and her master's degree in International Management in 1988, both from Istanbul University. She started serving as an independent auditor at Ernst & Young. Between 1995 and 1996, she worked in the Chicago, US office of Ernst & Young and was named Audit Partner in 1998. From 2000 to 2012, she also served as the Independent Audit Leader of Turkey at Ernst & Young, and she held the position of Audit Human Resources Leader between 2007 and 2012.

Billur Demet Atan joined Zorlu Holding in 2013. Carrying out internal audit, tax audit and financial audit activities of the Holding, Billur Demet Atan is a member of the Expert Accountants' Association of Turkey, Istanbul Chamber of Independent Accountants and Financial Advisors and the Institute of Internal Auditing of Turkey.

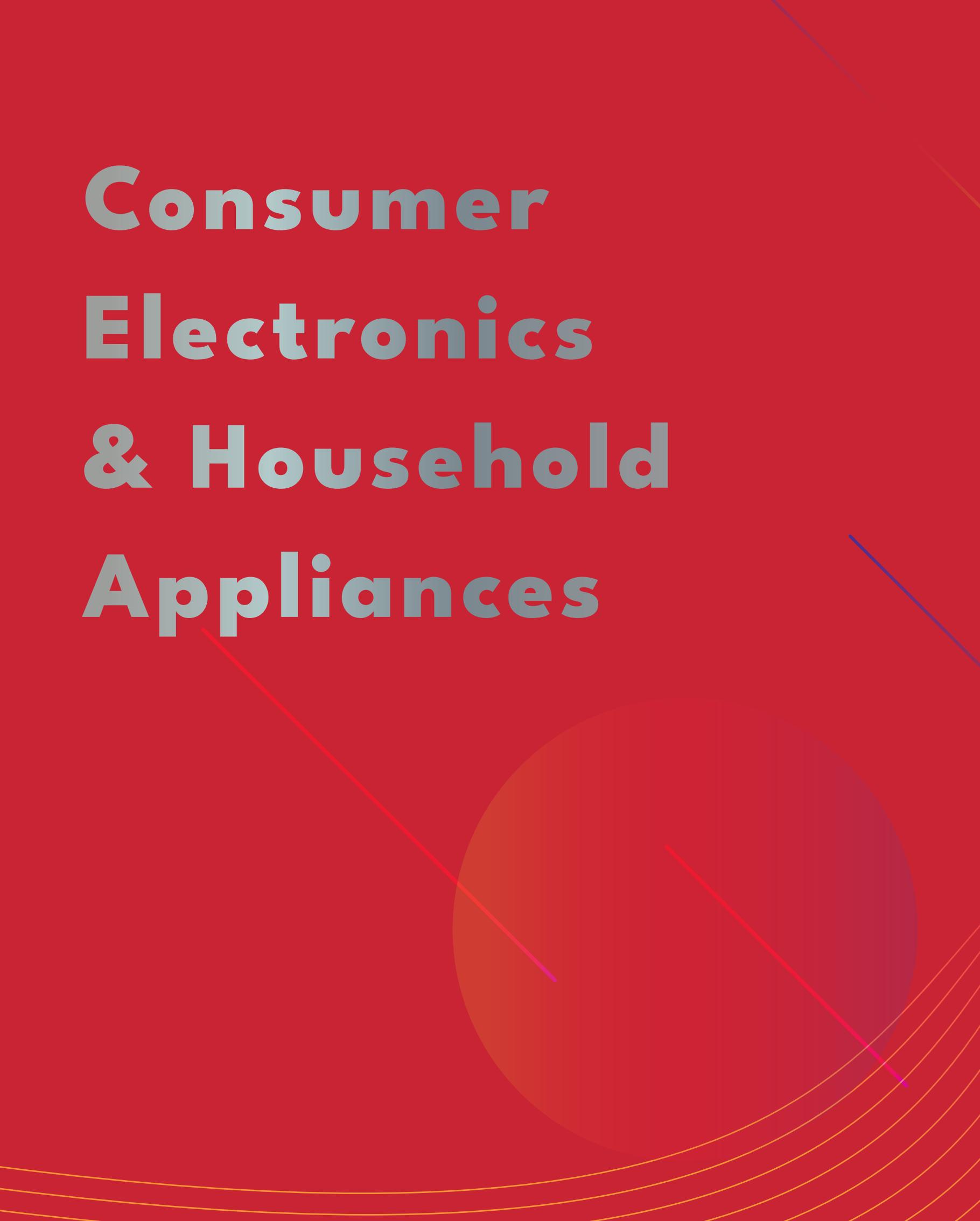


Arzu Pişkinöğlü

Internal Control General Manager, Zorlu Holding

(1970 - Istanbul) After graduating from Üsküdar American Academy, Arzu Pişkinöğlü completed her undergraduate study at the Department of Economics of Boğaziçi University before starting her professional career as an independent auditor at Ernst & Young. Pişkinöğlü then worked as Quality Assurance Department Manager at Citibank Retail Banking and was appointed as Manager at Ernst & Young's Consultancy Department. In this position, Pişkinöğlü provided consultancy services on internal control, process development, risk management, internal audit, harmonization and financial transformation among others to domestic and foreign companies in various sectors, and later became Consultancy Department Partner in charge of Risk Services in 2007. Pişkinöğlü joined Zorlu Holding in 2016. Arzu Pişkinöğlü is responsible for internal control, process risk management and process development activities at Zorlu Holding. 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).

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With approximately 19,000 employees, production capacity built on advanced technology and its contribution to country's exports, Vestel represents an important source of power for the Turkish economy.





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As a global technology company, we are working to prepare the smart world of the future with our production processes and products, and we are taking important steps with the determination to become a global group producing value-added products and services.



Enis Turan Erdoğan

CEO, Vestel Group

Vestel managed all these processes with a proactive approach in 2020, when many unforeseen difficulties were experienced in all operational processes, from supply to production, from production to sales, due to the pandemic. I think that we have passed an important endurance and compliance test with very successful results by combining our competencies gained by being a technology company with our comprehensive risk management, agile and flexible company structure and effective decision-making processes.

While going through this test, our wide and diversified supplier network has played an important role in overcoming supply problems, especially from China. We uninterruptedly produced to meet the rising demands except for the one-week interruption in the wake of the pandemic.

In 2020, when we recorded a strong performance, our turnover increased by 25% to reach TL 21.5 billion, while international sales accounted for 73% of our sales revenues. As we are an export company, our profitability in export sales was positively affected by the increasing exchange rates, while our profitability increased in parallel with our increasing market share in the domestic market, and EBITDA reached TL 3.6 billion, breaking an all-time record. Vestel recorded a 447% increase in its net profit parallel to the rise in EBITDA and closed the year with a record profit of TL 1.8 billion.

During the pandemic period, the shift to online shopping, the demand for hygiene and health-oriented products and the increase in the time spent at home were the main trends driving the market.

As Vestel, we stood out from our competitors in this period thanks to our competence in technology and innovation as well as the effectiveness of our sales and distribution network.

We launched Daylight Technology, which we developed by taking inspiration from nature, at the beginning of the pandemic period. We can say that our refrigerators, dishwashers, washing machines and air-conditioners equipped with this technology have revolutionized the market.

Another important and innovative product of ours, MAYA refrigerator, provides our consumers, who care about healthy nutrition, all the necessary conditions for foods that require fermentation and allows them to be stored.

Apart from these products, demand increased in larger-volume refrigerator and freezer categories and small home appliances as consumers stockpiled more foodstuff and cooked at home more frequently since they spent more time throughout the pandemic process while our 4K large-screen and Smart TVs attracted great interest in the market.

Through the actions we took to meet the changes in consumer demands, we increased our market share in both TV and household appliances in 2020, exceeding the growth in the market, and maintained our market leadership in television category. This growth was achieved through our product range as well as the remarkable momentum we gained in online sales with “24-hour delivery”, the most important practice we launched within the scope of the pandemic. Via this revolutionary practice in retail, we promised to deliver the products purchased over vestel.com.tr within 24 hours to all parts of Turkey, and showed everyone that even large-volume products such as household appliances could be delivered within 24 hours. Our biggest strength in this practice was Vestel’s wide dealer and service network spread all over Turkey.

On the other hand, our new store concept, Vestel Ekspres, which we developed as a result of the successful execution of our multi-channel strategy, enabled us to support our sales by combining online purchasing experience with physical retail. We think that Vestel Ekspres stores, which have an area of limited square meters with few products

and where products are promoted digitally, orders are made entirely on digital screens and delivered on the same day, will be the show case of the next generation retailing.

In 2020, we also made new breakthroughs in order to further our success in the European market with branded sales, mainly Toshiba in TV and Sharp in household appliances, and to further our increasing market share. We acquired the European royalty, production and sales rights of White Knight and Hostess brands of Crosslee PLC, one of the major players in the UK household appliances market. Through this acquisition, we aim to further consolidate our presence, especially in the UK and EU countries.

As a global technology company, we are working to prepare the smart world of the future with our production processes and products, and we are taking important steps with the determination to become a global group producing value-added products and services. We have been working on the Industry 4.0 transformation for more than six years and we are almost 90% close to our target. An end-to-end, intelligent and traceable value chain is formed, from order entry to the delivery of the product to the end user, with Industry 4.0 applications that are increasingly working with self-operating robots or robot-human power in production processes. By integrating intelligent, learning and self-improving artificial intelligence (AI) technologies into this cycle, we monitor all data and accordingly further develop and improve our processes.

The pandemic process, during which we commissioned “lights-out factory” production application, an advanced level application of Industry 4.0, in some of our plants, once again demonstrated the importance of our ongoing transformation for business continuity. In the post-pandemic period, we anticipate that the Industry 4.0 concept will be transferred to a new dimension and the acceleration of digitalization in business processes will increase further with the emergence of new infrastructure needs into which the entire production chain is integrated.

Being rewarded with TPM World Class Award in the beginning of 2021 by maximizing our operational excellence reinforced with Industry 4.0 applications has been a source of pride in underlining the identity of Vestel as a global production and technology giant.

Through our smart products, services and concepts, we continue to engage in innovative activities and strategic collaboration with a focus on leaving Vestel's mark on the future. While rendering our televisions the center of smart homes we continue to make the lives of consumers easier day by day via many smart products such as television and household appliances that can be controlled by voice commands, washing machines that can order their own detergent, and ovens that can be controlled by voice via the phone application. On the other hand, we focus on improving our cooperation with telecom companies, especially on value-added services.

We are taking to the next level our activities in the field of automotive electronics for electric and autonomous vehicles, which we believe will be one of the brightest areas of the future. We continue to expand our work in this area with battery systems and electric vehicle charging units. We started producing the first domestic electric bicycle battery the hardware, software, mechanical designs, production and testing infrastructure of which were completely developed by Vestel. Our batteries offer advantages to users with their reliability, long-lasting use and online repair & maintenance service. While continuing to export electric vehicle chargers to the entire world, we became the manufacturer and supplier of Iberdrola, one of the largest energy companies of the world, for the international electric vehicle chargers project through the agreement signed with the company. Accordingly, we will manufacture devices to be placed in many important regions of Europe including the UK, Italy and Spain within 5 years.

We are expanding our boundaries in innovation with the support we give to the entrepreneurship ecosystem. The number of start-ups in which we have invested within the country and abroad through Vestel Ventures has reached 20.

Throughout the pandemic period, which has once again demonstrated the importance of sustainability, we started using our power more to create social benefit, with the awareness of our sphere of influence, by taking our social contribution approach to a higher level, while introducing high-level measures for all our employees and stakeholders by prioritizing human beings.

We continued to boost our support for healthcare institutions and different organizations. We donated household appliances, televisions, small home appliances and vaccine cabinets to healthcare institutions in more than 200 points in Turkey. In addition, we donated automatic temperature measurement cabinets, biological sampling and intubation cabinets to regional hospitals, and transparent screens to COVID outpatient clinics to meet the device needs of healthcare institutions.

Thus, we make achievements in terms of sustainability while accelerating our efforts to be become a part of the new generation stakeholder-oriented economy emerging as a result of the transformation the world is going through.

Under a sense of responsibility and in line with the Smart Life 2020 vision, the sustainability approach of Zorlu Group, we, at Vestel, assume a pioneering role with our production processes, our eco-friendly products launched for consumers and our contribution to the circular economy and do our best to take steps towards sustainability and improve our ESG (Environmental, Social, Governance) ratings.

As a company that makes all its investments with a focus on sustainability, we also pioneered with our green bond issuance in 2020.

With the issuance of the Green Bond, we achieved the 2022 targets we set within the framework of the Smart Life 2030 vision. We will use the funds obtained from the bond issuance for our R&D studies and eco-friendly technology investments that contribute to areas such as the protection of water resources, carbon reduction, energy efficiency and waste reduction.

Consumer Electronics & Household Appliances

Vestel's manufacturing facilities are located inside Vestel City, one of Europe's largest industrial manufacturing complexes in a single location spanning 1.3 million square meters in Manisa.

Consumer Electronics and Household Appliances Sector in 2020

Starting the year strong with the low base effect of last year in the domestic market, household appliances sales contracted sharply in April and May due to the strict measures and restrictions taken due to the COVID-19 pandemic, the first case of which was detected in our country on March 11, while TV sales slowed down. With transition to the normalization process as of June and the introduction of delayed demand, a strong recovery was experienced in both household appliances and television sales in the third quarter. While this trend regarding the household appliances sector was maintained during the last quarter of the year, television sales followed a flat course due to the high base effect of the previous year. While the increase in new house sales, spending more time at home and in the kitchen and the increasing need for hygiene supported household appliances sales during the year, television's prominence as the main entertainment tool due to working from home, distance education process and restrictions had a positive impact on the demand for television. Domestic wholesale household appliances sales grew by 16% in 2020. The TV market, on the other hand, grew by 13%, with TV sales reaching 2.6 million units and recovering the levels in 2018.

Due to the pandemic, a similar consumer trend and sales chart were observed in overseas markets. The contraction experienced in the EU economies, which form the main export market of the sector, and the effects of the pandemic being felt more deeply in some countries posed a serious pressure on overseas sales in the second quarter. However, with the gradual lifting of restrictions as of May and the introduction of delayed demand, the losses in exports were largely compensated in the second half of the year. While the export figures of the Turkish household appliances sector, which exports 74% of its products, stood at similar levels to 2019, TV exports fell behind 2019 due to the tightness in global panel supply in the second half of the year, despite the increase in demand.

Vestel Group

Vestel Group of Companies ("Vestel Elektronik" or "Vestel"); comprises Vestel Elektronik Sanayi ve Ticaret AŞ along with its subsidiaries and affiliates.

The group operates in the areas of:

- consumer electronics,
- household appliances,
- digital and mobile products

with 27 companies in total, 16 of which are located abroad.

* Export volumes increase by 5%, when the sales of the company, which left TURKBESD membership in 2019, are excluded from the export figures of 2018.

Consumer Electronics & Household Appliances

Within the scope of its omni-channel strategy, Vestel reaches consumers through household stores, hypermarkets, discount stores, electronic retail chains and e-commerce websites in addition to its dealer network, enabling the company to reach a wider customer base and increase its effectiveness and market share.

Consumer electronics, digital and mobile products of the group are produced by Vestel Elektronik, while household appliances are manufactured by Vestel Beyaz Eşya Sanayi ve Ticaret AŞ (“Vestel Beyaz Eşya”), in which Vestel Elektronik holds 89.9% share.

Vestel’s manufacturing facilities are located inside Vestel City, one of Europe’s largest industrial manufacturing complexes in a single location spanning 1.3 million square meters in Manisa.

Vestel Ticaret AŞ (“Vestel Trade”), a fully-owned subsidiary of Vestel Electronics, carries out domestic and international sales and marketing of products manufactured by Vestel Group companies.

Vestel in Turkey

Vestel’s domestic sales network:

- 1,073 Vestel stores
- (including 21 Vestel Express stores)
- 9 Vs Outlet stores
- 748 Regal outlets (224 exclusive Regal dealers)
- emagaza.vestel.com.tr
- vsoutlet.com.tr
- regal-tr.com

After sales services:

- Call Center
- 352 Authorized Service Providers
- 4 Central Services
- 1 KEA base
- 3 güVENUSsü (Trust Base) Centers
- 3 Mini güVENUSsü (Trust Base) Centers

Within the scope of its omni-channel strategy, Vestel reaches consumers through household stores, hypermarkets, discount stores, electronic retail chains and e-commerce websites in addition to its dealer network, enabling the company to reach a wider customer base and increase its effectiveness and market share.

Vestel’s Global Operation Network

As a company with exports to 157 countries, Vestel’s international sales and marketing organization comprises the local sales offices of foreign trade companies in a total of 10 countries as well as direct sales points in neighboring regions. Vestel has 2,196 stores and sales points abroad.

Consumer Electronics & Household Appliances

While domestic sales increased by 49% and export revenues by 18% in 2020, the total turnover reached TL 21.5 billion with a rise of 25%. Having increased by an average of 42% in the last 4 years, EBITDA reached an all-time high of TL 3.6 billion in 2020, with an EBITDA margin of 16.7%. In parallel with the strong rise in operating profitability, net profit increased by 447% to TL 1.8 billion, with a net profit margin of 8.2%.

Operational and Financial Results of Vestel in 2020

The growth recorded in TV and household appliances exports in the first 2 months of the year was replaced by a decline starting from March due to the pandemic. In the second half of the year, export markets recovered rapidly with the introduction of delayed demand, while the losses in household appliances exports in the second quarter of the year were compensated in the second half of the year due to consumers' increasing hygiene needs, prioritizing the needs at home due to spending more time at home, and, accordingly, stronger demand for Vestel products. On the other hand, overseas TV sales remained slightly below the previous year's sales due to the tightness in panel supply on a global basis.

While the market trend, which followed a similar course due to consumer behavior in the domestic market, led to a strong rise in sales due to the relaxation of restrictions and the low base effect, Vestel achieved a growth above the market growth in both TV and household appliances, increasing its market share in both segments and maintained its market leadership in terms of TV.

While domestic sales increased by 49% and export revenues by 18% in 2020, the total turnover reached TL 21.5 billion with a rise of 25%.

Gross profit margin increased from 24.9% to 27.9% due to the positive impact of exchange rates and commodity prices, as well as increased productivity and improved sales mix.

Having increased by an average of 42% in the last 4 years, EBITDA reached an all-time high of TL 3.6 billion in 2020, with an EBITDA margin of 16.7%.

In parallel with the strong rise in operating profitability, net profit increased by 447% to TL 1.8 billion, with a net profit margin of 8.2%.

Vestel's Position in Turkey and International Markets

With approximately 19,000 employees, production capacity built on advanced technology and its contribution to country's exports, Vestel represents an important source of power for the Turkish economy.

Consumer Electronics & Household Appliances

One of Turkey's strongest and best-known brands, Vestel is the leader in the domestic TV market and one of the top 3 manufacturers in the household appliances market.

One of the world's leading ODM (Original Design Manufacturer) providers in consumer electronics and household appliances, Vestel is one of the top three largest LCD TV producers and among the top five household appliances manufacturers in Europe.

Vestel appeals to a wide variety of consumer preferences in 157 countries with its extensive range of products thanks to its expertise in technology, design and product customization. Accounting for 90% of Turkey's exports in TVs and 33% in household appliances, Vestel has been the undisputed export leader in the Turkish electronics sector for the last 22 years.

VESTEL ELEKTRONİK - 2020 FINANCIAL RESULTS



NET SALES
TL 21.5
BILLION



EBITDA*
TL 3,602
MILLION

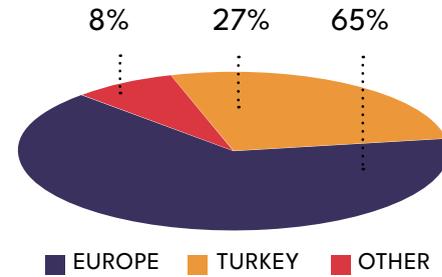


EBITDA
MARGIN*
16.7%



NET PROFIT**
TL 1,773
MILLION

SALES BREAKDOWN BY REGION



VESTEL BEYAZ EŞYA - 2020 FINANCIAL RESULTS



NET SALES
TL 9.4
BILLION



EBITDA*
TL 1,829
MILLION

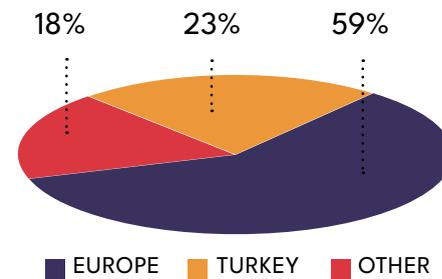


EBITDA
MARGIN*
19.4%



NET PROFIT
TL 1,331
MILLION

SALES BREAKDOWN BY REGION



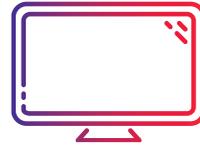
* Excluding other operating income and expense

** After minority shares



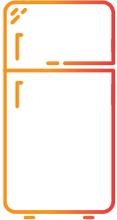
157

EXPORT MARKETS



90%

SHARE IN TURKEY'S
TV EXPORTS



33%

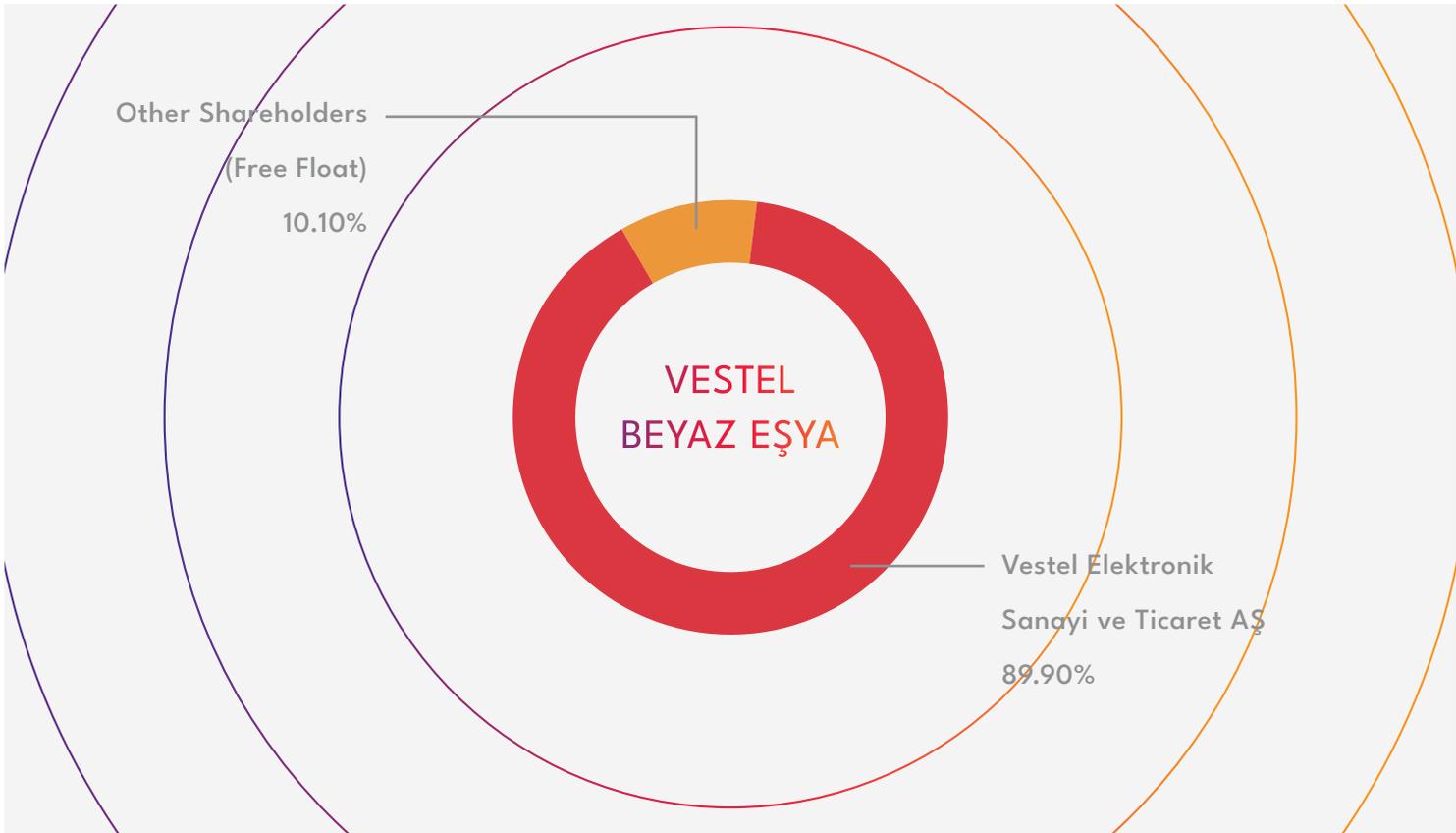
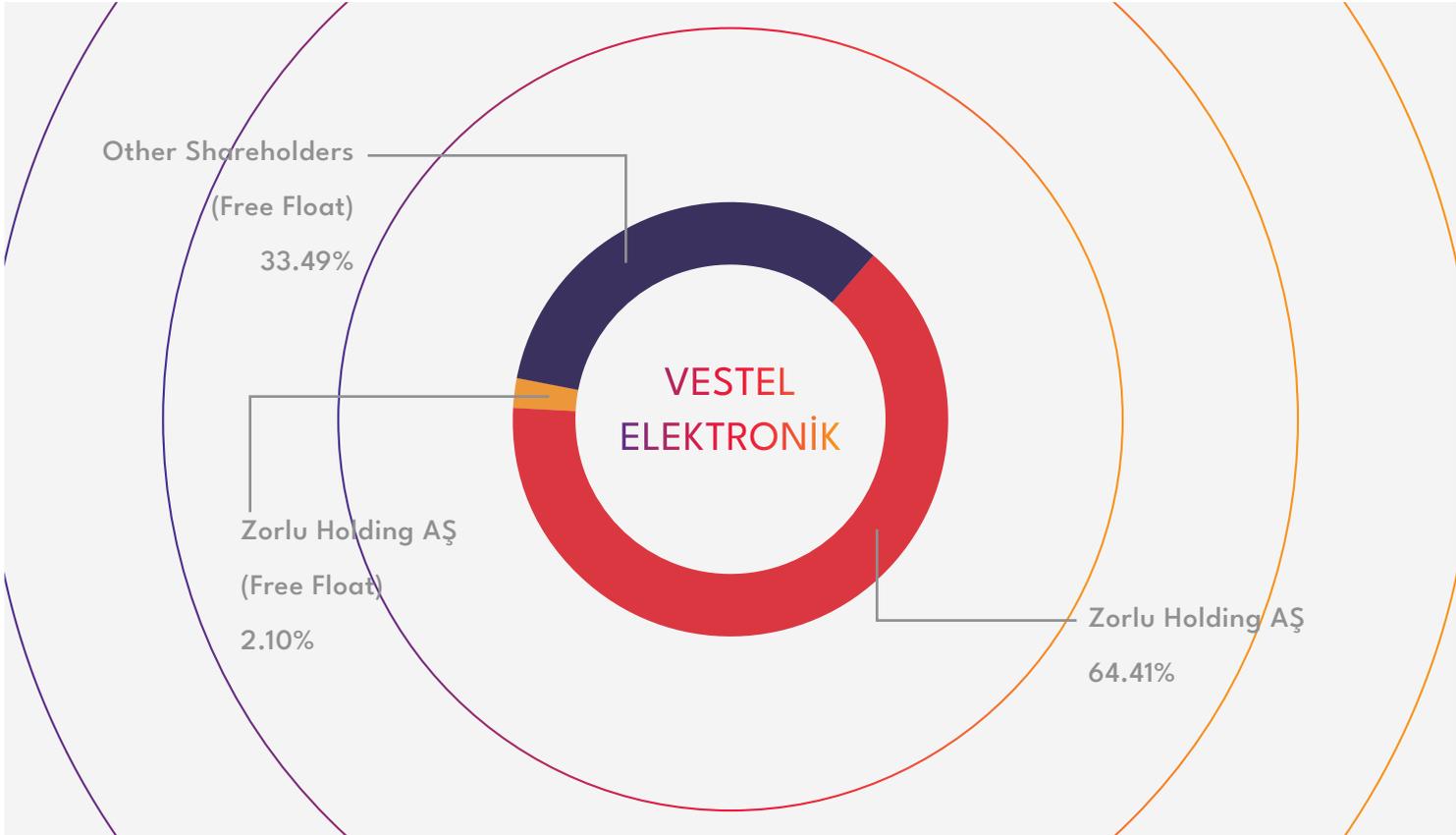
SHARE IN TURKEY
HOUSEHOLD
APPLIANCES EXPORTS



**EXPORT
CHAMPION**
IN TURKISH
ELECTRONICS SECTOR
**FOR 22 YEARS
RUNNING**



Shareholding Structure



Consumer Electronics & Household Appliances

Thanks to its R&D and innovation power, Vestel makes valuable contributions to the sustainable R&D ecosystem of our country with ideas and projects developed in its R&D Center and global R&D offices.

Vestel and R&D

Thanks to its R&D and innovation power, Vestel makes valuable contributions to the sustainable R&D ecosystem of our country with ideas and projects developed in its R&D Centers and global R&D offices, and continues to develop high-tech domestic products with its leading role in the electronics industry.

An influential player that steers the market not only in our country but also in global markets, Vestel is also the leader in Turkey's electronics industry in terms of technology exports.

Vestel is one of the first companies in Turkey to be accredited as an "R&D Center" by the Ministry of Science, Industry and Technology under the Law No. 5746. As of the end of 2020, Vestel, which carries out R&D activities for electronics and household appliances with its 1,700 R&D personnel, continues to grow by accelerating its activities in new fields of activity such as automotive electronics, electric vehicle charging stations and battery technologies.

Vestel allocates approximately 2% of its sales revenues to R&D investments each year, and is one of the Turkish companies with the highest R&D spending.



Consumer Electronics & Household Appliances

Vestel actively continues its R&D efforts in new screen technologies, smart solutions, photovoltaic cells, energy transformation and storage systems, battery systems, electric vehicle charging stations, 5G, automotive electronics, wearable technologies and telecommunication within the consumer electronics segment.

Vestel has a total of five R&D Centers certified under the Law No 5746.

- Electronics High-End: R&D Center 1
- Electronics Center: R&D Center 2
- Household Appliances: R&D Center 3
Manisa Celal Bayar University IDECA (Idea Creation, Definition, Evaluation, Conceptualization, Application)
- Technopark: R&D Center 4
- Vestelcom, Aegean Free Zone: R&D Center 5

Joining Vestel R&D Centers, IDECA MCBU (Manisa Celal Bayar University) TEKNOKENT (Technopark) carries out its R&D activities under two headings: automotive electronics and innovative technologies.

Joining Vestel R&D Centers as an accredited center in 2020, Vestel Komünikasyon operates in LED lighting, electric vehicle charging stations and battery technologies.

Apart from these, Vestel has an R&D center located inside ITU Technopark in Istanbul, and 3 overseas R&D Offices in the UK and China.

Vestel Elektronik affiliates Vestel Savunma Sanayi AŞ and Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ are also certified R&D Centers as per Law No 5746.

Within the scope of its R&D activities, Vestel has established strong collaborations with several national and international institutions and organizations, particularly with universities.

Vestel actively continues its R&D efforts in new screen technologies, smart solutions, photovoltaic cells, energy transformation and storage systems, battery systems, electric vehicle charging stations, 5G, automotive electronics, wearable technologies and telecommunication within the consumer electronics segment.

Vestel's R&D focus in household appliances is to develop eco-friendly technologies and products that use resources efficiently by maximizing energy and water conservation with functional and aesthetic designs, prolong shelf life and protect the freshness of food, provide extra hygiene, deliver maximum performance thanks to smart sensors and can be remotely controlled via Internet access.

Vestel allocates half of its household appliances R&D budget to the development of environmentally friendly products. Thanks to its R&D efforts, Vestel's household appliances product range consists entirely of products with energy ratings of A, A+, A++ and above, which are considered the highest categories in energy efficiency.

Consumer Electronics & Household Appliances

Vestel Elektronik has accelerated its efforts to generate permanent service-based income by using the content offered to consumers in smart products, connectivity opportunities and technologies developed in related software.

Using the know-how gained from TV production also in different screen technologies, Vestel Elektronik expanded its information screens (Visual Solutions) product family in 2020 and developed products on common platforms with TV. Activities were initiated on the LED Wall product. With the aim of responding to current technological developments in the fastest way possible, Vestel Elektronik has succeeded in being one of the first companies to offer designs suitable for updates such as YouTube 2020 and Netflix 5.2 at global level. Vestel's R&D teams develop applications that position the television unit as the control center within the smart home ecosystem, as well as designing television sets compatible with the infrastructure developed by global giants such as Amazon and Google.

Vestel Elektronik successfully integrated its products into the Smart Home concept. The company's R&D teams made significant strides in creating a Big Data platform in 2020 and accelerated efforts for data security and analytics, developing an ecosystem compatible with all connected products, current technologies and voice assistants.

Vestel Elektronik has accelerated its efforts to generate permanent service-based income by using the content offered to consumers in smart products, connectivity opportunities and technologies developed in related software. Internet-based TV products such as Android and Amazon Fire TV were introduced to the market, and years of extensive R&D work on Big Data began to bear its first fruits. Steps were taken towards the adoption of technologies with



the potential of creating new sources of income such as displaying targeted advertisements on smart TVs, the dissemination of voice recognition technologies through Vestel products, the analysis and use of data stored on the cloud and offering additional services to consumers through subscription, and contributing to a sustainable stream of income.

Strengthening its activities in the fields of In-Vehicle Infotainment (IVI) and Digital Instrument Cluster with Computer Vision and Autonomous Driving in the Automotive Electronics within the Automotive Group, Vestel Elektronik is also the supplier of the aforementioned technologies as one of the stakeholders of Turkey's Automobile Joint Venture Group (TOGG).

Besides, projects are carried out on the design and production of circuit boards such as motherboards, control cards, LCD screens and power boards for the automotive industry.

The company's experience and know-how in power electronics form the basis of its R&D activities into the design and development of electric vehicle charging stations and charging station management systems. Vestel completed the R&D phase of a DC charging unit with a quicker charging function than comparable electric vehicle charging stations on the market, and began developing management software for vehicle charging points.

In March 2019, Vestel established the Battery Systems Design Department and commenced R&D activities. A Battery Production Line encompassing investments in a Battery Testing Laboratory, Laser Welding Machine, and Cell Sorting Machine was installed within the plant of Vestel Komünikasyon. First of all, activities were initiated on the battery packs used in electric bicycles, mold investments were initially made for the Downtube battery project, which was first introduced at the Eurobike Fair, all safety tests of accredited laboratories in Europe (EN50604, EN62133, UN38.3) were successfully passed, and R&D design and approval processes were completed. Vestel Battery Systems Group started mass production in the last quarter of 2020 at its R&D and production facilities in the Aegean Free Zone. Design process of the battery pack developed for Rear Carrier type bicycle applications was completed and the testing processes will begin following the trial production process. Design process of the InFrame battery pack, which can be mounted inside the bicycle frame, is going on.

In addition, a battery pack has been developed for respirators, the investment process has been completed, and testing processes are underway. Feasibility studies are also carried out for the design of lithium batteries, which can be used in products such as electric motorcycles, caravans and olive squeezing machines, which are increasingly used in the field.

Vestel Elektronik Optical Design R&D Group, on the other hand, works on the optical designs of the backlight unit of LCD displays as well as advanced display technologies such as quantum dot-based displays, instrument displays and in-vehicle screens and its ultimate goal is to produce avionic displays.

In 2020, foreign dependency was also reduced and the product portfolio concerning the supply of cards was expanded by continuing to engage in the software development of electronics, power and control cards of all consumer electronics and household appliances manufactured at Vestel Elektronik and of the cards intended for integrating these products into the smart home network and the low-energy and low-cost domestic design of such products under the sustainable product range. Moreover, R&D activities were carried out for control cards, display cards, Wi-Fi modules and motor drivers with the potential of serving different product groups.

Vestel also demonstrates its strength and innovation in R&D with its claim on patents and intellectual property.

In 2020, Vestel Elektronik submitted 32 EP patent applications to the European Patent Office (EPO), 12 PCT patent applications to the World Intellectual Property Organization (WIPO) and 44 TR patents to the Turkish Patent and Trademark Office (TURKPATENT) for 44 inventions fulfilling the respective criteria, filing a total of 88 patent applications. As of the end of 2020, the number of patented inventions registered by Vestel Beyaz Eşya is 244.

Industry 4.0 Transformation

As one of the pioneers of the Industry 4.0 transformation in Turkey, Vestel has made great strides over the course of the last six years.

In order to implement its vision of digitization in every process, Vestel focuses on various fields such as horizontal/vertical value chain integration, artificial intelligence software, IoT (Internet of Things) technologies, lights-out factory applications, automation (robots, Cobots (collaborative robots)), 3D printing (additive manufacturing), AGV (Automated Guided Vehicle) and SDV (Self Driving Vehicle) applications.

This transformation, which will require a significant investment, will speed up Vestel's innovation process and technological adaptation. When factories become smarter, all processes will be interconnected from the beginning to the end, losses will be reduced significantly, production lines will operate in a more agile and coordinated manner and customer requests will be met more promptly.

Consumer Electronics & Household Appliances

The completion of the Industry 4.0 transformation will ensure end-to-end digitization and an ecosystem complete with all stakeholders in the value chain.

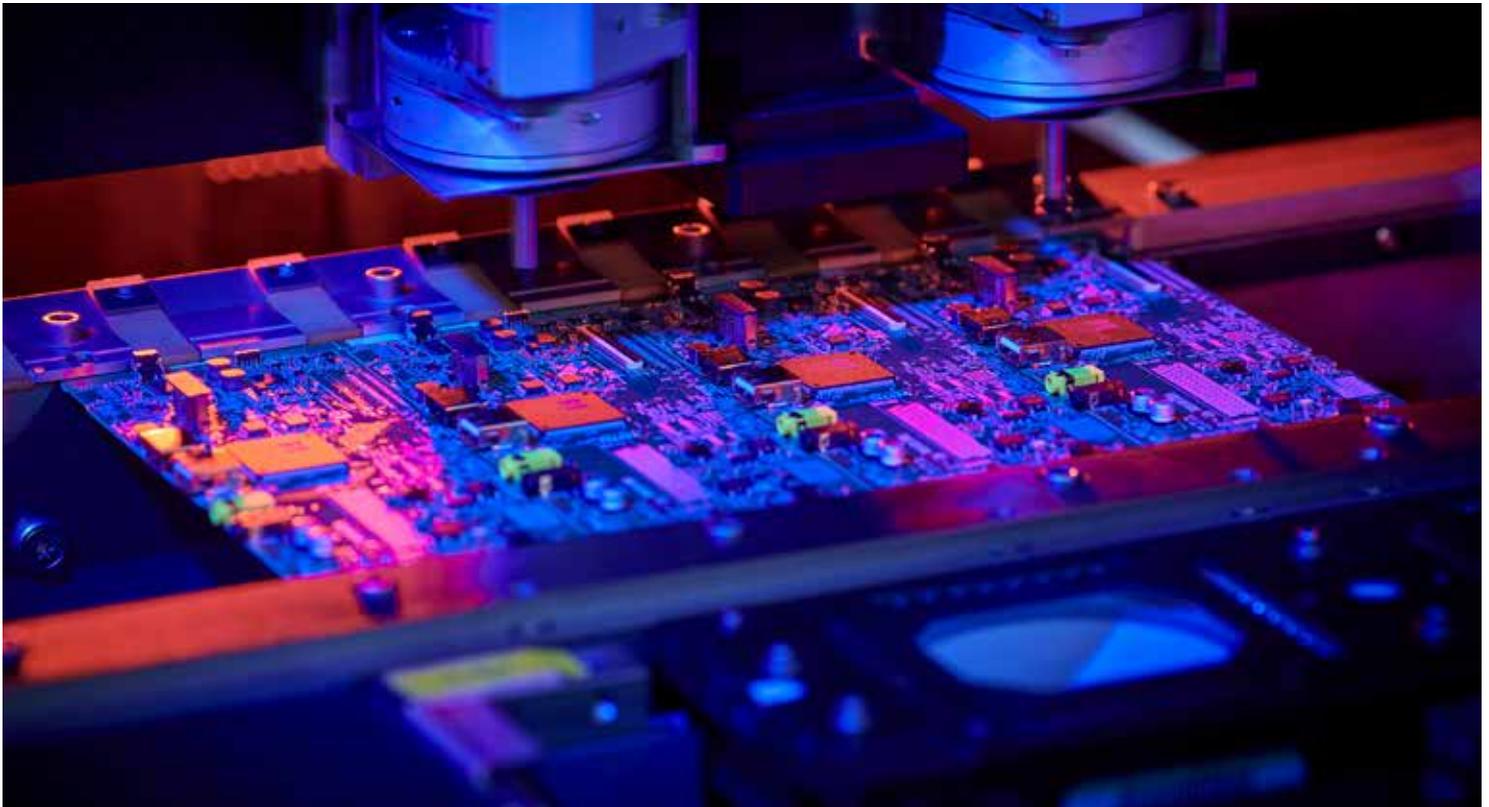
The Industry 4.0 transformation will allow Vestel to enhance its competencies and competitive advantages from a multidimensional point of view with gains such as customized products that can respond more extensively and rapidly to consumer preferences and needs, greater flexibility and less defects in manufacturing, higher product quality, reduced use of resources, and higher efficiency.

The completion of the Industry 4.0 transformation will ensure end-to-end digitization and an ecosystem complete with all stakeholders in the value chain.

Vestel is committed to position Vestel City as the first facility in Turkey to complete this transformation. To this end, the company's new Washing Machine and Tumble dryer Production Plant was built in line with the Industry 4.0 infrastructure. As one of the first companies in Turkey to start investing in digital transformation, Vestel remains a leader in this area. Accordingly, approximately 90% of the Industry 4.0 transformation process at Vestel City was completed.

Vestel's Sustainability Approach

Vestel's sustainability approach, built around its focus on economy, society, environment and social benefit, aims for a better tomorrow.



Consumer Electronics & Household Appliances

As a global manufacturer, Vestel reflects its vision of sustainability to every one of its processes and closely monitors the environmental impact of its products at every step from design to production, and after the end of their service life.

As a global manufacturer, Vestel reflects its vision of sustainability to every one of its processes and closely monitors the environmental impact of its products at every step from design to production, and after the end of their service life. Expanding its range of products that hold world records in energy and water efficiency, Vestel mitigates the environmental impacts of its operations, its production costs, and risks through modern and environment-friendly and human-focused manufacturing processes.

Vestel's sustainable products portfolio includes LED lighting, A+ and A++ television sets, Smart Home kits, electric vehicle charging units, smart cane WeWalk and highly energy- and water-efficient household appliances. Vestel adheres to the principles of sustainability during the R&D processes of these products, maintaining this focus in all stages from product design to recycling of waste.

Paying attention to the use of recyclable materials in production and reducing the diversity and quantity of materials used, Vestel aims to reduce the environmental impacts of its operations by tracking sustainability performance indicators such as saving energy, reduction, re-use and recycling of waste, and limiting or eliminating the use of hazardous chemicals.

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

In parallel with the "Smart Life 2030" vision of Zorlu Holding, which is based on the United Nations' 2030 Sustainable Development Goals and guides all Group companies, Vestel manages its sustainability strategy.

Zorlu Holding has set its sustainability targets for 2022 within the scope of 7 priority issues (Corporate Governance, Community Relations, R&D and Innovation, Employees, Environment, Customer Relations and Supply Chain) identified within the framework of its Smart Life 2030 sustainability vision. Vestel and other Zorlu Group companies contribute to the achievement of the relevant consolidated targets.

Smart Life 2030 aims to deliver long-term and quantifiable solutions towards global economic, environmental and social issues. Performance and improvements are monitored in line with the Key Performance Indicators identified within the framework of the Smart Life 2030 vision.

Consumer Electronics & Household Appliances

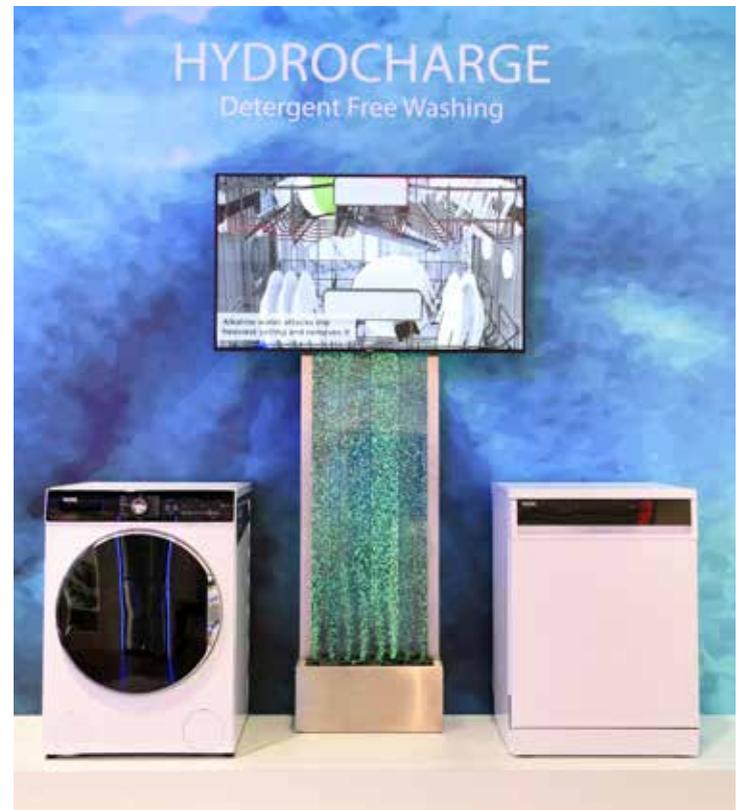
Taking into account the stakeholders and the sphere of influence of Zorlu Group, the Company has placed sustainability at the core of its drive towards growing and creating shared value, in parallel with its technology-focused business strategy for developing innovative solutions.

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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 civil society organizations, etc.).

Applying the principles of sustainability in all business models from the use of its technology to its management strategies, Vestel was listed in the BIST Sustainability Index, which includes the shares of BIST-traded public companies with a high corporate sustainability performance, on November 2, 2015. After being listed in the BIST Sustainability Index for five consecutive terms, Vestel Elektronik was included in the Sustainability Index on December 1, 2020 for the sixth time, having maintained its compliance with the index criteria.

Vestel Beyaz Eşya, a subsidiary of Vestel Elektronik, was voluntarily included in the BIST Sustainability Index in November 2016. Having been listed in the index for four terms and maintaining its compliance with the index criteria in 2020, Vestel Beyaz Eşya will also be voluntarily listed in the BIST Sustainability Index in the December 2020 - October 2021 period.



As part of its sustainability efforts, Vestel Elektronik

Continues to have its greenhouse gas emissions verified and reported with the ISO 14064 Greenhouse Gas Accounting and Verification certificate since 2017.



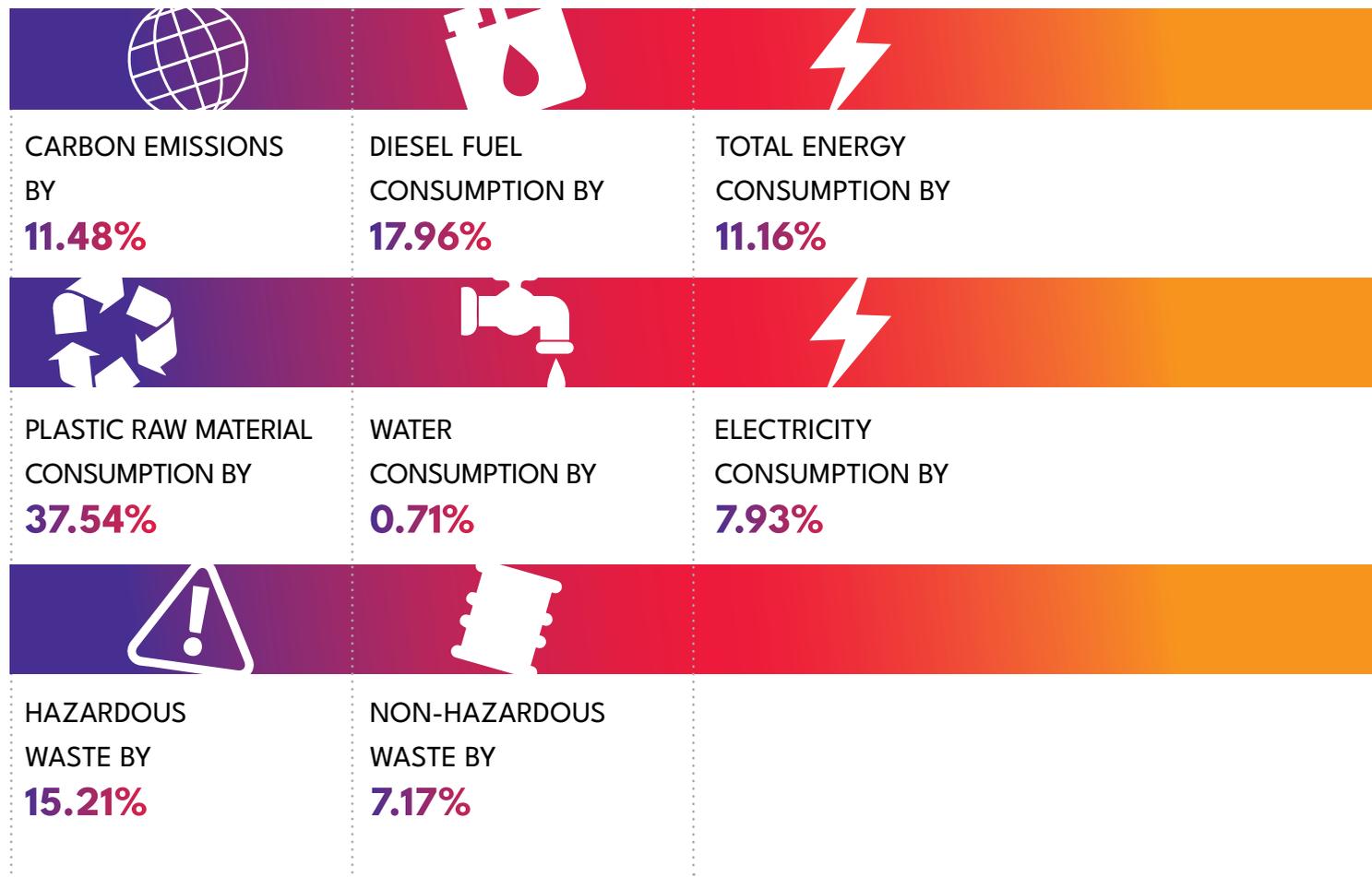
ISO 14064

Increased environmental awareness among employees by providing 798 work hours of training in 2020.



798 work hours

COMPARED TO 2019, IN 2020 VESTEL ELEKTRONİK REDUCED ITS



As part of its sustainability efforts, Vestel Beyaz Eşya

Continues to have its greenhouse gas emissions verified and reported with the ISO 14064-1 Greenhouse Gas Accounting and Verification certificate since 2016.

Provided 315 work hours of environmental awareness training in 2020.

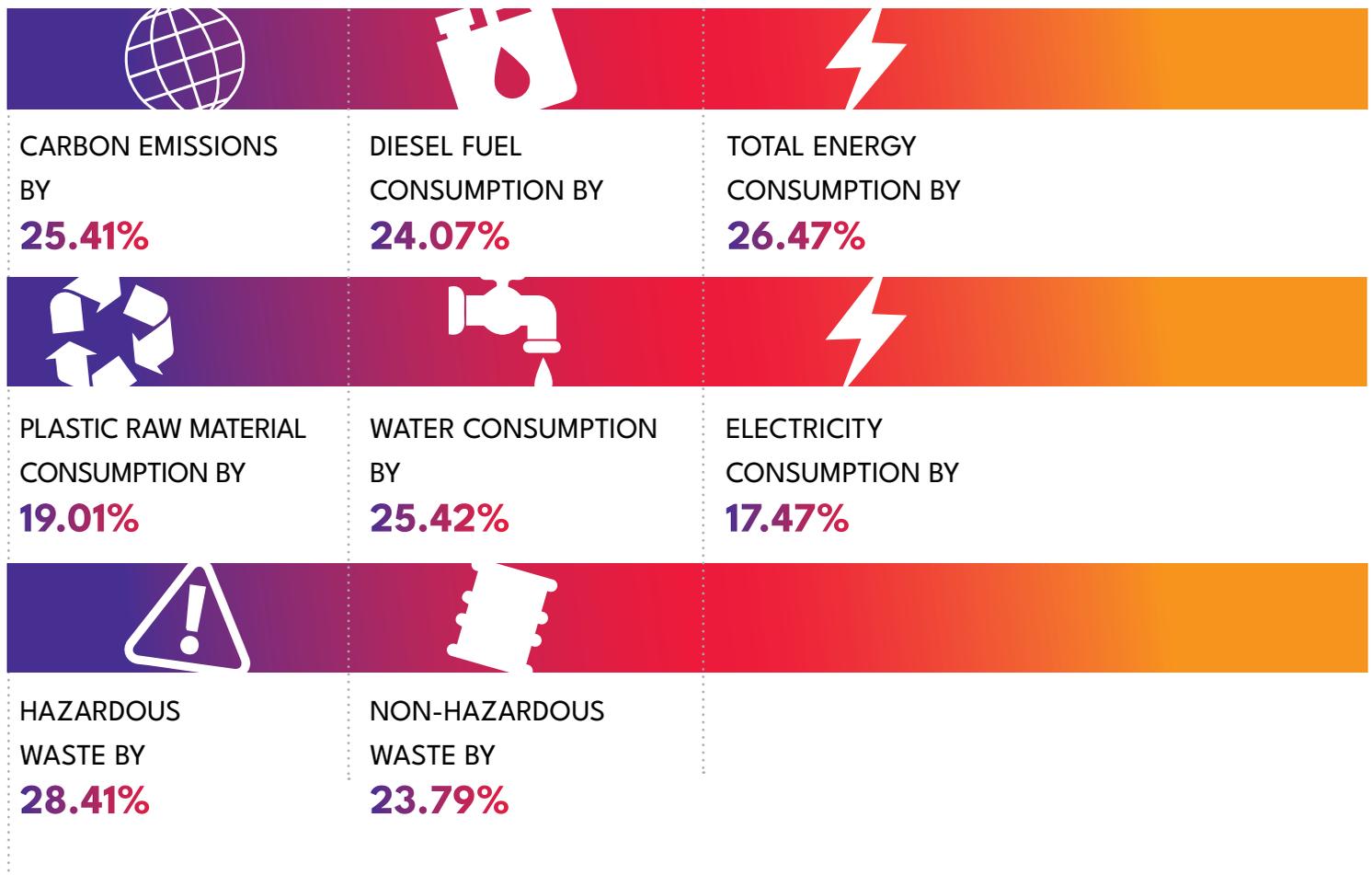


ISO 14064-1



315 work hours

COMPARED TO 2019, IN 2020 VESTEL BEYAZ EŞYA REDUCED ITS



Awards Received in 2020

IMI Conferences Turkey Call Center Awards

Vestel Call Center once again proved its high standard of service quality by receiving the “Best Remote Call Center” Award at the 13th Turkey Call Center Awards organized by IMI Conferences in November 2020.

A.C.E (Achievement in Customer Excellence) Awards

Vestel Customer Services won the “Achievement in Customer Excellence” Award in the Household Appliance and Television categories of ŞikayetVar A.C.E Awards 2020, which recognizes brands with the highest customer satisfaction.

‘Best Workplace in Turkey’ Award to Vestel Customer Services

Vestel Customer Services was deemed worthy of the “Turkey’s Best Workplace” Award in the “Kincentric Best Employers 2019” Survey conducted by Kincentric, the world’s leading human resources and management consultancy company, for more than 20 years and carried out in Turkey since 2006.

Good Design Awards

Vestel was recognized with 11 awards at the Good Design Awards, the oldest and most prestigious design awards of the world with a history of 70 years, and reinforced its place as one of the most highly-decorated brands in these awards.

Plus X Award

In 2020 Plus X Award, one of the world’s most prestigious design and innovation awards, Vestel Elektronik won 4 awards with its 2 products in the categories of Best Product, Best Brand and Most Innovative Brand. Vestel was among the ‘Most Innovative Brands’, becoming the first brand to bring this achievement to Turkey for the 5th time in the ‘Consumer Electronics’ category.

iF Design Awards

Vestel was deemed worthy of 1 award in the Mobility category at the iF Design Awards with a history of over 65 years.

Red Dot Design Award

Vestel Beyaz Eşya won the Red Dot Design Award 2020, the most prestigious award of international design competitions, with a total of 3 products, and became the company that was deemed worthy of the most awards in the Red Dot Design Award competition in our country in 2020.

Turkish Exporters' Assembly, Turkey's Top Exporters Ranking

Vestel maintained its title as the export champion in the 'Electrical-Electronic and Service industries' for the 22nd consecutive year in the 2019 Turkey's Top Exporters Ranking by Turkish Exporters' Assembly, which was released in 2020.

KalDer Successful Team of the Year Award

Vestel Service Academy won the Gold Award with its "Fault Code Application" project in the 'Successful Team of the Year Award' of KalDer, which plays a role in promoting quality awareness and teamwork in businesses.

High Technology Award

The "High Technology Award" presented by Izmir Institute of Technology to industrial organizations operating in innovation and high technology was given to Vestel Elektronik in the category "Most Successful Large-Scale Firm" for its extensive R&D studies in 2019.

Awards Received in 2020

Crystal Apple Creativity Awards

Vestel won the “Silver Apple” Award with its Women’s Day communication “Today is March 7.5” at the Crystal Apple Creativity Awards as part of the 32nd Crystal Apple Festival organized by the Advertisers Association.

“TPM World Class Award”

Meticulously carrying out its TPM (Total Productive Management) activities, a Japanese management model based on operational excellence in production, for more than a decade in its factories and winning all other stage awards, Vestel Elektronik won the World Class Award, the highest level of the TPM Program, presented by JIPM (Japan Institute of Plant Maintenance). This achievement has made Vestel the first and only company around the world to have been rewarded with this prestigious award in the consumer electronics sector through the activities simultaneously performed at 6 separate factories.

Felis Awards

Vestel won 3 awards at the 15th iteration of the Felis Awards, which took place in 2020.

“Most Creative Volunteering Project” Award

Vestel Beyaz Eşya won the “Most Creative Volunteering Project” Award with the “We Overcome Barriers with Vestel / Walker Project” at the “Awards from the Heart” 2020 Award Ceremony presented by the Private Sector Volunteers Association to successful programs and projects to encourage employee volunteering projects in Turkey. At the same time, the promo film of the project was selected as the “Best Project Film”.

Energy Efficiency Awards

In 2019, Vestel Beyaz Eşya won the “Large Industry Award” at the Energy Efficiency Awards, which is organized by the Istanbul Chamber of Industry and the Ministry of Energy and Natural Resources.

Mixx Awards

Vestel won 2 Gold Awards at the Mixx Awards.

Prida Communication Awards

1 award was rewarded with Plug-in Home Appliances at the Prida Communication Awards.

Social Media Awards

Vestel won 4 awards at the Social Media Awards.

Hammers Awards

5 awards were rewarded at the Hammers Awards.

Arvak A Awards (Outdoor Advertising Competition)

3 awards were rewarded with Plug-in Home Appliances at Arvak A Awards.

Altın Örümcek (Golden Spider) Awards

1 award was rewarded with Plug-in Home Appliances from the Altın Örümcek Awards.

Istanbul Chamber of Industry Energy Efficiency Awards

Vestel Beyaz Eşya won the Third Prize in the category “Large-Sized Enterprise Energy-Efficient Product” at the Energy Efficiency Awards of Istanbul Chamber of Industry by achieving up to 15% energy savings, reducing 10,385 tons/year of greenhouse gas emission and achieving raw material savings of 830 tons/year under its Next Generation Panel Condenser EKONF Refrigerator Project executed at the Refrigerator Plant.

Consumer Electronics & Household Appliances

Vestel's 2020 Highlights

Vestel quickly introduced its measures and practices within the scope of combating the pandemic.

Vestel drew attention as an exemplary organization with its preventive measures and effectiveness in the fight in the wake of the spread of COVID-19 across the world. Creating an emergency action plan and crisis management map in the fight against the pandemic, Vestel rapidly implemented protective, preventive and amelioratory measures in the factories, offices and other facility areas and production processes in order to protect its employees and their relatives and ensures the continuity of these measures within the framework of the circulars of the Ministry of Health of the Republic of Turkey and the resolutions of the Pandemic Board.

Based on the mask-distance-cleaning principle in all areas, hygiene and cleaning measures were maximized, and many practices were initiated to prevent close contact.

With the advantage of being a technology company, Vestel primarily commissioned the digital temperature measurement and data recording system, digital triage and contract tracing applications, digital entry-exit and automatic disinfection systems and also demonstrated its difference with practices such as digital information screens, follow-up through

closed-circuit television system and Vestel Sağlık Takibi (Health Monitor) smart phone application.

In addition to protective measures in administrative units, pandemic-oriented measures were taken such as working from home, travel restriction and organizing all interviews and meetings over digital channels, etc.

In order to ensure sustainability in customer service units and service providers, the model "working from home" was introduced except for compulsory cases and measures and practices such as distance training, remote technical support, and remote call center services were launched.

During the pandemic period, Vestel launched its Corporate Well-Being Program "We Are Good Together" to offer its employees healthy life support in different aspects.

Starting to invest in a new Healthcare Center to improve its capacity and facilities, Vestel aims to open the center in the first quarter of 2021.

Vestel Elektronik and Vestel Beyaz Eşya were entitled to receive the "TSE COVID-19 Safe Production Certificate" as a result of the COVID-19 measures taken thereby as well as the practices and regulations introduced thereby.

A first in the industry for online purchasing: Delivery within 24 hours

Demonstrating that it stood by its customers with a superior service approach during the fight against the pandemic, Vestel launched a revolutionary practice in the retail industry by delivering products in all categories to all over Turkey within 24 hours, with regard to the purchases made on its own website (vestel.com.tr).

24 SAATTE TESLİM

vestel.com.tr'den aldığınız ürünleri 24 saat içinde teslim ediyoruz.

Thanks to its wide dealer network spread all over the country and its integrated retail system, which it has been developing and maintaining for the last decade, Vestel is able to make fast and trouble-free deliveries to all regions of Turkey within 24 hours. Being a first among retail companies selling large-volume products, this practice was a feature distinguishing Vestel from its competitors during the pandemic period.

Vestel has a solution

Vestel Customer Services offers customers the opportunity to solve any problems they encounter with their products without receiving authorized service support over cozumuvar.vestel.com.tr website featuring video-enabled solutions in order to protect the health of both employees and customers.

More hygiene with Vestel Daylight Technology

While continuing to facilitate the lives of consumers with the technologies it has developed, Vestel also responds to the increased demand for extra hygiene due to the current pandemic with its washing machine, refrigerator, dishwasher and air conditioner products equipped with Daylight Technology, which it has developed by taking inspiration from the cleansing feature of sunlight.

The Daylight Technology developed by Vestel preserves all kinds of food for a longer period of time in a fresher and more natural way by cleaning the air inside the refrigerator and improving the air quality with which the food comes into contact.

The dishwasher with Daylight Technology provides extra hygiene in dishes with the natural light it emits.

Offering four different programs such as Daylight, Fast Daylight, Waterless Daylight and Baby Clothes, the washing machine offers extra hygienic washing by reflecting special light onto the laundry, and also provides sterilization without using water. Thanks to the program called 'Waterless Daylight' ensuring that every surface is exposed to daylight with special drum movements without any need for washing, the laundry as well as various items frequently contacted in daily life such as shoes, banknotes, credit cards and wallets/purses are easily sterilized only via the special light within 29 minutes.

With Daylight Technology, extra hygiene can be achieved without the use of additional chemicals, thanks to the special light applied to the laundry from the chamber placed on the washing machine's door. The washing machine with Vestel Daylight Technology also stands out as an eco-friendly product with less detergent use as well as less energy and water consumption.

The inverter air conditioner with Vestel Daylight Technology offers clean ambient air with its beam technology and multi-stage filtration system.

A healthy life with Vestel MAYA Refrigerator

Offering everyone the facility of preparing and storing 7 different types of food requiring fermentation such as dough, yoghurt, kefir, vinegar and pickles through automatically-adjusted temperature and time functions, MAYA Refrigerator responds to the healthy life demand from individuals.

VESTEL MAYA İLE MUTFAKTA ŞOV YAPMAYA

Fermantasyon Teknolojisi ile Maya Buzdolabı
Türkiye'de ilk kez ve sadece Vestel'de.



Equipped with the Maximum Freshness Technology in addition to the Fermentation technology, Vestel MAYA Refrigerator ensures that the gas formed by the respiration of fruits and vegetables is removed from the environment, so that food is stored for a longer time without losing their nutritional value while the Active Ion Technology sends negatively-charged ions into the refrigerator, neutralizing positively-charged bad odor molecules and increasing air quality.

Support for healthcare organizations and healthcare professionals

Vestel contributes to Turkey's struggle by standing by healthcare institutions and their employees.

Helping hospitals with its products to make the lives of devoted healthcare professionals easier, Vestel donated to healthcare institutions in more than 200 locations in Turkey, especially in Istanbul, Ankara, Izmir, Manisa, Bursa and Antalya, household appliances such as air conditioners, washing machines, dishwashers and tumble dryers as well as televisions and sets of small household appliances such as coffee and tea machines and toasters, and vaccine cabinets. Supporting healthcare institutions in responding to their device needs, Vestel donated automatic fever measurement cabinets to MOSTEM (Manisa Organized Industrial Zone Vocational and Technical High School), biological sampling and intubation cabinets to Manisa City Hospital and other regional hospitals and transparent screens to COVID outpatient clinics.

Vestel also donated surgical masks to the earthquake region in Izmir, which faced an earthquake disaster during this challenging period.

Meaningful initiative from technical service providers: Video call support over for those over 65

While Vestel authorized service providers continue to provide their services, they take maximum measures for the health of both customers and themselves. Vestel has launched an initiative for people over the age of 65 during the pandemic period, and its authorized service personnel make a video call from their own phone to those over 65, and help them see their relatives whom they have not seen for a long time due to social isolation and fulfill their longing. In addition, Vestel Customer Services calls customers over the age of 65 before they go there to provide their services, asking their needs and bringing the necessary food items with them.

24/7 free service to healthcare workers

Through a new initiative from Vestel, all employees in the healthcare sector struggling at the forefront of the fight against COVID-19 such as physicians, nurses, pharmacists, caregivers and service workers can benefit from Vestel services 24 hours a day, 7 days a week, free of charge.

Support from Vestel to children receiving cancer treatment

Vestel ensured the continuation of the treatment of children, whose vital problems became more severe due to the threat of COVID-19, and whose treatment is followed by KAÇOD (Cancer! Stay Away From My Child) Association by assuming their costs emerging during the treatment process and requiring special support.

'Mask Conversion Unit' transforms used masks into WeWALK.

Vestel added a new one to the practices introduced thereby in order to protect public health and raise social awareness during the pandemic period. Designed by Vestel to support the prevention of the spread of COVID-19 and to prevent the danger posed by used masks, the Mask Conversion Unit is also intended for social responsibility.

Under the initiative promoted with the motto "Protect yourself, protect the environment, protect everyone", the masks collected in the Mask Conversion Unit placed in Vestel stores are turned into the smart cane WeWALK donation to facilitate the lives of visually-impaired individuals through the platform "What Is Paid forward?".



Consumer Electronics & Household Appliances

Breaking a new ground in Turkey, Vestel started producing domestic electric bicycle battery. Hardware, software, mechanical designs, production and testing infrastructure of the batteries are completely developed by Vestel engineers.



EBA access and distance education convenience with Vestel Smart TVs

The distance education initiative, which was launched due to the COVID-19 pandemic, can be accessed via Vestel Smart TVs. Vestel updated its Smart TV screens in line with the platform in order to facilitate access to the Education Information Network (EBA) offered by the Ministry of National Education.

We also stand by our friends on streets.

Considering the animals that have difficulty in finding food on streets due to the pandemic, Vestel leaves feed and food at designated points for birds, cats and dogs. Providing food assistance to shelters, Vestel technical service providers also build kennels for dogs.

Vestel produces the first domestic electric bicycle battery

Breaking a new ground in Turkey, Vestel started producing domestic electric bicycle battery. Hardware, software, mechanical designs, production and testing infrastructure of the batteries are completely developed by Vestel engineers. They offer numerous advantages thanks to their reliability, long-lasting use and online service.

Inspired by the batteries used in the automotive industry, adapted to electric bicycles and designed by Vestel engineers, the batteries successfully completed the shock, impact and crushing tests required by EN 50604-1 approval with their IP66 waterproof design and were certified by EN 50604-1 Safety Certificate. The batteries use NCA cells with high energy density. The system enables online service via battery-mobile phone connection over Bluetooth and also allows the user to follow the battery status within the application.



Vestel signs an agreement with Iberdrola for the production of electric vehicle chargers.

Vestel won the tender for the international electric vehicle chargers (EVC) project of the Spanish energy company Iberdrola S.A. (Iberdrola), and signed an agreement with Iberdrola to be one of the 3 suppliers of the project. Under this project, which will be implemented as a part of Iberdrola's sustainable transport plan, it is planned to install 150,000 electric vehicle charging stations in Europe in the upcoming 5 years. Total size of the project is around EUR 45 million. Within the scope of this project, Vestel Elektronik plans to supply 50,000 EVC04 EV chargers for the electric vehicle charging stations that Iberdrola will install in various regions of Europe, primarily Spain, the UK and Italy, within 5 years.

Vestel acquires British White Knight and Hostess brands.

Vestel Ticaret AŞ, a fully-owned subsidiary of Vestel Elektronik, acquired the rights and powers of franchise, manufacturing, intellectual property, domain name and sales of White Knight and Hostess brands of Crosslee PLC, one of the major players in the UK household appliances market. Registration transfers of trademarks in the EU have been completed, and registration procedures are going on in some non-EU countries.

With this acquisition, Vestel is expected to further strengthen its position in the UK market.

The convenience of online shopping is brought to stores with 'Vestel Ekspres'

Continuing to innovate in the retail sector, Vestel appeals to the new generation of consumers with its small-square-meter store concept 'Vestel Ekspres', where the digital display practice is launched and most of the sales are made through digital screens. Promising consumers a new shopping experience and planned to be spread to the busy streets all over Turkey, Vestel Ekspres concept offers the facility of instantly finding and comparing the products consumers want and saves time with the same-day delivery option. Combining the online purchasing experience together with physical retail through its new concept, Vestel plans to develop new generation retail-specific digital practice at its Ekspres stores and introduce them to consumers.

Vestel issues Turkey's first TL-denominated green bond with an international sustainability rating.

By taking an important step along Zorlu Group's sustainability approach Smart Life 2030, Vestel issued the first TL-denominated green bond of Turkey accredited by an international rating agency.

The funds created under the green bond issuance will be used for R&D, entrepreneurship and innovation activities and green technology investments contributing to areas such as the protection of water resources, carbon reduction, energy efficiency, waste reduction and the development of eco-friendly products within Vestel's sustainability perspective.



Vestel receives a new fund from Horizon2020.

Having obtained funds from the European Union's most comprehensive R&D and innovation program Horizon2020 last year through its KYKLOS 4.0 project encompassing smart and flexible production practices intended for personalized consumer needs, Vestel is entitled to receive support for three projects this year. Through its DAIS (Distributed Artificial Intelligence Systems) project approved this year, Vestel aims to develop distributed artificial intelligence systems with 49 project partners from 11 countries and generate solutions for improving user experience and data security.

High marks from testing institutions for Sharp dishwashers, washing machines and tumble dryers produced by Vestel Beyaz Eşya

Dishwashers, washing machines and tumble dryers of Sharp, a licensed brand of Vestel, received the highest marks in tests conducted by Haus & Garten Test, one of the prestigious testing organizations of Germany, and testberichte.de in terms of performance, safety, ease of use and energy consumption.

Sharp's A+++ tumble dryer equipped with an inverter motor technology offering high energy efficiency was given 1.3 points in Haus & Garten's assessment, receiving a 'Sehr Gut-Very Good' Certificate and came the first among 763 tumble dryers on testberichte.de website.

Also manufactured by Vestel, Sharp's washing machine and dishwasher achieved the best score in terms of both functionality and performance, and ranked first among four different products, outstripping their world-renowned competitors.

On the other hand, Sharp's dishwasher received full marks from Home Appliances World Magazine, one of the world's most established and prestigious household appliances magazines, due to the convenience offered to end users as well as its hygienic washing performance, design, high energy and water saving and low noise level.

The number of female technicians at Vestel Authorized Service Providers is increasing rapidly.

Initiating the Female Technician Training Project at Vestel City under its support for women's employment, Vestel trained 58 female technicians in total as of the end of 2020 through the training events organized for those who voluntarily want to become technicians, among the expert customer representatives working at authorized service providers. By the end of 2021, Vestel aims to increase the number of female technicians receiving training to 130.

Only offered to those working at Vestel authorized service providers for now, such training activities are planned to cover the female applicants of Vestel.



Vestel Project Partner

Zorlu Group's strength and Vestel's domestic technology were combined in the Vestel Project Partner initiative, which aims to make life easier by providing customers result-oriented and effective solutions through innovative products in various fields.

Bringing LED Lighting, Air-Conditioning, Hotel & Construction Projects, Digital Solutions and Public Sales Departments together under a single roof, Vestel Project Partner offers all projects professional and integrated solutions with expert teams.

Vestel Project Partner aims to offer the most appropriate turnkey solutions for all needs, from the design phase onwards, in order to help public and private sector projects access the most advanced technologies.

To this end, corporate clients' needs, demands and current challenges are identified and analyzed in the fastest and most accurate way to design customized products accordingly.

Vestel Project Partner also offers flexible and diverse payment models for project investment costs, selecting the most suitable products and projects for the customer's needs. Aftersales services, in line with Vestel's commitment to unconditional customer satisfaction, constitute an integral component of the Project Partner service cycle.

Vestel Ventures

Vestel Ventures Ar-Ge AŞ ("Vestel Ventures") is an investment company founded by Vestel Elektronik in 2015 to support new ventures and add new areas of business to Vestel.

Set out to leverage the capabilities of Vestel and Zorlu to transform life-changing and productivity-oriented technologies into products, Vestel Ventures provides entrepreneurs with support for many areas such as Internet of Things, smart cities, smart homes and smart factories, materials, energy, battery technologies and innovative devices.

Vestel Ventures provides support for ventures that are poised to make a difference and create significant value for Vestel or users. An arena of ideas where innovative technologies meet, Vestel Ventures aims to contribute to Vestel's global competitive strength by expanding the technological potential in its ecosystem through the companies it invests in. To this end, from its foundation till the end of 2020, Vestel Ventures invested in a total of 20 enterprises inside and outside Turkey, engaging in energy, healthcare, bioplastics, mobile applications, AR/VR (Augmented & Virtual Reality) technologies, smart cities, cyber security, customer services and social responsibility.



Consumer Electronics & Household Appliances

Breaking a new ground in Turkey, Vestel started producing the first domestic electric bicycle battery the hardware, software, mechanical designs, production and testing infrastructure of which were completely developed by Vestel engineers.

Vestel Savunma

Having taken its R&D competence to the next level, Vestel stands apart with its successful defense projects. Vestel Savunma Sanayi AŞ (“Vestel Savunma”), an affiliate of Vestel, continues to engage in design and development activities for different classes and systems of Unmanned Systems, which is its field of specialization.

Fully aware of the potential future demand for unmanned aerial vehicles, Vestel Savunma continued to expand the usage scenarios of the Karayel UAV System with the integration of various payloads and cutting-edge subsystems. Test flights and system verification activities of a newly-developed UAV system were carried out successfully in 2020. Besides, Vestel Savunma continued to engage in activities on the design, production and development of the UAV with vertical take-off/landing and high payload capabilities.

Vestel Savunma accelerated its product development and R&D activities, turning the pandemic process into an advantage in this period during which demands from domestic and overseas institutions and organizations regarding UAV systems and Fuel Cell





technologies were on the rise. Continuing to perform its activities on the use of fuel cells in mini UAVs in 2020, Vestel Savunma also continues to engage in R&D studies on the development of very high-powered fuel cells needed for underwater platforms in the defense industry.

In 2020, Vestel Savunma focused on studies regarding Advanced Imaging Systems, Electro-Optical Systems, Border Security and Mobile Health with the aim of transferring the capabilities acquired from the systems and technologies designed, developed and produced in the field of defense industry, to different sectors.

By the end of 2020, the number of employees at Vestel Savunma R&D Center doubled compared to the number of employees when it was established. To date, 21 of the 29 projects carried out within the R&D Center have been successfully completed. 5 of the 13 projects

that were going on during the operating year were successfully completed, and there are 8 ongoing projects as of the end of the year. New project proposals developed within this period as a result of the activities performed through new university-industry and industry-industry collaborations in line with R&D strategies were submitted to TÜBİTAK for use in active calls for tender issued at national and international level.

The opportunity to expand the product range was gained through the development of the capabilities of the unmanned aerial vehicles that emerged as a result of the R&D projects carried out during this period as well as the R&D projects completed in previous periods. Besides, the domestication work executed under R&D projects was completed by the end of the year, leading to a considerable achievement so as to reduce foreign dependency concerning the critical parts of UAVs.

Vestel Savunma has applied for a total of 16 patents to date, and as of the end of 2020, during new patent applications were submitted, the number of registered patents of the company stood at 9.

Consumer Electronics & Household Appliances

AYESAŞ

While Aydın Yazılım Elektronik ve Sanayi AŞ (“AYESAŞ”) goes forward with its unique products, it effectively uses its strong production, engineering and software competencies in different projects of the defense industry and makes them available to the state. In this context, the company continues to develop next-generation Command Control and Platform Control Consoles and Cabinets for warships, Helicopter Obstacle Detection Systems, and Digital Moving Map and Mission Planning Systems for aerial platforms.

At the end of 2019, AYESAŞ took part in the Digital Engine Control System Project, a national project to be developed for the first time with domestic resources and playing a critical role in terms of reducing foreign dependency in the production of aviation engines, within the framework of its experience gained over the years. The company continues to design, develop and manufacture the Digital Engine Control System, a crucial component of the Turboshaft Engine Development Project, a source of pride for Turkey.

In addition, in 2020, the operations for indigenous design and production planning of avionic systems, such as display technologies that have the potential for use in the National Combat Aircraft Project initiated in 2019 were sustained.

Wishing to transfer its experience in defense and aviation to the field of security, AYESAŞ signed the agreement on the domestic design and production of the National Truck Scanning (MİLTAR) System with the Presidency of Defense Industries based on the request of the Directorate General of Customs Enforcement. AYESAŞ and its solution partner successfully carry out activities for the domestic production of x-ray systems and vehicle and container scanning system prototypes manufactured in only 7 countries across the world to prevent illegal trade at customs gates.

Having extensive knowledge in naval platforms, AYESAŞ has undertaken important tasks in the integrated platform management system of TCG Anadolu Project, planned to be the largest combat platform in the history of the Turkish navy.

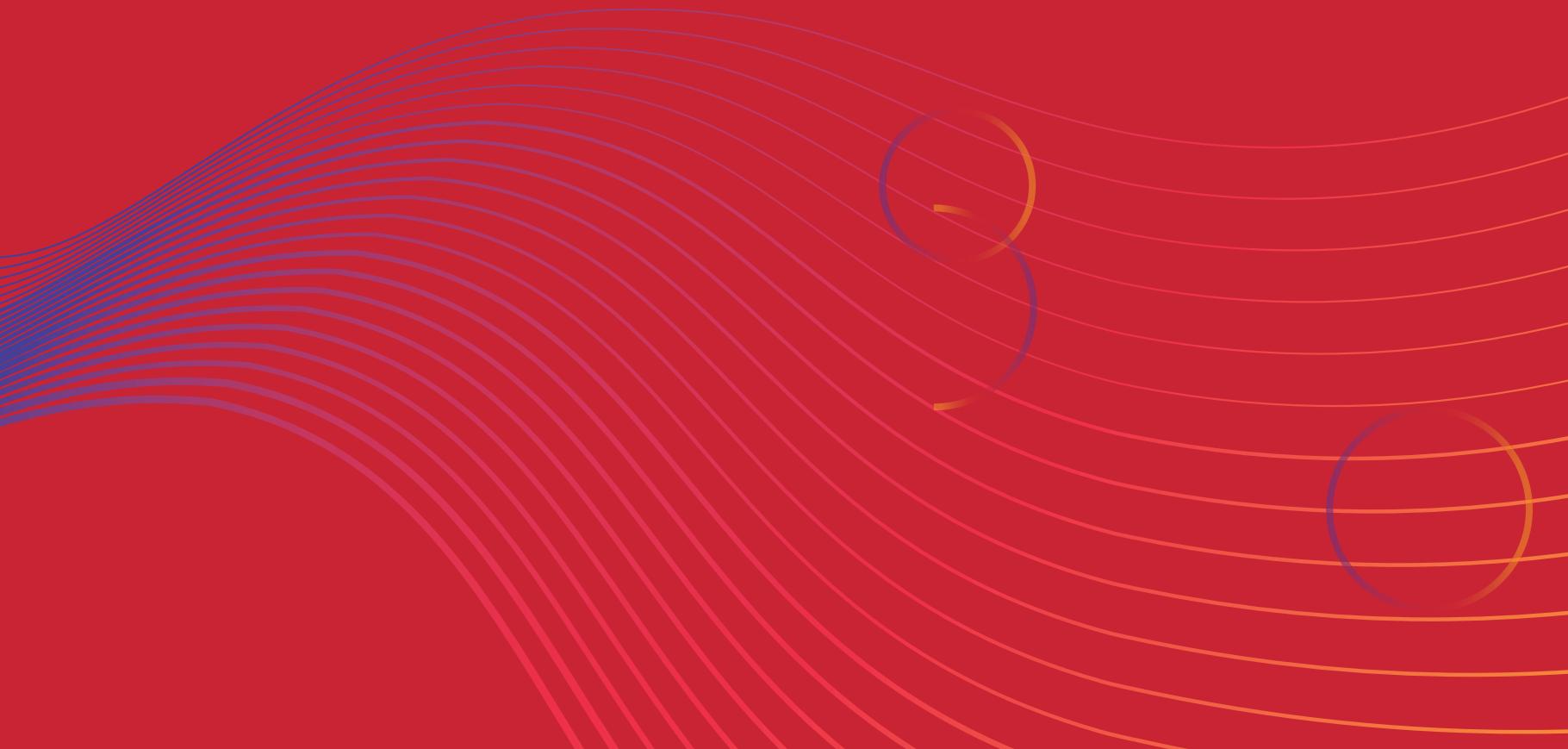
Under the Test and Training Ship (TVEG) Project, hardware of the combat management system was designed and produced in 2020.

Under the MİLGEM-5 Project, hardware of the combat management system will be designed and produced by AYESAŞ.

While funding R&D activities mostly through its own resources, AYESAŞ was also the first company to receive the product design incentive of Republic of Turkey Ministry of Trade. Furthermore, the company takes part in R&D projects under TÜBİTAK and European Union Framework Programs, supporting authentic product development activities.



Textiles



Textiles

Zorlu Textile Group continued to maintain its successful progress under the challenging conditions of 2020 with a circular economy-oriented next-gen approach to textiles fueled by innovation and technology.





Textiles



Strengthens its position as a brand creating value in global competition day by day, Zorlu Tekstil prepared with a proactive approach for the post-pandemic process with its product, production and digitalization-oriented transformation activities accelerated in line with Smart Life 2030.



Necat Altın

CEO, Zorlu Textile Group

In 2020, the pandemic caused supply problems on a global scale and a historical global economic contraction. The global textile industry was among the business lines that were relatively affected by the negative outlook.

Although the textile industry in Turkey shrank significantly due to the lockdown measures introduced in the initial phase of the pandemic, it entered a rapid recovery process with transition to a controlled social life. In this period, the strong contribution of exports was one of the main factors balancing the problems in the domestic market.

Our deep-rooted knowledge supported us, as Zorlu Textile Group, to achieve a very strong momentum especially in technical textile exports. Under the pandemic conditions, an important part of our technical textile exports consisted of medical technical textile products.

In line with the common strategy of our entire group, Smart Life 2030, we managed this challenging process without compromising our sustainability-oriented business approach. Our investments in smart and technical textiles, which rely upon sustainability and form our most innovative and strongest muscle, played a role in being the innovative business partner of the world's giants in this extraordinary period with problems in supply chains.

With our yarns and fabrics that are sensitive to heat and humidity, have high air permeability as well as antibacterial and antiviral properties, we have been offering our smart textile products for long years to various sectors including security, defense industry, healthcare, automotive as well as home textile, one of our fields of specialty.

Our strong technical knowledge enabled us to respond in a timely and accurate manner by generating agile solutions to the suddenly changing demand conditions around the world during the pandemic period. We were able to quickly direct our production lines to the production of masks with technical textile properties. In accordance with the feedback of our customers, we used our non-sweating and breathable DRY TOUCH® technical textile fabrics, which are also used in the clothing of our security forces, in the production of masks. As a company that can produce antibacterial masks as well as antiviral masks, mask sales comprised 10% of our exports in 2020.

In addition, we export antibacterial fabrics to Europe and air-purifying curtains to the UK. We cooperated with universities to develop antibacterial and antiviral products. With the foresight that the demand for innovative products for the healthcare sector and healthy life is not temporary but permanent, we will continue to expand our product range in this area in the upcoming period.

In 2020, we observed that sustainability-oriented demands gradually increased and started to become institutionalized due to the pandemic. We are on the verge of a major transformation in the EU, in which the players or companies that cannot comply with the sustainability criteria and fail to digitize their factories and operations will not survive in the near future, when practices such as the Green Deal will enter into force.

Based on these developments, we further expanded our work in the area of sustainability in 2020. By completing STeP (“Sustainable Textile Production”) certification process at our factories, we certified our identity as a sustainable textile manufacturer. In parallel with this development, we certified that we could produce under the ‘Made in Green’ label used with Standard 100 by Oeko-Tex and STeP by Oeko-Tex certificates.

Despite the challenges posed by the pandemic, we continued to make circular economy investments in our factories. In this context, we broke a new ground in Europe and Turkey with the Polymer Recycling Plant, which we commissioned with an investment of USD 10 million, and started producing polyester yarn completely out of plastic bottles. With each ton of recycled yarn we will produce under this investment, we will contribute to the recycling of 110,000 plastic bottles,

which are consumer waste and are not biodegradable in nature, and add value to the economy.

While continuing to organize our sustainability-oriented R&D projects, we took part in a second EU Horizon2020 project in 2020 following 2019. Called OXIPRO, this project aims to develop eco-friendly products that serve sustainability by using eco-friendly enzymes. Under this project, Zorlu Textile Group became the sole producer in the textile industry and one of the 4 pilot plants where the enzymes to be developed will be used.

One of the processes that the pandemic process accelerated the most was digitalization. In addition to the Industry 4.0 and technology investments that we introduced at our factories, we were able to successfully manage a period of restrictions and lockdowns with the online sales channels, a focal area for us in retail. Thanks to our technological investments, our international business partners placed their requests through the order software we use at our factories, ordering the products in the fastest way and experiencing no supply problems. This gave us a significant competitive edge over our international competitors. Although we suspended the operations of our stores during the restriction period, we delivered our products to consumers without any problems, both through our own distant sales channels and through the e-commerce channels with which we cooperate. Thus, we compensated for the losses we suffered due to the interruption of physical shopping in our stores.

Zorlu Holding Textile Group considers the pandemic process as an opportunity for transformation despite all the risks it poses. We think that we have strong assets thanks to our sustainability-oriented way of doing business and our knowledge in smart textiles. As a group generating more than half of its turnover from exports, we expect to significantly increase the added value of our exports by rapidly adapting to practices such as the Green Deal.

By managing all our activities from raw materials to process management, production, final products, marketing and sales in the upcoming period from a holistic perspective with a focus on sustainability, we will continue to create more added value for our country and group.

Textiles

Zorlu Textile Group is a preferred business and solutions partner on a global scale thanks to its high manufacturing capacity, quality product line, and superior marketing and distribution capabilities.

Zorlu Textile Group

One of the top-ranking textile manufacturers in the world, Zorlu Textile Group is a preferred business and solutions partner on a global scale thanks to its high manufacturing capacity, quality product line, and superior marketing and distribution capabilities.

Led by Zorluteks Tekstil Ticaret ve Sanayi AŞ (“Zorluteks”) and Korteks Mensucat Sanayi ve Ticaret AŞ (“Korteks”), Zorlu Textile Group is mainly involved in the manufacturing and marketing of yarn, drapery and home textiles. The Group has 14 manufacturing and marketing companies in total.

Zorlu Group’s activities in home textiles have grown rapidly over the years and expanded the borders of Turkey to spread to four continents. In 2020, Zorlu Textile Group’s exports reached USD 180 million. With around 7,000 employees and manufacturing facilities spanning 800,000 m² in total, Zorlu Textile Group is among the leading polyester yarn and home textiles manufacturers around the globe.

Innovative business partner of world giants, guiding the transformation in textiles with its R&D and innovation capabilities

Industry 4.0 transforms not only the business world but also the entire society, opening the gates to a new era.





In this process, digitization and rapidly changing technologies are fundamentally altering traditional business models. Economic actors focus their efforts on building a sustainable future under these challenging competitive conditions. These developments also affect the textile industry. Characterized as a traditional industry until recently, textiles stand out in the center of this change and transformation as the most visible face of megatrends.

Industry players that aim to be a part of the future should not limit themselves to manufacturing traditional products such as bed sheets, curtains or yarns, but also create innovation in order to proactively adopt to the changing expectations of consumers, change their lives, and increase their quality of life.

Effectively applying innovation both to its products and to its marketing strategies, Zorlu Textile Group has become synonymous with innovation in the textiles industry. The Group makes key investments to develop and manufacture innovative products which meet the needs of the consumers.

Zorlu Textile Group enjoys a competitive and leading position in technical textiles, testified by its innovative products such as self-cleaning roller blinds and draperies, cooling coverlets, curtains cleaning the ambient air, antibacterial beddings and LED illuminated curtains, which have all been made possible by the innovative approach adopted by the Group.

R&D is one of determining factors in the fierce global competition in the textiles industry. Powered by its two R&D Centers, Zorlu Textile Group consolidates and carries to the future its position as the innovative and competitive business partner of world giants.

Technology-intensive business model and digitalization

It is not possible for a textile company that does not utilize and invest in advanced technology to maintain a presence in global markets in the medium and long term. Fully aware of this simple fact, Zorlu Textile Group continuously invests in technology and uses the best digital printing machines available in its manufacturing processes.

Products that go beyond consumer expectations and personalized designs

Managing consumers' needs and expectations well as well as developing more functional, more innovative, more human-oriented, more customized and more striking designs set the stage for competition in the textiles industry.

Zorlu Textile Group accurately predicts consumer trends in world markets, particularly in Europe, and can exceed expectations with a human-oriented design philosophy.

Textiles

Having a widespread retail structure at domestic and global level, the Group heavily uses e-commerce, alternative channels and wholesaler channels in addition to its physical structure.

Achievements of the 360-degree sustainability approach

An essential element that is particularly relevant to all economic actors in today's world, sustainability is not simply limited to the environment. Sustainability is now a holistic, 360-degree approach that involves the entire business cycle. The world's leading retailers are highly sensitive about whether the suppliers they collaborate with meet the quality and standards of sustainability.

Zorlu Textile Group is a highly preferred business and solution partner for global companies thanks to its sustainability vision, quality, standards and practices. Embracing the goal of a sustainable world by using resources effectively today, Zorlu Textile Group is committed to develop environmentally-friendly products.

Smart production and firm steps forward with Industry 4.0

Providing communications between devices, necessitating the interaction of people and devices and also requiring the establishment of a harmonious ecosystem, Industry 4.0 is one of the keys to a sustained presence in a competitive business world.



Industry 4.0 points out to a large and new universe encompassing factories, facilities, suppliers and business partners.

Zorlu Textile Group, currently in the process of implementing Industry 4.0 practices, responds rapidly to the demands of its customers all around the globe and increasingly reaps the fruits of the investments it has made in smart business management processes.

Made by Zorlu - A global brand approach

The most important goals of manufacturers are to be unique and to maximize the value offered to consumers.

Consumers opt for unique brands with high value-added that make them feel special and good, or in other words, brands that can go beyond offering products alone. Textiles industry is one of the industries where this trend is the most visible. Textile companies that wish to compete in the same league with global players in today's competitive markets must develop the capability for flexible production while focusing on creating value for their customers.

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

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

Zorlu Textile Group remains the market leader in the Turkish home textiles industry with the drapery and quilt cover products offered under its TAÇ brand.

Zorlu Textile Group has introduced an innovative and pioneering vision to retail home textiles sector with Linens, which stands apart as Turkey's only international home textiles chain store.

Another brand from the Group, Valeron was first launched in Europe before making its way to the domestic market.

Zorlu Textile Group has an extensive retail structure in Turkey and abroad. In addition to this wide-reaching organization, the Group also utilizes e-commerce, alternative and wholesale delivery channels.

The Group has a strong in-house design team, and enjoys another important competitive advantage in home textiles thanks to its ability to offer tailored collections to its customers rapidly and in desired quantities.



Textiles

Manufacturing for the top brands in Turkey such as TAÇ, Linens, and Valeron, Zorluteks, Europe's largest integrated home linen manufacturer, exports 60% its home textile products to various parts of the world, mainly the US, Europe, Japan and Russia.



ZORLUTEKS

Zorluteks - A global and leading player in the home textiles business line

Thanks to its drapery and home textile manufacturing facilities, marketing company and globally known brands, Zorluteks is one of the leading global companies in the home textiles sector.

Zorluteks ranks among the most modern and largest integrated textile producers with its massive manufacturing facilities in Lüleburgaz, Kırklareli with high production capacity and over 4,500 employees, exceptional quality of products, and the importance it places on the environment, occupational health and working conditions.

Zorluteks is Europe's largest integrated manufacturer of cotton home textiles.

Zorluteks produces its curtains at its modern machinery park within an indoor area of 60,000 m² that consists of embroidery and finishing operations.

The Company's curtain production capacity is 20 million meters and 6 million ready-made curtains per year. Zorluteks also manufactures 96 million meters of various other home textile products in 108,000 m² production area; these include quilt covers, coverlets, pillowcases, quilts, bed sheets, tablecloths, bed spreads, cotton drapery fabrics, jersey fitted sheets and towels. The Company has a machinery park of 273 weaving, knitting and warping machines in a 60,000 m² production area.

In addition to Turkey, Zorluteks has a manufacturing facility in China and a marketing office in New York.

Zorluteks has the largest digital print machine

In order to meet the needs of its international clients as rapidly as possible, Zorluteks has made significant investments in digital printing machinery.

The first digital printing machine (reactive printing) of Zorluteks entered service in August 2011, the first of its kind in Turkey capable of printing on a 3.2 m-wide fabric. Zorluteks' second printing machine (disperse printing) commenced production in May 2013 and the third machine (reactive printing) in June 2014. The fourth machine (pigment printing), which entered service in July 2014, can print on a 1.8 m-wide fabric. Zorluteks has demonstrated the importance it attaches to technology by purchasing and including to its machinery park the largest printing machine in the world, a rare feat that only few other companies in the world have accomplished.

Textiles

New generation printing machine park offers many opportunities such as low and sustainable energy costs, eco-friendly and flexible production, and the ability to respond quickly to customer's needs and manufacture in the quantities requested. The machine park gives Zorluteks a competitive edge and contributes to the company's position as one of the most popular textiles companies in international markets, especially in Europe.



Putting technology at the heart of its activities, Zorluteks is the world leader at implementing photograph-printing systems. The system makes it possible to print any photograph on fabric in the desired dimensions. 3D patterns were printed for the first time in Turkey on Zorluteks bedding products and introduced to the market.

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Zorluteks has invested USD 4 million in two new digital printing machines (single pass and multi pass) and will continue to use new printing techniques in the coming years.

The first home textiles company to receive the "Authorized Economic Operator Certificate" in Turkey

Zorluteks became the first home textile company in Turkey to receive the "Authorized Economic Operator (AEO) Certificate", which enables trusted companies to carry out their customs transactions at an expedited pace.

Serving as a proof that the required standards on transparency, traceability, accountability, and plant safety are met, the "Authorized Economic Operator Certificate" has increased Zorluteks' strength in customs transactions.

With the RECLAIM project, which aims to increase service life of machinery, equipment and materials to prevent unnecessary use of resources, Zorluteks has been accepted into the EU's Horizon 2020 Grant Program for research, development and innovation projects.

Zorluteks maintained its export-oriented performance in 2020, reaching 68 countries in five continents.

Manufacturing for the top brands in Turkey such as TAÇ, Linens, and Valeron, Zorluteks, Europe's largest integrated home linen manufacturer, exports 60% its home textile products to various parts of the world, mainly the US, Europe, Japan and Russia.

Zorlu Textile Group single-handedly accounts for 23% of Turkey's bedding exports and 17% of curtain exports. Zorluteks exports 34% of its curtain production and sells the rest in its home market via the TAÇ, Linens and Valeron brands. The company aims to grow its home textiles business through retail stores not only across Turkey, but also in neighboring markets that represent a total population

Textiles

Having finalized the first integrated manufacturing facility investment in its sector on a global scale, Zorluteks contributes to and supports a sustainable economy with its manufacturing processes in all aspects. Zorlu Textile Group also owns Turkey's first ecological manufacturing plant.

of 700 million. In 2020, the retail growth drive continued and the number of stores and outlets in various regions were increased.

Zorluteks generated USD 147 million in export revenues in 2020, presenting its product range to 68 countries in five continents and carried out sales under the TAÇ brand to approximately 20 countries and regions including Russia, Ukraine, Georgia, Middle East and the Balkans. 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, particularly in the Middle East region and especially Iran.

Working with big retailers in Europe, Zorluteks is committed to establishing long-term and robust relations and ensuring the continuity of business operations. In locations with the necessary infrastructure, Zorluteks keeps online track of store inventories, which enables the company to produce and export rapidly based on demand.

Aiming to use resources efficiently while designing the future of home textiles with a sustainable environmental understanding, Zorluteks has developed the "Clean Production Software", which can instantly monitor the electricity, water, natural gas and steam consumption of the machinery used in the production facility. This newly-developed software aims to minimize the amount of resource use by tracking the resources used in production.

By completing STeP, ("Sustainable Textile Production") certification process in its factories certifying itself as a sustainable textile producer, Zorluteks has certified that it can produce under the 'Made in Green' label used along with Standard 100 by Oeko-Tex and STeP by Oeko-Tex documents.

Turkey's first manufacturer to produce 100% organic home textile products and first ecological manufacturing plant

Deeming sustainability as an essential requirement of future existence and a determining factor in competition, Zorluteks is the first manufacturer in Turkey to produce 100% organic home textile products with the Global Organic Textile Standard (GOTS) Certificate.

Having finalized the first integrated manufacturing facility investment in its sector on a global scale, Zorluteks contributes to and supports a sustainable economy with its manufacturing processes in all aspects. Zorlu Textile Group also owns Turkey's first ecological manufacturing plant.

Zorlu Textile Group continuously invests in technology, uses the world's best digital printing machines and the latest environmentally friendly technologies allowing high conservation of resources in its manufacturing processes.

Zorlu Textile Group's global network

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

TAÇ



ABROAD

24 COUNTRIES

120 STORES

735 OUTLETS



TURKEY

1,698 OUTLETS

26 FACTORY OUTLETS IN

16 PROVINCES

LİNENS



ABROAD

8 COUNTRIES

10 STORES



TURKEY

23 PROVINCES

91 STORES

VALERON



ABROAD

35 COUNTRIES

APPROXIMATELY **200**

OUTLETS

SALES OVER A TOTAL OF

11 DIFFERENT E-TRADE

CHANNELS IN THE US



TURKEY

1 STORES

60% of Zorlu Textile Group's products reach global customers through export.

KORTEKS

FROM APPROXIMATELY **60**

COUNTRIES

EXPORTS TO OVER **250** CLIENTS

PRIMARY BRANDS

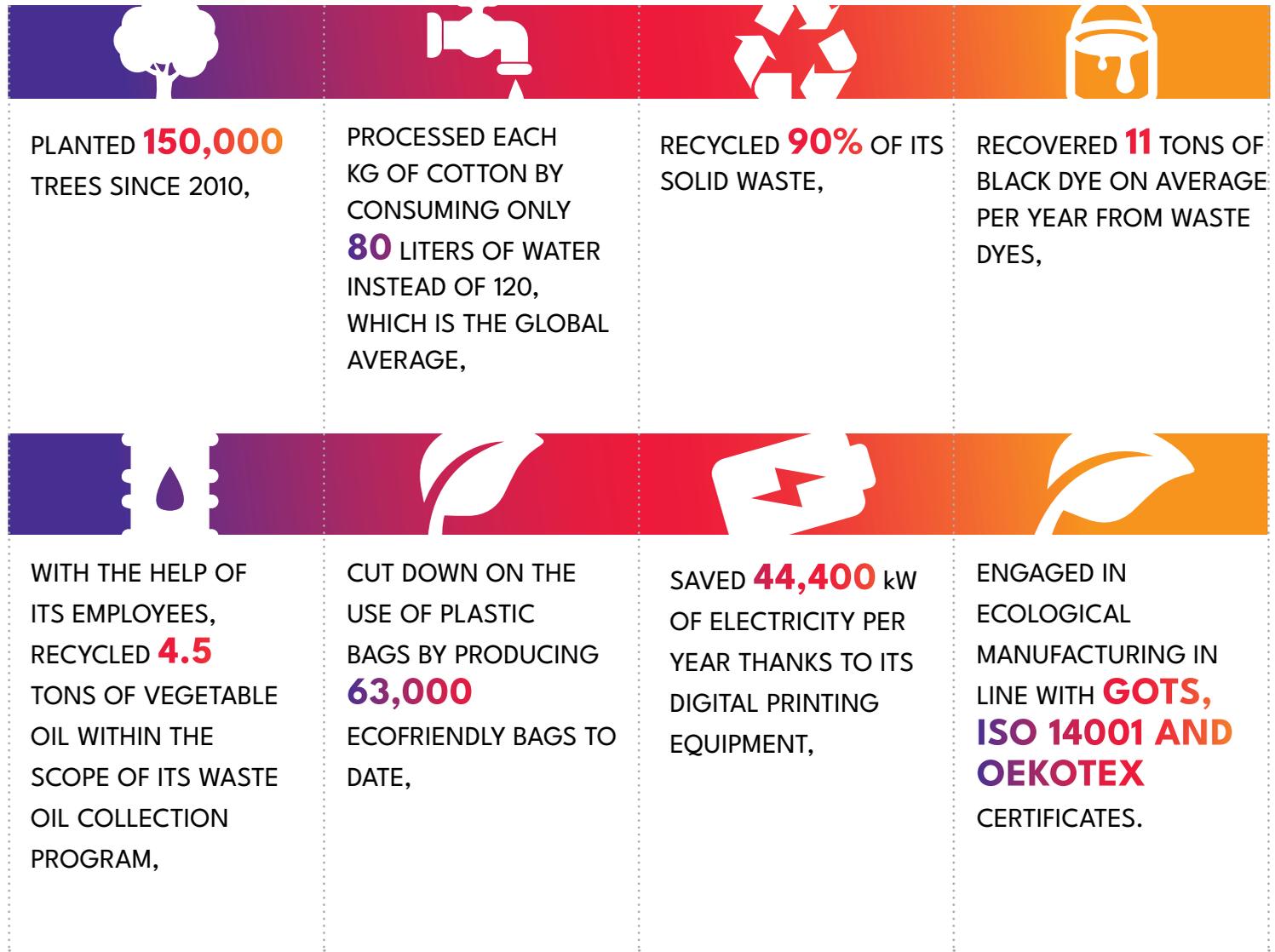
ZORLUTEKS

EXPORTS TO **68** COUNTRIES



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

In its production cycle, Zorluteks;



In its consumption cycle, Zorluteks;



KORTEKS

The largest integrated and innovative polyester yarn manufacturing center in Europe

Founded in Bursa in 1989 to meet the demand for quality polyester in the textile industry, Korteks now spans across a production area of 335,000 m². At any given time, there are approximately 2,500 thread types of polyester threads in the warehouses of Korteks, which stands out among its competitors with its extensive product range.

Polyester-based products make up more than two thirds of the total thread supply in textile raw materials across the globe. As the most important raw material in textile industry at the global scale, polyester continuously consolidates its position in the textile industry thanks to its various uses, versatility and flexibility.

Although the initial aim of polyester thread production was to supply the demand from Zorlu Textile Group, it gradually evolved into a separate and significant line of business within the Group.

Sustainable R&D investments and technology development efforts

Korteks features the capacity to develop technology in-house and attaches great importance to R&D investments, one of its major competitive advantages, in order to further reinforce its position in international markets.

Creating innovative solutions for domestic and international partners through major R&D investments and applications of nanotechnology, Korteks is the world's leading company in microfibers.

Since its establishment, Korteks has always remained among the top-ranking polyester thread manufacturers in Turkey and the world at large, and over time, it has increased its capacity through systematic investments, supporting its technology with innovation.

As the first Turkish company to implement direct-from-polymer POY production in 1993, 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.



Textiles

Creating innovative solutions for domestic and international partners through major R&D investments and applications of nanotechnology, Korteks is the world's leading company in microfibers.

A strong global competitive advantage driven by its product range

Aiming to increase its market share and grow through customer-oriented, innovative and high-value-added products, Korteks supplies high quality, unique, novel and eco-friendly polyester thread products to a variety of textiles companies across the global arena.

Korteks adds numerous new and functional products to its portfolio in an effort to enhance product variety with distinct and innovative options. Offering a competitive edge in the textile industry, these products are used in furnishing, carpets, towels, medical products, sweatshirts, top-wear and sportswear, outdoors, and automotive textiles, and are becoming increasingly popular with customers.

Korteks manufactures super-gloss and semi-matte polyester grade chips and super-bright/matte/semi-matte/full-matte ecru and dope-dyed polyester POY, FDY, textured, elastane, air-textured, twisted, bobbin-dyed and flat, mono-filament threads and yarns under the TAÇ brand. All of Korteks's production facilities are designed to manufacture high-quality and special filament threads such as high count.

In addition to POY, FDY and texturized thread, the company also manufactures specially-pointed, non-torque, fancy twisted and elastane threads specific for different fields of use with over 400 dope-dyed color choices.

Korteks product range also includes DRY TOUCH®, TAÇ FLAME RETARDANT, TAÇ COTTON-LIKE, TAÇ ANTIMICROBIAL, TAÇ ANTISTATIC and TAÇ UV RESISTANT products intended for the technical textiles industry.

Preferred choice of customers with its extensive range of high-quality and innovative products

Korteks aiming to achieve superior customer satisfaction by combining technology and innovation. Korteks endeavors to continuously expand its product range, manufacture premium-quality products, and remain the preferred choice among its customers.

Korteks sells approximately 85% of its production to the Turkish market, where around 1 million tons of polyester thread are consumed annually. Today, Korteks single-handedly supplies 17% of Turkey's total yarn demand.

The company is also an active player in the European market where it consolidates its market presence with technical textile threads, which offer high value-added, require special manufacturing processes and involve advanced technology, and are especially sought after in the automotive industry.

One of Turkey's leading exporters with USD 33 million in export revenues in 2020, Korteks exports its products to 57 countries in five continents, including Germany, Belgium, United Kingdom, Italy, Spain, France, Poland, Portugal, Iran, Egypt, United States, Canada, Mexico and South Africa. Korteks' top export destinations in 2020 were Germany, Italy and Russia, respectively.

Technological capabilities contributing to sustainability

Korteks ensures corporate sustainability by implementing ISO 9001, IATF 16949, ISO 10002 and ISO 14001 management system standards.

Korteks puts its technological capabilities to use in line with sustainability goals, embracing an environment friendly approach in both manufacturing and new product development processes.

Standing out with their durability and quality, Korteks products are environment friendly, ecological, sanitary and chemical-free.

Korteks produces polyester yarn completely out of plastic bottles, breaking a new ground in Europe and Turkey with the Polymer Recycling Plant, which was commissioned with an investment of USD 10 million in line with Zorlu Group's Smart Life 2030 strategy, which renders sustainability a way of doing business. Produced out of plastic bottles and other production waste yarn and being the raw material of polyester yarn, "RPET Chips" turn into filament polyester yarn.

Korteks can produce yarn at zero production waste at its virgin PES yarn plant by using the yarn obtained from the bottles recycled at the Polymer Recycling Plant equipped with a monthly production capacity of 600 tons in a total indoor area of 17,000 m². It can offer to its domestic and foreign clients a wide range of products which can be used in all areas where polyester is used from apparel to home textile and automotive and are produced with an eco-friendly manufacturing technique.



Textiles

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.

Aiming for more efficiency and less defects in manufacturing through Industry 4.0 applications

Zorlu Textile Group conducts Industry 4.0 activities that aim to increase efficiency in the entirety of the commercial and economic cycle, from manufacturing to marketing.

As a manufacturer that has embraced the principles of Industry 4.0, Korteks has a team specializing in this field. Industry 4.0 is highly compatible with Korteks' production technologies, and each and every automation process in this context has been custom designed internally. Korteks also cooperates with its business partners for Industry 4.0. A global machinery supplier, a long-time business partner of Korteks, has selected Korteks as its Industry 4.0 implementation partner. The aim of this project is to jointly develop a system that can be marketed internationally.

Korteks utilizes many robots with various functionalities in different stages of its fully automated production processes.



Awards Received in 2020

Sustainable Business Awards

Korteks received an award in the Energy Management category at the “Sustainable Business Awards” organized by the Sustainability Academy.

Silkworm Export Awards

Zorlu Dış Ticaret was rewarded with the Platinum Award at the “Silkworm Export Awards” organized by Uludağ Textile Exporters’ Association (UTİB).

Stars of Export - Secret Champions of Turkey

Zorlu Tekstil was named the “Most Eco-friendly Champion” in the “Stars of Export - Secret Champions of Turkey” award ceremony, which is organized by Dünya newspaper in collaboration with the Turkish Exporters’ Assembly to support the development of exports and increase the share of exports in the economy.

Energy



Energy

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





Energy

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Guided by the vision of being the energy company of the future, we render sustainability a way of doing business. We carry out all our activities in a way that is sensitive to the environment and responds to the expectations and needs of our stakeholders.

”



İbrahim Sinan Ak
CEO, Zorlu Energy Group

Based on an overall evaluation of the last year from a global perspective, it would not be wrong to say that the pandemic process has uncovered many problems that have been going on for the last 5-10 years and have been postponed globally. This process has created an opportunity for innovative solutions as well as a confrontation for the whole world. Sustainability has now become a necessity rather than a choice. The COVID-19 crisis can be considered as the first “sustainability” crisis of the 21st century and a wake-up call for climate change decision-makers to prioritize more concrete actions.

We clearly see that the need for a long-term transformation strategy in the energy sector is gaining more importance today. Remaining at the center of sustainability issues, the global energy sector experienced the biggest decrease in demand in 2020 when compared to the last 70 years. Oil and natural gas became the energy resources most affected by the global pandemic. On the other hand, this crisis has further exposed the need of modern societies for reliable and sustainable energy resources to support healthcare systems, businesses and the basic needs of daily life. Energy companies around the world have focused on keeping their infrastructure up and running and offering a reliable and sustainable energy supply. The Renewable Energy 2020 Report by the International Energy Agency reveals that global renewable energy investments increased by 4% in 2020 year-on-year despite all the uncertainties caused by the pandemic and the losses in the global economy.

Closely monitoring global and regional developments and taking action, Turkey shapes its energy strategy with the aim of achieving a predictable energy market and uninterrupted supply. The share of renewable energy power plants in Turkey's installed capacity reached 51% in 2020, which shows that we are on the right track in terms of spreading sustainable energy systems and transitioning to a carbon-free economy.

In parallel with this transformation across the globe, we, as Zorlu Enerji, carry out all our activities with a focus on sustainability guided by our Smart Life 2030 strategy, which is our common way of doing business at Zorlu Group. Guided by the vision of being the energy company of the future, we render sustainability a way of doing business. We carry out all our activities in a way that is sensitive to the environment and responds to the expectations and needs of our stakeholders. In 2020, we continued to make environmental, social and governance investments in this respect.

We have gone through an extraordinary period with the COVID-19 pandemic, which has deeply affected not only human health but also the world economy, and we continue to do so. Throughout this process, we, as Zorlu Enerji, prioritized the health and safety of our employees, all other stakeholders and the society above all. Despite the challenging conditions, we continued to offer uninterrupted service with the measures rapidly taken against the pandemic conditions. In this sense, we uninterruptedly continued to generate power at our renewable energy power plants in order to offer uninterrupted service to all consumers, especially hospitals. On the other hand, we donated 100,000 masks, approximately 15,000 protective clothes and 150 respirators to hospitals and healthcare professionals in Eskişehir, Gaziantep, Tekirdağ, Afyonkarahisar, Kütahya, Edirne, Uşak, Kırklareli, Bilecik and Kilis.

2020 was a year in which we achieved successful results in terms of operating profitability, despite the strict measures taken due to the pandemic and the pressures caused by exchange rate increases. In this challenging period we have been going through, we continued to engage in activities uninterruptedly by taking necessary measures at the highest level. Despite all the difficulties

experienced, Zorlu Enerji's sales revenues increased by 5% to TL 8.6 billion in 2020, with EBITDA rising by 18% to TL 2.4 billion.

We closed the year with a net profit of TL 74 million as a result of the positive impact of the rise in the USD exchange rate on YEKDEM revenues and the strong growth in OEDAŞ's profitability with our new investments.

As Zorlu Energy Group, we invested a total of TL 835 million, most of which consists of investments for improving and expanding the existing infrastructure in the field of electricity distribution and natural gas distribution and improving the quality of services offered to consumers.

By focusing on environmental, economic and social dimensions within our sustainability work, we address issues such as combating the climate crisis, reducing carbon emissions, using resources in a sustainable way, energy efficiency and energy supply security. We bring our country's rich and undiscovered diversity of renewable energy sources together with advanced technology and innovation, and contribute to our country in seizing opportunities on the way to a low-carbon and self-sufficient economy.

In the light of this understanding, we have made significant investments in renewable energy. Today, 87% of Zorlu Energy Group's installed capacity in Turkey and 100% of its electricity generation are based on renewable energy resources, especially as a result of our investments in geothermal energy. We are the biggest player in Turkey in the field of geothermal power and we want to continue to grow in this field. Our existing licenses offer the potential to invest 300 MW more in geothermal energy. In the next 5 years, we will continue to use our power and knowledge in this field. However, we also believe in Turkey's solar energy potential and we continue to work on this area.

We are also working hard abroad to create an energy ecosystem based on renewables. In this context, we signed a "Joint Venture Agreement" to make solar

energy investments with JDECO, which distributes 25% of Palestine's electricity, and, as the first step of this cooperation, we commissioned the Dead Sea Solar Power Plant with an installed capacity of 2 MW in Palestine's Jericho region.

With the Smart Systems Group we established in 2017, we uninterruptedly continue to engage in digitalization, R&D and innovation, especially electric vehicles, as a result of our investments intended for using the cutting-edge technology in our country.

We are making significant investments in the electric vehicle ecosystem, which has become one of the main agenda items of the entire world. Although there are approximately 2,500 electric vehicles across Turkey as of today, we have expanded our ZES electric vehicle charging station network to 81 provinces with our latest investments. Through our ZES brand, we aim to accelerate the movement of electric vehicles in our country and contribute to the reduction of carbon emissions. We continue to work on making similar investments not only in Turkey but also in other countries. Thus, we established our company ZES BV in the Netherlands in order to carry our activities and projects in this field also within the European Union and neighboring countries. We also have charging station sales operations in Israel. We believe that we will make strong progress in this field in cooperation with Vestel Elektronik, which manufactures both AC and DC charging stations. In particular, we consider 2021 as a critical year in this respect.

On the other hand, Zorlu Solar, which was established in 2016, offers all kinds of installation and consultancy services regarding solar energy, which is an indispensable part of smart systems, and we continue to invest in this field.

We also continue to engage in R&D studies on electric vehicle charging stations and energy storage projects supported by Osmangazi EDAŞ and EMRA. We are trying to be a part of the collective solution by participating in international R&D projects to reduce carbon emissions. In this context, we have received grant support from the EU as one of the partners of GECO project, which aims

to reduce emissions to zero by eliminating carbon dioxide and similar gases so as to ensure sustainability in the geothermal fields and is executed under the Horizon2020 Program of the European Union.

In line with the Smart Life 2030 strategy, we consider our environmental responsibilities as an integral part of our business. Apart from adopting decarbonization-oriented ways of doing business as a step to combat the climate crisis, we are also working towards the goal of zeroing the carbon footprint resulting from our activities. As a company that has adopted the principles of the United Nations Global Compact since its establishment, we are also among the signatories of the 2°C Declaration. We are the first energy company in Turkey to have voluntarily joined the Carbon Disclosure Project and received ISO 14064-1 Greenhouse Gas Accounting and Verification Standard in Turkey. We completed Turkey's first carbon emissions project by obtaining the Gold Standard Certificate with Gökçedağ Wind Power Plant Project and integrating with the Voluntary Carbon Market. We aim to zero our carbon footprint by planting 1.2 million saplings under the "Zero Carbon Footprint Forests Project", which we organize in cooperation with the Ministry of Agriculture and Forestry of the Republic of Turkey.

In order to achieve gender equality, which is among the UN Sustainable Development Goals, we work to increase the participation rate of women in the workforce, to render equal opportunities a corporate policy and to increase the representation of women in senior management. We are among the companies that signed the Women's Empowerment Principles (WEPs), a joint initiative of UN Women and UN Global Compact.

What we have inferred from what the whole world experienced during the last year is that sustainability has to be a way of doing business and a way of life, not a trend or an agenda item. We will uninterruptedly continue to work with great determination and passion by placing sustainability at the center of our business model in all our activities.

Turkish Energy Industry in 2020

Following an upward course in the beginning of 2020, electricity demand decreased sharply in April and May due to the negative impact of the pandemic, especially on industrial and commercial consumption. Achieving a rapid recovery with the gradual lifting of restrictions regarding the pandemic as of June and the rise in industrial production, electricity consumption recorded a growth of 4% in the third quarter and 4.1% in the fourth quarter. Thus, Turkey's electrical energy consumption stood at 304,836 GWh in 2020 with a limited rise of 0.5%, while electricity production increased by 0.5% to 305,431 GWh.

In 2020, the share of wind, geothermal and solar power plants in total electricity generation increased from 13.1% to 15% with the commissioning of new renewable energy power plants while the share of natural gas power plants, on the other hand, increased from 18.9% to 22.7% due to the negative impact of the drought on hydroelectric power plants and the 12.5% reduction in the natural gas tariff in July. In the same period, as a result of the shutdown of some domestic lignite power plants due to environmental reasons, the share of imported and domestic coal power plants decreased from 37.1% to 34.8% while the share of hydroelectric power plants decreased from 29.2% to 25.6% due to a 27% reduction in the amount of water fed into the dams year-on-year. In 2020, 42% of total electricity was generated by renewable power plants.

Despite the delays in equipment supply and construction processes due to the pandemic in 2020, 813 new power plants were commissioned and the total installed power of Turkey increased by a net 4,623 MW (after taking into account the power plants the capacity of which was reduced and which were closed down) and reached 95,891 MW as of the end of 2020. Almost all (99%) of the new capacity commissioned during the year relies upon renewable energy sources, and by the end of 2020, the share of renewable energy plants in the total installed capacity reached an all-time high of 51%.

While the highest increase in installed power was experienced in hydroelectric (2,481 MW), wind (1,241 MW) and solar power plants (672 MW) due to the commissioning of 3 large hydroelectric power plants, the installed capacities of biomass, geothermal and coal power plants rose by 314 MW, 99 MW and 39 MW, respectively. In the same period, the capacity of natural gas power plants decreased by 230 MW.

32.3% of the total installed capacity is hydraulic, 26.8% natural gas, 21.2% domestic and imported coal, 9.2% wind, 7% solar, 1.7% geothermal, 1.2% biomass and other energy resources 0.7%. 22.3% of the installed capacity belongs to EÜAŞ and its subsidiaries, 3.1% to the power plants whose build-operate-transfer and operation

rights have been transferred, and 74.6% to free generation companies and unlicensed power plants.

Electricity Prices

In parallel with the double-digit contraction in electricity consumption in the second quarter of the year, the market clearing price also dropped sharply in April and May. As the economy started to open up in June and electricity demand started to rise again, a double-digit increase was observed in spot electricity prices and prices returned to pre-pandemic levels in the second half of the year. Despite the flat demand in 2020 and the 12.5% reduction in the natural gas tariff in July, the average market clearing price increased by 7% year-on-year to stand at TL 278.7/MWh due to the rise in the national tariff and exchange rate and the decrease in the share of lower cost hydroelectric power plants in total generation.

National Tariffs

In 2020, the retail energy price was increased by 6.5% in the industry group, by 7% in the commercial group and by 7.5% in the residential group, while the distribution price was increased by 1.8%. Therefore, the national electricity tariffs including the distribution cost increased by approximately 5.7%.

Renewable Energy Resources Support Mechanism (YEKDEM)

The supports offered to renewable power plants under YEKDEM mechanism, which would come to an end on December 31, 2020, was extended until June 30, 2021 as the restrictions imposed due to the pandemic caused disruptions in the supply chain and the construction processes of investments were prolonged. Accordingly, the power plants that currently benefit from YEKDEM mechanism and the new renewable energy power plants that will be commissioned until June 30, 2021 will continue to benefit from the existing supports until the end of the initial 10-year period (with the deadline being December 31, 2030).

The new support mechanism to be introduced for renewable energy power plants that will come into operation between July 1, 2021 and December 31, 2025 was published in the Official Gazette of January 30, 2021. Pursuant to the resolution, price supports to be offered to renewable energy power plants that will be put into operation between the said dates will be applied in Turkish lira and prices will be updated every three months depending on the changes in inflation rates (PPI/CPI) and exchange rates (EUR/TL and USD/TL). Upper price limits will be applied on the basis of USD when updating the prices. The power plants will benefit from the feed-in tariff for 10 years. Implementation period of the domestic contribution share was set as 5 years.

Energy

Electricity Distribution and Retail Sales

The 3rd Tariff Implementation Period covering 2016-2020 for electricity distribution and regulated retail electricity sales came to an end at the end of 2020. The parameters to be implemented during the 4th Tariff Implementation Period covering 2021-2025 were announced in December 2020.

Last Resort Supply Tariff (LRST)

According to the last resort supply tariff, which entered into force on April 1, 2018, the annual electricity consumption limit was determined as 50 million kWh for residential group consumers and 7 million kWh for other consumer groups in 2020. With the further reduction of the LRST limit, subscribers continued to shift from the portfolio of consumers using energy subject to regulated tariffs (K1) to the portfolio of consumers purchasing energy through bilateral agreements by enjoying the right to be an eligible consumer (K2) in 2020.

Eligible Consumer Limit

In line with the target of gradually increasing the market openness ratio and turning all consumers into eligible consumers, the eligible consumer limit for 2020 was determined as 1,400 kWh per year, with a 13% decrease year-on-year, through the resolution of EMRA No. 4628 of December 26, 2019. Thus, consumers with a monthly electricity bill of approximately TL 83 and above are now entitled to choose their electricity supplier and to purchase their electricity through bilateral agreements.

Natural Gas Distribution

In the natural gas distribution sector of Turkey, 72 distribution companies authorized by EMRA as a result of tenders carry out natural gas distribution activities in 81 provinces. According to the data of EMRA, the number of residential subscribers of natural gas distribution companies reached 16.8 million and the number of eligible consumers reached 655,000 in 2020.

Contracting in the second quarter of the year due to the negative impacts of the pandemic on industrial production and electricity demand, national natural gas consumption started to increase in the second half of the year, together with the gradual normalization process initiated in June, and stood at 48 billion m³ (2019: 45 billion m³) with an rise of 6.6% throughout 2020. While industrial consumption recorded a limited growth of 2% in this period, natural gas consumption for residential use and electricity generation increased by 8.5% and 21%, respectively, and the natural gas consumption of other sectors decreased. In 2020, the shares of housing, electricity sector and industry in natural gas consumption stood at 32.5%, 28.4% and 26.43%, respectively.

Zorlu Energy Group

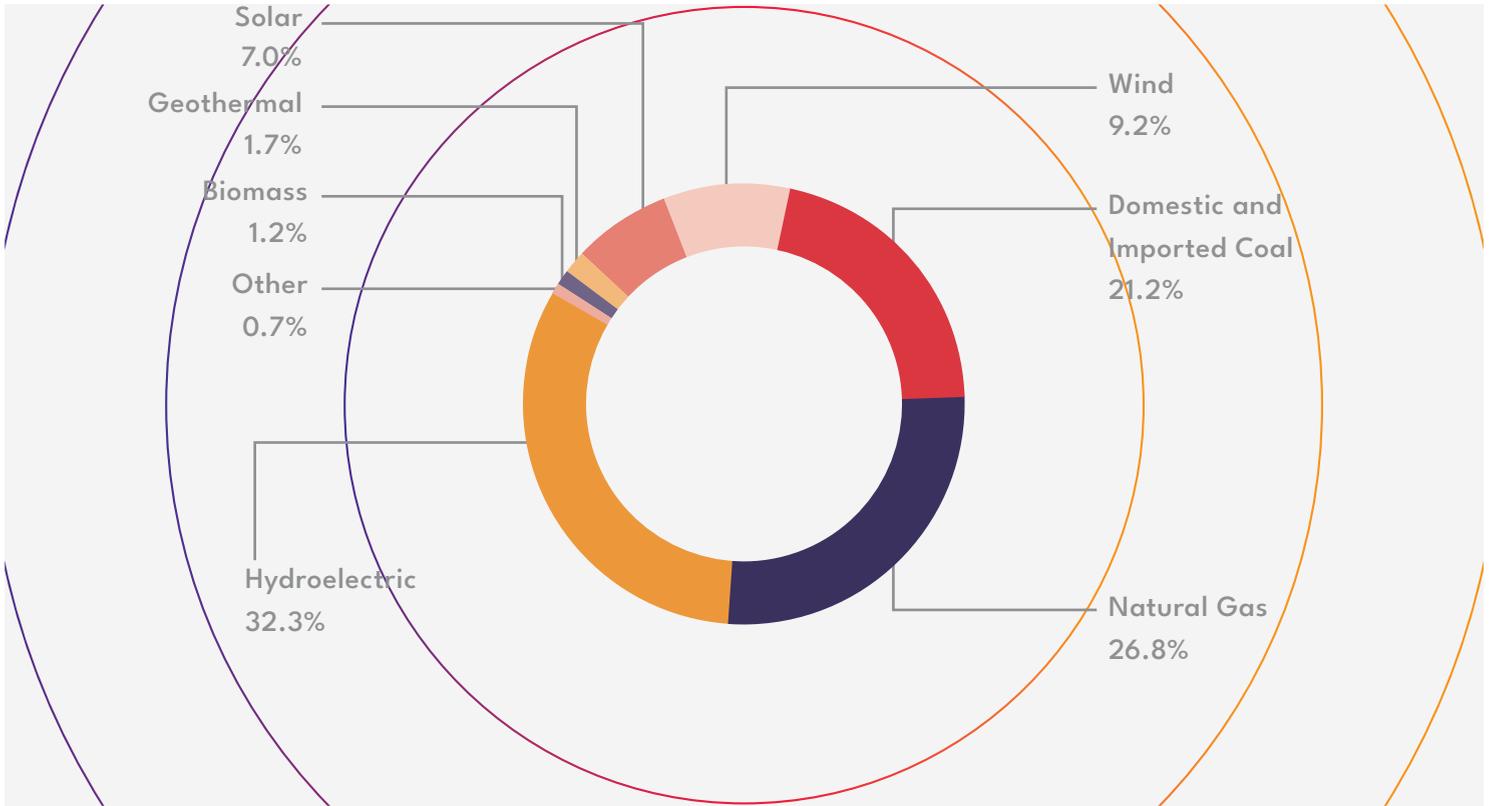
Founded in 1993 with the establishment of Zorlu Enerji Elektrik Üretim AŞ ("Zorlu Enerji"), Zorlu Energy Group is a global conglomerate that is engaged in various fields of the energy industry.

Zorlu Energy Group is engaged in:

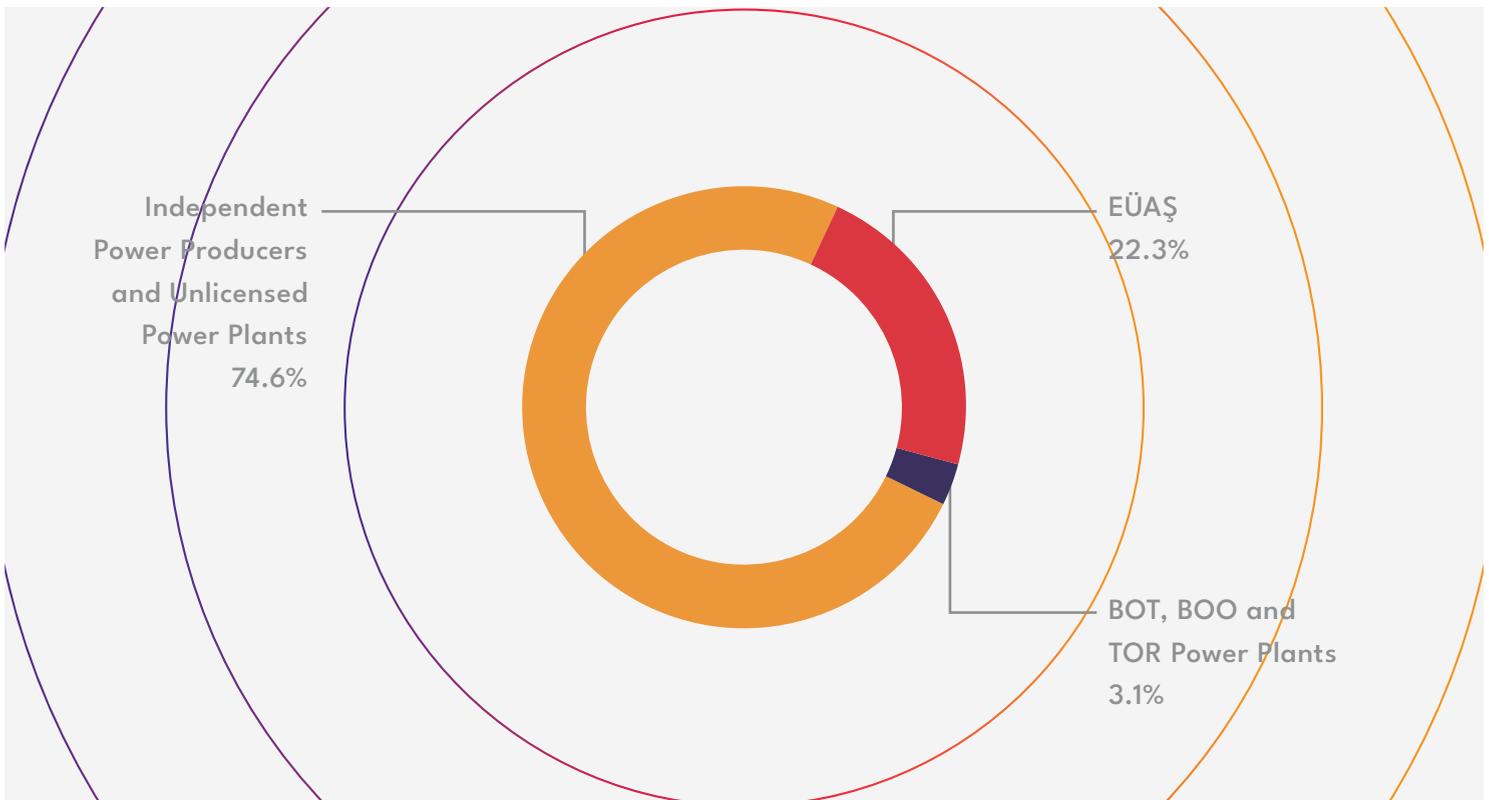
- Generation and sale of electricity and steam
- Electricity trade
- Electricity distribution and retail sales
- Power plant construction, maintenance, repair and operation
- Natural gas distribution
- Natural gas trade and sales
- Solar panel trade and installation
- Electric vehicle charging station installation
- Electric vehicle rental

Zorlu Energy Group's consolidated revenues increased by to TL 8.8 billion in 2020.

Breakdown of Installed Capacity by Source (%)



Breakdown of Installed Capacity by Producers (%)



Energy

Today, Zorlu Enerji is one of the leading players in the Turkish energy industry with a balanced generation portfolio with high resource diversity in domestic and overseas power plants, integrated structure including a broad range of operations, sectoral experience, and strong market position.

ZORLU ENERJİ

The only publicly listed company of Zorlu Energy Group, Zorlu Elektrik Enerjisi Üretim AŞ, alongside its subsidiaries and affiliates, is engaged in electricity and steam generation and sales, electricity trade, electricity distribution and retail sales, natural gas distribution and trade, solar panel trade and installation, electric vehicle charging station installation, and electric vehicle rentals.

Today, Zorlu Enerji is one of the leading players in the Turkish energy industry with a balanced generation portfolio with high resource diversity in domestic and overseas power plants, integrated structure including a broad range of operations, sectoral experience, and strong market position.

As of the end of 2020, the total installed capacity of Zorlu Enerji is 991 MW. Zorlu Enerji's generation portfolio comprises:

- 7 hydroelectric, 1 wind, 4 geothermal and 2 natural gas power plants in Turkey,
- 1 wind power plant in Pakistan, 1 solar power plant in Palestine and 3 natural gas power plants in Israel.

Zorlu Enerji is growing with a focus on sustainability and renewable energy.

Zorlu Enerji carries out all its activities with a focus on sustainability in line with Zorlu Holding's Smart Life 2030 strategy, guided by the vision of being the energy company of the future.

Zorlu Enerji is increasing the share of renewables in its generation portfolio as well as the diversity of resources, primarily geothermal and solar energy and acting with the principle of executing projects that contribute to sustainability in every aspect.

While the share of renewables in Zorlu Enerji's installed capacity in Turkey stood at 34% in 2012, 87% of its installed capacity and 62% of its total installed capacity in Turkey are based on renewables as of the end of 2020.

Zorlu Enerji aims to further grow in renewable energy and new generation technologies with its investments in geothermal and solar energy, smart systems and electric vehicle charging stations in the upcoming period.

Energy

As of the end of 2020, Zorlu Energy single-handedly accounts for 19% of Turkey's total installed geothermal capacity with an installed capacity of 305 MW.

Zorlu Enerji single-handedly accounts for 19% of Turkey's total installed geothermal capacity.

Concentrating its growth on the utilization of Turkey's rich geothermal resources, Zorlu Enerji continues to operate and invest in the most potentially productive fields of the Aegean Region, which has 87% of the country's geothermal energy resources. Apart from the Aegean region, Zorlu Enerji also explores the potential in other regions of Turkey through its geothermal resource exploration licenses in the Eastern Anatolia Region and continues to engage in project development activities.

As of the end of 2020, Zorlu Enerji single-handedly accounts for 19% of Turkey's total installed geothermal capacity with an installed capacity of 305 MW as a result of the investments in Kizildere and Alaşehir, Manisa. Being the biggest player in Turkey in this field, Zorlu Enerji is one of the investors with the widest knowledge and equipment in geothermal energy.





Zorlu Enerji aims to reach an installed capacity of at least 400 MW in this field by introducing new geothermal energy projects under its licenses and pre-licenses.

In addition to new GPP projects to utilize the untapped geothermal potential of Kızıldere and Alaşehir, geophysical and geological surveys were performed to identify well locations in two new geothermal sites in Denizli and Kütahya. After completing the exploratory drilling for the Tekkehamam II GPP project, which is planned to be developed in Sarayköy, Denizli under the geothermal operating license leased from Denizli Metropolitan Municipality for a period of 25 years, or until 2041, Zorlu Enerji obtained pre-licensing in January 2020 for 35 MW, valid for 30 months.

With regard to Kütahya Yeniköy field, for which a geothermal resource exploration license was obtained in 2016, a geothermal operating license was granted to Zorlu Jeotermal Enerji Elektrik Üretimi AŞ (“Zorlu Jeotermal”), a 100% subsidiary of Zorlu Enerji, as a result of the application submitted to Kütahya Special Provincial Administration on November 11, 2020. Expiry date of the operating license is November 11, 2050.

Zorlu Jeotermal won the tender for the licensing of the geothermal resource exploration fields no. AR-30 and AR-31, organized by Ağrı Provincial Special Administration on July 24, 2020. Under the tender, Zorlu Jeotermal was granted the right to explore geothermal resources in Gedik geothermal field with a size of 4,949 hectares located in Gedik village in Diyadin District of Ağrı province as well as Mutlu geothermal field with a size of 4,345 hectares in Mutlu village in Diyadin District of Ağrı province. Duration of the relevant resource exploration licenses is 3 years and is valid until August 31, 2023.

Zorlu Enerji is also focusing on renewable energy investments overseas.

Zorlu Enerji evaluates the potential in the Asian and Middle East markets, where the energy demand is increasing rapidly and the liberalization process is underway, and continues to engage in research and investment activities on solar energy, which is one of the areas with high potential.

Energy

An investment was made in solar power in Pakistan, having previously built a 56.4-MW wind power plant in Jhimpir, which is also significant as the country's first wind farm developed with foreign investment, through Zorlu Enerji's wholly owned subsidiary, Zorlu Enerji Pakistan.

Accordingly, Zorlu Enerji began investing in solar power in Pakistan, having previously built a 56.4-MW wind power plant in Jhimpir, which is also significant as the country's first wind farm developed with foreign investment, through its wholly owned subsidiary, Zorlu Enerji Pakistan.

To this end, in 2017, Zorlu Solar Pakistan (Private) Limited ("Zorlu Solar Pakistan"), in which Zorlu Enerji has 99.7% stake, commenced the development of the 100-MW Bahawalpur I Solar Power Plant in Punjab, Pakistan, and obtained a 25-year generation license for the project from the Pakistan National Electric Power Regulatory Authority. The plant is expected to enter into service in the last quarter of 2021.

Zorlu Enerji signed a goodwill agreement with the Government of Pakistan in February 2017 for 2 solar power plant projects, each of which will have an installed capacity of 100 MW and will be developed in QASP region. These two projects will be developed in 2017 by Zorlu Renewable Pakistan (Private) Limited and Zorlu Sun Power (Private) Limited, of which Zorlu Energy is a founding partner by 99.7%. Pre-licenses were obtained for both projects in July 2017. Due to the legislative amendment, these projects are expected to be included in the tender program again in 2021.

Zorlu Enerji, one of the pioneers in the field of renewable energy in Turkey, signed a "Joint Venture Agreement" with JDECO (Jerusalem District Electricity Co. Ltd.) distributing 25% of the electricity of Palestine to supply electricity to the region in line with its goal of extending and diversifying its investments in solar power, a clean energy source, in other countries. Under the agreement, it is planned to establish solar power plants in different regions of Palestine, which will reach an installed capacity of 30 MW initially and 100 MW in total.

In this context, the Dead Sea Solar Power Plant with an installed capacity of 2 MW (1.998 MWp in total), the first of the initial projects, was commissioned in Jericho region of Palestine in November 2020 through ZJ Strong Energy For Renewable Energy Ltd. Co., of which Zorlu Enerji is a partner by 75% and JDECO by 25%. The plant in question will sell the generated electricity to JDECO over a feed-in tariff for 25 years under a power purchase agreement (PPA). For other projects in the region, which receives an average of 10 hours of sunlight per day, land development, permitting and licensing processes are going on in cooperation with JDECO.

In May 2018, a new company titled "Zorlu Enerji Asia Holding Ltd." was established in the free trade zone of Dubai International Financial Centre under the full ownership of Zorlu Enerji so as to make investments in renewables across Asian countries.

Energy

As of the end of 2020, Zorlu Solar reached a portfolio of over 550 MW with First Solar products in Turkey and other countries in the region, consolidating its leading position in the market.

Zorlu Solar is the supplier of global companies and the preference of investors.

Zorlu Enerji's controlling shareholder, Zorlu Holding AŞ ("Zorlu Holding"), and the US company First Solar, Inc. ("First Solar") signed a cooperation agreement for the exclusive distributorship of First Solar's high-performance thin-film photovoltaic (PV) solar modules for five years.

Under the agreement signed in February 2017, Zorlu Holding and its subsidiaries will be the sole authorized distributor of First Solar PV modules in 26 countries including Turkey, Albania, Bosnia-Herzegovina, Bulgaria, Cyprus, Georgia, Kosovo, Libya, Macedonia, Pakistan, Romania, Serbia, Turkmenistan, Ukraine, and the Commonwealth of Independent States, and Zorlu Enerji will use First Solar's PV panels in its own projects. Within the scope of this distribution agreement, Zorlu Solar Enerji Tedarik ve Ticaret AŞ ("Zorlu Solar"), a wholly owned subsidiary of Zorlu Enerji, began to distribute and sell First Solar's solar panels both in Turkey and abroad in the second quarter of 2017.

As of the end of 2020, Zorlu Solar reached a portfolio of over 550 MW with First Solar products in Turkey and other countries in the region, consolidating its leading position in the market. Thanks to its distributor network encompassing Turkey and other countries in the region, as well as high-tech products and photovoltaic solar panel investments, Zorlu Solar has become a preferred supplier and contractor for global enterprises, particularly in fast-moving consumer goods and petroleum industries, and remained the first choice for investors with new projects launched in 2020.

Zorlu Enerji continues to grow in nearby geographies.

One of the few private energy companies operating in Israel*, Zorlu Enerji has built and commissioned three natural gas power plants with a total installed capacity of 1,031 MW together with its partners. Zorlu Enerji's stake-adjusted installed capacity in Israel amounts to 290 MW.

Zorlu Enerji joined Zorlu Enerji Israel Ltd., which was established in Israel in February 2017 to develop energy projects, as the sole founding partner.

There are natural gas supply agreements with Delek Group and Noble Energy for Dorad, Ashdod and Ramat Negev power plants. Additionally, a "Natural Gas Purchase" agreement was signed with Energean Israel Ltd. ("Energean") to supply natural gas from

* Zorlu Enerji's investments in Israel are accounted for by the equity method in its consolidated financial statements.

Energy

In electricity generation, in addition to the investments made by its publicly listed company Zorlu Enerji, Zorlu Energy Group has a combined cycle natural gas power plant (Tereshkovo Power Plant) owned by Zorlu Holding in Russia, Moscow. Tereshkovo Power Plant has an electricity generation capacity of 217 MW and a heat generation capacity of 150 Gcal*/hour.

Karish and Tanin fields developed in Israeli territorial waters. The agreements signed with Energean will help to diversify natural gas supply sources, reduce the average gas purchase costs of the power plants and increase the security of supply. Energean is expected to start natural gas production from Karish and Tanin fields by the end of 2021.

In March 2019, the project finance agreements were renewed for natural gas power plants Ashdod and Ramat Negev. The existing loans for the power plants worth 1,020,428 thousand Israeli shekels, with Ashdod accounting for 332,862 thousand and Ramat Negev 687,566 thousand, were refinanced at a more favorable interest rate. The interest rate for the loans will vary based on project ratings.

Feasibility studies of Solad Natural Gas Cogeneration Power Plant, which is planned as the fourth project in Israel, are continuing.

In addition to the investments carried out by Zorlu Enerji, Zorlu Energy Group also has investments in Russia.

In electricity generation, in addition to the investments made by its publicly listed company Zorlu Enerji, Zorlu Energy Group has a combined cycle natural gas power plant (Tereshkovo Power Plant) owned by Zorlu Holding in Russia, Moscow. Tereshkovo Power Plant has an electricity generation capacity of 217 MW and a heat generation capacity of 150 Gcal*/hour. Tereshkovo Power Plant, which commenced operations in November 2011 as a simple cycle power plant, switched to combined cycle generation in March 2012 as local heating and hot water systems entered into service. Annual generation of Tereshkovo Power Plant is around 1.25 billion kWh, which the plant sells to REK. The power plant's annual heat generation varies between 150,000 and 200,000 Gcal depending on the local heating needs, and the plant sells the heat it generates to MOEK.

* Gigacalories

Strong steps towards becoming the energy company of the future

Acting with the awareness of its environmental, social and governance responsibilities, Zorlu Enerji has concentrated its investments on electricity generation with renewables and secure and sustainable energy supply. Rapidly progressing towards becoming “the energy company of the future” through its new generation technologies, Zorlu Enerji is engaged in the development of a series of smart systems from electric vehicle rentals to electric vehicle charging stations, smart home systems and smart energy management systems.

Zorlu Enerji continues to expand its charging station network in our country with Zorlu Energy Solutions (ZES) brand established in 2018. Spreading its electric vehicle charging station network to 81 cities, ZES can serve 761 vehicles simultaneously in 455 locations.

Zorlu Enerji established ZES BV in the Netherlands in 2020 as part of its efforts to make similar investments not only in Turkey but also in other countries and it also sells electric vehicle charging stations using the advantages of being a resident company in Israel.

Zorlu Enerji projects receive funding worth around EUR 4 from the EU.

Continuing to work on electric charging stations and energy storage projects supported by EMRA, Zorlu Enerji received approximately EUR 4 million in funding under Horizon 2020, the largest research and innovation framework program of the EU, for the seven projects developed by its engineers since 2018. Three of these projects Zorlu Enerji set to receive EU support involve geothermal energy.

GECO Project: Developed to ensure sustainable management of natural mineral resources, the GECO Project includes only Zorlu Enerji and the Middle East Technical University from Turkey alongside 18 other institutions from countries such as France, the UK, Italy, Iceland and Germany. The project’s goal is to develop international standards for the disposal of carbon dioxide and similar gases to reduce emissions to zero, thereby ensuring sustainability in geothermal sites.

GeoSmart Project: Using Kızildere 2 GPP as a pilot site, the GeoSmart energy storage project aims to store the energy required to sustain electricity generation during peak demand times and brownouts, ensuring a continuous flow of energy supply to the grid for electricity and heat generation. In addition, a system intended for increasing the energy obtained from a geothermal source by decreasing the temperature of the re-injection fluid will be introduced as a demo at Kızildere 2 GPP.

GeoPro Project: A first in the geothermal energy industry, GeoPro adapts a method that was previously exclusive to the petroleum industry, which involves continuous monitoring of geothermal fluids from the reservoir to operation using specialized software and models, integrating certain conventional and time-consuming laboratory processes into the technology itself, saving time and resources.

FlexiGrid Project: Designed to offer flexibility and retail market options for distribution grids, FlexiGrid is a transparent data management platform that will provide information on the grid using smart technologies.

PlaMES Project: Exploring technological advancements for the development of multi-energy systems, PlaMES aims to offer an optimized roadmap with integrated planning that will meet carbon targets and renewable energy requirements at transmission and distribution levels.

BD4OPEM Project: BD4OPEM aims to help create the energy ecosystem of the future by using big data for an open innovation energy market.

EMRA-Supported R&D Projects: Through the R&D budget of Osmangazi EDAŞ extended by EMRA, approximately 10 projects have been launched since 2018. Some of the projects are going on.

eCharge4Drivers: It is planned to carry out studies to improve the user experiences of charging stations and related infrastructures, with the foresight that electric vehicles will increase their share in the market.

Zorlu Enerji also continues to engage in R&D and innovation activities under the international research projects funded by TÜBİTAK. In this context, the projects in which Zorlu Enerji is involved are given below:

SUCCEED: Selected as part of the ERA-NET Accelerating Carbon Technologies cluster, SUCCEED project was granted a funding of TL 1,080,000 from TÜBİTAK. Under the project, CO₂ re-injection and advanced monitoring technologies will be tested at Kızıldere 2 GPP.

Supported by TÜBİTAK with a total of TL 1.5 million in funds, Smart PDM and Smart Wind projects are still executed by Zorlu Enerji to combine its knowledge and experience in wind power with smart technologies.

EUREKA - ITEA3 Program - SMART-PDM Project: Under SMART-PDM project labeled by EUREKA's ITEA cluster, predictive maintenance technology is planned to be used in wind power plants with regard to the activities to be carried out at Zorlu Enerji's Gökçedağ WPP. The predictive maintenance technology aims to increase the benefits obtained from these power plants by reducing operating costs and generation losses in wind power plants. The SMART-PDM project officially commenced on January 1, 2019. The 3-year project has 25 participants from 5 countries, namely Finland, Spain, Portugal, Romania and Turkey.

EUREKA - Eurogia2020 Program - Smart Wind Project: The project was reviewed and approved by Eurogia2020, a sub-cluster of EUREKA. Duration of the project, in which Turkish participants are funded by TÜBİTAK, is 3 years. The project has 6 companies and organizations from 3 countries, namely Turkey, Germany and Spain. The majority of these institutions are institutions that carry out important studies in the field of wind energy, both theoretically and academically, and Zorlu Enerji aims to develop a decision support mechanism in order to increase the efficiency of Gökçedağ WPP and reduce unit electricity costs under the Smart Wind Project.

Zorlu Enerji is becoming more active in electricity distribution and retail sales.

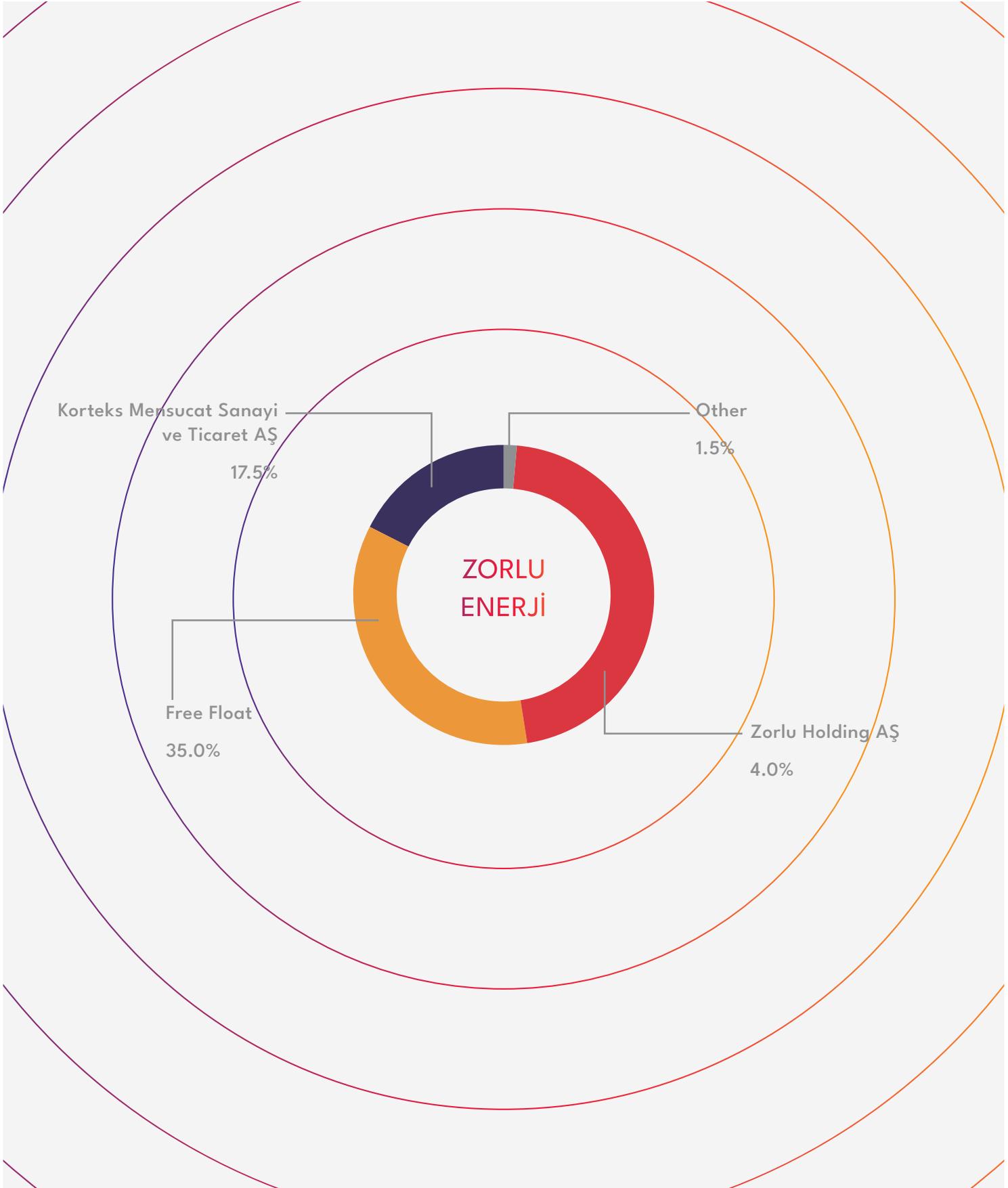
In February 2017, Zorlu Enerji expanded into electricity distribution business by acquiring 100% stake in Osmangazi Elektrik Dağıtım AŞ ("OEDAŞ") and Osmangazi Elektrik Perakende Satış AŞ ("OEPSAŞ").

OEDAŞ distributes electricity in the provinces of Eskişehir, Afyonkarahisar, Bilecik, Kütahya and Uşak, serving approximately 1.89 million subscribers as of the end of 2020. OEPSAŞ is the assigned supplier for the Osmangazi region and sells electricity to eligible consumers as well. In 2020, the company sold approximately 5.6 billion kWh of electricity to a total of 1.89 million customers.

Growing subscriber base in natural gas.

Venturing into natural gas distribution in June 2018, Zorlu Enerji serves 386,000 subscribers in Edirne-Kırklareli-Tekirdağ Natural Gas Distribution Region through Trakya Bölgesi Doğal Gaz Dağıtım AŞ ("Trakya Doğal Gaz"), and 373,000 subscribers in Gaziantep-Kilis-Nizip Natural Gas Distribution Region through Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ ("Gaziantep Doğal Gaz") as of the end of 2020.

Shareholding Structure



ZORLU ENERJİ 2020 FINANCIAL RESULTS



NET SALES
TL 8,579
MILLION

Despite the pandemic, Zorlu Enerji uninterruptedly continued to perform its operations in 2020, increasing its sales revenues by 5% to TL 8.6 billion.



EBITDA*
TL 2,420
MILLION

EBITDA, on the other hand, rose by 18% to TL 2.4 billion.

* EBITDA calculation does not include the depreciation expense which is reported under operating expenses while it covers the interest income regarding the regulation of revenue cap arising out of electricity distribution and natural gas distribution activities and the fair value difference related to privileged service receivables.

Energy

While commercial electricity sales decreased by 7% in the first half of the year as a result of the contraction in industry and commercial consumption due to the restrictions caused by the pandemic, it recovered with the gradual opening of the economy as of June and reached the previous year's levels on a whole year basis, standing at 8,726 GWh.

Zorlu Enerji's Activities in 2020

Electricity Generation and Sales

Zorlu Enerji's gross electricity generation decreased by 16% in 2020 year-on-year, standing at 2,601 GWh. Main reasons for the contraction in generation are the disposal of Saritepe and Demirciler Wind Power Plants in February, the decrease in generation at hydroelectric power plants due to drought, and the operation of Kizildere 3 GPP at lower capacity. Excluding Saritepe and Demirciler power plants, the decrease in generation stood at 9%.

In parallel with the development in generation, electricity sales from generation decreased by 16% year-on-year, standing at 2,352 GWh. While commercial electricity sales decreased by 7% in the first half of the year as a result of the contraction in industry and commercial consumption due to the restrictions caused by the pandemic, it recovered with the gradual opening of the economy as of June and reached the previous year's levels on a whole year basis, standing at 8,726 GWh. Due to the decrease in electricity sales from generation, total electricity sales decreased by 4% in 2020 year-on-year, standing at 11,078 GWh.

In 2020, four power plants participated in YEKDEM mechanism, while sales through YEKDEM accounted for 80% of total electricity



sales from generation. YEKDEM sales, which are in US dollar and are priced above market prices, had a positive effect on company profitability, while also offering a natural hedge against exchange rate losses.

Electricity Distribution and Retail Sales

Osmangazi Elektrik Dağıtım AŞ - OEDAŞ

Osmangazi Elektrik Dağıtım AŞ ("OEDAŞ") distributes electricity within the provincial borders of Eskişehir, Afyonkarahisar, Bilecik, Kütahya and Uşak.

OEDAŞ is responsible for operating the electricity distribution grid in the Osmangazi Electricity Distribution Region; maintenance, repair, rehabilitation operations; grid expansion, R&D, capacity increase and technology investments; power meter reading and maintenance; preparing demand projections and investment plans; illuminating public boulevards, streets, underpass and overpasses, bridges, squares, crossroads, walkways and crosswalks in residential areas within the distribution region (with the exception of highways and limited access roads) as well as the installation and operation of lighting fixtures and metering systems at the aforementioned locations; and purchasing electricity to offset the shortfall in the regional grid stemming from electricity theft and loss.

As a region with high potential for rapid growth, especially in terms of university population, industrialization and urbanization, the number of users in the Osmangazi region increases by an average 3% on an annual basis. In 2020, subscriber base in the region grew by 2.7% to reach 1.89 million. During the year, Uşak recorded the highest growth in subscribers with 3.2%.

The energy distributed in the region rose by 1.7% to 6.33 TWh in 2020, while the actual loss/theft ratio was at 6.53%, below the EMRA's 2020 target for the Osmangazi Region, which was set at 7.20%.

OEDAŞ strives to provide the best service to consumers and places great importance on supply. In this context, approximately 180 projects were launched under the investments throughout Osmangazi Region in 2020, 370 km-long lines were installed underground from surface structures and approximately 1,000 km-long lines were renewed in order to eliminate deficiencies in the region. Amounting to TL 460 million, these investments made in 2020 constitute an important step for uninterrupted energy in the future.

OEDAŞ R&D and Smart Systems Department continues to work on many innovative areas from electricity storage, electric vehicles

and electric vehicle charging points to smart home systems, smart energy management systems and renewable energy technologies, and plays an important role in setting OEDAŞ's strategy and vision.

The R&D and Smart Systems Department develops and takes part in the most innovative projects by making use of the funds extended by institutions such as EMRA, TÜBİTAK, and the European Union.

Osmangazi Elektrik Perakende Satış AŞ - OEPSAŞ

As the assigned supplier for the Osmangazi Electricity Distribution Region, Osmangazi Elektrik Perakende Satış AŞ ("OEPSAŞ") sells electricity to regulated customers in the region at the retail sale tariffs set by EMRA. The company also sells electricity to eligible consumers throughout Turkey without any regional limitation.

OEPSAŞ's customer portfolio includes two types of customers:

- 1) Customers who procure energy at regulated tariffs (K1) and
- 2) Customers who exercise their right of eligibility and procure energy through bilateral agreements (K2).

Energy is supplied from various sources for each consumer group. The required energy for the K1 portfolio is procured mainly from EÜAŞ and EPIAŞ. For the K2 portfolio, energy is procured from other suppliers and EPIAŞ through bilateral agreements.

In 2020, OEPSAŞ sold a total of 5.57 TWh of electricity to approximately 1.89 million consumers, both eligible and regulated. The company's electricity sales fell 11% year-on-year. The decline in sales was due to the shrinkage of consumption fueled by the COVID-19 pandemic taking its toll in our country and the world alike. In addition, the increases in the national tariff made more consumers eligible to switch suppliers.

In 2020, K1 and K2 portfolios accounted for 54% and 46% of total sales, respectively. Profitability of the K2 portfolio was enhanced by promoting sales to consumers subject to the LRST and to eligible consumers who buy electricity at regulated national tariffs. As a result of this efforts, the number of K2 subscribers rose from 19,977 at the end of 2019 to 30,659 at the end of 2020

After its acquisition by Zorlu Enerji in 2017, OEPSAŞ accelerated its investments in process and infrastructure development to better serve its customers.

Following the acquisition processes, these efforts started with a comprehensive review of all retail sale systems and operational processes, and paved the way for the completion of a transition

Energy

Zorlu Enerji achieved improvement in generating solutions through IVR (Interactive Voice Response) at the Call Center through the Satisfaction 4.0 Project while the ratio of generating solutions regarding incoming calls through IVR robot without the involvement of customer representatives increased by 7% in 2020 year-on-year. The targets set by EMRA for the call centers within the energy sector were achieved by far.

to a technology-driven business model that is highly responsive to customer needs. Besides, process analyses were completed in line with regulatory and customer satisfaction-oriented targets. Systemic improvements and development efforts are underway to provide more sustainable and quality service to customers. Customer Service Units continued to engage in activities to increase customer satisfaction and improve the quality of service in 2020 as well.

Measuring end-to-end customer experiences across all channels, the Customer Experience Project was launched in 2020. Under the project, customer opinions were received from many channels such as customer services, kiosks, call centers, web pages, online transactions and payment points, and roadmaps were created to shape marketing strategies intended for increasing customer satisfaction through feedback.

During April-December 2020, a total of 40,892 customer feedback forms were collected and the satisfaction level was 85%. Standing at 82% in April, the overall customer satisfaction rose to 90% in December as a result of joint efforts with all units.

Launched in the beginning of 2020, the CRM (Customer Relationship Management System) Project was completed in March 2020. Under the project, the CRM system has turned into an application where all requests and complaints can be managed from a single channel, the entire performance of the call center can be monitored systematically, and all subscription and billing transactions can be completed from a single screen. Thus, all call center operations could be remotely performed as of April 2020.

Funded by EMRA in 2019, the Satisfaction 4.0 Project was the first project approved in this field by the Ministry of Energy and Natural Resources of the Republic of Turkey.

Zorlu Enerji achieved improvement in generating solutions through IVR (Interactive Voice Response) at the Call Center through the Satisfaction 4.0 Project while the ratio of generating solutions regarding incoming calls through IVR robot without the involvement of customer representatives increased by 7% in 2020 year-on-year. The targets set by EMRA for the call centers within the energy sector were achieved by far. While the target set by EMRA for call centers with regard to response was 97%, this ratio stood at 97.6% for OEPSAŞ and 91% of the calls were responded within 20 seconds. While the target service level was set as 85%, this ratio stood at 87.4% for OEPSAŞ.

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

Electricity Trade and Electricity Sales to Eligible Consumers

Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret AŞ (“Zorlu Elektrik”) was established in 2000 with the aim of procuring electricity from the domestic market and from free zones, for wholesale and direct sales to the domestic market as well as for export markets. Zorlu Elektrik sells electricity to eligible consumers under the “Supply License” granted by the Energy Market Regulatory Authority.

Zorlu Elektrik’s main operations consist of:

- Retail electricity sales to individuals and organizations deemed “eligible”,
- Buying and selling electricity in the Organized Wholesale Electricity Markets operated by EPIAŞ,
- Wholesale electricity trading on Over-the-Counter (“OTC”) and Derivatives Market (“VIOP”),
- Export and import of electricity and the management of the group* in charge of balance.

Within the scope of the aforementioned operations, Zorlu Elektrik makes demand and price forecasts and undertakes production planning, pricing, sales, risk and portfolio management and reconciliation and billing activities.

Zorlu Elektrik makes direct electricity sales to large corporate and industrial customers as well as to individuals and institutions considered “eligible”, which include residential users and SMEs. The company offers consumers alternative pricing options through bilateral agreements drawn on hourly, time-of-use (TOU) and real-time pricing (RTP) terms.

Zorlu Elektrik provides its customers with a robust service infrastructure along with expert sales and IT teams, enabling them to save money by selecting special offers that best suit their consumption habits.

Eligible consumer limit is set and announced by EMRA on an annual basis. The eligible consumer limit for 2020 was set as 1,400 kWh, down by 12.5% compared to the previous year. Accordingly, all consumers paying a monthly electricity bill of TL 83 or above on average were entitled to choose their supplier.

This limit was set as 1,200 kWh in 2021. Accordingly, all consumers paying a monthly electricity bill of TL 75 or above on average were entitled to choose their supplier.



Energy

Being the first and only charging station network across 81 provinces in Turkey, ZES connects the entire country for electric vehicle users. Increasing the number of locations, stations and sockets day by day, ZES can serve with 761 sockets in 455 locations within 81 provinces as of the end of 2020.

The consumption limit for customers subject to the Last Resort Supply Tariff was 10 million kWh per year in 2020, which was reduced to 7 million kWh in 2020. This limit will remain as 7 million kWh in 2021 as well.

Creating highly economical tariff packages and campaigns based on consumers' consumption volumes and reaching potential customers through relevant communication and sales channels, Zorlu Elektrik meets customer expectations not only through alternative pricing options, but also by sharing its experience in infrastructure, regulations and applications.

In addition to electricity sales to eligible consumers, Zorlu Elektrik also engages in commercial activities with other leading companies in the sector and undertakes energy trade with other energy companies in the market through bilateral agreements. The company also engages in import and export of electricity with neighboring countries.

On the other hand, Zorlu Elektrik aims to manage its open position through both hedging and trading transactions in OTC and VIOP markets, aiming to secure a profit from these transactions based on price trends.

Smart Systems

Zorlu Enerji works on Smart Systems in line with its goal of becoming the energy company of the future. In 2017, Zorlu Elektrik established the internal Smart Systems Group to develop an array of smart systems, including electric vehicle rentals, electric vehicle charging stations, smart home systems and smart energy management systems.

Zorlu Energy Solutions Charging Stations

Zorlu Enerji's next-generation technology brand, Zorlu Energy Solutions ("ZES") offers electric vehicle users a convenient and uninterrupted travel experience travel with its charging station network. ZES opened its first charging station at Zorlu Center in Istanbul with the motto "Turkey's fastest charging station network," allowing users to charge their electric vehicles within 30 to 60 minutes. In addition to offering fast charging services on urban and intercity roads, ZES also installs charging stations in homes and businesses upon customer request.

Being the first and only charging station network across 81 provinces in Turkey, ZES connects the entire country for electric vehicle users. Increasing the number of locations, stations and sockets day by day, ZES can serve with 761 sockets in 455 locations within 81 provinces as of the end of 2020.

Energy

Guided by its vision to offer energy solutions of the future, Zorlu Enerji founded electrip, introducing hourly electric vehicle rentals in Turkey. Unlike other vehicle rental platforms, electrip boasts a fleet comprised entirely of electric vehicles.

ZES aims to expand its network of fast charging stations throughout Turkey in the coming period, enabling electric mobility across the country while also helping prepare both Turkey and Zorlu Group for the “Turkey’s Automobile” project, which includes Zorlu Group company Vestel Elektronik Sanayi ve Ticaret AŞ as a stakeholder.

In order to expand the electric vehicle charging station activities of Zorlu Enerji in Turkey and its projects in this field to the European Union and surrounding countries, and to perform these activities in the relevant countries, the company titled “ZES B.V.” was established in the Netherlands in July 2020 under the full ownership of Zorlu Enerji.

Electrip, Electric Vehicle Sharing Platform

Guided by its vision to offer energy solutions of the future, Zorlu Enerji founded electrip, introducing hourly electric vehicle rentals in Turkey. Unlike other vehicle rental platforms, electrip boasts a fleet comprised entirely of electric vehicles. The company represents a revolutionary step in transportation solutions, bringing a breath of fresh air to the car rental industry with zero-emission and silent electric vehicles.

The electrip app, available on mobile devices, eliminates procedural challenges associated with conventional car rental systems, such as having to visit the rental offices in person and signing contracts. Users of the app can subscribe to the service, find and rent an electric vehicle nearby their location, unlock and start the vehicle in a keyless manner via the app, and at the end of the rental term, return the vehicle to the location they collected it from.

With electrip, Zorlu Enerji will continue to develop alternative solutions to personal vehicle ownership, which creates parking, traffic and environmental challenges.

Energy Monitoring and Management Solutions

Zorlu Enerji offers a range of energy solutions for various consumption groups. The company introduced the first plug-in product that can monitor total power consumption at device level from a single point, enabling home and office users to monitor both total and real-time consumption instantly. Leveraging its expertise in the industry, Zorlu Enerji offers consulting and monitoring solutions to high-volume consumers, enabling them meet their energy needs in an efficient, uninterrupted, cost-effective and quality manner, in accordance with regulations and the evolving dynamics of the energy market.

The company also plans to expand its product range with smart ancillary devices such as smart sockets, water meters and natural gas meters, making houses smarter while also enabling remote

Energy

Trakya Doğal Gaz fulfills its obligations under the distribution license on time and in full, and as of the end of 2020, the company has a pipeline length of 4,401 km.

control and automation in accordance with preset rules and configurations. As an example to potential use cases, these new smart home products will suspend charging of electric vehicles when the oven is switched on. Furthermore, these products will ensure higher efficiency in electricity usage and also notify the user of any spikes in power consumption when there is no one at home.

Mobile Applications and Digital Channels

Zorlu Enerji develops digital channels to reach end-users and customers through the strategic projects initiated by the Smart Systems Group for digitalizing its companies. Primarily aimed at mobile, these innovative digital channels will prioritize customer needs, and focus on enhancing customer experience and delivering the services of the future.

ZES mobile application allows users to conveniently locate ZES charging stations and apply for a ZES Card. The electrip mobile app manages the entirety of the rental process, including subscription, reservation, vehicle locking and unlocking, supporting the digital experience of the user.

Developed for consumers who procure retail electricity services from Zorlu Enerji, the mobile app allows consumers to view their past and current electricity bills, and offers a direct line of contact with Zorlu Enerji's retail sales companies. Furthermore, the company has other projects in the pipeline that will digitalize traditionally paper-based processes, facilitate subscription and cancellation processes, reduce costs and increase customer satisfaction.

Natural Gas Distribution

Trakya Bölgesi Doğal Gaz Dağıtım AŞ

Established in 2005, Trakya Bölgesi Doğal Gaz Dağıtım AŞ ("Trakya Doğal Gaz") is engaged in the distribution of natural gas to homes and industrial facilities. Trakya Doğal Gaz won the tender issued by EMRA on June 23, 2005 for the Edirne-Kırklareli-Tekirdağ Natural Gas Distribution Region, with an offer of zero subscriber connection fee for the first five years, zero unit service amortization fee for the first eight years, and license fee of TL 2.5 million. The company received its distribution license on January 25, 2006, and started natural gas distribution in the region. Within the scope of this license, for a period of 30 years, the company will be responsible for the planning, project design, construction, operation, maintenance and expansion of the distribution network in accordance with the

applicable legislation, and for the transportation of natural gas to subscribers and eligible consumers through this network to the distribution region, which encompasses Lüleburgaz, Çerkezköy, Muratlı, Kavaklı, Evrensekiz, Büyükkarıştıran, Kızılıpınar, Kapaklı, Karaağaç, Veliköy, Ulaş, Misinli, Velimeşe and Babaeski districts in the provinces of Edirne, Kırklareli and Tekirdağ.

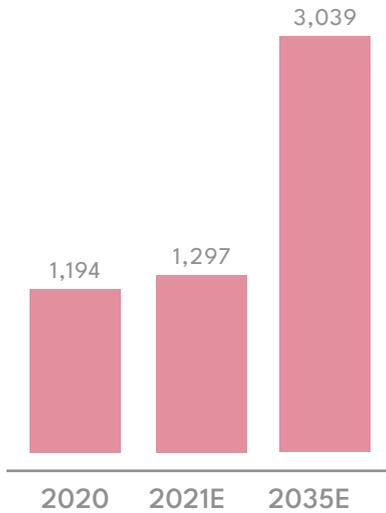
Expansion in license area

Trakya Doğal Gaz has expanded its licensed distribution region to include:

- Keşan, İpsala and Süloğlu districts of the Edirne province, pursuant to the EMRA Board resolution no. 5813-6 dated October 8, 2015,
- Süleymanpaşa, Şarköy, Malkara, Hayrabolu, Ergene (Ulaş, Velimeşe and Misinli neighborhoods) and Saray districts of the Tekirdağ province, pursuant to the EMRA Board resolution no. 6134-6 dated March 2, 2016,
- Uzunköprü, Lalapaşa, Havsa, Meriç and Enez districts and Yenimuhacir, Subaşı, Küplü and Yenikarpuzlu townships of the Edirne province and Pınarhisar and Vize districts and Ahmetbey township of the Kırklareli province, pursuant to the EMRA Board resolution no. 6853-7 dated January 12, 2017,
- Pehlivan köy district and Beğendik, Üsküp, Alpullu, Büyükmandıra, Kaynarca townships of the Kırklareli province and Esetçe township of the Edirne province, pursuant to the EMRA Board resolution no. 7749-2 dated March 22, 2018.

Natural Gas Consumption

(Million m³)



Energy

Gaziantep Doğal Gaz fulfills its obligations under the distribution license on time and in full, and as of the end of 2020, the company has a pipeline length of 3,685 km.

A to Z responsibility in natural gas supply

Trakya Doğal Gaz is responsible for the planning, project design, construction, operation, maintenance and expansion of the distribution network and transportation and retail sales of natural gas through this distribution network to subscribers and eligible consumers in the cities included in the distribution license.

Trakya Doğal Gaz fulfills its obligations under the distribution license on time and in full, and as of the end of 2020, the company has a pipeline length of 4,401 km.

As of the end of 2020, the company signed subscriber connection agreements with approximately 386,000 subscribers. The company expects to reach around 428,000 subscribers by the end of 2021, and to 619,000 by 2035.

In 2020, a total of 1.194 billion Sm³ of natural gas was consumed in Trakya Doğal Gaz Dağıtım AŞ's distribution region. 757 million Sm³ of this amount was sold directly to consumers by Trakya Doğal Gaz, while the company provided transport services to wholesale companies for the remaining 437 million Sm³.

With new investments and the expansion of the subscriber base, total natural gas consumption in Trakya Doğal Gaz's distribution region is expected to reach 1.297 billion Sm³ in 2021, and to at least 3 billion Sm³ by 2035.

Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ

Established in 2005, Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ ("Gaziantep Doğal Gaz") is engaged in the distribution of natural gas to homes and industrial facilities.

Gaziantep Doğal Gaz won the tender issued by EMRA on July 28, 2005 for the Gaziantep-Kilis-Nizip Natural Gas Distribution Region, with an offer of USD 30 in subscriber connection fee for the first five years and zero unit service amortization fee for the first eight years. The company received its distribution license on February 24, 2006, and started natural gas distribution in the region.

Within the scope of this license, for a period of 30 years, the company will be responsible for the planning, project design, construction, operation, maintenance and expansion of the distribution network in accordance with the applicable legislation, and for the transportation of natural gas to subscribers and eligible consumers through this network to the distribution region, which encompasses Gaziantep, Kilis, and Nizip.

Expansion in license area

Gazdaş Doğal Gaz has expanded its licensed distribution region to include:

- Oğuzeli, İslahiye and Nurdağı districts of Gaziantep province, pursuant to the EMRA Board resolution no. 5717-4 dated August 6, 2015,
- Araban and Yavuzeli districts of the Gaziantep province, pursuant to the EMRA Board resolution no. 6867-4 dated January 19, 2017,
- Karkamış district of Gaziantep province, pursuant to the EMRA Board resolution no. 8083-4 dated September 27, 2018.
- Polateli district of Kilis province, pursuant to the EMRA Board resolution no. 9196-1 dated February 20, 2020.

A to Z responsibility in natural gas supply

Gaziantep Doğal Gaz is responsible for the planning, project design, construction, operation, maintenance and expansion of the distribution network and transportation and retail sales of natural gas through this distribution network to subscribers and eligible consumers in the cities included in the distribution license.

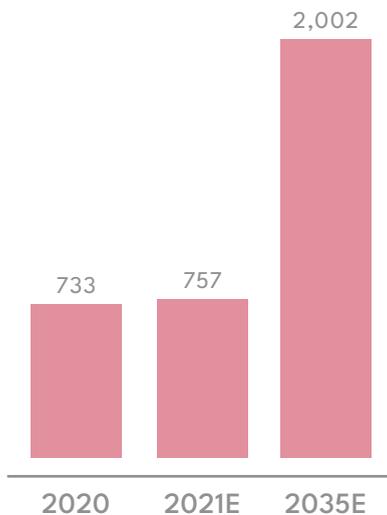
Gaziantep Doğal Gaz fulfills its obligations under the distribution license on time and in full, and as of the end of 2020, the company has a pipeline length of 3,685 km.

As of the end of 2020, the company signed subscriber connection agreements with approximately 373,000 subscribers. The company expects to reach around 413,000 subscribers by the end of 2021, and to 817,000 by 2035.

In 2020, a total of 733.4 million Sm³ of natural gas was consumed in Gaziantep Doğal Gaz Dağıtım's distribution region. 428.4 million Sm³ of this amount was sold directly to consumers by Gaziantep Doğal Gaz, while the company provided transport services to wholesale companies for the remaining 305 million Sm³.

Natural Gas Consumption

(Million m³)



Energy

Committed to sustain its consistent growth in the energy market, Zorlu Enerji Group has 9.1 billion m³ of natural gas across Turkey through both companies since receiving its license, 298 million m³ of which was sold in 2020.

With new investments and the expansion of the subscriber base, total natural gas consumption in Gaziantep Doğal Gaz's distribution region is expected to reach 757 million Sm³ in 2021, and to at least 2 billion Sm³ by 2035.

Zorlu Enerji Call Center

Located in Adıyaman, Zorlu Enerji Doğal Gaz Dağıtım Call Center provides services to both distribution regions. Equipped with the latest technologies, the Call Center operates on a 24/7 basis, responding to emergency calls received by the 187 hotline as well as to the customer requests received by the 0850 222 9 429 Call Center from the distribution regions of Trakya Natural Gas and Gaziantep Natural Gas.

Calls to the emergency hotlines are immediately dispatched to the hand terminals of field teams by the command center, and the problem reported by the customer is resolved in less than 15 minutes.

Customers were also given the opportunity to complete their transactions through alternative service channels without physically coming to the Subscription Center.

Alternative channels and transactions that can be performed through these channels:

- Connection agreement and subscription agreement through certified companies,
- Connection agreement, subscription agreement, termination application and updating information through the online transactions page on zorluenerji.com.tr website,
- Subscription agreement and termination application via e-Government,
- Subscription agreement and termination application via the Call Center.

Thanks to alternative channels, customer satisfaction was increased by reducing the intensity experienced in subscriber connection agreements and subscription agreements.

Natural Gas Trade and Sales

Since 2010, Zorlu Energy Group has been conducting natural gas trade operations through Zorlu Holding AŞ affiliates Zorlu Doğal Gaz İthalat, İhracat ve Toptan Ticaret AŞ ("Zorlu Doğal Gaz") and Zorlu Doğal Gaz Tedarik Ticaret AŞ ("Zorlu Doğal Gaz Tedarik"). Both Zorlu Doğal Gaz İthalat and Zorlu Doğal Gaz Tedarik can purchase and trade the natural gas imported from other countries and generated within the country and engage in wholesale trade within the country

based on the “Wholesale” and “Import (Spot)” licenses obtained from EMRA.

Zorlu Doğal Gaz and Zorlu Doğal Gaz Tedarik engage in direct sales to licensed local wholesale, retail and distribution companies and eligible consumers as well as exports and wholesale trade to exporters, selling natural gas procured from production lines of domestic production companies, transmission lines of importers or other wholesalers and/or exported in the form of compressed natural gas (CNG) and/or liquefied natural gas (LNG).

All of Zorlu Doğal Gaz Tedarik’s shares were taken over from Zorlu Holding and Zorlu Group companies by Zorlu Enerji Dağıtım AŞ, a 100% subsidiary of Zorlu Enerji, at TL 208.5 million in December 2020.

Zorlu Energy Group entered natural gas trade in Turkey in 2010 with the natural gas trade licenses it obtained, and since then, it has been working to consolidate its position in the natural gas trade market. Committed to sustain its consistent growth in the energy market, Zorlu Enerji Group has 9.1 billion m³ of natural gas across Turkey through both companies since receiving its license, 298 million m³ of which was sold in 2020.

Power Plant Construction, Maintenance, Repair and Operation (EPC)

Construction of Industrial and Energy Facilities

Guided by its approach towards occupational safety, quality and environment, Zorlu Enerji offers the following services regarding the construction of industrial and energy facilities under international energy projects.

- Feasibility studies
- Engineering
- Production
- Procurement and Logistics Activities
- Works and Commissioning Service

Offering optimum cost-effective and eco-friendly solutions based on pre-feasibility studies and finance package options, Zorlu Enerji carries out turn-key power plant projects based on fossil fuel or renewable energy, including engineering, procurement, construction, assembly and commissioning services under constructions services for industrial and energy facilities.



Energy

Established in 2000 as the first Turkish maintenance and operations company in the energy sector, Zorlu O&M Enerji Tesisleri İşletme ve Bakım Hizmetleri AŞ provides long-term operation, maintenance and repair services for thermal, hydroelectric, wind and geothermal power plants of Zorlu Energy Group and third parties.

In addition to the power plants based on renewables such as wind, solar, geothermal and hydroelectric, the company also offers services in the construction of energy transmission lines, gas distribution projects and thermal power plants.

Zorlu Enerji single-handedly assumes responsibility for implementing successful and cost-effective projects in a timely manner and within the budgetary limitations thanks to its seasoned and qualified personnel, proven management systems and techniques concerning the development of power plant projects, the operation and maintenance of power plants and energy trade as well as the support offered by group companies with good supplier relations and its experience on the design and construction of power plants.

2020 activities

Zorlu Enerji commissioned the Dead Sea Solar Power Plant with an installed capacity of 1,998 MWp, built in Jericho region of Palestine, where EPC activities were initiated in October 2019, as part of its Industrial Projects and Practices.

Throughout the year, 4 new artesian wells were commissioned to support the generation system of Kızıldere 3 Geothermal Power Plant. Downhole pumps and related pipelines were installed for 6 existing wells, and then the wells were recommissioned and integrated into the system. EPC activities were initiated in June 2020 for the establishment of a solar power plant with an installed capacity of 3.58 MWp, to be integrated into Alaşehir 1 Geothermal Power Plant with an installed capacity of 45 MW in Manisa. Basic and detailed engineering activities for the power plant were completed and orders were placed for the procurement of equipment, materials and site works. Under Alaşehir Combined Renewable Energy Facility Project, hybrid (combined) energy will be generated at the power plant, and the rate of renewable energy resource utilization will be increased. In addition to operations on power plants, 761 vehicles can now be simultaneously served at a total of 455 locations in 81 provinces through the electric vehicle DC quick charging points and AC smart charging units installed along the most-travelled roads of Turkey for ZES brand.

Zorlu O&M

Established in 2000 as the first Turkish maintenance and operations company in the energy sector, Zorlu O&M Enerji Tesisleri İşletme ve Bakım Hizmetleri AŞ ("Zorlu O&M") provides long-term operation, maintenance and repair services for thermal (natural gas, simple cycle, combined cycle, cogeneration) hydroelectric, wind and geothermal power plants of Zorlu Energy Group and third parties.

Zorlu O&M is present in nine countries, providing operation and maintenance services to Zorlu Enerji Group's natural gas plants

in Russia and Israel as well as the wind power plant in Pakistan while undertaking maintenance of a number of power plants in Europe, Middle East, South Asia and Central Asia under individual contracts. Zorlu O&M has a number of remarkable overseas projects in its portfolio, including the maintenance of all publicly owned LM gas turbines in Greece.

Apart from operation and maintenance services, Zorlu O&M also undertakes the commissioning of newly-built power plants.

Zorlu O&M's robust logistics network is supported by an extensive pool of spare parts, experienced operation and maintenance personnel, emergency response teams and an advanced automation infrastructure, guaranteeing an excellent level of availability for customers.

2020 activities

Zorlu O&M offers services to natural gas cycle, hydroelectric and wind power plants with a total installed capacity of over 1,500 MW in 4 different countries under long-term operation and/or maintenance agreements. In addition to the services offered under long-term operation and maintenance agreements, it also engages in the commissioning of equipment in newly-established power plants within the country and in other countries.

Zorlu O&M also offers operation and maintenance services for Kızıldere 1-2-3 and Alaşehir 1 geothermal power plants with an installed capacity of 305 MW as well as 7 hydroelectric power plants with a total installed capacity of 118.9 MW in Erzurum, Erzincan, Rize, Eskişehir, Tokat, Tunceli and Kars.

Apart from long-term maintenance agreements, Zorlu O&M offers power plant assembly and commissioning activities such as individual maintenance, turbine/module rental, material supply, etc., in Turkey and in different geographies such as Israel, Pakistan and Russia. In addition, Zorlu O&M provides maintenance support in case of malfunctions at the electric vehicle charging stations installed by Zorlu Energy Solutions.

Maintenance and repair services are offered to Trakya Bölgesi Doğal Gaz Dağıtım AŞ and Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ under the 5-year Operation Services, Periodic Maintenance-Repair and Supervision Works Agreement signed with these companies.

Zorlu O&M Calibration Center became operational in Gaziantep in the first quarter of 2018 to perform the calibration and adjustment processes of G2,5-G4 and G6 domestic natural gas meters. Zorlu O&M Calibration Center, which was established on an outdoor area of 1,200 m² and an indoor area of 600 m² as the first authorized calibration center of the Eastern Anatolia Region, has the capacity to serve 100,000 meters per year.



Energy

Zorlu Energy Group's sustainability efforts are focused around the main pillars of combating the climate crisis, the reduction of carbon emissions, the sustainable use of natural resources, generation through renewables, energy efficiency and security of supply, digitalization, R&D, innovation and social governance.

Zorlu O&M offers its consumers the maintenance services provided by OEM (Original Equipment Manufacturer) companies for gas turbines in natural gas cycle power plants under a fast service and flexible price policy. While the increase in operating costs, especially fuel prices, and the costs of maintenance services (especially the cost of spare parts indexed to foreign currency) offered by OEM companies render the operation of natural gas cycle power plants increasingly difficult, these challenging conditions cause the power plants to be shut down, as well. For this reason, Zorlu O&M has created a new organization that will quickly adapt to potential future developments, taking into account the current situation of the energy market and the expectations for the upcoming periods.

Zorlu Energy Group and Sustainability

Zorlu Energy Group regards maximum utilization of renewable energy as a vital component of sustainable development, and accordingly, follows a policy of energy generation and distribution from efficient and reliable resources. Zorlu Energy Group's sustainability efforts are focused around the main pillars of combating the climate crisis, the reduction of carbon emissions, the sustainable use of natural resources, generation through renewables, energy efficiency and security of supply, digitalization, R&D, innovation and social governance.

Formed within Zorlu Energy Group in 2015, the Sustainability Board guides the efforts on sustainability by preparing relevant strategies and action plans. Under the guidance of its Sustainability Board, Zorlu Energy Group defines its approach towards sustainability, which is embedded into its operational processes, as "a guide to effectively managing the economic, environmental and social factors and related risks with a view to creating long-term value."

Supporting a low-carbon economy constitutes one of the main pillars of Zorlu Energy Group's sustainability strategy. Accordingly, the group is committed to sustain its investments in indigenous and renewable energy resources while respecting its environmental and social responsibilities.

Zorlu Enerji fosters and embraces the vision of its controlling shareholder, Zorlu Holding, which calls for increasing the quality of life of future generations by investing in sustainable development through the "Smart Life 2030" initiative, shaped in line with the UN Sustainable Development Goals.

In 2020, Zorlu Enerji provided TL 1.6 million in funding for social investment projects. Approximately 52% of this funding was used to create scholarship opportunities for university students from investment regions who demonstrate academic achievement while 48% was offered as supports aimed at improving the quality of life of local people.

Zorlu Enerji is the first company in Turkey to calculate its carbon footprint and to obtain the ISO 14064-1 Greenhouse Gas Emission Reporting Standard Certificate. A participant in the Carbon Disclosure Project (CDP), the company prepares annual reports detailing its carbon footprint and climate change management efforts, which it discloses to stakeholders and the public in a transparent manner. Zorlu Enerji won the CDP Turkey Climate Disclosure Leader Award in 2011, 2013, 2014 and 2017.

Calculating its carbon footprint resulting from its activities since 2010, Zorlu Enerji has adopted a tree-planting program to offset its carbon footprint. As of the end of 2020, Zorlu Enerji planted 330,000 saplings to create commemorative forests in Çıldır-Kars, Bahçe-Osmaniye, Tire-Izmir, Buldan-Denizli and Nurdağı-Gaziantep, an ongoing effort which has been carried out jointly with the Turkish Ministry of Agriculture and Forestry in the last two years. Setting its targets within the scope of Zorlu Holding's Smart Life 2030 strategy, Zorlu Enerji plans to reach 1.2 million saplings within the framework of these targets and its sustainability vision.

Since 2017, Zorlu Energy Group participates in the CDP Platform Climate Change Program with two of its companies, namely Zorlu Enerji and Zorlu Doğal, measuring and disclosing its water footprint to its stakeholders via the CDP Platform. In the fall of 2017, Zorlu Enerji also started to carry out compliance activities under the ISO 14046 Water Footprint Standard, which the company continued in 2020 in line with its transparency policy.

Performing its activities by taking into account the 10 principles of the United Nations Global Compact, of which Zorlu Holding became a signatory in 2010, Zorlu Enerji became a signatory of the UN Global Compact in 2020 and took its sustainability activities to the next level by being a part of the largest corporate sustainability initiative of the world.

In 2011, Zorlu Energy Group became the first enterprise in the Turkish energy sector to report its sustainability performance, and since then, the group has continued to publish periodical sustainability reports, disclosing its sustainability performance transparently to all stakeholders. Under the leadership of the Sustainability Board, Zorlu Enerji published its 6th Sustainability Report covering its activities during 2018-2019 in 2020 in line with GRI Standards. With its membership in the UN Global Compact, the Company will publish its Sustainability Report annually starting from 2020.

Since 2016, Zorlu Enerji has been included in the BIST Sustainability Index, which includes the shares of BIST-traded public companies with a high corporate sustainability performance, which proves its role as a pioneer in terms of sustainability. Breaking many new grounds regarding sustainability, Zorlu Enerji qualified for inclusion in the BIST Sustainability Index for the fifth time in December 2020-October 2021 period, becoming one of the 58 companies included in the index.



Zorlu Energy Group's Activities in Turkey and Abroad



ELECTRICITY GENERATION

- Total installed capacity of 1,208 MW, with 643 MW in Turkey, 290 MW* in Israel, 56 MW in Pakistan, 1.5 MW in Palestine and 217 MW in Russia
- 87% of the installed capacity in Turkey and 51% of total installed capacity based on renewable energy resources.
 - Natural Gas*: 591 MW (49%)
 - Wind: 191 MW (16%)
 - Geothermal: 305 MW (25%)
 - Hydroelectric: 119 MW (10%)
 - Solar*: 1.5 (0.1%)

ELECTRICITY DISTRIBUTION

- Electricity distribution in Eskişehir, Bilecik, Uşak, Afyonkarahisar and Kütahya provinces, which represent a total population of 2.8 million
- Approximately 1.89 million subscribers
- 6.3 TWh of net distributed electricity
- 6.53% theft and loss ratio

ELECTRICITY TRADE AND SALES

- 8 TWh of total electricity sales
- 85% of sales from generation in Turkey are covered by YEKDEM
- Approximately 1.9 million consumers
- Customer portfolio (based on consumption):
 - Commercial (27%),
 - Residential (22%),
 - Industrial (45%),
 - Other (7%)
- One of the first market makers in the Derivatives Market

* According to partnership shares

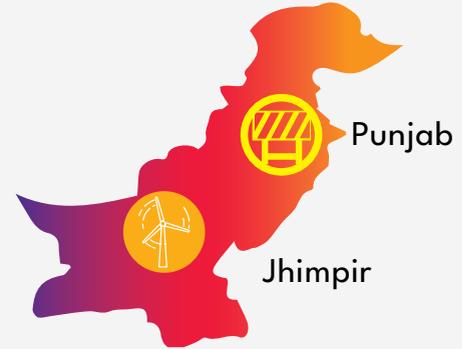


NATURAL GAS DISTRIBUTION AND TRADE

- Natural gas distribution in Edirne, Kırklareli, Tekirdağ, Gaziantep and Kilis provinces, which represent a total population of 4.1 million
- 8,086 km-long natural gas distribution network
- Approximately 759,000 subscribers
- 1.2 billion Sm³ of natural gas sales
- 1.9 billion Sm³ of natural gas distribution



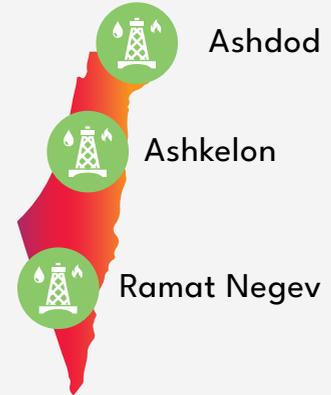
PAKISTAN



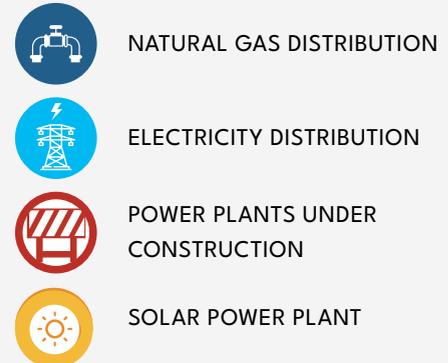
PALESTINE



ISRAEL



RUSSIA



Awards Received in 2020

Zorlu Enerji receives the Diamond Award in the Energy Category of the A.C.E Awards.

Zorlu Enerji won the Diamond Award in the Energy Category in 2019 and 2020, with the highest customer satisfaction level it achieved, at the 5th A.C.E Awards Excellent Customer Satisfaction Achievement Awards organized by Sikayetvar.com.



Real Estate



Real Estate

Zorlu Real Estate Group has internalized sustainability as a way of doing business within the framework of Smart Life 2030 vision. In this respect, the Real Estate Group transforms the innovation culture into sustainability-oriented achievements with its smart projects and practices shaped by technology, offering innovative living spaces that make people's lives easier.





Real Estate



As Zorlu Gayrimenkul, sustainability forms the basis of our way of doing business. We respond to all changes with Smart Life 2030, the common strategy of Zorlu Group companies.



Ömer Yüngül

CEO, Zorlu Holding

Dear Stakeholders;

2020, during which the world economy was struggling with the uncertainties caused by the pandemic, was one of the most challenging periods in the real estate sector. While the global pandemic differently affected many sectors in the world and in our country, the closure of the borders of countries, curfews and restrictions negatively affected the culture and arts, entertainment, tourism and hospitality sectors along with shopping malls.

Despite the uncertainties and challenges, we carried out successful process management at Zorlu Center and Levent 199 in 2020, thanks to the flexible and adaptive structure of Zorlu Gayrimenkul as well as the agile measures taken. Thanks to our long-standing investments in new generation, sustainable living spaces, we have once again demonstrated how high our resilience is even in challenging times.

Zorlu Center, Turkey's first five-function mixed-use project and one of the most important assets of Zorlu Gayrimenkul, offers one of the most impressive examples of innovative and sustainable next-gen living environments not only in Turkey, but also across the globe. The most important indicators of this identity are nearly 90 awards that Zorlu Center has received so far, among them the "Best Shopping Mall" award in Europe presented by the International Council of Shopping Centers (ICSC).

With our brand mix, gourmet restaurants, areas of experience, performing arts center, Raffles Istanbul, one of the best hotels across the world, our residences and offices, we are not only a shopping mall but also a living center fulfilling many cultural and social needs. To date,

we have hosted more than 83 million visitors. We listen to the feedback and shared experiences we receive every day, and work to offer innovative approaches and improve ourselves.

At Zorlu Center, we continued to host our visitors in such a way that they could move safely, with the highest level of measures taken throughout the pandemic, innovative practices as well as technological and digital investments. With our 10,000 m² square and 12,000m² outdoor parking area, we offered our guests and residents a very wide area of fresh air. In addition, we were not content with the 100% fresh air circulation practice, which was made compulsory in indoor areas within the framework of coronavirus measures, and with an investment of more than TL 2 million, we improved the air quality in indoor areas by applying UVC (Ultraviolet) technology, standing out as the most effective method in protection against viruses and bacteria in all air-conditioning plants.

One of the most important developments throughout the pandemic process was the acceleration of digitalization in recent years. Almost all of the progress that can be made in the next 3-5 years in terms of digitalization lane was covered during this period. While witnessing the great contributions and achievements of our investments in digitalization at Zorlu Gayrimenkul, we implemented many new technological and digital investments during this operating period. We added contactless mobile payment options and new digital services to our Zorlu World mobile application, designed to make the lives of our visitors easier. With the Car Park Management System (OYS) introduced at Zorlu Center, we switched to license plate recognition system during the pandemic process, enabling users to enter and exit the car park in a contactless way without buying a ticket.

As Zorlu Gayrimenkul, sustainability forms the basis of our way of doing business. We respond to all changes with Smart Life 2030, the common strategy of Zorlu Group companies.

In addition to our many existing practices, we continued to take new and important steps with a focus on making the highest impact in environmental, social and governance

areas in 2020. The ISO 50001 Energy Management System Certificate we obtained during the pandemic period was one of the best examples of such practices. Through this certification, we certified the value created in various areas, from creating less carbon footprint to the efficient use of energy resources.

Supporting our destination center approach and inspiring many events we organize, Zorlu PSM could not host its guests last season due to the pandemic. Therefore, we had to cancel many of our physical events. In the face of this situation, we digitalized the mission of Zorlu PSM to be the meeting point of culture and arts and brought together arts, culture and all elements around them with art enthusiasts. Through our online platform PSM Online, we became one of the culture and arts centers that set an example in this field, reaching more than 1.5 million viewers.

As Zorlu Gayrimenkul, we consider 2021 and beyond as an important transformation opportunity for this sector, with the foresight that this process entails some risks and opportunities in itself. We think that experience-oriented next generation living spaces, which have become increasingly widespread all over the world in recent years, will increase even more after the pandemic and that we, as Zorlu Gayrimenkul, will be able to respond to this demand.

As Zorlu Gayrimenkul, we will continue to be a brand creating value in the fields of life, culture, arts and entertainment in the upcoming period via our sustainable, smart and innovative investments such as Zorlu Center and Zorlu PSM, which are among the first examples of global transformation in our industry.

We would like to take this opportunity to thank Mr. Mesut Pektaş, who has put a great effort as the CEO of Zorlu Real Estate Group under many innovative activities and projects that we have implemented since 2009. We express once again that his services during his tenure and the value he added to Zorlu Group will not be forgotten and we wish him success in his new life.

Real Estate

Zorlu Real Estate Group continues to enhance Zorlu Center as a next-gen living environment by implementing sustainable technologies and smart systems.

Innovative and sustainable new generation living center: Zorlu Center

Zorlu Real Estate Group offers one of the most impressive examples of innovative and sustainable next-gen living environments with Zorlu Center, Turkey's first five-function mixed-use project.

Comprising Zorlu Shopping Mall, Zorlu Performance Arts Center, Raffles Istanbul Zorlu Center, residences and offices, the five-function Zorlu Center is an exceptional mixed-use development in Turkey and the world at large. Zorlu Real Estate Group continues to enhance Zorlu Center as a next-gen living environment by implementing sustainable technologies and smart systems.

Introduced at Zorlu Center, smart home and smart energy management systems, electric vehicle charging stations, tracking system for customer trends and electric outdoor benches facilitate the lives of our residents and guests.

The goal of reducing environmental impact and increasing contribution to sustainability

Zorlu Real Estate Group develops projects that improve the lives of residents and customers while propagating its focus on sustainability, which it embraces as a way of doing business, across its venues through innovative practices and smart systems. In this context, the Group takes important steps towards reducing environmental impacts, increasing social impact and strengthening governance.

Some examples of best practices for reducing environmental impact at Zorlu Center include a 120-m² recycling room for solid waste, glass waste collection points, as well as recycling operations for waste, including oil waste from restaurants, which is regularly collected by authorized organizations.

Many smart systems that will increase energy savings are also used effectively at Zorlu Center. Significant energy savings are achieved with LED conversion and Smart Energy Management in common area lighting.

Adopting a holistic approach to its environmental impact, Zorlu Center carries out activities for spreading awareness on environment, not only in its immediate vicinity, but across the entire city of Istanbul. In this context, Zorlu Center offers its guests nature-friendly taxis that do not emit carbon dioxide.



Reduction of energy and water consumption through innovative practices

Ensuring the maximum level of comfort and safety and making quality sustainable at Zorlu Center, Turkey's first five-function mixed-use project, requires a well-orchestrated effort. Zorlu Center addresses all requests by its residents with a solution-oriented mindset, and develops new initiatives that will provide a benefit in terms of energy and water consumption.

In this context, SkySpark program, a single point of analytics for all energy consumption data across Zorlu Center, is in use to inform efforts towards reducing power consumption and ensuring energy efficiency in all systems within the project.

Zorlu Center has adopted ISO 50001 Energy Management System to continually increase its energy performance, ensure compliance with laws and regulations, support stakeholder engagement in its policies, transform energy management into a corporate culture through company-wide training activities, and guarantee environmental and economic sustainability.

ISO 50001 helps Zorlu Center achieve gains in terms of reducing greenhouse gas emissions, generating less waste and achieving

greater efficiency. As a result of these activities, carbon emissions are reduced, contributing to slowing climate change, reducing fossil fuel use, increasing the use of sustainable energy resources and reducing the carbon footprint.

No barriers at Zorlu Center

In addition to its sustainability-oriented environmental contribution, Zorlu Gayrimenkul also executes many successful projects in areas that will create social impact. In addition to developing practices to make life easier for guests, office employees and residents alike, Zorlu Center also takes significant steps to support projects that raise awareness on people with disabilities.

In the previous years, Zorlu Center collaborated with the Guide Dogs Association as part of the "No Barriers at Zorlu" project, which aims to transform Zorlu Center into a fully accessible venue to facilitate social participation of individuals with disabilities. As part of the project, all food court personnel in Zorlu Shopping Mall received sign language training and all restaurant menus also featured Braille print. Within the framework of this cooperation, an office was allocated free of charge to the association at Zorlu Center.

Real Estate

Managing to become one of the indispensable venues of art enthusiasts since its launch and having hosted 500,000 visitors only during the last season, Zorlu PSM has hosted 3 million art enthusiasts in 7 years.

With its No Barriers at Zorlu project, Zorlu Center was deemed worthy by the International Council of Shopping Centers of the “Social Support” Award in Europe and the “ICSC Foundation Albert Sussman” Award across the world. These awards granted a financial support of USD 25,000 to the association.

In line with this vision, the “My Dream Companion” (Hayal Ortağım) app was added a “My Travel Buddy - Shopping Mall” (Yol Arkadaşım AVM) feature to support individuals with visual disabilities to participate in social life more actively and independently.

Raffles Istanbul Zorlu Center remains the address of distinguished guests.

Raffles Istanbul Zorlu Center, one of the world’s most exceptional luxury hotels, maintained its distinguished position as the go-to address for elite guests visiting Istanbul from across the globe. In 2020, the hotel hosted 79,136 local and foreign visitors in its 185 rooms and 66 residences.

Located at the heart of the city and offering a unique journey of emotional luxury with excellence in service, Raffles Istanbul continued to boast the highest guest satisfaction rating among all Accor Group hotels based on meticulous customer satisfaction surveys in spite of the COVID-19 pandemic taking its toll throughout the entire year. As a result of the facilities as well as the emotional luxury offered by the hotel, the hotel enjoyed a repeat rate of 39.6% in 2020.

Although the first two months of 2020 commenced with positive results, Raffles Istanbul was adversely affected by the pandemic starting to take its toll in Turkey as of mid-March and travel restrictions around the world. Due to travel restrictions, a growth was observed in the hotel’s residence accommodation during the pandemic. A shift of demand from of the guests coming to the hotel between April and June to residences also had an impact on this growth. While most of the hotels in the city remained closed from March until the end of May, Raffles residences continued to welcome their guests with an average occupancy rate of 64.1%.

Following the lifting of restrictions as of the beginning of June, the occupancy rate of the hotel increased gradually from July and reached its peak in August with an occupancy rate exceeding 70%. During the summer, guests from the Middle East, Russia, CIS and Iran were hosted. The autumn was an active period with local companies and last-minute delegations.

Although 2020 was a year with high expectations in terms of banquets and events, this business line completely stopped due to the pandemic that broke out as of March. To compensate for this loss, a new ‘outdoor catering concept’ was developed. However, due

Real Estate

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to the restrictions initiated again as of September, these activities were interrupted again and all social events and meetings were suspended.

Out of food-beverage venues, Rocca Lavinia and Patisserie was gradually opened starting from June and Isokyo Long Bar from September, but all restaurants, cafes and bars were closed down starting from mid-November and only those staying at the hotel could be offered services. Placing the experience at the focus and making a name for itself in the gastronomy world with its unique touches in this short period of time when the restaurants remained open, Raffles Istanbul made a very special collaboration with the recently popular restaurant ODURLA and its chef at Rocca Restaurant, with a special pop-up restaurant experience for Istanbulites. Making a name for itself among the best brunches in the city, Raffles Brunch continued to offer sophisticated delicacies while the restaurants were still open.

During this period, the way Raffles patisserie operated was also changed, a business model was agreed with “Five O’Clock” and the patisserie was reopened in December 2020 after the renovation work.

Boasting with an area of 3,000 m², Raffles Spa was reopened as of June and served throughout the summer. However, as of November, it was closed again as part of the introduction of measures.

Not compromising on guest satisfaction throughout the pandemic and raising the bar in terms of safety and quality in these challenging days on the contrary, Raffles Istanbul became one of the first hotels to have received the Tourism Safety Certificate. Protocols designed within the scope of ALLSAFE certification developed simultaneously by Accor & Bureau Veritas began to be implemented in all spaces of the hotel. In addition to the comfort and emotional luxury offered under Raffles brand’s promise, it also strengthened hygiene practices throughout the hotel in order to make its guests feel safe.

As part of additional measures, surfaces in all guest rooms are thoroughly disinfected with Aerosept Ultra 150, a hospital-grade air cleaner device using a newly-patented disinfection process, after guests check out.

As a result of the relevant health and safety measures, the hotel was awarded the “Forbes ShareCare” Certificate by Forbes.

Real Estate

Zorlu Real Estate Group continued to manage Zorlu Shopping Mall with a destination marketing strategy in 2019. The mall was positioned as a venue that people will keep coming back, and an attractive destination for foreign tourists visiting Istanbul, through specially crafted events that offer visitors a distinct experience in each visit.

2020 Activities

UVC (Ultraviolet) technology against viruses and bacteria

Zorlu Center continued to offer its guests a wide area of fresh air with its 10,000 m² square and 12,000 m² outdoor park area throughout the pandemic during which outdoor areas were needed more than ever. In addition, it applied 100% fresh air circulation in indoor areas and in shopping mall ventilation systems as per the rules imposed by the Ministry of Interior for this period. In addition, by considering elevated sensitivities as a result of the pandemic, we made an investment of more than TL 2 million to improve the air quality in indoor areas by applying UVC (Ultraviolet) technology, standing out as the most effective method in protection against viruses and bacteria in all air-conditioning plants.

Contactless transaction with the Car Park Management System (OYS)

Zorlu Center switched to license plate recognition system through the Car Park Management System (OYS), which was introduced in 2020. Via this system, car park users can enter the parking lot without buying a ticket, and can make parking payments by simply indicating their license plate when exiting. Thanks to the integration of the system into Zorlu World mobile application, Zorlu Center visitors were able to make contactless parking payments by entering their license plate information through the application.

Digital investments for perfect visitor experience

Zorlu Gayrimenkul continues to make Zorlu Center a smart living space in line with the transformations and trends across the world and to launch many next generation digital applications that make life easier.

Zorlu Center constantly invests in technology and next generation practices to make life easier. In line with the increasing digitalization demands in the wake of the pandemic, analyzes are performed to improve the experience of guests by creating a comprehensive data pool in line with global trends. Many outputs such as top searches and usage trends ensure that Zorlu Center can better serve its visitors and the customer experience can be made more perfect.

A contactless and privileged world with Zorlu World

With the renewed Zorlu World application, users are offered features such as information about discounts and gift campaigns, mobile payment service, and easy navigation within the stores at Zorlu Shopping Mall. In cooperation with Google Maps, Zorlu Center stores were also included in Google Maps. Thanks to Zorlu World's up-to-date digital map infrastructure, guests can contactlessly find the store they are looking for via their own phones. With the

QR campaigns integrated into the application, privileges can be offered depending on the preferences and spending habits of guests.

New brands added to Zorlu Center brands

In 2020, Zorlu Center continued to enrich its brand mix, adding to its portfolio the elite brands of the world and Turkey such as Asics, one of the global leading brands in sneakers and apparel, Balenciaga bringing a new perspective to the concept of fashion and aesthetics, Brandy's offering global fashion trends with a 100% original product guarantee, Collection Point known for its stylish and assertive jewelry collections, ETS Tur aiming to offer its guests the best quality of service at affordable prices regarding domestic and international travels for 30 years, Falconery offering Italian craftsmanship and high-quality approach, Five O'Clock, the address for the most delicious patisserie products, L'Occaitane en Provence reflecting the shine with its effective natural cosmetic products, House of Design offering special and sparkling designs, The Kooples and Uranus Mobile Outfitters known for its luxurious collections and reflecting the contemporary French fashion.

Zorlu Shopping Mall becomes a hub of social life with a variety of events

Zorlu Real Estate Group continued to manage Zorlu Shopping Mall with a destination marketing strategy in 2020. The mall was positioned as a venue that people will keep coming back, and an attractive destination for foreign tourists visiting Istanbul, through specially crafted events that offer visitors a distinct experience in each visit.

In 2020, Zorlu Center organized various events for all audiences from every segment and age prior to the pandemic. Events were organized in line with controlled social life in the post-pandemic period and especially social media was used effectively throughout this process.

Turkey's first new year's village

Turkey's first new year's village, Zorlu New Year's Village carried the joy of the new year to Zorlu Center in 2020 as in every year as part of Zorlu New Year's Festival. In Zorlu New Year's Village, the stylish designs of many famous and exquisite brands and thousands of gift alternatives suitable for all tastes from every segment and age were presented to the guests in 2020.



Real Estate

The movie “Our Transformation Will Be Amazing”, released on April 9, was watched 9,661,694 times, while the commercial “We Missed”, which was broadcast on difficult days when Zorlu Center could not meet its guests, was watched 8,772,324 times.

Social communication activities during the pandemic period

Digital channels and social media were used effectively at Zorlu Center throughout the pandemic period. For the 23 April National Sovereignty and Children’s Day, which had to be celebrated at home this year, a special and enjoyable animated film was prepared to be broadcast on social media. The resulting video reached 4,044,031 views on all digital platforms. Mothers who had to stay away from their children during the pandemic period were not forgotten either. On May 10, the “Mother’s Day” video prepared by Zorlu Center was released, to remind all mothers that they were precious and how much they were missed. This video reached 2,956,228 views on social media.

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In such a challenging year, Raffles Istanbul Zorlu Center was deemed worthy of the most valuable awards in the industry.

Five Stars from Forbes Travel Guide

Raffles Istanbul is the first and only hotel in Turkey to be awarded five stars in Forbes Travel Guide’s annual Star Awards series, which ranks the most prestigious hotels from around the world for the last three years in a row.

Widely regarded as the highest accolade of global tourism, Forbes Travel Guide’s list included Raffles Istanbul Zorlu Center among the top 210 hotels across the globe. Complementing the numerous accolades Raffles Istanbul has won over the years, the five stars awarded by the Forbes Travel Guide stands out as the highest recognition in the luxury hotels segment.

T+L

Raffles Istanbul was awarded the title of “Best City Hotel” in Europe by Travel+ Leisure (T + L), one of the most important publications of the tourism and travel industry. The hotel was also ranked 7th in the ‘World’s Best Hotels’ list. Raffles Istanbul also contributed to the promotion of Istanbul to the world by being included in this list announced by Travel + Leisure.

CONDE NAST TRAVELER

Raffles Istanbul received awards that would be a source of pride in the winners list of CNT Readers’ Choice - created entirely by the votes of readers and users. Raffles Istanbul was declared “Turkey’s No. 1 Hotel” while 99.7 points made it the only hotel from Turkey in this list as the “the 2nd Hotel among Europe’s Top 10 Hotels” and “the 9th Hotel among the World’s Top 50 Hotels”.

Real Estate

In 2020, a Green Office Project was launched to enhance the eco-friendly features of Levent 199 with improved efficiency, which resulted in three additional projects selected for implementation after feasibility studies.

PEARL GASTRONOMY

Taking its place among the most popular restaurants of the city in a very short period of time, Asian Restaurant ISOKYO was awarded 4 Pearls at PEARL GASTRONOMY in the Asian category with the votes of the jury and guests.

Levent 199: Turkey's first large-scale A+ office project with a LEED Gold Certificate

Located in Levent, one of the busiest locations in Istanbul, Levent 199 is the first A+ office project of this scale in Turkey to receive the LEED Gold Certificate from the US Green Building Council (USGBC). Levent 199 earned this certificate due to its eco-friendly features including highly energy-efficient glass facades, use of LED fixtures throughout the lighting system, an exclusive parking lot for electric vehicles, a bicycle parking area, heat recovering fresh air systems, and an expansive 10,000 m² landscape area.

In 2010, Levent 199 was recognized as the best office architecture in Europe-Africa in the commercial buildings category of the International Property Awards, one of the world's most prestigious awards series in architecture and real estate investments.



The project also took second place in the Turkey's Most Successful Real Estate Investments lists of 2012.

In line with the concept of smart life, Levent 199 makes effective use of sustainability-oriented technologies such as its double-deck elevators, a first in Istanbul, which reduce the average elevator waiting time to 27 seconds and provide an energy efficiency of over 50%. Levent 199 also supports end-to-end recycling, and has implemented various eco-friendly practices, such as waste disposal and water treatment systems that treat gray water for reuse in the irrigation of green spaces.

In 2020, a Green Office Project was launched to enhance the eco-friendly features of Levent 199 with improved efficiency, whereby the resulting projects were implemented throughout the year. The investment project introduced in this respect prioritized water scarcity, the most critical issue in the depletion of natural resources, and 2,000 tons of rainwater were treated and reused in a 6-month period.

Shadowed by the COVID-19 pandemic, 2020 brought along a process in which working habits and needs changed completely. Working areas ventilated with 100% fresh air became a necessity, not a privilege, and the social rules imposed by the pandemic as well as practices such as health checks at building entrances became an integral part of life. With its existing technical infrastructure and ongoing investments, Levent 199 became one of the business centers quickly adapting to this process with its practices intended for ventilation and disinfection in filters by using UV-C lamp technology in office fresh air ventilation systems.

Zorlu Real Estate Group focuses on developing new, smart projects that add value to life.

Zorlu Real Estate Group will continue to make an impact with its ambitious new projects in the upcoming period. Accordingly, the group will prioritize Zorlu Konak, Zorlu Alaçatı and Zorlu Marmaris projects in the upcoming period.

Development projects for Zorlu Konak have been completed, and the construction permit has been obtained.

As for Zorlu Marmaris Project, the first stage of approvals regarding conservation development plans has been completed, and an alternative project concept has also been prepared for the project.

The projects prioritized water scarcity, the most critical issue in the depletion of natural resources, and 2000 tons of rainwater were treated and reused in a 6-month period. Similarly, automated valves were installed to provide efficiency in the cooling system so as to improve water efficiency, and it is targeted to save 1,500 m³ in water consumption on an annual basis.

In order to reduce the electricity consumption in the building, a cooling optimization automation system was installed to enable the cooling systems to be used more effectively and efficiently. This automation system aims to save 40,000 kWh in electricity consumption annually. Thanks to this automation, systems are also equally aged and maintenance costs are reduced to the optimum level.

Awards Received in 2020

CNT Readers' Choice

In the winners' list of CNT Readers' Choice created only by the votes of readers and users, Raffles Istanbul was declared "Turkey's No. 1 Hotel" while 99.7 points made it the only hotel from Turkey in this list as the "the 2nd Hotel among Europe's Top 10 Hotels" and "the 9th Hotel among the World's Top 50 Hotels".

Forbes Travel Guide Five Stars

Raffles Istanbul was awarded five stars in another year by the annual Forbes Travel Guide, which ranks the most prestigious hotels from across the globe. By remaining in the list, which is widely regarded as the highest accolade of global tourism, Raffles Istanbul Zorlu Center maintained its position among the top hotels in the world.

PEARL GASTRONOMY

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Raffles Istanbul was awarded the title of "Best City Hotel" in Europe by Travel+ Leisure (T + L), one of the most important publications of the tourism and travel industry.

Mining- Metallurgy



Mining- Metallurgy

Producing concentrated nickel and cobalt from ore, Meta Nikel Kobalt Madencilik aims to begin producing high-end products with high value added and rare-earth elements by using advanced technologies in the upcoming period. This project will render Meta Nikel Kobalt Madencilik a global supplier.





Mining- Metallurgy

“

Processing surface-mined ores in a closed circuit system, the eco-friendly Gördes Nickel Cobalt Facility production facility introduces a brand new and sustainable approach to mining-metallurgy, bringing dynamism to the industry.

”



Orhan Yılmaz, PhD
CEO, Zorlu Mining Group

Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ (META) continues exploration, operation, export, R&D and investment activities with a focus on utilizing the nickel potential of Turkey in benefit of the national economy.

META currently operates a nickel-cobalt facility in Gördes, Manisa, one of the top 10 facilities in the world in its respective category, as well as nickel reserves in Eskişehir and Uşak.

Processing surface-mined ores in a closed circuit system, the eco-friendly Gördes production facility has introduced “a new and sustainable approach to mining-metallurgy operation”, bringing dynamism to the industry.

Driven by its innovation-focused business approach as well as the learning process and the wealth of expertise, META is now capable of producing concentrated forms of nickel and cobalt from ore.

META constantly endeavors to expand its product range of high-quality nickel and cobalt products with other metals, particularly rare-earth elements through their use and production. The company has adopted a strategy of expanding its commercial product range with high-purity nickel and cobalt products for use in batteries, a combination of energy storage systems.

META's accurate policies and the ability to keep abreast of developments in the mining and metallurgy industry have enabled the company to become a key production hub that proactively designs its strategies. The company also focused its efforts towards creating a robust ecosystem of competent and well-trained employees who will follow advancements in science and technology to develop R&D projects and industrial utility models.

Obtaining the title of R&D Center in the first quarter of 2018, META continues its efforts to become an R&D base in its field with firm steps. The R&D Center aims to develop new products, improve quality in existing product range, and minimize operating costs. The center also aims to establish its corporate culture drawing from its know-how.

The top goal for META for the years ahead is to achieve full capacity utilization in production with the completion of new investments and planned improvements.

Upon new investments, the Gördes facility will be transformed into an integrated production center capable of producing its own input. This new organization will give the Gördes facility the speed and efficiency to adapt to international developments and meet customer demands in a rapid fashion.

Guided by the vision is to improve value-added by supplying our raw material from domestic sources, as well as through research and development, META aims to increase its economic contribution to Turkey and its industry, and to that end, procure from within the country the majority of the technology, machinery and equipment that will be used in the investments planned for the years ahead.

In today's new global order and fierce competition environment created by the rapid advances in technology and globalization, META is committed to strengthen its presence in international markets and become a global supplier of nickel and cobalt by leveraging its production competence and know-how to effectively meet the needs and expectations of end users.

The impact of the COVID-19 pandemic on our industry has manifested itself as changes regarding metal prices.

Today, nearly 76% of the world's nickel production is consumed by the stainless steel industry, and 4% in the production of batteries. As one of the largest players in the stainless steel supply chain, China also leads global steel demand. The recent soaring demand for nickel has upset the supply/demand balance as existing production capacities failed to catch up.

As a result of the pandemic period, China was forced to cut down on its nickel demand, which bloated LME (London Metal Exchange) stocks, and in turn, caused a decline in metal prices. Starting from the second half of 2020, markets have entered a process of normalization, based on the slowdown of the pandemic.

In this process, metal trade began recover, particularly in the largest consumer of nickel, China. Based on this optimistic market outlook, the stainless steel and automotive industries, the main drivers of the nickel industry, started recovering their losses in a short period of time, reversing the trend of price drops in nickel until a relative balance is reached.

Following this historical turning point, as we keep a close eye on metal prices on the global conjuncture, we are committed to make the most of opportunities as they present themselves.

Another outcome of the pandemic is the disruption of communications with our foreign solution partners. This led to challenges in project management as it slows down the response process to technical queries. Yet, the activities performed for the projects within the investment pipeline of META continued apace and preparations were uninterruptedly made for the post-pandemic period.

Mining- Metallurgy



Meta Nikel Kobalt Madencilik's smart policies and the ability to keep abreast of developments in the mining and metallurgy industry have enabled the company to become a key production hub that benefit from strategic developments.



In 2020, META decided to invest in the sulfuric acid production facility out of its planned investment projects. The plant installation process will be initiated soon and the acid requirement will be fulfilled within the plant. In addition to sulphuric acid, the sulphuric acid production plant will also output high- and low-pressure saturated steam.

This high-energy saturated steam will be used in both power generation to reduce META's dependence on external resources and to meet the saturated steam needs of the nickel production plant, positively affecting operating costs.

The developments experienced during the pandemic process have made the value and indispensability of human resources understood once again. META's goal is to enable employees to use their knowledge and skills in the best way, to maximize their contribution to the business, and to enable all employees to work in a healthy and safe environment by increasing their work-life quality.

We believe that the greatest value of our business is "people", not machinery and equipment.

We know that META's mining and metallurgy approach focuses on seasoned and talented engineers, technicians and employees. We will continue to take firm steps towards becoming a global supplier by always feeling the support of these human resources that makes us "who we are" regardless of their role.

Mining- Metallurgy

META operates the nickel-cobalt mining facility in Gördes as well as carrying out reserve development and ore production in Eskişehir, geological surveys in Uşak, and nickel-cobalt exploration in various regions across Turkey.

A new and sustainable production approach in mining and metallurgy

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

The company operated in partnership with Zorlu Group from 2007 until its acquisition by the Zorlu Group in 2016. In June 2018, the company's 50% stake was sold to Vestel Elektronik for USD 250 million. The company has been carrying out its activities as Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ ("Meta Nikel Kobalt Madencilik" or "META") since then.

As of June 2021, META operates the nickel-cobalt mining facility in Gördes as well as carrying out reserve development and ore production in Eskişehir, geological surveys in Uşak, and nickel-cobalt exploration in various regions across Turkey.

Investments for the Gördes Meta-Nikel project, designed with an annual production capacity of 10,000 tons of nickel metal from around 1.7 million tons of ore, commenced in 2011. The production facility was completed and entered into service in 2014. The facility made its first export sales in May 2016.

The plant produced 1,790 tons of nickel metal equivalent in 136 workdays in 2016; approximately 4,000 tons of nickel metal equivalent in 230 workdays in 2017; 5,001 tons of nickel metal equivalent in 242 workdays in 2018; and 2,175 tons of concentrate products in 138 workdays in 2019 due to planned maintenance works and low nickel prices.



Mining- Metallurgy

META extracts surface ores via open pit mining, which is processed using cutting-edge technologies into hydroxide form (MHP-Mixed Hydroxide Precipitate) of nickel and cobalt for export markets.

The amount of nickel metal equivalent concentrated products manufactured by the facility in return for 292 days of work in 2020 was 4,723 tons.

The facility has produced a total of 17,689 tons of nickel metal equivalent concentrated products in the last 5 years and exported all of them.

In addition to mining-metallurgy activities, META draws from its expertise in metallurgy and chemistry to develop innovative products.

Ranking among the top 10 facilities in its industry, the Gördes plant extracts ore with approximately 0.7% nickel content, which is processed and enriched with advanced technologies, resulting in a product with 38% nickel content.

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As part of its vision of gradually expanding its production capacity to become a global supplier, META aims to produce various forms of nickel and cobalt as well as process the rare earth content of the extracted ore in benefit of the Turkish economy.

In the medium term, META aims to:

- blend the industrial and entrepreneurial competence of Zorlu Holding with R&D and innovation to further increase the value-added of its operations by producing more advanced forms of concentrated nickel and cobalt,
- create combined plants maximizing energy efficiency through heat reclamation so as to produce its own input through new auxiliary facilities,
- reduce Turkey's dependence on foreign sources through domestic production and, accordingly, contribute to the reduction of current deficit.

In addition to the stainless steel industry, nickel is also used to manufacture corrosion-resistant alloys, armor plating, and in the defense industry. The batteries used in electrical vehicles and energy storage systems contain nickel and cobalt. New studies carried out in parallel with the developing technology have shown that battery life increases with the nickel ratio in the battery's composition. In the near future, nickel content of battery and energy storage systems is expected to increase gradually, driving up demand.

Mining- Metallurgy

META features a 3-tiered 25 million m³ waste storage facility for the storage of process waste.

The company has the largest impact assessment permit area in the industry with 3,834 hectares.

Ongoing Studies

In line with a sustainable production approach, the Gördes facility reuses the water within process waste transferred to the waste storage facility and feeds back treated water for reuse in processes so as to reduce the use of clean water.

META features a 3-tiered 25 million m³ waste storage facility for the storage of process waste. The company has the largest impact assessment permit area in the industry with 3,834 hectares.

In the facility, the preparations began in October 2017 for the ISO 9001 Quality Management System, and in February 2018 for the ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. Also going on throughout 2020, the certification process is expected to be completed in October 2021.

Continuing its R&D collaborations with various universities, TÜBİTAK and the industry, the company crowned its achievements in next-gen mining in Turkey with the “R&D Center” certification, which it received in March 2018.

Thanks to the devoted efforts of the management and the technical personnel, improvement and research efforts continued in 2020 with the goals of boosting plant efficiency, reaching full capacity utilization, and the production of new product types. Below is a summary of improvement efforts that took place during the year:

- Investments in the waste treatment plant to recover water from the waste storage facility and waste thickening,
- Investments in third stage construction to increase the capacity of the waste storage facility,
- Magnetic separator and hydrocyclone system investments intended for reducing the consumption of sulfuric acid and increasing the nickel content by removing the impurities in the ore,
- Hydrocyclone investment that enables closed-loop operation of the ball mill, which is used to reduce the particle size of sieve waste with high nickel content and feed it back to the process,
- Investments in pre-leaching for removing carbonate compounds from the ore (through sulfuric acid feed into the surge tanks at the ore dressing area). Accordingly, investments in reducing ore calcium carbonate (CaCO₃) levels to plant design levels, and consequently increasing autoclave feed rate (production capacity),

Mining- Metallurgy

The Gördes plant is expected to reach full capacity utilization in the years ahead with the completion of the planned improvements in ore preparation, water treatment and waste storage dam, as well as an increase in total workdays.

- Studies on the recovery of scandium, a rare earth element present in the ore,
- Investment in a fixed sieve system investment for sieving the ore on-site and achieving cost advantage,
- Natural gas pipeline investments for the commissioning of the natural gas line in Gördes,
- Investments in achieving energy efficiency by optimizing the lines feeding steam to the autoclave used in the HPAL system,
- Gold recovery from Keşkektepe ore,
- Investment in a Nickel-Cobalt Sulfate/Derivatives Production Facility that will produce sulfate-alloyed nickel and cobalt sulfate, raw materials used in lithium batteries, out of intermediate hydroxide precipitate,
- Investment in a 750,000 tons/year capacity Sulphuric Acid Plant to reduce sulphuric acid costs and reduce environmental impact,
- Investment in the second phase of MHP and Nickel - Cobalt Sulphate/Derivatives Plant,
- Waste reduction and waste recycling.

The Gördes plant is expected to reach full capacity utilization in the years ahead with the completion of the planned improvements in ore preparation, water treatment and waste storage dam, as well as an increase in total workdays. Collaborations with TÜBİTAK and universities for extending equipment and equipment lifetimes are also underway.

Three R&D projects were submitted for TÜBİTAK grant, these involve remedying process-related problems, reducing costs, expanding the product range, producing raw materials for high-tech products, and developing battery cathode raw materials. Of these projects;

- “Production of Cobalt Sulphate from Gördes Lateritic Ore Through Mixed Hydroxide Precipitate Intermediate by Solvent Extraction” was approved by TÜBİTAK on June 20, 2019,
- “Recovery of Concentrated Scandium Compounds from Gördes Nickel Cobalt Plant Waste by Ion Exchange and Solvent Extraction Methods” was approved by TÜBİTAK on August 20, 2019,
- “Development of Cathode Active Material Production Process from Domestic Raw Materials, Pilot Scale Process Equipment Design, Prototype Battery Manufacturing and Performance Tests” was approved by TÜBİTAK on January 13, 2020.

Mining- Metallurgy

The Environment Working Group implemented the first phase of META Wastewater Recovery Project in 2017. 1.8 million m³ of water will be reclaimed from the waste storage dam to meet 65% of the plant's water demand. In 2020, 2 million m³ of water was fed back to the plant, reducing the amount of water intake from natural resources.

Sustainability efforts

META participates in the sustainability working groups established within Zorlu Holding.

- The company joins the Employees Working Group under Zorlu Group's efforts towards gender equality, shares its decisions with senior management, and carries out initiatives towards raising awareness. The group develops suggestions for increasing the number of female employees in all levels of the company, as well as for meeting the needs of female employees. 48 personnel of Meta Nikel Kobalt Madencilik AŞ joined Zorlu Group's Kuvılcımlar volunteer movement initiated in 2019 and logged 233.5 hours of volunteer work in total in 2020.
- The R&D Center submitted three projects to TÜBİTAK, and the projects titled "Production of Cobalt Sulphate from Gördes Lateritic Ore Through Mixed Hydroxide Precipitate Intermediate by Solvent Extraction", "Recovery of Concentrated Scandium Compounds from Gördes Nickel Cobalt Plant Waste by Ion Exchange and Solvent Extraction Methods" and "Development of Cathode Active Material Production Process from Domestic Raw Materials, Pilot Scale Process Equipment Design, Prototype Battery Manufacturing and Performance Tests" were approved for a grant.
- The Environment Working Group implemented the first phase of META Wastewater Recovery Project in 2017. 1.8 million m³ of water will be reclaimed from the waste storage dam to meet 65% of the plant's water demand. In 2020, 2 million m³ of water was fed back to the plant, reducing the amount of water intake from natural resources. Other components of this integrated project, including Waste Dehydration and Wastewater Treatment Plant investments are complete, and testing is underway. The plant is expected to meet the entirety of its water demand through recycling, thus eliminating the use of water from natural resources by 2021 as all facilities are commissioned.

Other Activities



Other Activities

Zorlu Air Havacılık AŞ (Zorlu Air)

Zorlu Air started its operations under Korteks in 1992. It emerged as an independent air charter company in 1996. As of 2021, Zorlu Air renders safe and quality services to its clients with:

- one 2016 AW-139 VIP helicopter with a passenger capacity of six to eight,
- a 2002 Bell-430 VIP helicopter with a passenger capacity of six, and
- a 2012 Gulfstream G-450 Large Cabin aircraft with a passenger capacity of 14.

All of these aircraft were added to Zorlu Air's fleet on their year of manufacture.



Zorlu Faktoring

Zorlu Faktoring AŞ ("Zorlu Faktoring") was established in 2012 to deliver factoring services in Turkey and abroad.

Zorlu Faktoring's main line of business is domestic revocable factoring transactions, and the company's main customer group includes medium- and large-scale enterprises, as well as industry leaders with widespread supplier and dealer chains.

In line with the principles of its parent company, Zorlu Holding, Zorlu Faktoring focuses on providing reliable, consistent and trustworthy services to all industries and enterprises that shape Turkish economy.

Zorlu Grand Hotel

Launched in 1997 in the city center of Trabzon, Zorlu Grand Hotel is Zorlu Group's first tourism investment. The hotel has a capacity of 160 rooms, including 14 suits, 26 deluxe rooms, and 335 beds.

Situated in a central location only four kilometers from the airport, Zorlu Grand Hotel is the first five-star hotel of the region with six multi-function meeting halls, a spa and a variety of restaurants. The hotel hosts the most important congresses, seminars, business meetings and social events.

Zorlu Grand Hotel is also the only green-starred hotel in the region, pioneering the service industry with its characteristic architecture and comfort.



ABH Turizm Temsilcilik ve Ticaret AŞ

JULES VERNE BUSINESS MICE TRAVEL

Since 1998, Jules Verne Business Mice Travel has been organizing distinctive “Corporate Trips”, “Corporate Events” and “Personalized Travels” across any part of the world and acts as a solution partner for institutions and individuals alike through its seasoned team of 65.

The vision of Jules Verne Business Mice Travel, which joined Zorlu Group in 2004 and became stronger is to become a pioneering and exemplary organization that is reliable, creative, dynamic and solution-oriented, adding value to its customers in the global competition with its global-mindset, new technologies and practices, team spirit, and know-how.

Inspired by the futurist, adventurist author Jules Verne managing to live “beyond time and in a timeless spirit”, Jules Verne Business Mice Travel sets trends with its creative and innovative projects and travels without borders while enabling all the institutions and individuals with which it embarks on a journey to live the future, not the present.

As of the beginning of 2020, Jules Verne Business Mice Travel made many breakthroughs to adapt to the emerging sector and market conditions. Through additional organizational structures within the company, changes and developments in business processes and operational models, many different studies for brand value maximization, innovations in customer communication and loyalty strategies, and, most importantly, great rises in product developments and investments especially for travel and event technologies, the company focused on the “Digital Leap”.

The recent trend shaping the tourism industry on a global scale is transition from offline travel agencies to online travel agencies. With the advancement of travel technologies, everything became accessible and connected via the internet and the “Online Platforms” specific to agencies. These systems greatly help the travel and tourism industry streamline processes, improve customer experience and save on time and budget. In this respect, Jules Verne Business Mice Travel launched two very important digital products:

JVSMART is an “Online Business Trip Procurement & Reservation Platform” that enables companies to quickly plan their business trips on their own via their computers or phones without e-mail or telephone traffic with the agency, quickly sort out internal approval processes through the travel policies they will set in advance, and easily check the compliance of the processes with travel policies by creating instant online reports, enable the organization to save money by optimizing travel expenses, and a smart system enabling them to manage reservations and procurement operations concerning all domestic and international flight ticket & accommodation & car rental & transfer services on a single platform 24/7 in a fast and secure manner within the framework of their travel policies.

JOIN is a platform responding to all needs of corporate events and organizations, offering uninterrupted and high-quality broadcasting and enabling participants to enjoy the experience of actual/live meetings in an online fashion. Thanks to the JOIN platform, it becomes much easier to organize product launches, executive meetings and press conferences, etc.

www.julesverne.com.tr

JABIROO

Jabiroo.com.tr provides online, custom-designed travel experiences, a first in Turkey, with the motto “Travel Differently with Jabiroo!”.

Jabiroo.com.tr offers personalized travel itineraries and innovative solutions developed by travel advisors and curators, targeting clients who are looking for an excellent vacation experience.

Developed by travel design experts, these personalized itineraries take into account all expectations of the client, and include a wealth of useful information and recommendations about all aspects of the vacation, from recommended destinations to accommodation guides, local cuisines, and transportation.

Jabiroo.com.tr not only provides special information for the prospective travel, but also makes hotel and restaurant reservations and transportation organization.

www.jabiroo.com.tr

Human Resources



Human Resources

As Zorlu Holding Human Resources Group, our priority is to reinforce permanence by making our human resources and institution ready for tomorrow, and to ensure the sustainability of the professional human resources that will carry the Group into the future.





Human Resources



We endeavor to create a working environment that enables our colleagues to feel precious and safe and recognizes achievement. Thus, we develop an inclusive corporate culture so that our human resources can fully utilize their talents, and allow our employees to become the part of a dream of a better future and a sustainable world.



Necmi Kavuşturan
CHRO, Zorlu Holding

At Zorlu Group, we believe that our employees constitute our biggest asset. In line with our Smart Life 2030 vision, we shape the future with the strength we derive from our human resources. The loyalty, commitment and passion of our colleagues play a critical role in realizing our vision.

With this mindset, we continue to create an inclusive corporate culture that recognizes achievement and allows employees to fully utilize their talents. We empower our employees to join our aspiration for a better future and a more sustainable world.

Highly motivated, qualified and competent employees

At Zorlu Group, effective performance management, career management and training programs, continuous development, digitalized HR applications, recruitment and development of young talents are among the main areas of focus for human resources. They are also essential for the sustainability of an organization powered by highly motivated, qualified and competent employees.

We follow and adopt new, trend-setting human resources practices from across the globe to create an environment where creative and productive talent can thrive. Through an array of training programs, we help establish the necessary infrastructure that will both provide personal development opportunities for employees and create value for our group.

Digitalizing HR practices make life easier for our colleagues. They also make our way of doing business more digital and smarter with each passing day, enabling us to guide the development of the next generation of human resources. For us, continuous development is not only essential for enhancing employee performance and productivity, but also their loyalty. Accordingly, we prioritize continuous development of our entire workforce in addition to recruiting and developing young talents.

The constant goal of Zorlu Holding Human Resources Group is to ensure the organization's continuity and employ and develop the talent that will carry the group into the future. Zorlu Holding certified all its human resources processes before national and international community in accordance with KAGIDER's (Women Entrepreneurs Association of Turkey) Equal Opportunities Model.

A leading player in Turkish economy, Zorlu Group employs more than 32,000 people in over 60 companies.

Human resources is the most valuable asset of Zorlu Holding. Zorlu Holding believes that innovative ideas and projects by qualified and motivated employees will enhance its competitive edge in all sectors and ensure sustainable growth.

Improving human resources practices in light of global and national best practices, Zorlu Holding Human Resources focuses on creating a satisfying working environment and maintaining the best employment conditions. The group also provides systematic training programs and all-around personal development opportunities for its employees.

In its recruitment processes, Zorlu Holding gives priority to candidates who are open to improvement and change, and display the ability to adapt to the corporate culture of Zorlu Group.

Zorlu Holding and its affiliated companies do not discriminate on the basis of language, religion, race, or gender in any of their business processes, including recruitment.

As a signatory of the UN Global Compact, Zorlu Holding strives for full compliance with the Ten Principles governing work environment and human rights, and continues its efforts to fulfill its commitments.

As of the end of 2020, Zorlu Group has a workforce of 32,059. 72% of the employees are blue-collar while 28% are white-collar.

BREAKDOWN OF ZORLU GROUP EMPLOYEES BY INDUSTRY

Industry	Number of Employees* (31.12.2020)
Consumer Electronics & Household Appliances	20,161
Textiles	6,834
Energy	3,020
Real Estate	820
Mining-Metallurgy	667
Other	557
Total	32,059

Zorlu Holding Human Resources Policy

In its human resources management activities, Zorlu Holding is guided by an understanding that passionate, determined, professional and competent employees are essential to achieving its corporate goals.

Holding companies hire candidates who have not only expectations but also aspirations, who pursue excellence rather than being content with the mediocre, and share common values, all based on the principles of equal opportunities and non-discrimination.

* The figures include employees working in the international operations of the relevant sectors and subcontractors serving the companies.

Human Resources

The main pillars of Zorlu Holding's Human Resources Policy are:

- a remuneration system that recognizes achievement, and a transparent performance management,
- career management that supports entrepreneurship and training programs.

In line with Zorlu Holding's corporate goals and principles, the human rights management is based on meticulous employee selection and placement processes, focusing on assigning the right person to the right position.

At Zorlu Holding, competence is the determining factor in recruitment. Suitable candidates are evaluated, and those deemed to possess the necessary qualifications for the position are invited for interviews.

The recruitment process makes use of personality inventories, foreign language proficiency tests, general aptitude tests and interviews to assess a candidate's suitability for the position. Candidates who are found suitable are made a job offer by the Human Resources Department.

Orientation is regarded as the key component of the recruitment process of all Group companies, and new recruits are offered a broad range of support to strengthen their bond with the Zorlu Group and facilitate their adaptation to their new company. Our goal is to enhance employee loyalty by offering the best possible working experience at Zorlu Group. Zorlu Holding conducts its performance management activities with a view to fostering a culture of high performance, and develops the performance system based on corporate strategies.

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.

Zorlu Holding Remuneration System developed from a rational perspective and based on pre-set parameters

Informed by market conditions and Group dynamics, Zorlu Holding's Remuneration System is based on employee position, the Group's remuneration policy, and performance parameters.

Zorlu Holding Remuneration Policy may vary within each Group company, as it is based on their existing compensation practices, market positions, and competitiveness. The Remuneration Policy also includes several employee benefits for in accordance with position.

Training and development activities based on equal opportunities

The group plans and implements training and development programs to enhance the competence of human resources.

Zorlu Group's training and development activities are carried out in accordance with the principle of equal opportunities. Based on tested and valid analytical methods, human resources training and development activities help enhance the personal and professional development of employees as well as encourage them to keep up with the development in not only their particular profession, but the industry at large.

Training programs within the Group are planned according to areas of improvement identified by performance assessments.

Following are some of the many areas in which Zorlu Holding organizes annual training programs based on the fields of activity of Group companies:

- Personal Development,
- Technical Skills and Expertise,
- Managerial Skills,
- Finance,
- Law,
- Sales & Marketing,
- Production.

There are also personalized competence development training programs offered for managerial positions across Group companies.

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.

The Management Trainee (MT) program and other programs for new graduates aim to help graduates adapt to Zorlu Group and boost their competencies required in their respective positions.

These programs are carried out in cooperation with the leading universities in Turkey and fulfill an important mission in terms of industry-university collaboration.

Vestel Group’s multi-dimensional efforts to strengthen its human resources infrastructure and their competences

Vestel Technology and Business Administration Academies play a key role in boosting and enrich the technical capabilities of engineers and administrative staff at Vestel Group.

Training programs and Academies help improve the professional, technical and intellectual competencies of employees. The training programs are given by academics and scientists as well as experts from various fields, and help contribute to the development of new technologies and innovations.

Through Training and Development Programs, Vestel Technology Academy offers employees personal development as well as education opportunities.

Vestel Technology Academy is a training program intended for maximizing employee motivation and productivity through training programs, and as a result facilitating the development of cutting-edge technologies which will consolidate Turkey’s position in global markets.

Developed in collaboration between Vestel Group and Özyeğin University, Vestel Technology Academy offers lifelong training opportunities for participants, as well as technical trainings for engineering personnel to further their experience and expertise in their respective fields. Guided by this vision, Vestel Technology Academy continued to offer graduate programs in Computer, Electrical & Electronics, Industrial and Mechanical Engineering within 2020 academic program.

The project has fulfilled its starting goal of “bringing the university campus into the company.” In 2020, 167 students are currently attending courses at Vestel Technology Academy and 294 graduated.

In-house academicians are also involved in the program, which contributes to the education life of employees, in order to respond to the requests of students for the opening of new courses and to benefit from the academic knowledge and career experiences of the employees who have completed their PhD education.

For this purpose, CVs were evaluated by Özyeğin University and employees who fulfilled the prerequisites were appointed to the program as “Adjunct Faculty”. During the 2019-2020 academic year, one of such employees started teaching in Electrical & Electronics Engineering.

Vestel MT Program aims to create value-added for Vestel by training the candidate managers of the future.

Developed for new graduates, Vestel’s Management Trainee (MT) Program is aimed at final-year students from engineering faculties who wish to improve their technical competencies, as well as economics and administrative sciences students who plan a career in non-technical fields, with the goal of attracting successful students from across Turkey to Vestel.

Human Resources

Designed to prepare high-potential candidates for a future role in Vestel's management, the program has been offered since 2010. The 11th MT Program was completed in 2020.

The young talents applying for the MT Program undergo a comprehensive assessment process before enrollment. The 11th MT Program in 2020 received a total of 8,757 applications. Of these applicants, 30 candidates successfully completed all stages of the meticulous assessment process and started attending the 11th MT Program.

30 participants were offered a broad range of opportunities to develop their skills in various fields over a course of four months. As part of the program, management trainees undergo various personal development programs to guide them on their upcoming career.

At the same time, the internship program executed within the company offers an experience-oriented and enriched program that brings together the reflections of theoretical knowledge in business life with practice for manager trainees.

Zorlu Tekstil Talent Management Programs aim to train human resources equipped with the competencies of the 21st century.

Zorlu Tekstil New Graduates Program welcomes new graduates who will represent the next generation of achievement at Zorlu Group. Undergoing various stages to be eligible for the MT program, participants are offered a broad range of opportunities to develop their skills in various fields over a course of four months.

In the last of the MT programs organized since 2004, theoretical and practical trainings were offered to 42 newly-graduated engineers, who were deemed suitable out of 3,600 applicants, in cooperation with the Textile Engineering and Business Administration Departments of Istanbul Technical University. New graduates who complete the practical and theoretical trainings are employed at Zorlu Textile Group.

Their technical and personal development will be sustained throughout 2020-2021 with follow-up training programs. MT offers employees the opportunity to utilize their training in their professional career with projects they develop under the mentorship of their supervisors.

Prepared in cooperation with Bahçeşehir University, the online master's program offers employees equal education opportunities and academic education support.

Zorlu Tekstil was among the participants of the Executive MBA training program introduced in cooperation with the Turkish Exporters' Assembly and Istanbul University under the Turquality Brand Executive Development Program.

In addition, all store managers took part in evaluation activities to identify areas of improvement, initiating development programs aimed at these areas.

It is essential that the trainings received by Zorlu Enerji employees contribute to the development of the company as well as themselves, and that they are related to the company's vision and goals.

At Zorlu Enerji, employees are offered many development opportunities that will enable them to improve themselves and what they do. Many practices have been implemented in the company, such as gaining on-the-job experience, guided learning, classroom and online training. In addition to the trainings offered by Zorlu Academy and external training companies, Management Days are also organized for the management staff.

In 2020, online training was prioritized due to the COVID-19 pandemic. Throughout this process, Zorlu Academy contents were enriched and digital learning opportunities were offered to employees.

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 strategic approach based on the UN Sustainable Development Goals (SDGs), Zorlu Holding and Group companies have the necessary drive and resources to conduct effective operations towards societal development.

Zorlu Holding, which values dynamism, innovation and creativity in all its business processes, is focused on creating an inclusive and diversity-driven corporate culture and getting one step closer to achieving equality in the business world and society in general.

Zorlu Holding and Group companies support women's empowerment in social and economic life, and increasing their participation in the workforce, having embraced this approach as a corporate policy that governs all human resources processes.

All Zorlu Group companies aim to increase the number of female role models and leaders within their organization and to ensure equal representation of women in their senior management. The Group pledges to advocate gender equality in all discourse and internal-external communication as it strives to spread awareness on this ambition among all stakeholders, from stakeholders to customers.

In line with the Smart Life 2030 vision, all gender equality-related efforts of the Group are coordinated and led via the **Eşit Bi'Hayat** (An Equal Life) approach. The Gender Equality Committee, which is made up of senior executives, and the Gender Equality Working Group, formed of volunteers from Zorlu Group companies, work towards developing new projects in line with the Gender Equality Declaration.

Published in 2020 to encompass Zorlu Holding and all Group companies, the Domestic Violence Prevention Policy ensures the physical and psychological health and safety of all employees are fulfilled and aims to create a working environment that is egalitarian, safe and does not tolerate any form of violence. The policy is committed to raising the awareness of all employees about domestic violence, and creating support and assistance mechanisms where employees and their children exposed to domestic violence can share their situation in confidence and confidentiality.

In line with the goal of establishing a gender-equal workplace, Zorlu Holding promotes and supports gender equality within group companies, guided by the United Nations Women's Empowerment Principles (UNWEP), which the Holding signed in 2015, and Goal 5 of the UN Sustainable Development Goals.

As of the end of 2020, 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. The group encourages women to assume active roles within the organization.

Zorlu Enerji considers developing a working culture and environment that constantly considers diversity and inclusion criteria among its main priorities.

Zorlu Enerji aims to instill gender equality, combat the prejudices driven by the concept of sexism, strengthen the position of women in business life and ensure their sustainability.

Created under the partnership of the United Nations Gender Equality and Women's Empowerment Unit, the Women's Empowerment Principles (WEPs), of which Zorlu Enerji is a signatory, draws a roadmap intended for strengthening women's position in corporate life and society.

From the perspective of diversity, a cooperation agreement was signed with the Women in Geothermal Platform (WING). We hosted the 2020 International Women's Day Special Program by the Turkish Women in the Renewable Energy Sector Platform (TWRE) and supported the mentoring program initiated by TWRE for industry professionals with 6 female engineers.

Launched in cooperation with the European Bank for Reconstruction and Development (EBRD), the Gender Equality project's interim evaluation was completed in 2020 and the project was shared through BinYaprak platform during the panel encompassing various companies in the energy sector.

Human Resources

Projects Introduced Under Gender Equality:

Confident Mentoring and Us

Handled under Gender Equality and observing gender equality in participation, the mentoring program is a development program based on bilateral learning and volunteering, in which the management team is involved as mentors and employees as mentees.

Rotation at Work

Under the program, female employees experience different tasks through rotation, gain new competencies by engaging in different tasks within a certain period of time, and develop their leadership skills.

Support for Mothers

Zorlu Enerji also supports its mother employees in business life. Part-time working or unpaid leave options are offered to employees for their adaptation to both their new roles and working life after birth. In order to both support the work-motherhood life balance of employees and meet the requirements of business life at the same time, a substitute employee is provided with a fixed-term employment contract for the duration of the leave period.

Parent Coaching Program

Under Zorlu Tekstil's GE practices, the Parent Coaching Program consisting of 5 modules was introduced with the participation of mothers and fathers at all locations of Zorlu Tekstil.

Other Human Resources Activities Within Zorlu Group Companies

Human resources IT systems used by Zorlu Group companies are currently being transitioned to a next-gen cloud-based model as part of the Zorlu Group Human Resources IT System Digital Transformation project. This comprehensive transformation project was initially launched in 2019 with the Performance Management System. The project was also organized in 2020 with the transition of other modules including employee master data management, self-service applications and many HR applications.

When completed, the project will offer a unified Human Resources information technology infrastructure across the Group. The digital transformation of human resources processes also represents a significant step towards raising the bar in employee experience. With user-friendly interfaces, employees will be able to participate more conveniently in human resources processes, which will be also made faster and more effective through mobile support.

Corporate Well-Being Program "We Are Good Together"

"We Are Good Together" Corporate Well-Being Program was launched in 2020, supported by the website and mobile application.

Also covering the families of Zorlu Group employees, the program offers up-to-date content on many topics such as psychological and healthy nutrition counseling, sports trainer support, anxiety and stress management, parent and child, good sleep, relationships, and personal development, and provides useful suggestions and services. Seminars are held in line with the emotions, sleep, mobility and interests of Zorlu Group employees.

Zorlu Group Online Internship Program

An online internship program was organized in August 2020 with the participation of 138 students from more than 50 universities, with the aim of supporting young people having difficulties in finding internship opportunities due to the COVID-19 pandemic.

Under the 4-week internship program, which was launched with the participation of experts in their respective fields, offered comprehensive webinars on many different topics from work experience to personal development, e-trainings, project activities and digital meetings with managers and experience opportunities were offered to prepare young people for the business world.

Students were also provided with the opportunity to benefit from the rich content of Zorlu Academy during their internship period. Completed with positive feedback and aiming to prepare young people for the business world, the internship program is planned to be carried out online in 2021 by further enriching its content and scope.

Group companies continued their efforts to boost employer brand perception in 2020.

Guided by its approach to “be present wherever talent is.”, Vestel develops change and development strategies. To attract the young talent required to support its rapid growth, Vestel kickstarted its employer brand journey in 2013 with the “Vestel at the Campus” project. Via this project, Vestel aims to create alternative channels to reach promising candidates and discover young talent at university campuses prior to their graduation.

Vestel values the ideas and creativity of the youth. To this end, the Company met young talents and participated in 12 career fairs from different schools throughout 2020. By participating in these fairs, the company took part in different projects with students, and contributed to the development of students while also having the opportunity of observing their creative ideas.

Vestel also carries out a Workplace Practical Training project, which takes the form of a long-term internship model designed to expand the company’s candidate pool and facilitate access to talent. In this context, the company has several ongoing collaborations with various universities, which offer both vocational and engineering education. The primary goal of this project is to introduce students from relevant branches, particularly those who are in the final year of their degree, to Vestel in order to prepare them for a future career at the company. The project also allows the departments of the company to evaluate the skills and performance of prospective candidates before recruitment.

Engineering faculty graduates have the highest share among Vestel recruits due to the nature of the company’s fields of operation. Engineering students in Turkey must complete a mandatory internship before becoming eligible for graduation. In this context, Vestel offers several short-term internship opportunities for engineering students every year in its production

and R&D departments. In addition to engineering, students from economics and administrative sciences and other branches are offered internship opportunities in financial affairs, sales, human resources and relevant departments of Vestel to help them gain professional experience and explore career options.

Zorlu Real Estate Group adheres to the principles of Zorlu Holding and Smart Life in its HR practices pertaining to the five functions of Zorlu Center.

Prioritizing “employee satisfaction”, Zorlu Real Estate Group took important steps towards employee commitment, bolstering commitment significantly and reaching its targets. The group also focuses on activities aimed at students, and collaborates with universities during the academic year to help prepare students for their future career. The support programs of the group also include internship programs for vocational high school students. Career roadmaps for executive positions represented another significant step taken in 2020 towards the company’s sustainability vision.

Korteks continued its Kaizen activities in 2020 to promote innovative ideas, sustain improvement activities, and encourage employee engagement in this system in an effective way. A total of 215 employees contributed to process improvements with their suggestions. Carried out under Kaizen studies, the “Efficiency and Digital Transformation in Air Conditioning Systems” project won the first place in the Energy Management category of the Sustainable Business Awards organized by the Sustainability Academy at national level.

We continued to organize face-to-face and online trainings at Korteks. Accordingly, the “First-Level Manager Development Program” was implemented for first-level managers at Technician and Foreman levels. In addition, 59 employees were employed within the scope of the On-the-Job Employment Program (OEP) intended for preparing blue-collar employees for the business world through on-the-job training.

Human Resources

The company also continues university-industry collaboration activities with particular focus given to universities in the region. Meanwhile, in collaboration with Uludağ University, the “2244 Industry PhD Program” is carried out to enhance the pool of competent, PhD graduate employees in the textiles industry, which is in high demand.

In the mining-metallurgy industry, META expands its collaborations with universities. META also participates in university career days to introduce Zorlu Holding and the mining-metallurgy industry to students.

At the same time, through Mehmet Zorlu Foundation (MZF), META offers scholarship opportunities to 101 high-achieving students living in Gördes and the neighboring villages. Previous MZF scholarship recipients are also offered employment opportunities at the company. As part of a joint initiative with Gördes Vocational and Technical High School, contributions were made to the vocational internship programs at META Gördes facility.

Under the Vocational High School Coaching Program, students were offered coaching support regarding their business life, field of study and career choices. As per the protocol signed with Gördes District Governorate, support was offered to the young population living in Gördes and the surrounding villages to acquire sports habits. 66% of employees at the Gördes facility are locals, as creating jobs for the local community is an important environmental and social responsibility goal, as is contributing to the progress and development of the region.

Occupational health and safety norms fully compliant with international standards

Zorlu Holding goes well beyond regulatory requirements and endeavors to create a healthy, safe and decent 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.

Accordingly, Group-wide practical and interactive training programs are offered to employees to inform about occupational health and safety risks that might be faced in the workplace; these training activities are supported by OHS scenario drills as well as information brochures.

Zorlu Holding focuses on occupational safety as part of its sustainability initiatives in order to maintain its zero occupational accident rate.

Employee commitment and satisfaction are crucial components of the sustainable success and performance of Zorlu Holding.

Fully aware that its human resources are its most valuable capital, Zorlu Holding carries out planned activities to reinforce employee motivation, commitment and loyalty, which are crucial components of the successful and sustainable performance of the Group companies.

Employee commitment and satisfaction are regularly measured through various tools and Group-wide surveys. In addition, analyses are carried out to identify the factors that contribute to employee loyalty in particular, which inform action plans to develop and implement initiatives that will reinforce employee commitment and enhance employee experience.

In 2020, Vestel organized “Big Dreams from Small Hands!” contest as part of the 23 April National Sovereignty and Children’s Day celebrations. Children of the employees competed in 3 categories under the concept “The Children’s Day in My Dreams”. The children coming the first in their respective categories during the contest were entitled to receive education scholarship from Mehmet Zorlu Foundation until their graduation from the high school.

Throughout the pandemic, Zorlu Tekstil’s Human Resources Hotline was launched, offering instant support to all employees on the standards for working from home, leave procedures, and remote working processes.

Zorlu Holding attaches great importance to corporate volunteering, driven by the philanthropy that is ingrained in its culture.

Activities under the Corporate Volunteering Program “Kıvılcımlar (Sparks) Movement” gathering corporate volunteering projects under a single roof in line with Zorlu Group’s social benefit-oriented approach were performed in 2020 as well.

At the “13th Awards from the Heart”, the most prestigious awards on employee volunteering organized by the Private Sector Volunteers Association (OSGD) in order to support and mainstream volunteering activities in the private sector and recognize good examples making a difference in the society, Vestel Beyaz Eşya was awarded with the “Most Creative Volunteering Project” award through its “We Overcome Barriers with Vestel/Walker Project” and Zorlu Holding with the “Most Successful e-Volunteering Project” through its “Kıvılcımlar Movement/Career Talks Project”.

In line with Zorlu Holding’s social benefit-oriented approach, e-volunteering projects were developed in cooperation with CSOs that are the members of Açık Açık platform. In this context, Kıvılcımlar Movement took part in many different projects such as the translation of documents, funding research and reading fairy tales for children receiving cancer treatment. Volunteering projects developed by Kıvılcım members were launched in 2020, and priority was given to projects that could be considered as e-volunteering due to the pandemic period.

Nearly 100 secondary and high school students were reached through the profession promotions designed as an e-volunteering project developed by Kıvılcımlar Movement. Projects developed by Kıvılcım members will continue to be implemented in the upcoming period.

In line with its core values, Zorlu Holding supports the establishment of social clubs intended for strengthening the bonds between its employees and boosting their morale and motivation.

Clubs active in social, cultural, artistic and sports fields within the Group support the development of hobbies for the employees and contribute to their personal development. Besides, they enable them to strike a work and private life balance and offer an opportunity to improve communication and cooperation between employees.

Zone: A communication platform gathering Zorlu Holding employees under a single roof

Accessible by all Zorlu Group employees, Zorlu Holding’s intranet platform Zone is a communication platform bringing together employees working at different locations. In addition to information and activities for Zorlu Holding and its Group companies, events, news articles and social information are also shared through the Zone.

Dialogue Conference and Küçük Bi’Mola

A series of events aiming to expand the vision of Zorlu Group employees, the Dialogue Conference is hosted by the CEO of Zorlu Holding every month. The event aims to enrich the employees’ knowledge of the global and Turkish agenda and strengthen the dialogue environment by paving the way for the discussion of economic, political, social developments and transformations with the participation of experts and from different perspectives.

Küçük Bi’Mola is a series of events that aims to support sustainable well-being among employees and enable them to act in individual and business life under the principle of resilience and agility. The event is monthly held on various topics such as the steps that can be taken individually in the field of healthy nutrition and sustainability as well as speeches and workshops for physical and mental health.

Nearly 5,000 employees annually meet at these events, where experts in different fields participate as speakers and deliver presentations.

Mehmet Zorlu Foundation



Mehmet Zorlu Foundation

Mehmet Zorlu Foundation is a corporate social responsibility initiative focused on education, culture & arts, health and social solidarity, guided by its philosophy of investing in the future of Turkey.





Mehmet Zorlu Foundation

“

In 2020, Mehmet Zorlu Foundation continued its dedicated efforts towards creating value for the society.

”



Necmi Kavuşturan

Executive Board Member, Mehmet Zorlu Foundation

Since its inception, Zorlu Holding has embraced a philosophy of producing and creating value for its country at every step of the way. In all of our fields of operation, we endeavor to create solutions for societal challenges, and to create common value and benefit for the community.

We have inherited this vision from our Group's founder, Hacı Mehmet Zorlu, and the Mehmet Zorlu Foundation (MZF), named after him, has been undertaking charity efforts since 1999 in a broad range of areas, most notably education, as well as culture & arts, health, and social solidarity.

As a Group designing the future today, one of our focal areas is quality education in line with the UN Sustainable Development Goals. In today's stunning pace of transformation, we believe that the momentum of the world and the emerging ways of doing business profoundly affect the youth and make traditional education schemes inadequate.

We are fully aware of the challenges faced by the society and invest in the future accordingly with the schools we develop, scholarships we offer, and our role in the MZF-MEF 21st Century Competencies Awareness Program, all part of our aim to help the youth acquire the skills required by the new world order and create lasting value and benefit for our country by helping train competent human resources.

We thank all of our stakeholders who embrace and contribute to our vision, and offer direct and indirect support to our efforts towards creating value.

Zorlu Holding carries out corporate social responsibility efforts through MZF.

Zorlu Holding carries out its social responsibility activities for creating lasting social benefit through the Mehmet Zorlu Education, Health, Culture and Solidarity Foundation (“MZF”) established on April 25, 1999.

MZF’s activities are focused on education, culture & arts, and health and social solidarity. Committed to investing in the future of Turkey, MZF has pledged to continuously increase its contribution to youth education, culture & arts and sports.

MZF finances its social responsibility activities using its rent and interest revenues as well as donations from Zorlu Group companies.

MZF offered scholarships to more than 25,000 students to date, including in the 2019-2020 academic year.

MZF provides a range of scholarship opportunities in education, as well as in-cash and in-kind aid to schools, associations and foundations. Every year, around 2,000 students receive MZF scholarships.

Scholarships continue until the graduation of students, depending on their individual achievement and support needs. As of the end of 2020, MZF scholarship program’s scope includes 33 universities in Turkey.

40% of MZF scholarship recipients are primary or secondary education students, while the remaining 60% are university students.

In addition to scholarship opportunities, MZF also builds schools in various regions of Turkey to enable young people to realize their aspirations through better education. MZF has built eight schools to date, and contributed to the development and renovation of many universities, high schools and primary schools in Turkey.

MZF-MEF YetGen 21st Century Competencies Education Program: a comprehensive education program that offers young people with opportunities to enhance their skills, experience and competencies

With the youth at the focus of its social responsibility efforts, MZF participates in the MZF-MEF YetGen 21st Century Competencies Education Program designed to help young people prepare for the future by acquiring the necessary academic, technical and professional knowledge, as well as the life skills and adaptation capabilities required for the 21st century.

Introduced in 2016 and having been continuously improved since, the MZF-MEF YetGen 21st Century Competencies Education Program aims to equip high school and university students with the skills, competencies and awareness they require in order to adapt to today’s rapidly evolving world, offering a broad range of courses on Career Planning, Presentation Techniques & Teamwork, Introduction to Algorithmic Thinking, Excel, Literacy for the 21st Century, Technology Literacy, Entrepreneurship, Sustainability and Social Innovation, Self-Development & Active Citizenship and Transition to the Business World.

Trainings held digitally in 2020 due to the pandemic were enriched with practices such as graduation project, summer internship and post-internship experience.

MZF’s systematic contribution to healthcare

MZF offers medicine, medical product and equipment aid to persons in need of assistance, as well as support and donations to several institutions and associations on healthcare.

MZF carries out culture & arts activities through Zorlu Children’s Theater.

Zorlu Children’s Theater was established by MZF in 2003. In the 17 years since its founding, the troupe staged 1,328 performances of 14 plays, reaching an audience of 895,000 children.

Having performed a number of well-known plays such as the Heart of Music, the Town Musicians of Bremen, the Frog Prince and Frozen, Zorlu Children’s Theater has also expanded its repertoire with self-produced plays drawing from the imaginations of children from 2016 onwards. These include the Carnival Planet, the Cardboard City, and the Dream Stealing Witch.

Enriching children’s inner world and imagination with its range of entertaining and educational plays, Zorlu Children’s Theater has received numerous international awards through the years.

Institutions of which MZF is a Stakeholder

Through the Education Reform Initiative aiming to develop education reform policies that will be instrumental for boosting social and economic development in Turkey under the goal of “Quality education for all”, MZF supports the Teacher Network forming a community allowing for developing solutions for the needs of teachers with the help of teachers, consolidating the resources needed regarding education and ensuring sustainable empowerment.

Audit



Audit



Zorlu Holding Audit Department aims to ensure the effectiveness and efficiency of audit operations while also prioritizing development of projects to improve functions across the Group.



Billur Demet Atan

Audit General Manager, Zorlu Holding

As Zorlu Holding Audit Department, we continue to employ an effective, transparent and high-efficiency approach as we work to ensure that company activities are carried out in full compliance with applicable legislation, and as a result, support Zorlu Group in reaching its targets.

Zorlu Holding Audit Department aims to ensure the effectiveness and efficiency of audit operations while also prioritizing development of projects to improve functions across the Group in short term as well as medium and long term.

Organization and Activities of the Audit Department

The internal audit of Zorlu Group companies is carried out by the centralized Internal Audit Department operating within Zorlu Holding since 2000.

The Internal Audit Department conducts board-approved audit programs in line with International Internal Audit Standards and statutory requirements.

The Internal Audit Department presents its findings to the Board of Directors via both audit reports prepared after each audit, as well as annual reports detailing all audit results. It shares the same information with the relevant units of the companies whose Audit Committees and Group CEO organizations are complete.

Established in 2021 to conduct financial audits within all Group companies, the Financial Audit and Tax Audit Departments commenced their activities in 2012. In the last quarter of 2013, the Internal Audit and the Financial and Tax Audit departments were gathered under the umbrella of Zorlu Holding General Directorate of Audit and Internal Control.

In accordance with the changing needs of the Zorlu Group, the Tax Audit Department was restructured as Tax Audit Directorate as of December 1, 2015, while the Internal Audit Department was restructured into two distinct directorates, namely the Internal Audit Process Oversight and Internal Audit Inspection Oversight as of January 1, 2016.

Following the completion of the organizational restructuring process in the General Directorate of Audit and Internal Control for the execution of internal control activities separately in 2017, the General Directorate of Internal Control began operations as an independent unit as of January 1, 2018.

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

Internal Audit Activities

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

Prior to each audit, internal auditors meet with senior management for a risk assessment, during which the risks that could jeopardize the company’s targets are positioned on a risk matrix based on their potential impact and probability of occurrence.

During audit field work, the effectiveness of internal controls for high-impact and high-probability risks is evaluated through tests. Observation results are shared with company executives in a draft report, which is then detailed with executives’ feedback and delivered to senior management in its final form. As a result, the department provides consultancy services with reasonable assurance, while offering best practices drawing from synergy within the Group.

One month after the final report, necessary action is taken in line with the 4T approach (Treat, Terminate, Transfer, Tolerate) and reported to the Board of Directors.

During the year, the Internal Audit Department convenes periodically with the companies whose Audit Committee organization is complete, evaluates planned and actual audits, consultancy activities, special audits and other relevant matters for the year ahead, shares findings, reviews action plans and follows up results based on these findings, and reviews plans for the upcoming period.

Zorlu Group supports and encourages the professional development of the members of the Zorlu Group Internal Audit Team, which consists of eight people, as they seek to advance their knowledge, skills and competencies through further training, become a member of relevant organizations (such as the Institute of Internal Auditing, Turkey - IIA Turkey), and obtain international certification.

In total, the team holds 2 CIAs (Certified Internal Auditor License), 2 CFE (Certified Fraud Examiner License), 1 CRMA (Certification in Risk Management Assurance), 1 CMALL 3 (CMB Level 3 License), 1 CGRL (Corporate Governance Rating License), 1 DIL (Derivatives License) and 1 CMB Real Estate Appraisal License.

Financial Audit and Tax Audit Activities

The Financial Audit and Tax Audit Departments have been auditing Zorlu Group companies since 2012. Currently, these units have a total of 12 employees, with seven Financial Audit personnel and five 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.

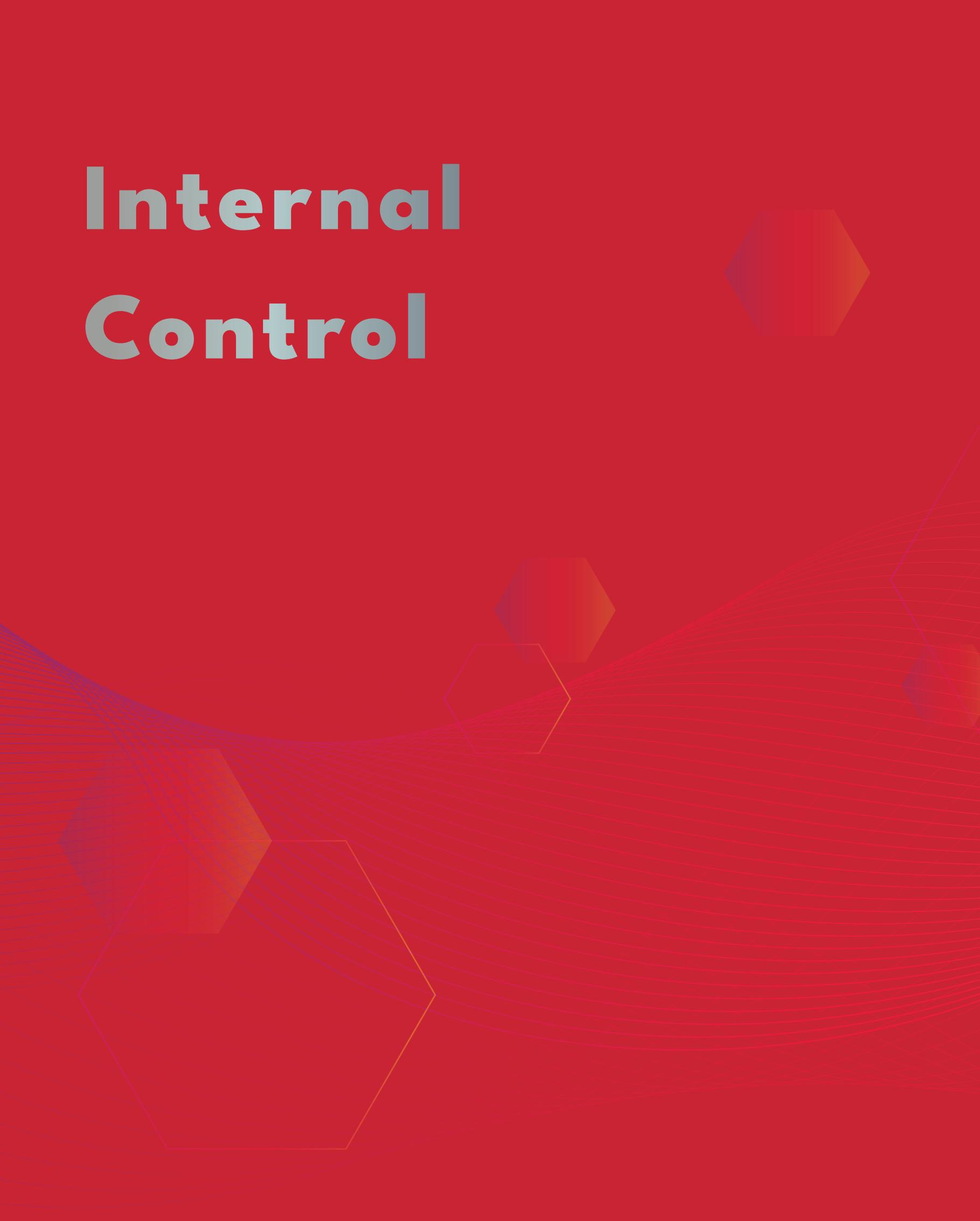
Audit findings are reported to the company executives and senior management.

When deemed necessary, the Tax Audit Department also provides advisory services with reasonable assurance to Group companies against potential tax risks.

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 1 Certified Public Oversight Authority Licensed Auditor and CPAs (Certified Public Accountants) while the Tax Audit Team has 4 CPAs.

Internal Control



Internal Control



We aim to develop and improve target-related processes and internal control systems and to reinforce effective risk management and efficient, consistent and technology-driven process management across the Group.



Arzu Pişkinoğlu

Internal Control General Manager, Zorlu Holding

At Zorlu Holding Internal Control Department, we work in line with the Group's strategic goals to effectively and efficiently carry out process and risk management, meet standards, support the entire value chain, develop and sustain internal control systems to enable sharing and disseminating best practices across companies.

Under these activities, we offer active support to our Group companies in areas such as process development, benefiting from information technologies, strengthening their internal control structures, and strengthening their corporate memories.

Accordingly, and in light of the new ways of doing business, risks and technological requirements associated with the changing business world, we follow a needs- and risks-based plan to contribute to the Group's corporate governance progress and sustainability objectives.

Organization and Activities of the Internal Control Department

Internal control of all Zorlu Group companies is carried out via an organization centrally coordinated under Zorlu Holding.

The restructuring of organizational processes for carrying out internal control activities separately under the Audit and Internal Control Department was completed in 2017. Internal Control Department began operations as an independent unit as of January 1, 2018.

While internal control activities are coordinated centrally, the Internal Control Department features teams responsible for the internal control of specific sectors and companies; some of these teams work on the field, and have overlapping organizations.

The purpose, powers and responsibilities as well as operating principles and structure of the Internal Control Department have been defined by a series of documents such as the "Internal Control Regulation" and the "Internal Control Manual" and shared with the relevant directors.

Mission of the Internal Control Department is to establish and maintain an internal control system to ensure efficient, effective, integrated and consistent risk management at Group companies in line with pre-set targets, and to share, disseminate and promote best practices across companies.

The Internal Control Department assists in identifying areas of improvement in existing processes and the internal control system as well as the action to be taken in this context, utilizing information technologies in the aforementioned activities, implementing the specified actions, and monitoring their progress on a regular basis. In addition, the department provides continuous guidance to executives and process owners with regard to these activities. All relevant executives and employees of Group companies take part in the activities to establish, monitor and evaluate internal control systems and implementing necessary measures.

The Internal Control Department prepares an annual, risk-based internal control plan and carries out its activities in a systematic, consistent and disciplined approach. The internal control work plan is based on risk-based evaluations by the Internal Control Department, requests from 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 and the Board of Directors for their information and approval.

During periodical meetings between the Internal Control Department and the management, internal control activities planned and realized within the year are evaluated, findings are disclosed, action plans based on the findings and follow-up results are shared, and plans for the upcoming period are reviewed.

Zorlu Group Internal Control team is composed of individuals with various sectoral experiences and advanced skills on internal control, risk management, process improvement, and project management. Zorlu Group also supports and encourages the team to build upon their skills and expertise through further training, and to obtain membership in relevant professional associations and international professional certifications (such as CIA, CPA, CISA, CFE, CICA and CRMA).

Additional Disclosures as per the Legislation



Additional Disclosures as per the Legislation

1. GENERAL INFORMATION

Reporting Period

The Annual Report covers the fiscal period between 01.01.2020 - 31.12.2020.

Corporate Title and Other Information

Corporate Title: Zorlu Holding AŞ
 Head Office: Levent 199 Büyükdere Cad. No: 199 34394 Şişli/İSTANBUL
 Trade Registry ID: 267687
 Tax ID: 999 003 0324
 Telephone: (0212) 456 20 00
 Fax: (0212) 422 03 40
 Website: www.zorlu.com.tr
 Central Registration System ID: 0999003032400010

Amendments to the Articles of Association during the Reporting Period:

No amendments were made to the Articles of Association during the reporting period.

Members of the Board of Directors and the Board of Supervisors

Board of Directors

Name and Surname	Position	Tenure	
		Start	End
Ahmet Nazif ZORLU	Chairman	05.06.2020	05.06.2023
Zeki ZORLU	Vice Chairman	05.06.2020	05.06.2023
Olgun ZORLU	Member	05.06.2020	05.06.2023
Mehmet Emre ZORLU	Member	05.06.2020	05.06.2023
Selen ZORLU MELİK	Member	05.06.2020	05.06.2023

As Zorlu Holding AŞ is subject to independent audit pursuant to the Turkish Commercial Code No. 6102, the firm Arılar Bağımsız Denetim ve Yeminli Mali Müşavirlik AŞ, information about which is listed below, was selected to externally audit Company accounts and transactions during 2020.

Corporate Title:	Arılar Bağımsız Denetim ve Yeminli Mali Müşavirlik AŞ
Fiscal Year:	01.01.2020 - 31.12.2020
Independent Auditor Public Registry ID:	49667
Address:	Altınova Mah. Fuar Cad. Buttım Plaza No: 63/1703 16090 Osmangazi/BURSA

Business Dealings With the Company That Are Authorized by the General Assembly and Involve Members of Company Governing Bodies Acting on Their Own Behalf or on Behalf of Others; No-Competition Clauses

No member of any company governing body is authorized by the general assembly to do business with the company on their own behalf or on behalf of others; neither did any member compete with the company.

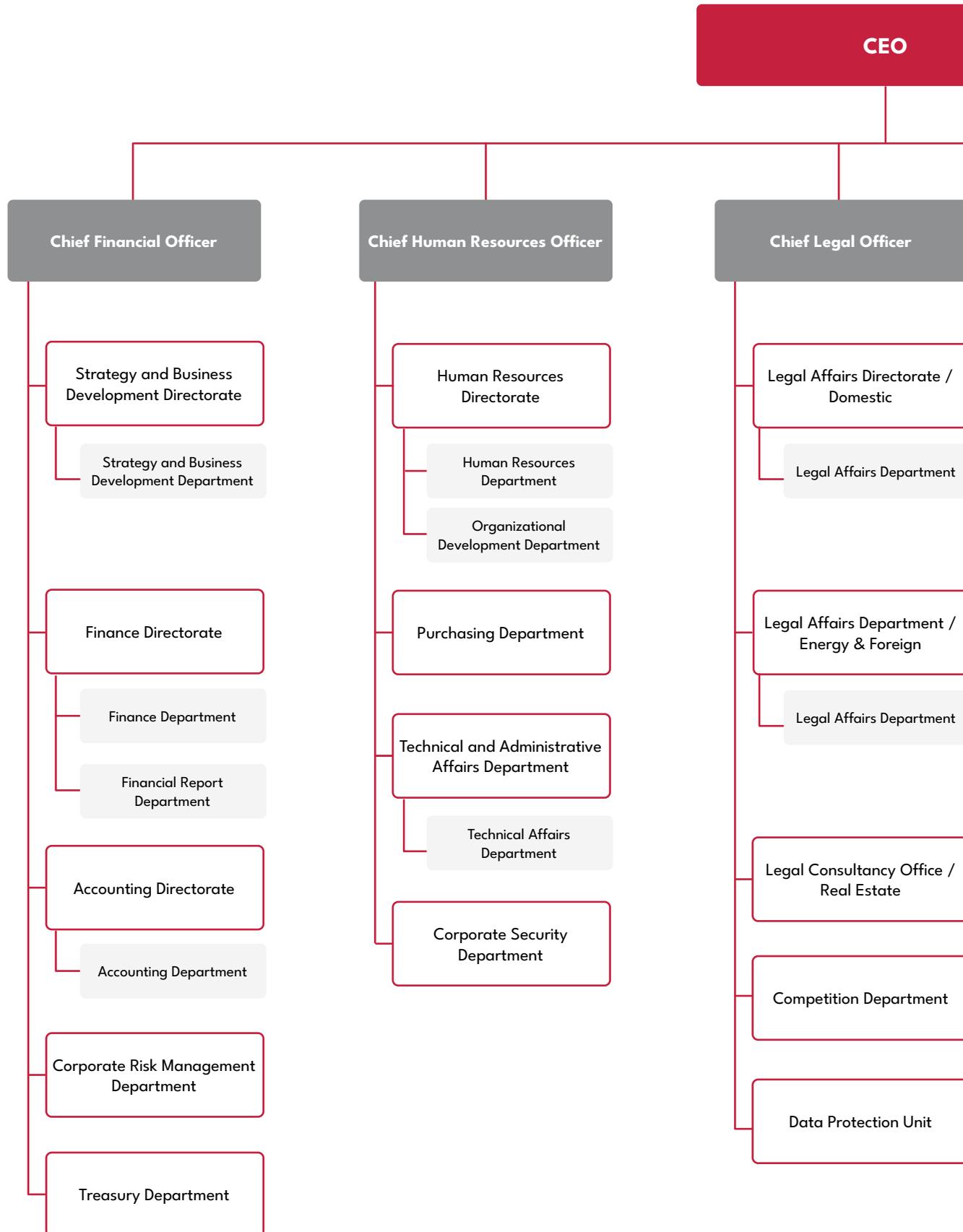
Shareholding Structure and Capital Distribution

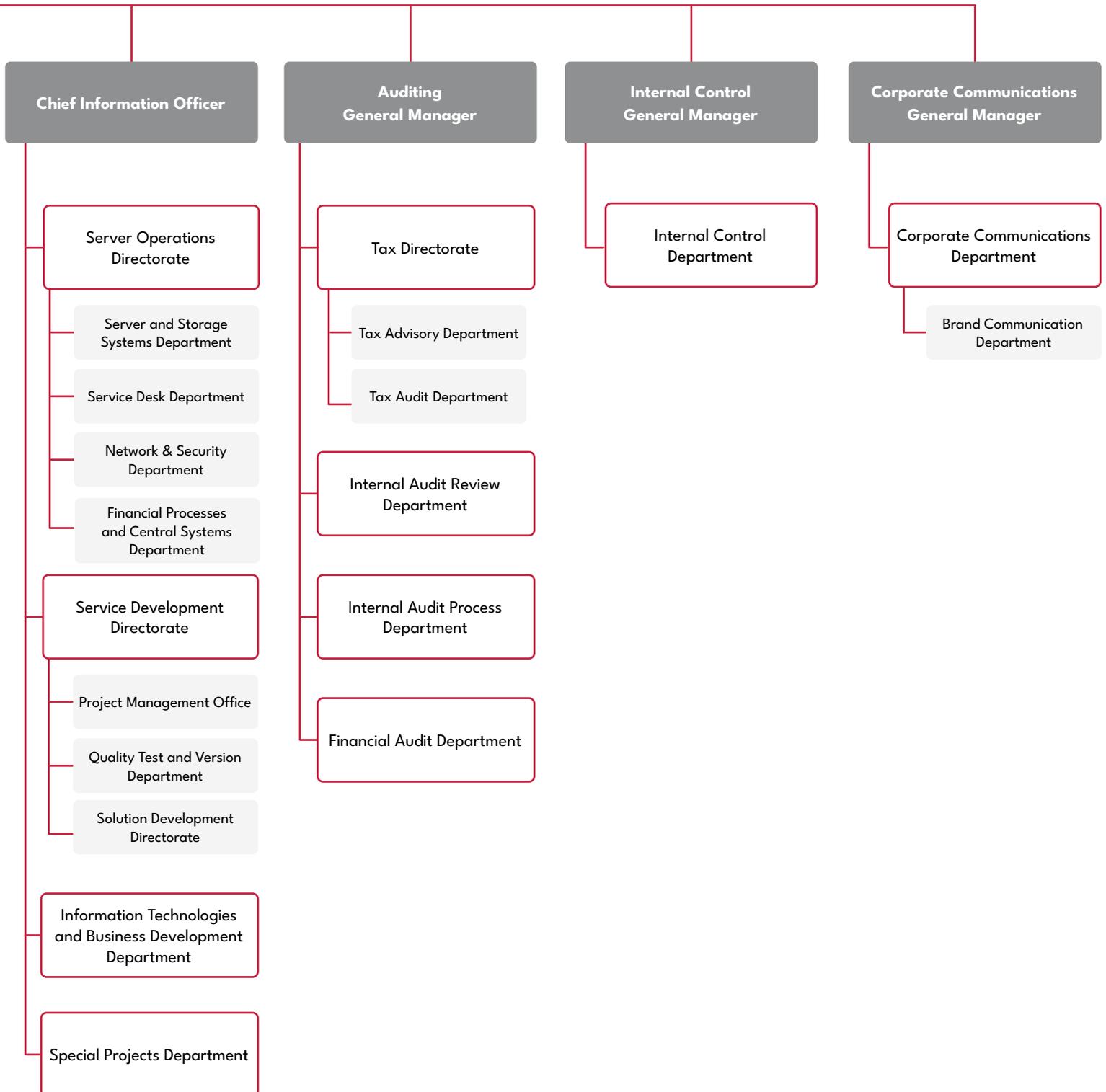
Shareholders	Number of Shares	Nominal Value of Shares (TL)	Share in Capital (%)
Zeki ZORLU	498,750,000	498,750,000	15
Ahmet Nazif ZORLU	1,529,500,000	1,529,500,000	46
Olgun ZORLU	1,064,000,000	1,064,000,000	32
Türkan ZORLU	33,250,000	33,250,000	1
Zülal ZORLU	33,250,000	33,250,000	1
Selen ZORLU MELİK	33,250,000	33,250,000	1
Fatma Şehenaz ÇAPKINOĞLU	33,250,000	33,250,000	1
Şehminur AYDIN	33,250,000	33,250,000	1
Mehmet Emre ZORLU	33,250,000	33,250,000	1
Şule CÜMBÜŞ	33,250,000	33,250,000	1
TOTAL	3,325,000,000	3,325,000,000	100

The company's capital is divided into 3,325,000,000 shares each with a par value of TL 1 and all shares are registered.

The company does not have any preferential shares.

Zorlu Holding Organization Chart





Additional Disclosures as per the 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 2020 fiscal period. The aforementioned individuals received a total of TL 25,988,538.75 as compensation, and a total of TL 268,230.27 was spent for their insurance expenses.

3. THE COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES

None.

4. 2020 ACTIVITIES

Participation in Capital Increase in 2020

Company Name	Increased Capital	Amount of Increase (TL)	Participated Number of Shares	Share Ratio (%)
Rosmiks International B.V.	USD 71,000,000	484,438,205.00	18,000	99.99
Zorlu Faktoring AŞ	TL 80,341,036	79,579,080.99	128,767,078.99	99.05
Zorlu International Investments Ltd.	CHF 1,319,980,000	4,074,647,574.42	131,998	99.99

Participation in Capital Decrease in 2020

Company Name	Increased Capital	Amount of Increase (TL)	Participated Number of Shares	Share Ratio (%)
Zorlu International Investments Ltd.	CHF 1,319,980,000	TL 1,516,800,826	31,998	99.99

Share Sales in 2020

Company Name	Nominal Value of Shares Sold (TL)	Number of Shares Sold	Ratio of Shares Sold in Capital (%)
Vestel Elektronik Sanayi ve Ticaret AŞ	24,004,786.00	2,400,478,600	7.16
Zorlu Enerji Elektrik Üretim AŞ	59,812,879.00	5,981,287,900	2.99
İntermar Ticaret Paz. Turizm Sanayi AŞ	15,090,612.00	15,090,612	100

Shares Transferred and Taken Over in 2020

Company Name	Nominal Value of Shares (TL)	Share Ratio (TL)	Share Ratio (%)	Number of Transferred Shares
Zorlu Endüstriyel ve Enerji Tesisleri İnş. Tic. AŞ	4,800,000	4,800,000	96.00	4,800,000
Zorlu Enerji ve İnşaat Sanayi ve Ticaret AŞ	840,000	840,000	84.00	840,000
Zorlu Doğal Gaz Tedarik Ticaret AŞ	2,800,000	2,800,000	80.00	2,800,000

Company Name	Nominal Value of Shares (TL)	Share Ratio (TL)	Share Ratio (%)	Number of Transferred Shares
Zorlu O&M Enerji Tesisleri İşletme ve Bakım Hizmetleri AŞ	1,000,000	1,000,000	20.00	1,000,000
Zorlu Enerji Elektrik Üretim AŞ	4,699,999.94	4,699,999.94	0.23	469,999,994
İntermar Ticaret Paz. Turizm Sanayi AŞ	12,750,000	12,750,000	84.49	12,750,000

Administrative or Judicial Sanctions Imposed Against the Company and the Board of Directors Members on Account of Breach of Legislation

There were no administrative or legal sanctions imposed against the Company or Members of the Board on account of breach of legislation during the 2020 fiscal year.

Disclosure on Special and Public Audits During the Fiscal Year

No special or public audit was made in the Company during the 2020 fiscal year.

Compliance/Non-Compliance with General Assembly Resolutions

All resolutions taken at the 2019 Ordinary General Assembly were complied with during the 2020 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	31.12.2020
Current Assets/Total Assets	26.5%
Fixed Assets/Total Assets	73.5%
Short-Term Liabilities/Total Liabilities	54.4%
Long-Term Liabilities/Total Liabilities	36%
Equity Capital/Total Liabilities	9.6%
B. LIQUIDITY RATIOS	31.12.2020
Current Rate	48.7%
Liquidity Rate	34.3%
C. PROFITABILITY RATIOS	01.01.2020-31.12.2020
Net Profit (Loss) for the Period/Paid-in Capital	(183.8%)
Net Profit (Loss) for the Period/Sales	(17.2%)
Cost of Sales/Sales	75.2%
Operating Profit*/Sales	12.9%

Profit Distribution Proposal

No contingency reserves will be made as the year 2020 resulted in loss.

* Excluding other operating income and expense

Additional Disclosures as per the Legislation

6. MANDATORY PARENT COMPANY DISCLOSURES IN CORPORATE GROUPS

Situations in which Zorlu Holding controls, directly or indirectly, 5%, 10%, 20%, 25%, 33%, 50%, 67%, or 100% of shares representing another company's capital; changes in such shareholding interests and their reasons:

Companies where Zorlu controls 0-5% of all shares directly or indirectly

Company	Share Percentage (%)
Zorlu Endüstriyel ve Enerji Tesisleri İnşaat Ticaret AŞ	1
Vestel Benelux B.V.	1
İzmir Teknoloji Geliştirme Bölgesi AŞ	1
BUSEB Bursa Serbest Bölge Kurucu ve İşleticisi AŞ	1
Zorlu Gayrimenkul Geliştirme ve Yatırım AŞ	2
Scadafence Ltd.	4

Companies where Zorlu controls 6-10% of all shares directly or indirectly

Company	Share Percentage (%)
Osteoid Sağlık Teknolojileri AŞ	7
Sichuan Zorluteks Yinhua Co. Ltd.	10

Companies where Zorlu controls 11-20% of all shares directly or indirectly

Company	Share Percentage (%)
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret AŞ	14
Aydın Yazılım ve Elektronik Sanayi AŞ	16
Biolive Biyolojik ve Kimyasal Teknolojiler Sanayi ve Ticaret AŞ	17
Ability Pool Bilişim Yazılım Ticaret Eğitim Danışmanlık ve Arge AŞ	18
Conectohub Bilişim Yazılım Ticaret Eğitim Danışmanlık ve Arge AŞ	18
CY Vision Inc.	18
Medicraft Medikal Sistemler AŞ	18
Nanortopedi Teknoloji Sanayi ve Ticaret AŞ	18
Dorad Energy Ltd.	20

Companies where Zorlu controls 21-33% of all shares directly or indirectly

Company	Share Percentage (%)
Ezom Ltd.	25
Verisun Teknoloji AŞ	25
Hayriya Bilişim ve Sağlık Teknolojileri AŞ	26
Mage Tasarım ve Endüstriyel İmalat Sanayi Ticaret AŞ	26
Vestel Savunma Sanayi AŞ	26

Companies where Zorlu controls 34-50% of all shares directly or indirectly

Company	Share Percentage (%)
Adnit Real Estate Ltd.	34
Ashdod Energy Ltd.	34
Ezotech Electric Ltd.	34
Ramat Negev Energy Ltd.	34
Solad Energy Ltd.	34
Enwair Enerji Teknolojileri AŞ	37
Uptecra Teknoloji AŞ	37
Mavilab Yazılım Medikal Lazer Makina İmalatı Sanayi ve Ticaret AŞ	38

Companies where Zorlu controls 51-67% of all shares directly or indirectly

Company	Share Percentage (%)
Cabot Communications Ltd.	60
Vestel Beyaz Eşya Sanayi ve Ticaret AŞ	60
Nemrut Jeotermal Elektrik Üretimi AŞ	61
ZJ Strong Energy For Renewable Energy Ltd. Co.	61
Intertechnika LLC	66
United Technical Services, Spol. S.R.O.	67
Vestek Elektronik Araştırma Geliştirme AŞ	67
Vestel Central Asia LLP	67
Vestel CIS Limited	67
Vestel Electronica S.R.L.	67
Vestel Electronics Gulf DMCC	67
Vestel Electronics Shanghai Trading Co. Ltd.	67
Vestel Elektronik Sanayi ve Ticaret AŞ	67
Vestel France SA	67
Vestel Germany GmbH	67

Additional Disclosures as per the Legislation

Vestel Holland B.V.	67
Vestel Iberia SL	67
Vestel Komünikasyon Sanayi ve Ticaret AŞ	67
Vestel Poland Sp. Z.O.O.	67
Vestel Polska Technology Center Sp. Z.O.O.	67
Vestel Ticaret AŞ	67
Vestel Trade Ltd.	67
Vestel UK Ltd.	67

Companies where Zorlu controls 68-100% of all shares directly or indirectly

Company	Share Percentage (%)
Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ	73
Ringpara Mobil İletişim Bilgi Teknolojileri Reklamcılık Ticaret AŞ	74
Vest Batarya Sistemleri AŞ	74
Vestel Ventures Arge AŞ	74
ABH Turizm Temsilcilik ve Ticaret AŞ	75
Zorlu Renewable Pakistan (Private) Ltd.	81
Zorlu Solar Pakistan (Private) Ltd.	81
Zorlu Sun Power (Private) Ltd.	81
Zorlu Wind Pakistan (Private) Ltd.	81
Zorlu Enerji Pakistan Ltd.	81
Electrip Araç Kiralama Ticaret AŞ	81
Osmangazi Elektrik Dağıtım AŞ	81
Osmangazi Elektrik Perakende Satış AŞ	81

Rotor Elektrik Üretim AŞ	81
ZES B.V.	81
ZES Dijital Ticaret AŞ	81
Zorlu Doğal Elektrik Üretimi AŞ	81
Zorlu Doğal Gaz Tedarik Ticaret AŞ	81
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret AŞ	81
Zorlu Enerji Asia Holding Ltd.	81
Zorlu Enerji Dağıtım AŞ	81
Zorlu Enerji Elektrik Üretim AŞ	81
Zorlu Enerji İsrail Ltd.	81
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	81
Zorlu Osmangazi Enerji Sanayi ve Ticaret AŞ	81
Zorlu Solar Enerji Tedarik ve Ticaret AŞ	81
Zorlu Trade Elektrik Toptan Satış AŞ	81
Zorlu Yenilenebilir Enerji AŞ	81
Zorlu Enerji Elektrik Üretim AŞ Republic of Kazakhstan Branch	81
Trakya Bölgesi Doğal Gaz Dağıtım AŞ	83
Zorluteks D.O.O.	83
Meta Nikel Kobalt Madencilik Sanayi AŞ	83
Zorlu Doğalgaz İthalat İhracat ve Toptan Ticaret AŞ	99
Zorlu East Co. Trading Company	99
Zorlu O&M Pakistan Limited	99
Zorlu Faktoring AŞ	99
Zorlu Yapı Yatırım AŞ	99
Hometeks Tekstil Ürünleri Sanayi ve Ticaret AŞ	100
Korteks Mensucat Sanayi ve Ticaret AŞ	100
Linens Tekstil Ürünleri Pazarlama AŞ	100
Rosmiks International B.V.	100
Rosmiks LLC	100
Zorlu Air Havacılık AŞ	100
Zorlu Dış Ticaret AŞ	100
Zorlu Doğal Gaz Petrokimya Ürünleri Petrol İnşaat Sanayi ve Ticaret AŞ	100
Zorlu International Investments Ltd.	100
Zorlu O&M Enerji Tesisleri İşletme ve Bakım Hizmetleri AŞ	100
Zorlu Tekstil Ürünleri Pazarlama AŞ	100
Zorlu UK Ltd.	100
Zorlu USA Inc.	100
Zorlu Ventures USA Inc.	100
Zorluteks SNG	100
Zorluteks Tekstil Ticaret ve Sanayi AŞ	100

Independent Auditor's Report on the Annual Report



**Consolidated
Financial
Statements and
Independent
Auditor's
Report**





Independent Auditor's Report

To the Board of Directors 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 2020, 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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Accounting Standards (TAS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Independent Auditing Standards (IAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

The financial statements of the companies included in the consolidated financial statements of the Group were prepared on a going concern basis.

As of 31 December 2020, the consolidated short term assets of the Group amounted to TL21.681.538 thousand (31.12.2019 – TL 17.780.860 thousand) and the consolidated current liabilities to TL 44.531.594 thousand (31.12.2019 – TL 39.656.191 thousand); the consolidated net loss for the year ending as of the same date was TL 6.112.822 thousand (31.12.2019 – loss TL 4.005.466 thousand). The net loss of TL 6.112.822 thousand resulted entirely from net losses on foreign exchange amounting to TL 6.448.926 thousand.

The consolidated shareholders' equity of the Group as of 31 December 2020 gave a positive balance of TL 7.897.611 thousand (31.12.2019 – TL 2.665.192 thousand) and the management of Zorlu Holding A.Ş. believes that there is no concern about the continuity as a going concern of Zorlu Holding A.Ş. or of the companies included in its consolidated financial statements.

The global epidemic of coronavirus ("Covid-19"), declared by the World Health Organization as an "International Public Health Emergency" in January 2020 and a "Pandemic" in March, showed its economic effects in almost all sectors. The effects of this situation on the Group's activities are evaluated comprehensively by the management and plans are implemented to reduce the possible negative effects of the pandemic on the commercial activities and financial situation.

While preparing its consolidated financial statements as of 31 December 2020, the Group evaluated the possible effects of the Covid-19 outbreak on the consolidated financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. The economic effects of the epidemic are not expected to have a negative impact on the financial position of the Group in the medium and long term.

4) Key Audit Issues

Key audit issues are the most important issues in the independent audit of the consolidated financial statements for the current period according to our professional judgment. As a whole, key audit issues are dealt within the framework of the independent audit of consolidated the financial statements and our opinion regarding the consolidated financial statements and we do not give a separate opinion on these issues.

Key Audit Issues	How the issue is handled in the audit
Cash and cash equivalents	
As of 31.12.2020, the Group has demand deposits amounting to TL 3.665.776 thousand and deposits on connection of future contracts amounting to TL 1.186.903 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 procedures were applied for time and demand deposits.</p> <ul style="list-style-type: none"> - By making a distinction between time deposits and demand deposits, it has been reviewed whether they are compatible with the amounts in the records. - A list of time deposits was obtained and a distinction was made between short and long term. - Time and demand deposits were revalued with the end of period foreign exchange buying rates, and their compliance with the records was reviewed. - Reconciliations were obtained from banks and the amounts in the records were verified. It has been checked from the incoming bank reconciliations whether there is any blockage on the amounts included in the bank reconciliations. - Income accruals calculated for time deposits were examined and their compatibility with the records was reviewed. - Withholding tax letters were obtained from banks and it was examined whether they were in agreement with the prepaid taxes and interest income accounts. <p>As a result of these studies on time and demand deposits, we have not made any significant findings.</p>

4) Key Audit Issues (cont'd)

Key Audit Issues	How the issue is handled in the audit
<p>Recoverability of receivables</p> <p>As of 31 December 2020, trade receivables from non-related parties amounting to TL 7.335.629 thousand and other receivables from related parties amounting to TL 4.049.832 thousand constitute a significant part of total assets.</p> <p>On the other hand, provisions for impairment calculated for trade receivables, the guarantees received from customers, past payment performances and creditworthiness information of customers, and maturity analysis of receivables balances are accounted for as a result of estimations made by taking into account. These forecasts used are highly sensitive to expected future market conditions.</p> <p>For these reasons, the recoverability of such receivables is an important issue for our audit.</p>	<p>During our audit, the following audit procedures were applied regarding the recoverability of trade receivables from unrelated parties:</p> <ul style="list-style-type: none"> - Understanding the process of collection follow-up of the Group's trade receivables from unrelated parties, evaluating the operational effectiveness of internal controls in the process, - Comparison of the collection turnover rate with the previous year, - Investigating whether any dispute regarding the collection or the litigation process has begun, through negotiations with the management and obtaining information from legal advisers about ongoing receivable proceedings, - Examining the balances of trade receivables from unrelated parties by sending confirmation letters by way of sampling, - Testing the collections made in the following period by means of samples <p>As a result of these studies on the recoverability of trade receivables from non-related parties, we have not made any significant findings.</p>
<p>Financial Liabilities</p> <p>As of 31.12.2020, the Group has short-term contractual financial liabilities amounting to TL 27.186.657 thousand and long-term contractual financial debts amounting to TL 25.921.194 thousand to financial institutions. It has been handled as a key audit matter as it is material to the Group's financial statements.</p>	<p>During our audit, the following audit procedures regarding financial liabilities were applied:</p> <ul style="list-style-type: none"> - Loan instructions were obtained for the loans used by the Group in the current period, and they were reconciled with the records, - During the period, controls were made by sampling method for loan interest payments, - It has been evaluated whether the liability is in agreement with the records by calculating interest for loans according to the effective interest method, - The classifications of the loans have been reviewed by making a distinction between short and long term loans. - End of period exchange rate valuations of foreign currency loans were re-evaluated and it was reviewed whether they were in agreement with the records. - Verifications of the loans were provided and it was seen that they were in agreement with the records. <p>As a result of these studies on debts to financial institutions, we have not made any significant findings.</p>

4) Key Audit Issues (cont'd)**Provision for impairment of inventories**

Inventories amounting to TL 6.412.722 thousand in the financial statements as of 31 December 2020 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.

During our audit, the following audit procedures regarding the provision for inventory impairment were applied:

- Understanding and evaluating the appropriateness of the accounting policy related to the provision for impairment of inventory,
- Comparison of stock turnover with the previous year,
- Evaluation of the adequacy of the provision for impairment of inventories in the current period by comparing it with the impairment realized in the previous period,
- Observing whether there are long-standing or damaged stocks in year end inventory counts,
- Sample testing of selling prices deducted from the discounts used in the net realizable value calculation.

As a result of these studies on the provision for impairment of inventory, we have not made any significant findings.

5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with ISAs are a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6) Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

– 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..

B) Reports on other responsibilities arising from regulatory requirements

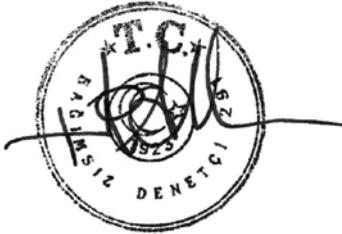
1) In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period January 1 – December 31, 2020 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with subparagraph 4, Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The responsible auditor who executed and concluded this independent audit is Şerif ARI.

Arılar Bağımsız Denetim ve YMM A.Ş.

A member of Nexia International



Şerif ARI

Partner

Bursa, 28 May 2021

Consolidated Statements of Financial Position at 31.12.2020 and 31.12.2019

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Assets	Note	31.12.2020	31.12.2019
Current assets			
Cash and cash equivalents	5	5.004.714	4.453.518
Investment securities	7	303.185	297.791
Trade receivables			
- Related parties	34	317.881	308.288
- Third parties	8	7.262.884	4.671.325
Receivables from finance sector operations			
- Other trade receivables from finance sector operations	9	207.349	180.863
Other receivables			
- Related parties	34	204.720	261.692
- Third parties	12	687.076	560.457
Receivables from service concession arrangements	13	349.605	258.074
Inventories	16	6.412.722	5.345.134
Prepaid expenses			
- Related parties	34	20	15
- Third parties	10	361.053	195.635
Current income tax assets		5.882	138.346
Derivative financial instruments	11	119.483	45.487
Other current assets			
- Third parties	14	444.964	366.953
Subtotal		21.681.538	17.083.578
Assets held for sale	15	--	625.282
Total current assets		21.681.538	17.708.860
Non-current assets			
Trade receivables			
- Third parties	8	72.745	132.434
Other receivables			
- Related parties	34	3.845.112	3.073.061
- Third parties		14.439	12.124
Investment in associate	6	796.495	545.322
Investment securities	7	11.681.288	8.455.470
Receivables from service concession arrangements	13	2.534.191	2.050.771
Mining assets		123.565	99.539
Property, plant and equipment	17	36.090.497	26.362.188
Intangible assets	18	2.746.802	2.694.391
Right of assets	19	293.135	262.631
Prepaid expenses			
- Third parties	10	398.299	343.376
Other non-current assets			
- Third parties	14	129.981	216.695
Deferred tax asset	25.b	1.508.957	1.250.698
Total non-current assets		60.235.506	45.498.700
Total assets		81.917.044	63.207.560

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position at 31.12.2020 and 31.12.2019

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Liabilities and equity	Note	31.12.2020	31.12.2019
Current liabilities			
Financial liabilities	20	27.186.657	25.500.177
Trade payables			
- Related parties	34	110.899	73.279
- Third parties	22	10.668.754	8.845.153
Payables from finance sector operations			
- Other trade payables from finance sector operations	21	187.693	199.018
Employee benefit obligations		274.671	228.571
Other payables			
- Related parties	34	2.213.517	1.789.247
- Third parties		1.085.101	846.678
Deferred income			
- Related parties	34	44	99
- Third parties	10	481.912	331.596
Derivative financial instruments	11	453.990	138.919
Taxation on income	25	320.768	194.688
Short term provisions			
- Provision for employee benefits	24	49.036	49.118
- Other provisions	24	793.218	701.110
Other liabilities			
- Third parties	23	705.334	353.575
Subtotal		44.531.594	39.251.228
Liabilities related to the assets held for sale	15	--	404.963
Total current liabilities		44.531.594	39.656.191
Non-current liabilities			
Financial liabilities	20	25.921.194	18.644.134
Trade payables			
- Third parties	22	64.787	6.747
Other payables			
- Related parties	34	36.864	28.701
- Third parties		305.765	222.164
Deferred income			
- Third parties		19.532	43.026
Derivative financial instruments	11	352.149	273.623
Long term provisions			
- Provision for employee benefits	26	429.964	299.235
- Other provisions	24	87.758	61.318
Other non-current liabilities			
- Third parties	23	19	1.094
Deferred tax liability	25	2.269.807	1.306.135
Total non-current liabilities		29.487.839	20.886.177
Equity			
Share capital	27.a	3.325.000	3.325.000
Adjustments to share capital	27.b	446.109	446.109
Share premium		2.707	13.568
Other comprehensive income / expense not to be reclassified to profit or loss			
- Revaluation reserves	27.c	13.376.542	6.876.145
- Actuarial gain/loss arising from defined benefit plans		(96.137)	(46.595)
Other comprehensive income / expense to be reclassified to profit or loss			
- Cash flow hedge fund	27.d	(3.114.230)	(2.186.829)
- Translation reserve		10.557.400	7.259.733
Restricted reserves	27.e	233.945	286.986
General reserves		(13.370.198)	(10.546.092)
Net loss for the year		(6.676.052)	(4.018.090)
Equity attributable to owners of the parent		4.685.086	1.409.935
Non-controlling interests		3.212.525	1.255.257
Total equity		7.897.611	2.665.192
Commitments and contingencies	29	--	--
Total liabilities and equity		81.917.044	63.207.560

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Profit or Loss for the Years Ended 31.12.2020 and 31.12.2019

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	Note	01.01.- 31.12.2020	01.01.- 31.12.2019
Revenue	4	35.571.591	30.566.306
Cost of sales (-)	4	(26.735.035)	(23.867.533)
Gross profit		8.836.556	6.698.773
Marketing and selling expenses (-)		(2.624.343)	(2.203.028)
General and administrative expenses (-)		(1.607.024)	(1.185.208)
Other operating income		2.784.970	2.029.360
Other operating expense (-)	31	(3.128.829)	(2.021.556)
Main Operating Profit		4.261.330	3.318.341
Income from investing activities	32	136.301	82.651
Expense from investing activities (-)	32	(19.156)	(17.293)
Share of gain / loss of associates		(15.942)	48.722
Operating profit		4.362.533	3.432.421
Financing income	33	3.644.293	2.444.250
Financing expense (-)	33	(13.995.061)	(9.725.751)
Loss before taxation		(5.988.235)	(3.849.080)
Current tax charge		(223.436)	(150.402)
Deferred tax income / expense	25.b	98.849	(5.984)
Taxation on expense		(124.587)	(156.386)
Net loss for the year		(6.112.822)	(4.005.466)
Loss attributable to:			
Equity holders of the Parent		(6.676.052)	(4.018.090)
Non-controlling interests		563.230	12.624

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income for the Years Ended 31.12.2020 and 31.12.2019

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

		01.01.-31.12.2020	01.01.-31.12.2019
Net loss for the year		(6.112.822)	(4.005.466)
Items not to be reclassified in profit or loss			
- Actuarial losses	26	(81.446)	(52.503)
- Revaluation of property, plant and equipment		9.711.354	--
- Tax effect	25.b	(1.295.767)	11.551
		8.334.141	(40.952)
Items to be reclassified in profit or loss			
- Cumulative losses on cash flow hedging		(1.586.884)	(826.468)
- Translation differences		3.388.428	1.996.360
- Tax effect	25.b	317.377	181.823
		2.118.921	1.351.715
Total comprehensive income / loss for the year		4.340.240	(2.694.703)
Total comprehensive income attributable to:			
Equity holders of the Parent		3.403.207	(2.648.811)
Non-controlling interests		937.033	(45.892)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity for the Years Ended 31.12.2020 and 31.12.2019

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	Paid in capital	Adjustments to share capital	Share premium	Other comprehensive income / expense not to be reclassified to profit or loss			Other comprehensive income / expense to be reclassified to profit or loss			Retained earnings			Total
				Revaluation reserve	Actuarial gain/loss arising from defined benefit plans	Cash flow hedge fund	Currency translation difference	Restricted reserve	Previous year's losses	Net loss for the year	Equity holders of the parent	Non-controlling interests	
Balance at 01.01.2019	3.325.000	446.109	17.594	7.564.145	(14.076)	(1.405.894)	5.324.646	189.656	(3.552.231)	(6.897.669)	4.997.280	1.158.570	6.155.850
Transfer to accumulated deficit	--	--	--	(614.927)	--	(239.133)	--	--	(6.050.122)	6.897.669	(6.513)	--	(6.513)
Consolidation of İlimRezidans	--	--	--	--	--	--	--	--	(871.931)	--	(871.931)	(6.801)	(878.732)
Dividend paid to minority interest	--	--	--	--	--	--	--	--	--	--	--	(28.948)	(28.948)
Merger effect of Zorlu	--	--	--	--	--	--	--	--	--	--	--	--	--
Gurme Restoran Gıda Sanayi ve Ticaret A.Ş.	--	--	--	--	--	--	--	--	(33.531)	--	(33.531)	(262)	(33.793)
Transfer to restricted reserves	--	--	--	--	--	--	--	99.936	(99.936)	--	--	--	--
Total comprehensive income	--	--	--	--	(33.877)	(541.621)	1.946.251	--	(1.474)	(4.018.090)	(2.648.811)	(45.892)	(2.694.703)
Transactions with non-controlling interests	--	--	(4.026)	(73.073)	1.358	(181)	(11.164)	(2.606)	63.133	--	(26.559)	178.590	152.031
Balance at 31.12.2019	3.325.000	446.109	13.568	6.876.145	(46.595)	(2.186.829)	7.259.733	286.986	(10.546.092)	(4.018.090)	1.409.935	1.255.257	2.665.192
Transfer to accumulated deficit	--	--	--	(713.705)	--	--	--	--	(3.304.385)	4.018.090	--	--	--
Dividend paid to minority interest	--	--	--	--	--	--	--	--	--	--	--	(9.601)	(9.601)
Transfer to restricted reserves	--	--	--	--	--	--	--	(47.949)	47.949	--	--	--	--
Merger effect of Intermar Ticaret Pazarlama Turizm Sanayi A.Ş.	--	--	418	--	--	--	--	--	(2.492)	--	(2.074)	--	(2.074)
Total comprehensive income	--	--	--	7.852.332	(56.740)	(1.063.925)	3.347.592	--	--	(6.676.052)	3.403.207	937.033	4.340.240
Disposal of subsidiaries	--	--	--	(201.378)	(5)	7.612	--	--	193.771	--	--	--	--
Transactions with non-controlling interests	--	--	(11.279)	(436.852)	7.203	128.912	(49.925)	(5.092)	241.051	--	(125.982)	1.029.836	903.854
Balance at 31.12.2020	3.325.000	446.109	2.707	13.376.542	(96.137)	(3.114.230)	10.557.400	233.945	(13.370.198)	(6.676.052)	4.685.086	3.212.525	7.897.611

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows for the Years Ended 31.12.2020 and 31.12.2019

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	Note	01.01.- 31.12.2020	01.01.- 31.12.2019
Net loss for the year		(6.112.822)	(4.005.466)
Depreciation of property, plant and equipment		1.690.478	1.601.021
Amortization of intangible assets	18	229.086	214.514
Profit on sale of property, plant and equipment	32	(81.790)	(16.889)
Loss on sale of property, plant and equipment	32	19.156	17.293
Provision for employee termination benefits	26	51.612	42.737
Provision for doubtful receivables, net	8	68.171	83.671
Provision for diminution of inventories, net	16	(1.903)	19.066
Other provisions	24	118.466	76.118
(Losses) gains on derivative financial instruments, net		267.597	419.580
Interest expense	31, 33	4.543.490	4.769.368
Interest income		(1.270.278)	(785.291)
Deffered financial expense	33	17.083	20.329
Deffered financial income		--	(5.189)
Merger effect of Intermar Ticaret Pazarlama Turizm Sanayi A.Ş.		(2.074)	--
Unrealised foreign exchange losses / gains		918.277	894.637
Adjustments to the tax expense / income		124.587	156.386
Net cash generated from operating activities before changes in operating assets and liabilities		579.136	3.501.885
Changes in trade receivables		(2.642.911)	119.649
Changes in inventories		(1.076.299)	(957.665)
Changes in other receivables		(128.934)	(89.154)
Changes in other assets		1.892	(1.045.122)
Changes in trade payables		1.919.263	693.565
Changes in other payables		310.699	134.306
Changes in other liabilities		396.784	120.074
Changes in deferred income		104.727	(116.837)
Changes in prepaid expenses		(220.346)	(26.962)
Employee termination paid	26	(37.596)	(45.347)
Taxes paid		(198.811)	(114.070)
Net cash generated (used) from operating activities		(992.396)	2.174.322
Cash flows from investing activities			
Cash inflows related to sales that will result in loss of subsidiary control		249.157	--
Purchases of property, plant and equipment	17	(1.567.543)	(844.949)
Purchases of intangible assets	18	(310.819)	(230.213)
Purchases of mining assets		(6.810)	(3.141)
Proceeds from sale of property, plant and equipments		333.643	83.001
Proceeds from sale of intangible assets		38.999	1.480
Transactions with non-controlling interests		903.854	152.031
Net cash used in investing activities		(359.519)	(841.791)
Cash flows from financing activities			
Proceeds from borrowings		32.470.231	32.739.643
Repayments of borrowings		(26.691.611)	(27.015.455)
Changes in investment securities		(3.482.385)	(881.162)
Payment of settlement of derivatives		(1.534.879)	(1.219.245)
Changes in other receivables from related parties		(715.079)	(1.348.422)
Changes in other payables to related parties		432.433	453.159
Payments of lease liabilities		1.270.278	785.291
Interest received		(4.493.511)	(4.751.906)
Interest paid		(166.871)	(93.754)
Dividend paid to non-controlling interests		(9.601)	(28.948)
Net cash (generated) / used from financing activities		(2.920.995)	(1.360.799)
Translation differences		5.015.015	40.278
Net change in cash and cash equivalents		742.105	12.010
Cash and cash equivalents at beginning of year		4.142.836	4.130.826
Cash and cash equivalents at end of year	5	4.884.941	4.142.836

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

1. ORGANISATION AND NATURE OF ACTIVITIES

Zorlu Holding A.Ş. (the “Company” or “Zorlu Holding”) was founded in 1990 to support and organize the activities of its subsidiaries mainly within the sectors of textile, white goods and electronic, energy and real estate by providing centralised services for finance, accounting, budget, internal audit, human resources and corporate communications.

As of 31 December 2020, Zorlu Holding and its subsidiaries and joint ventures (“Group”) consist of Zorlu Holding and its subsidiaries listed below.

The Group is the under control of the Zorlu family.

The registered office address of the Company is located at Levent 199, Büyükdere Caddesi No: 199, Şişli / İstanbul- Turkey.

Nature of activities of the Group

The group mainly operates in four different sectors. The sectors in which the Group operates are as follows:

1.1 Energy division

The purpose of the investment in this sector is to meet the electricity requirement of Zorlu Group facilities and other industrial companies common to the autoproducer group.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

This division is established to meet the energy requirements of Zorlu Group and other industrial companies:

Company	Nature of business	Country
Zorlu Enerji Elektrik Üretim A.Ş.	Electricity production and steam and sales	Turkey
Rotor Elektrik Üretim A.Ş.	Electricity production	Turkey
Zorlu Doğal Elektrik Üretimi A.Ş.	Electricity production	Turkey
Zorlu Jeotermal Enerji Elektrik Üretimi A.Ş.	Electricity production	Turkey
Nemrut Jeotermal Elektrik Üretimi A.Ş.	Electricity production	Turkey
Zorlu Solar Enerji Tedarik ve Ticaret A.Ş.	Electricity production and panel trading	Turkey
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	Electricity trading	Turkey
Zorlu Osmangazi Enerji Sanayi ve Ticaret A.Ş. (*)	Electricity distribution and trading	Turkey
Osmangazi Elektrik Dağıtım A.Ş.	Electricity distribution and trading	Turkey
Osmangazi Elektrik Perakende Satış A.Ş.	Electricity distribution and trading	Turkey
Zorlu Enerji Pakistan Ltd.	Electricity production	Pakistan
Zorlu Wind Pakistan (Private) Ltd.	Electricity production	Pakistan
Zorlu Solar Pakistan (Private) Ltd.	Electricity production	Pakistan
Zorlu Renewable Pakistan (Private) Ltd.	Electricity production	Pakistan
Zorlu Sun Power (Private) Ltd.	Electricity production	Pakistan
Zorlu Enerji İsrail Ltd.	Electricity production	Israel
ZJ Strong Energy for Renewable Energy Ltd. Co.	Electricity production	Palestine
Zorlu Enerji Dağıtım A.Ş. (**)	Natural gas distribution	Turkey
Zorlu Enerji Asia Holding Limited (***)	Energy investment	Dubai
ZES Dijital Ticaret A.Ş.	Electricity sale, renting of electric vehicle and other	Turkey
Zorlu O/M Enerji Tesisleri İşletme ve Bakım Hizmetleri A.Ş.	Energy facility care services	Turkey
Rosmiks International B.V.	Financial services	Holland
Rosmiks LLC	Electricity production	Russia
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
Zorlu Doğal Gaz Petrokimya Ürünleri Petrol İnşaat Sanayi ve Ticaret A.Ş.	Purchase and sale of petroleum and petrochemical products	Turkey
Electrip Araç Kiralama Ticaret A.Ş. (****)	Vehicle rental and supply of related software and equipment	Turkey
ZES B.V.	Electric charging station sales, installation and operation	Holland
Zorlu Yenilenebilir Enerji A.Ş. (*****)	Power plant installation, operation and other	Turkey
Zorlu Trade Elektrik Toptan Satış A.Ş.	Electricity trading, whole sales	Turkey

(*) Zorlu Osmangazi Enerji Sanayi ve Ticaret A.Ş. owns 100% of the shares of Osmangazi Elektrik Dağıtım A.Ş. ("OEDAŞ") and Osmangazi Elektrik Perakende Satış A.Ş. ("OEPSAŞ") companies.

(**) Zorlu Enerji Dağıtım owns 90% of the shares of Trakya Bölgesi Doğal Gaz Dağıtım A.Ş. ("Trakya") and Gazdaş Gaziantep Doğal Gaz Dağıtım A.Ş., also it owns 100% of the shares of Zorlu Doğal Gaz Tedarik Ticaret A.Ş. ("Zorlu Doğal Gaz Tedarik"). The capital of Zorlu Energy Distribution was increased from 92.050 TL to 355.050 TL, and the capital increase was registered on 22 July 2020.

(***) Zorlu Enerji Asia Holding Limited has acquired 100% of Zorlu Solar Pakistan (Private) Ltd. ("Zorlu Solar Pakistan") company shares as of 20 October 2020.

(****) As a result of the share transfers in Zorlu Enerji ve İnşaat Sanayi ve Ticaret AŞ; Zorlu Enerji reached 100% shareholding as of 28 July 2020, by taking over all of its shares. Zorlu Enerji ve İnşaat Sanayi ve Ticaret AŞ continues its activities under the name of Electrip Araç Kiralama Ticaret AŞ as of 16 September 2020 and as of the same date, Electrip's capital has been increased from 1.000 TL to 6.600 TL. Due to the insignificance of its effect on previous periods, Electrip's previous period financials and notes have not been presented comparatively.

(*****) Zorlu Yenilenebilir Enerji AŞ was established on 27 August 2020 as a subsidiary of Zorlu Energy, which owns all of its shares, on the same date, by taking over the shares of Zorlu Doğal Elektrik Üretim A.Ş. ("Zorlu Doğal"), Zorlu Jeotermal Enerji Elektrik Üretim AŞ ("Zorlu Jeotermal") and Rotor Elektrik Üretim AŞ ("Rotor") all of which belong to Zorlu Enerji it has reached 100% of Zorlu Doğal, Zorlu Jeotermal and Rotor companies.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

1.2 Textile division

The activities of this division consist of production and marketing of yarn and home textiles, including curtains, bed linens, quilt cover sets and varieties. Curtains and quilt covers are produced under the Taç brand and sold in Linens chain stores.

The subsidiaries in textile division; their field of activities and countries of operation are listed below:

Company	Nature of business	Country
Production		
Korteks Mensucat Sanayi ve Ticaret A.Ş.	Production of textile goods	Turkey
Zorluteks Tekstil Sanayi ve Ticaret A.Ş.	Production of textile goods	Turkey
Marketing		
Zorlu Dış Ticaret A.Ş.	Textile marketing	Turkey
Zorlu Tekstil Ürünleri Pazarlama A.Ş.	Textile marketing	Turkey
Zorluteks SNG	Textile marketing	Russia
Zorluteks D.O.O.	Textile marketing	Macedonia
Zorlu UK Ltd.	Textile marketing	U.K.
Linens Tekstil Ürünleri Pazarlama A.Ş.	Textile marketing	Turkey

1.3 White goods and electronics division

The subsidiaries in white goods and electronics division; their field of activities and countries of operation are listed below:

Company	Nature of business	Country
Vestel Elektronik Sanayi ve Ticaret A.Ş.	Production	Turkey
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Production	Turkey
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Sales	Turkey
Vestel Ticaret A.Ş.	Sales	Turkey
Vestel CIS Limited	Sales	Russia
Vestel Electronica SRL	Sales	Romania
Vestel Iberia SL	Sales	Spain
Vestel France SA	Sales	France
Vestel Holland BV ^(*)	Sales	Holland
Vestel Germany GmbH	Sales	Germany
Cabot Communications Limited	Software	UK
Vestel UK Limited	Sales	UK
Vestek Elektronik Araştırma Geliştirme A.Ş.	Software	Turkey
Vestel Trade Limited	Sales	Russia
Vestel Electronics Shanghai Trading Co. Ltd	Service	China
Intertechnika LLC	Service	Russia
Vestel Central Asia LLP	Sales	Kazakhstan
Vestel Poland sp. z.o.o.	Sales	Poland
Vestel Polska Technology Center sp. z o.o.	Sales	Poland

^(*) The Oy Vestel Scandinavia AB company, of which Vestel Ticaret A.Ş is a 100% shareholder, was liquidated on February 10, 2020.

^(**) On 31 December 2020, Vestel Benelux BV merged with Vestel Holland BV.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

1.4 Real estate division

Company	Nature of business	Country
Zorlu Yapı Yatırım A.Ş.	Real estate	Turkey

1.5 Other activities

Other group operations mainly comprise the sale of services.

Company	Nature of business	Country
Zorlu Air 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

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 the international standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”), based on Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/IFRS”) and their annexes and comments.

The Company and its subsidiaries established in Turkey maintain their accounting records and prepares their statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost convention in TL. The consolidated financial statements have been prepared by reflecting the necessary adjustments and classifications in order to make the correct presentation in accordance with TAS/IFRS to the legal records prepared on the historical cost basis.

The accompanying consolidated financial statements of the Group have been prepared in accordance with the “Announcement on IFRS Taxonomy” published by POA on April 15, 2019.

2.2 Measurement currency and reporting currency

These consolidated financial statements are presented in TL. Turkish Lira (“TL”) is the Group’s functional currency.

2.3 Amendments in International Financial Reporting Standards

The accounting policies used in the preparation of the consolidated financial statements for the accounting period ended as of December 31, 2020, are consistent with those of the previous financial year except for the new and amended Turkish Accounting Standards (“TAS”)/IFRS and (“TAS”)/IFRS interpretations effective as of January 1, 2020 which are summarized below. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Standards, amendments and interpretations applicable as at 31 December 2020:

Amendments to TAS 1 and TAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, ‘Presentation of financial statements’, and TAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other TFRSs:

- i) Use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting.
- ii) Clarify the explanation of the definition of material; and
- iii) Incorporate some of the guidance in TAS 1 about immaterial information.

This change has no effect on the financial status and performance of the Group.

Amendments to TFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. This change has no effect on the financial status and performance of the Group.

Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. The impact of this change on the financial position and performance of the Group is being evaluated.

Amendments to TFRS 16 ‘Leases - COVID 19 Lease concessions’; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID - 19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID - 19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. This change has no effect on the financial status and performance of the Group.

Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

Amendment of TAS 1, “ Presentation of financial statements’ on classification of liabilities”; effective from 1 January 2022. These narrow-scope amendments to TAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

A number of narrow - scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- Amendments to TFRS 3, “Business Combinations”; update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to TAS 16, “Property, plant and equipment”;** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37, “Provisions, Contingent Liabilities and Contingent Assets”;** specify which costs a company includes when assessing whether a contract will be loss-making.

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2; effective from Annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

This change has no effect on the financial status and performance of the Group.

2.4 Comparable financial information and reclassification of prior period financial statements

The current period consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. For the compatibility of the current period consolidated financial statements, these consolidated financial statements are reclassified if necessary, and material differences are disclosed.

As of 31 December 2019, the natural gas sales accruals amounting to TL 83.091, income accruals for electricity remaining in the meter amounting to TL 29.782, accruals for income difference adjustments amounting to TL 16.835 and quality indicator income accruals amounting to TL 9.013, which was accounted under “other current assets” were classified into “short-term third party trade receivables”.

As of 31 December 2019, the income difference adjustment component amounting to TL 22.040, which was accounted under “deferred income “ has been netted off from “third party trade receivables”.

As of 31 December 2019, accruals for uncontrollable operating expenses amounting to TL 45.640, which was accounted under “other non-current assets” were reclassified to long-term third party trade receivables”.

As of 31 December 2019, the interest income and expense amounting to TL 48.518 in the consolidated profit or loss and other comprehensive income statement of the Group has been shown as gross. The subject of classification has no effect on the accumulated losses for the relevant period and net profit or loss for the period.

As of 31 December 2019, customer relations depreciation amounting to TL 17.804, which was accounted under the “marketing expenses” in the consolidated profit or loss and other comprehensive income statement, was reclassified to “other operating expenses”. The subject of classification has no effect on the accumulated losses for the relevant period and net profit or loss for the period.

As of 31 December 2019, the fair value difference related to privileged service receivables amounting to TL 156.939, which was accounted under “the revenue” in the consolidated profit or loss and other comprehensive income statement, was reclassified to “other operating income”. The subject of classification has no effect on the accumulated losses for the relevant period and net profit or loss for the period

2.5 Restatement and errors in the accounting estimates

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If the changes in accounting estimates only apply to one period, then they are applied in the current period in which the change occurred; if the changes also apply to future periods, they are applied in both the period of change and in the future periods, prospectively.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

2.6 Critical accounting estimates, assumptions and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary they are reported in earnings in the periods in which they become known.

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 31.12.2020, since the assumptions related to the Group's future taxable profit generation are considered reliable, adequate, deferred tax asset is recognized.
- When setting aside the provision for legal claims the probability of losing the related case and the results expected to be suffered in the event that the legal counsel of the Group and management of the Group make their best estimates to calculate the provision required.
- Property, plant and equipment (except for land, land improvements, buildings and machinery and equipment, plant and equipment) and intangible assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group estimates that the useful lives of tangible and intangible assets.
- The fair value of forward contracts calculated by calculating forward exchange rate, for remainder of agreement related foreign currency's prevailed market interest rate, and comparing it to reporting date forward exchange rate. All derivatives are carried as assets when the fair value of the forward foreign exchange contracts are recognized in income statement. The effective portion of changes in the fair value of derivative financial instruments such as interest rate swaps, is recognized in other comprehensive income.
- Allowance for doubtful debts reflect the amount set aside for the losses in the future related to receivables which exist at the financial position date but which, in the opinion of the management, carry the risk of collection due to current economic conditions. When evaluating whether receivables have suffered a loss in value the past performance of the debtors, their credibility in the market and their performance between the financial position date and report date together with changed circumstances are taken into consideration. In addition, the collaterals existing as at the financial position date together with new collaterals obtained between the financial position date and report date are also taken into consideration. The allowance for doubtful receivables as of the financial position dates are explained under note 8.
- As for the diminution in value of stocks, all stocks are subjected to review and their usage possibility ascertained on basis of the opinion of the technical personnel; provisions are set aside for items expected not to have usage possibility. Calculation of net realizable values of stocks is based on selling prices as disclosed by selling price lists after deduction for average discounts given during the year and selling expenses to be incurred for the realization of stocks. If the net realizable value of any stock falls under its cost price appropriate provisions are therefore set aside (note 16).

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

2.7 Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.8 Basis of consolidation

The consolidated financial statements include the accounts of the parent, Group, and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with International Financial Reporting Standards 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.

As of the balance sheet date, consolidated companies and the proportion of ownership interest of Zorlu Holding in these subsidiaries are disclosed in below.

Financial assets in which the Group has direct or indirect voting rights equal to or above 50 % which are immaterial to the Group financial results or over which a significant influence is not exercised by the Group are carried at cost less any provisions for impairment.

b) Investments in associates

Investments in associates are accounted for by the equity method and are initially recognized at cost. These are entities in which the Group has an interest which is more than 20% and less than 50% of the voting rights or over which a significant influence is exercised. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates, whereas unrealized losses are eliminated unless they do not address any impairment of the asset transferred. Net increase or decrease in the net asset of associates is included in the consolidated statements of comprehensive income in regards with the Group's share.

The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group's interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Since Vestel Savunma and Aydın Yazılım has net liability position as of 31 December 2020 and 31 December 2019, carrying value of those investment in associates accounted for by equity method is resulted as nil in the consolidated financial statements.

The carrying amounts of the investments accounted for using the equity method are reviewed whether there is any indication of impairment at each reporting date. If such an indicator exists, the recoverable amount of the asset is estimated.

The recoverable amount of the investments accounted for using the equity method refers to the higher of value-in-use or fair value less cost to sell. Value-in-use is the present value of future cash flows expected to be generated from an asset or cash generating unit.

If the carrying amount of the investments accounted for using the equity method exceeds the recoverable amount, the impairment is accounted for. Impairments are recognized in profit and loss accounts. Impairments are recorded in the statement of profit or loss and other comprehensive income.

In investments accounted for using the equity method, impairments allocated in previous periods are re-evaluated in each reporting period in the event that impairment decreases or there are indicators that impairment is not valid. Impairment is reversed in case of changes in the estimates used when determining recoverable amount. The increase in the carrying amount of the investments due to the reversal of the impairment loss is accounted in such a way that it does not exceed the carrying amount determined if the impairment loss has not been included in the consolidated financial statements in the previous years.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Consolidated company	31.12.2020		31.12.2019	
	Ownership interest	Economic interest	Ownership interest	Economic interest
Zorlu Enerji Elektrik Üretim A.Ş.	80,8%	80,8%	84,1%	84,1%
Rotor Elektrik Üretim A.Ş.	100,0%	80,8%	100,0%	84,1%
Zorlu Jeotermal Enerji Elektrik Üretimi A.Ş.	100,0%	80,8%	100,0%	84,1%
Zorlu Enerji Pakistan Limited	100,0%	80,8%	100,0%	84,1%
Zorlu Wind Pakistan (Private) Limited	99,7%	80,5%	99,7%	83,8%
Zorlu Solar Pakistan (Private) Ltd. ⁽¹⁾	100,0%	80,5%	99,7%	83,8%
Zorlu Rüzgar Enerjisi Elektrik Üretimi A.Ş. ⁽²⁾	--	--	100,0%	84,1%
Zorlu Doğal Elektrik Üretimi A.Ş.	100,0%	80,8%	100,0%	84,1%
Nemrut Jeotermal Elektrik Üretimi A.Ş.	75,0%	60,6%	75,0%	63,1%
Zorlu Solar Enerji Tedarik ve Ticaret A.Ş.	100,0%	80,8%	100,0%	84,1%
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	100,0%	80,8%	100,0%	84,1%
Zorlu Osmangazi Enerji Sanayi ve Ticaret A.Ş.	100,0%	80,8%	100,0%	84,1%
Osmangazi Elektrik Dağıtım A.Ş.	100,0%	80,8%	100,0%	84,1%
Osmangazi Elektrik Perakende Satış A.Ş.	100,0%	80,8%	100,0%	84,1%
Zorlu Enerji Israil Ltd.	100,0%	80,8%	100,0%	84,1%
ZJ Strong Energy for Renewable Energy Ltd. Co.	75,0%	60,6%	75,0%	63,1%
Zorlu Renewable Pakistan (Private) Ltd.	99,7%	80,5%	99,7%	83,8%
Zorlu Sun Power (Private) Ltd.	99,7%	80,5%	99,7%	83,8%
Zorlu Enerji Dağıtım A.Ş.	100,0%	80,8%	100,0%	84,1%
Zorlu Enerji Asia Holding Ltd.	100,0%	80,8%	100,0%	84,1%
ZES Dijital Ticaret A.Ş.	100,0%	80,8%	100,0%	84,1%
Zorlu O/M Enerji Tesisleri İşletme ve Bakım Hizmetleri A.Ş.	100,0%	100,0%	100,0%	99,9%
Zorlu Endüstriyel ve Enerji Tesisleri İnşaat Ticaret A.Ş. ⁽³⁾	--	--	100,0%	99,7%
Rosmiks International B.V.	100,0%	100,0%	100,0%	100,0%
Rosmiks LLC	100,0%	100,0%	100,0%	100,0%
Zorlu Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	99,0%	99,0%	99,0%	99,0%
Zorlu Doğal Gaz Tedarik Ticaret A.Ş.	100,0%	80,8%	95,0%	95,0%
Zorlu Doğal Gaz Petrokimya Ürünleri Petrol İnşaat Sanayi ve Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%
ZES B.V.	100,0%	80,8%	--	--
Electrip Araç Kiralama Ticaret A.Ş.	100,0%	80,8%	--	--
Zorlu Yenilenebilir Enerji A.Ş.	100,0%	80,8%	--	--
Korteks Mensucat Sanayi ve Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%
Zorluteks Tekstil Ticaret ve Sanayi A.Ş.	100,0%	100,0%	100,0%	100,0%
Zorlu Dış Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%
Zorlu Tekstil Ürünleri Pazarlama A.Ş.	100,0%	100,0%	100,0%	100,0%
Zorluteks SNG	100,0%	100,0%	100,0%	100,0%
Zorlu Trade Elektrik Toptan Satış A.Ş.	100,0%	80,8%	100,0%	100,0%
Zorluteks D.O.O.	83,0%	83,0%	83,0%	83,0%
Zorlu UK Limited	100,0%	100,0%	100,0%	100,0%

⁽¹⁾Zorlu Enerji Asia Holding Limited has acquired 100% of Zorlu Solar Pakistan (Private) Ltd. ("Zorlu Solar Pakistan") company shares as of 20 October 2020.

⁽²⁾Based on the material disclosure dated 5 February 2020, all of the company's shares in Zorlu Rüzgar, a 100% subsidiary of the Company, were sold to İmbat Enerji AŞ, a 100% subsidiary of Akfen Yenilenebilir Enerji Üretim AŞ.

⁽³⁾Based on the board of directors dated 21 April 2020, as of 6 May 2020, Zorlu O / M Enerji Tesisleri İşletme ve Bakım Hizmetleri A.Ş. merged with Zorlu Endüstriyel ve Enerji Tesisleri İnşaat Ticaret A.Ş.

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Consolidated company	31.12.2020		31.12.2019	
	Ownership interest	Economic interest	Ownership interest	Economic interest
Vestel Elektronik Sanayi ve Ticaret A.Ş.	66,5%	66,5%	73,7%	73,7%
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	89,9%	59,8%	95,2%	69,7%
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100,0%	66,5%	100,0%	73,7%
Vestel Ticaret A.Ş.	100,0%	66,5%	100,0%	73,7%
Vestel CIS Limited	100,0%	66,5%	100,0%	73,7%
Vestel Iberia SL	100,0%	66,5%	100,0%	73,7%
Vestel France SA	100,0%	66,5%	100,0%	73,7%
Vestel Holland BV	100,0%	66,5%	100,0%	73,7%
Vestel Germany GmbH	100,0%	66,5%	100,0%	73,7%
Cabot Communications Limited	90,8%	60,4%	90,8%	66,9%
Vestel Benelux BV ^(*)	--	--	100,0%	73,7%
Vestel UK Limited	100,0%	66,5%	100,0%	73,7%
Vestek Elektronik Araştırma Geliştirme A.Ş.	100,0%	66,5%	100,0%	73,7%
Vestel Trade Limited	100,0%	66,5%	100,0%	73,7%
OY Vestel Scandinavia AB ^(†)	--	--	100,0%	73,7%
Intertechnika LLC	99,9%	66,4%	99,9%	73,6%
Vestel Poland sp. z.o.o.	100,0%	66,5%	100,0%	73,7%
Vestel Central Asia LLP	100,0%	66,5%	100,0%	73,7%
Vestel Polska Technology Center sp. z o.o.	100,0%	66,5%	100,0%	73,7%
Zorlu Air Havacılık A.Ş.	100,0%	100,0%	100,0%	100,0%
Linens Tekstil Ürünleri Pazarlama A.Ş.	100,0%	100,0%	100,0%	100,0%
Zorlu International Investments Limited	100,0%	100,0%	100,0%	100,0%
ABH Turizm Temsilcilik ve Ticaret A.Ş.	75,0%	75,0%	75,0%	75,0%
Zorlu Faktoring A.Ş.	99,1%	99,1%	99,1%	99,1%
Zorlu Yapı Yatırım A.Ş.	99,2%	99,2%	99,2%	99,2%
Meta Nikel Kobalt Madencilik Sanayi A.Ş.	100,0%	83,3%	100,0%	86,9%

^(†) The Oy Vestel Scandinavia AB company, of which Vestel Ticaret A.Ş. is a 100% shareholder, was liquidated on February 10, 2020.

^(*) On 31 December 2020, Vestel Benelux BV merged with Vestel Holland BV.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The table below sets out all associates and demonstrates the proportion of ownership interest as of 31 December 2020 and 31 December 2019:

Associates	31.12.2020	31.12.2019
Dorad Energy Ltd.	25,00	25,00
Ezotech Ltd. ^(**)	42,15	42,15
Solad Energy Ltd.	42,15	42,15
Adnit Real Estate Limited ^(***)	42,15	42,15
Vestel Savunma Sanayi A.Ş. ⁽¹⁾	35,00	35,00
Aydın Yazılım Elektronik ve Sanayi A.Ş. ⁽¹⁾	21,00	21,00
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. ^(****)	19,00	19,00

⁽¹⁾ Since Vestel Savunma and Aydın Yazılım has net liability position as of 31 December 2020, carrying value of those investment in associate accounted for by equity method is resulted as nil in the consolidated balance sheets.

^(**) Ezotech Electric Ltd has 100% shares of Ashdod Energy Ltd. ("Ashdod") and Ramat Negev Energy Ltd. ("Ramat Negev").

^(***) Zorlu Enerji took over 42.15% of Adnit's shares in 2019, and Adnit's capital is NIS 10,000.

^(****) Within the framework of Turkey's Automobile Project, following the work undertaken by the Ortak Girişim Grubu, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Group recognizes revenue in accordance with TFRS 15 "Revenue from contracts with customers" standard by applying the following five step model:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of transaction price in the contract,
- Allocation of price to performance obligations,
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can identify each party's rights regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance,

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

Revenue for services provided initially is measured at the fair value of the consideration receivable. Expenses is included in operating expenses at cost unless the expense was permitted or required to be included in the financial statements on another basis. Cost is the fair value of the consideration given for the materials or services used in the production of goods or provision of services. Cost of sales is presented as a separate line item on the face of the income statement for the functional analysis of expenditures is chosen for the format of the income statement.

Factoring service income is composed of collected and accrued interest income and commission income earned from advance payments made to customers.

A proportion of factoring invoice total obtained constitutes commission income.

Revenue is recognised on an accrual basis when the electricity is delivered. Transmission revenue is netted-off with its related costs in the consolidated financial statements.

Dividend revenue from investments is recognized when the shareholder’s rights to receive payment have been established.

Other revenues earned by the Group are recognized on the following bases:

- Rental income – on an accrual basis.
- Interest income – on an effective yield basis.

Foreign currency translations

i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are prepared and presented in Turkish Lira (“TL”), which is the functional currency of the parent company.

ii) Transactions and balances

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow and net investment which are included under shareholders’ equity.

iii) Translation of financial statements of subsidiaries operating in foreign countries

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction). Exchange differences arising from using average and balance sheet date rates are included in “currency translation differences” under the shareholders’ equity.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The foreign exchange rates used by the Group are as follows:

Purchase rates	2020	2019
USD	7,3405	5,9402
EUR	9,0079	6,6506
GBP	9,9438	7,7765
CHF	8,2841	6,0932
Selling rates	2020	2019
USD	7,3537	5,9509
EUR	9,0241	6,6625
GBP	9,9957	7,8171
CHF	8,3373	6,1323

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.

Financial assets are depreciated within 22 years as per the concession arrangements concerning natural gas distribution activities.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. As of 31.12.2020 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.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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.

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
Buildings	25-50
Leasehold improvements	3-10
Machinery and equipment	2-27
Furniture and fixtures	5-27
Motor vehicles	5-20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Mining assets

Mining asset; consist of mining rights, lands, expenditures on rehabilitation and closing of reserves and also mine development costs. Mining assets are measured at cost less accumulated amortisation and impairment, if any. The depreciation starts when the production begins in the mining area. Depreciation of mining assets are included in production costs of related mining areas. Development costs incurred to evaluate and develop new ore bodies, or to define mineralisation in existing ore bodies, road construction, or to establish or expand productive capacity or to maintain production are capitalised. Mine development costs are capitalised to the extent they provide probable access to gold bearing reefs, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest..

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Intangible assets

Intangible assets are reflected in the consolidated financial statements over their acquisition costs, with their values after deducting the accumulated amortisation and permanent impairment if any. Intangible assets comprise licenses, computer softwares, service concession arrangements, customer relationships and goodwill.

Licenses

Commercial enterprise licences acquired separately are shown with their costs. Commercial enterprise licences have limited useful lives and they are tracked using their values after the accumulated amortisation is deducted from the cost. The amortisation of the commercial enterprise licences is recognised at the cost of the licenses throughout their useful lives of 15-30 years using the straight-line method.

Computer softwares

Computer softwares are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives of 3 - 15 years. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

Service concession arrangement

Service concession arrangements owned as a result of business combinations are recognised at their fair values at the acquisition date. The duration of the electricity distribution service concession arrangement and natural gas distribution service concession arrangement were determined to be 20 and 18 years, respectively. The service concession arrangement contracts will be amortised during this time.

Customer relationships

Customer relationships acquired as a result of business combinations related OEPSAŞ are recognised at their fair value at the acquisition date. The duration of customer relationships is determined to be 20 years. Customer relationships are amortised by straight line method in accordance with their expected useful lives (20 years).

Right of use asset

The right of use asset is initially accounted for using the cost method and includes:

- i. The initial measurement amount of the lease liability,
- ii. The amount obtained by deducting all lease incentives received from all lease payments made on or before the commencement of the lease,
- iii. All initial direct costs incurred by the Group.

The Group re-measure the right of use asset after netting-off depreciation and reducing impairment losses from right of use asset and adjusted for certain re-measurements of the lease liability recognized at the present value. The Group applies IAS16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- i. fixed payments, including in-substance fixed payments,
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- iii. the exercise price under a purchase option that the Group is reasonably certain to exercise,
- iv. lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early..

After initial recognition, the lease liability is measured:

- i. increasing the carrying amount to reflect interest on lease liability,
- ii. reducing the carrying amount to reflect the lease payments made and
- iii. remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

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.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

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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.

Impairment

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognized in the consolidated statement of comprehensive income.

Related parties

A related party is a person or entity that is related to reporting entity, the entity that is preparing its financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity,
- (ii) has significant influence over the reporting entity,
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
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Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Some business relationships may be entered into with related parties due to ordinary activities.

Borrowing cost

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs of qualifying assets are not added to the cost of those assets for the period during which construction to get them ready for their intended use or sale is suspended. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. Other borrowing costs are expensed in the period in which they are incurred and reported in “financing expense”.

Bank borrowings

Interest-bearing bank loans and overdrafts are recognized at fair value at initial recognition which equate to the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Deposits received

Accounting policy for deposit received from electricity distribution segment

The Group receives deposits from the customers on behalf of the Turkish Electricity Distribution Corporation (“TEDAŞ”) during subscription and these deposits are determined by the tariffs and methods announced by EMRA and they are recognized over their fair value at the time when they are received from the customers. In accordance with the decision of EMRA about “The Rules and Regulation related to the Update of Guarantee Payments in Electricity Market”, the Group updates the deposits in accordance with the methods identified by EMRA and deposits are refunded to subscribers over their indexed values, where index is periodically updated by EMRA, upon termination of subscription of customers. Besides, in accordance with “the Transfer of Operating Right” (“TOR”) agreement signed with TEDAŞ, the Group has to follow the deposits received from the subscribers and the refunded deposits and to pay the net balance to TEDAŞ in the year of 2036 that is the end of the license period. The Group reflects the net of deposits received from and refunded to the subscribers in its consolidated financial statements (note 31).

Accounting policy for deposit received from gas distribution segment

In order to guarantee the receivables arising from the sale of gas, the Group collects deposits from the subscribers using the mechanical meter for a one-time period or receives a letter of guarantee. The deposits paid by a subscriber whose subscription is ending is refunded to the subscriber or their authorised representative within five days following a request on the condition that all debts are paid, and the deposit received in cash is updated within the framework of the relevant legislation. The indexation of the deposits received is recognised under other operating expenses in the consolidated statement of income (note 31).

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Current and deferred income taxes

Tax expense (income) consists of current period tax expense (income) and deferred tax expense (income). Corporate Tax liability is calculated over the base found after the period result is adjusted by taking into account the expenses and discounts that are not legally accepted.

Tax provision has been calculated by taking into account the profit for the period and deferred tax has been taken into account in the calculation.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Period tax expense is calculated by considering the tax laws in force in the countries where the Group's subsidiaries operate as of the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax is provided, using the liability method, on all temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Employee benefits / Severances

Under Turkish labour law, the Group and its Turkish subsidiaries are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. The subject payment amounts are calculated based on the severance pay ceiling valid as of the balance sheet date. Provision for severance pay, future liabilities due to retirement of all employees are calculated according to their net present value and reflected in the accompanying financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Warranty and assembly expenses

Warranty expenses include repair and maintenance expenses of products sold and labor and material costs of authorized services for products under the scope of warranty terms without any charge to the customers. Based on estimations using past statistical information, warranty expense provision is recognized for the products sold with warranty terms in the period, for possible repair and maintenance expenses to be incurred during the warranty period.

Based on estimations using past statistical information, assembly expenses provision is recognized for products sold during the period but not yet installed in the sites of the end customers, against the cost of free of charge installments.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Financial assets

Classification and measurement

The Group classifies its financial assets into the following specified categories: financial assets as at fair value through profit or loss, loans, receivables and financial assets measured at fair value through other comprehensive income.. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial

(a) Financial assets carried at amortized cost

Financial assets that are not traded in an active market, with fixed or fixed payments, where the Group has adopted the contractual cash flow collection business model and the terms of the contract include only the principal and interest payments arising from the principal balance on certain dates, are classified as assets accounted for at amortized cost. Assets accounted for at amortized cost are initially recorded by adding the transaction costs to the acquisition cost, which reflects their fair values, and are then measured at "amortized cost" using the "effective interest (internal rate of return) method". Interest income related to financial assets measured at amortized cost is reflected in the income statement.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Group and its expectations for the future indications.

(b) Financial assets carried at fair value

Assets that are held by the Group for collection of contractual cash flows and for selling the financial assets are measured at their fair value. These assets are classified as non-current assets unless management intends to dispose of the related assets within 12 months from the balance sheet date.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recorded with their fair values and are then valued with their fair values. Gains and losses resulting from the valuation are included in the profit/loss accounts.

ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded by adding transaction costs to acquisition costs that reflect their fair value. Financial assets at fair value through other comprehensive income are valued at their fair value after they are recorded. The interest income of the securities whose fair value difference is reflected in other comprehensive income, calculated with the effective interest method, and the dividend income of the securities that represent the share in the capital are reflected in the income statement.

The difference between the fair values and amortized costs of financial assets whose fair value differences are reflected in other comprehensive income is followed under equity. When these securities are collected or disposed of, the accumulated fair value differences recognized in equity are reflected in the income statement.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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.

Derivative financial instruments

The Group holds derivative financial instruments which mainly consist of interest rate swap instruments and forward foreign exchange contracts.

Derivative financial instruments held for trading are recognized initially at fair value; attributable transaction costs are recognised in statement of consolidated income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognised in the statement of consolidated income as part of finance income and costs.

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method to set an allowance for unearned interest. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method to set an allowance for unearned interest.

Sell and leaseback transactions

A sale and leaseback transaction involves the sale of an asset and the lease back of the same asset. Rental payments and selling price are often interdependent as they are negotiated as a whole. The accounting method for a sale and leaseback transaction depends on the type of lease. If the sale and leaseback transaction results in a finance lease, the portion of the sales proceeds above the book value is not immediately recognized as income by the seller-lessor. Instead, said income is deferred and amortized over the lease term. If the leaseback is a finance lease, the transaction is a means by which the lessor provides financing to the lessee, with the leased asset as collateral for the transaction. Therefore, it is not correct to consider sales revenues exceeding the carrying amount of the related asset as income. Such excess amounts are deferred and amortized over the lease term.

Buildings leased back through sale and leaseback transactions are accounted for in the “Tangible Fixed Assets” account.

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of a financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of a financial asset or when a financial asset or a portion of a financial asset expires. The Group derecognizes a financial liability when and only when a liability is extinguished and that is when the obligation specified in the contract is discharged, cancelled and expires.

Commitments and contingencies

The Group recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of a financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of a financial asset or when a financial asset or a portion of a financial asset expires. The Group derecognizes a financial liability when and only when a liability is extinguished and that is when the obligation specified in the contract is discharged, cancelled and expires.

Segment reporting

Operating segments are identified on the same basis as financial information is reported internally to the Group’s chief operating decision maker. The Group Board of Directors has been identified as the Group’s chief operating decision maker who responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategical decisions.

The Group management evaluates the operational results at industrial and geographical level. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand; deposits with banks and other financial institutions with the original maturity of three months or less.

Provision for environmental obligations

Estimated environmental obligations, comprising rehabilitation and mine closure arising from development activities are based on the Company's environmental management plans in compliance with current technological, environmental and local regulatory requirements. The net present values of expected rehabilitation and mine closure cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using pre-tax rates that reflect current market assessments of the time value of money and where appropriate the risk specific to liability.

Going Concern

The financial statements of the companies included in the consolidated financial statements of the Group were prepared on a going concern basis.

As of 31 December 2020, the consolidated short term assets of the Group amounted to TL 21.681.538 thousand (31.12.2019 – TL 17.780.860 thousand) and the consolidated current liabilities to TL 44.531.594 thousand (31.12.2019 – TL 39.656.191 thousand); the consolidated net loss for the year ending as of the same date was TL 6.112.822 thousand (31.12.2019 – loss TL 4.005.466 thousand). The net loss of TL 6.112.822 thousand resulted entirely from net losses on foreign exchange amounting to TL 6.448.926 thousand.

The consolidated shareholders' equity of the Group as of 31 December 2020 gave a positive balance of TL 7.897.611 thousand (31.12.2019 – TL 2.665.192 thousand) and the management of Zorlu Holding A.Ş. believes that there is no concern about the continuity as a going concern of Zorlu Holding A.Ş. or of the companies included in its consolidated financial statements.

4. SEGMENT INFORMATION

The basis on which the Group reports its primary and secondary segment information is as follows:

- Energy: Electricity production, natural gas extraction and distribution, and power plant construction (note 1.1).
- Textile: Manufacture and sale of textile goods (note 1.2).
- Holding: This segment mainly the finance agent for Zorlu Group.
- White goods and electronic: Production and sale of white goods and electronic devices (note 1.3).
- Real estate: Real estate group operation mainly focuses on construction and management of domestic and foreign establishments (note 1.4).
- Other: This segment mainly contain the nickel cobalt mining company of Zorlu Group.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The segment results for the periods ended 31.12.2020 and 31.12.2019 are as follows:

	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Intersegment elimination	Total
01.01.- 31.12.2020								
External revenue	8.786.760	4.072.922	313.348	21.531.336	742.918	124.307	--	35.571.591
Intersegment revenue	278.213	11.308	143.506	14.844	5.188	453.042	(906.101)	--
	9.064.973	4.084.230	456.854	21.546.180	748.106	577.349	(906.101)	35.571.591
Cost of sales	(7.487.686)	(2.562.683)	(133.094)	(15.470.919)	(506.270)	(574.383)	--	(26.735.035)
Gross profit	1.577.287	1.521.547	323.760	6.075.261	241.836	2.966	(906.101)	8.836.556

Other segment items included in the income statement:

Depreciation expense	616.666	212.677	1.325	610.127	97.986	151.697	--	1.690.478
Amortization charge	74.279	9.384	538	142.905	1.393	587	--	229.086
	690.945	222.061	1.863	753.032	99.379	152.284	--	1.919.564

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The segment results for the period ended 31.12.2019 is as follows:

	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Intersegment elimination	Total
01.01.- 31.12.2019								
External revenue	8.563.277	3.500.646	256.155	17.166.677	862.334	217.217	--	30.566.306
Intersegment revenue	215.480	8.083	94.423	7.446	7.288	187.822	(520.542)	--
	8.778.757	3.508.729	350.578	17.174.123	869.622	405.039	(520.542)	30.566.306
Cost of sales	(7.174.418)	(2.510.093)	(88.530)	(12.938.263)	(559.241)	(596.988)	--	(23.867.533)
Gross profit	1.604.339	998.636	262.048	4.235.860	310.381	(191.949)	(520.542)	6.698.773

Other segment items included in the income statement:

Depreciation expense	536.009	257.518	5.696	585.714	86.779	129.305	--	1.601.021
Amortization charge	75.807	5.645	2.868	127.255	1.770	1.169	--	214.514
	611.816	263.163	8.564	712.969	88.549	130.474	--	1.815.535

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The segment assets and liabilities as of the financial position dates and capital expenditure for the years ended are as follows:

31.12.2020	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current assets							
Cash and cash equivalents	752.936	131.179	733.629	3.201.571	152.573	32.826	5.004.714
Investment securities	303.065	--	120	--	--	--	303.185
Trade receivables	1.544.603	553.933	1.300	5.403.654	68.853	8.422	7.580.765
Receivables from finance sector operations	--	--	--	--	--	207.349	207.349
Other receivables	217.481	61.887	6.400	551.173	1.005	53.850	891.796
Receivables from service concession arrangements	349.605	--	--	--	--	--	349.605
Inventories	94.210	731.370	21	4.061.469	1.286.783	238.869	6.412.722
Prepaid expenses	59.616	27.342	5.375	224.904	16.896	26.940	361.073
Current income tax assets	3.443	95	11	2.197	14	122	5.882
Derivative financial instruments	3.749	--	--	111.789	3.945	--	119.483
Other current assets	122.434	11.357	154.974	125.179	29.383	1.637	444.964
Subtotal	3.451.142	1.517.163	901.830	13.681.936	1.559.452	570.015	21.681.538
Assets held-for sale	--	--	--	--	--	--	--
Total current assets	3.451.142	1.517.163	901.830	13.681.936	1.559.452	570.015	21.681.538
Trade receivables	43.287	27.151	--	2.307	--	--	72.745
Other receivables	402.467	120	1.198.053	2.252.131	4.164	2.616	3.859.551
Investment in associate	681.368	--	--	115.127	--	--	796.495
Investment securities	774	3.476	11.619.696	57.342	--	--	11.681.288
Receivables from service concession arrangements	2.534.191	--	--	--	--	--	2.534.191
Mining assets	--	--	--	--	--	123.565	123.565
Property, plant and equipment	13.818.682	3.849.895	506.101	5.916.287	9.587.609	2.411.923	36.090.497
Intangible assets	1.510.063	107.698	209.519	907.508	6.080	5.934	2.746.802
Prepaid expenses	319.832	1.389	175	73.380	41	3.482	398.299
Right of assets	36.003	54.673	--	199.761	--	2.698	293.135
Other non-current assets	13.283	2	--	9.590	--	107.106	129.981
Deferred tax assets	556.834	10.223	--	347.230	--	594.670	1.508.957
Total non-current assets	19.916.784	4.054.627	13.533.544	9.880.663	9.597.894	3.251.994	60.235.506
Total assets	23.367.926	5.571.790	14.435.374	23.562.599	11.157.346	3.822.009	81.917.044

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2020	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current liabilities							
Short term financial liabilities	4.664.362	6.441.287	6.195.418	6.980.987	2.629.950	274.653	27.186.657
Trade payables	2.076.558	465.904	20.002	8.031.858	31.459	153.872	10.779.653
Payables from finance sector operations	--	--	--	--	--	187.693	187.693
Employee benefit obligations	18.212	28.543	4.728	212.818	4.666	5.704	274.671
Other payables	1.035.375	34.971	2.028.887	71.923	127.411	51	3.298.618
Deferred income	90.517	202.915	1.031	165.451	18.842	3.200	481.956
Derivative financial instruments	83.856	1.796	--	303.178	65.160	--	453.990
Taxation on income	56.489	--	253.409	10.554	--	316	320.768
Provision for expenses	14.771	10.111	4.555	778.560	27.189	7.068	842.254
Other liabilities	133.078	13.647	7.398	540.739	8.276	2.196	705.334
Subtotal	8.173.218	7.199.174	8.515.428	17.096.068	2.912.953	634.753	44.531.594
Liabilities related to asset held for sale	--	--	--	--	--	--	--
Total current liabilities	8.173.218	7.199.174	8.515.428	17.096.068	2.912.953	634.753	44.531.594
Non-current liabilities							
Long term financial liabilities	10.152.227	755.114	2.114.899	1.833.675	8.857.322	2.207.957	25.921.194
Trade payables	--	3.000	--	61.787	--	--	64.787
Other payables	47.250	--	295.126	--	--	253	342.629
Derivative financial instruments	243.452	--	--	--	108.697	--	352.149
Deferred income	--	6.197	--	964	12.371	--	19.532
Long term provisions	46.266	133.125	8.481	298.808	7.306	23.736	517.722
Other non-current liabilities	17	2	--	--	--	--	19
Deferred tax liability	822.758	479.125	36.881	566.072	364.971	--	2.269.807
Total non-current liabilities	11.311.970	1.376.563	2.455.387	2.761.306	9.350.667	2.231.946	29.487.839
Total liabilities	19.485.188	8.575.737	10.970.815	19.857.374	12.263.620	2.866.699	74.019.433
01.01.- 31.12.2020							
Capital expenditure	834.599	59.562	1.236	927.110	41.392	21.273	1.885.172

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2019	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current assets							
Cash and cash equivalents	855.746	28.712	973.455	2.394.334	191.182	10.089	4.453.518
Investment securities	25.942	--	271.849	--	--	--	297.791
Trade receivables	1.108.293	445.011	1.060	3.353.479	50.166	21.604	4.979.613
Receivables from finance sector operations	--	--	--	--	--	180.863	180.863
Other receivables	279.791	95.977	5.479	424.370	1.059	15.473	822.149
Receivables from service concession arrangements	258.074	--	--	--	--	--	258.074
Inventories	102.900	696.050	3	2.833.115	1.528.068	184.998	5.345.134
Prepaid expenses	35.647	23.122	7.571	86.086	23.086	20.138	195.650
Current income tax assets	24.361	39	106.413	7.259	73	201	138.346
Derivative financial instruments	--	--	--	45.487	--	--	45.487
Other current assets	89.832	16.702	109.517	68.217	80.903	1.782	366.953
Subtotal	2.780.586	1.305.613	1.475.347	9.212.347	1.874.537	435.148	17.083.578
Assets held-for sale	625.282	--	--	--	--	--	625.282
Total current assets	3.405.868	1.305.613	1.475.347	9.212.347	1.874.537	435.148	17.708.860
Trade receivables	45.640	19.199	--	67.595	--	--	132.434
Other receivables	304.320	111	1.298.130	1.476.269	3.821	2.534	3.085.185
Investment in associate	532.402	--	--	12.920	--	--	545.322
Investment securities	5.253	3.576	8.390.087	56.554	--	--	8.455.470
Receivables from service concession arrangements	2.050.771	--	--	--	--	--	2.050.771
Mining assets	--	--	--	--	--	99.539	99.539
Property, plant and equipment	11.359.440	2.235.022	273.422	4.298.324	6.136.283	2.059.697	26.362.188
Intangible assets	1.643.551	77.863	147.251	815.521	7.279	2.926	2.694.391
Prepaid expenses	258.221	3.604	5.767	73.496	41	2.247	343.376
Right of assets	48.534	48.117	--	163.776	--	2.204	262.631
Other non-current assets	70.886	--	--	9.925	--	135.884	216.695
Deferred tax assets	438.793	4.508	--	256.582	--	550.815	1.250.698
Total non-current assets	16.757.811	2.392.000	10.114.657	7.230.962	6.147.424	2.855.846	45.498.700
Total assets	20.163.679	3.697.613	11.590.004	16.443.309	8.021.961	3.290.994	63.207.560

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2019	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current liabilities							
Short term financial liabilities	5.459.619	4.597.757	4.413.452	7.242.195	3.276.444	510.710	25.500.177
Trade payables	2.185.893	393.623	11.707	6.123.269	44.669	159.271	8.918.432
Payables from finance sector operations	--	--	--	--	--	199.018	199.018
Employee benefit obligations	16.073	25.260	4.153	168.716	8.998	5.371	228.571
Other payables	851.609	1.290	1.605.118	56.799	120.848	261	2.635.925
Deferred income	42.150	141.401	--	113.470	33.111	1.563	331.695
Derivative financial instruments	33.170	--	--	52.592	53.157	--	138.919
Taxation on income	36.177	--	157.851	--	--	660	194.688
Provision for expenses	13.110	12.111	3.749	696.047	16.198	9.013	750.228
Other liabilities	123.124	10.561	13.642	194.946	8.219	3.083	353.575
Subtotal	8.760.925	5.182.003	6.209.672	14.648.034	3.561.644	888.950	39.251.228
Liabilities related to asset held for sale	404.963	--	--	--	--	--	404.963
Total current liabilities	9.165.888	5.182.003	6.209.672	14.648.034	3.561.644	888.950	39.656.191
Non-current liabilities							
Long term financial liabilities	8.208.147	612.952	2.244.841	568.081	5.650.759	1.359.354	18.644.134
Trade payables	--	--	--	6.747	--	--	6.747
Other payables	15.936	--	211.628	--	--	23.301	250.865
Derivative financial instruments	111.849	--	--	--	161.774	--	273.623
Deferred income	868	32.009	--	9.649	500	--	43.026
Long term provisions	34.775	90.767	6.577	201.953	4.908	21.573	360.553
Other non-current liabilities	1.094	--	--	--	--	--	1.094
Deferred tax liability	518.412	235.277	50.226	415.400	86.820	--	1.306.135
Total non-current liabilities	8.891.081	971.005	2.513.272	1.201.830	5.904.761	1.404.228	20.886.177
Total liabilities	18.056.969	6.153.008	8.722.944	15.849.864	9.466.405	2.293.178	60.542.368
01.01.- 31.12.2019							
Capital expenditure	306.806	49.955	1.225	685.358	21.985	12.974	1.078.303

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Geographical Segments	01.01.- 31.12.2020	01.01.- 31.12.2019
Revenue		
Turkey	15.090.674	14.822.505
Europe	18.408.390	13.965.467
Other countries	2.072.527	1.778.334
	35.571.591	30.566.306

5. CASH AND CASH EQUIVALENTS

	31.12.2020	31.12.2019
Cash in hand	1.974	2.403
Demand deposit at banks	3.665.776	2.587.141
Time deposit at banks	1.186.903	1.603.191
Blocked deposit	71.780	122.485
Other	78.281	138.298
Cash and cash equivalents	5.004.714	4.453.518
Bank overdrafts (-)	(119.773)	(310.682)
Cash and cash equivalents presented in cash flow statement	4.884.941	4.142.836

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”), 19% voting and equity interest Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.. These investments are accounted for under the equity method.

	01.01.- 31.12.2020	01.01.- 31.12.2019
Cost	796.495	545.322

Within the framework of Turkey’s Automobile Project, following the work undertaken by the Joint Initiative Group, to which Company’s controlling shareholder, Zorlu Holding A.Ş. was a party, Vestel Elektronik Sanayi ve Ticaret A.Ş. decided has participated with a 19% share in “Türkiye’nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.”, which is planned to be established to produce mainly electric passenger cars and carry out supporting activities. In this respect, the Shareholders Agreement and Articles of Association have been signed on 31 May 2018. Establishment of the new company is completed on 28 June 2018.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

7. INVESTMENT SECURITIES

	31.12.2020	31.12.2019
Current		
Investment securities held to maturity	264.681	297.614
Other	38.504	177
	303.185	297.791
Investment securities held to maturity		
<p>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.</p> <p>The cost of other marketable securities, government bonds and private sector bonds, together with accrued interests were approximately equal to their market value.</p>		
Non-current		
Financial assets held to maturity	11.611.159	8.377.765
Non-consolidated subsidiaries	65.809	65.947
Other	4.320	11.758
	11.681.288	8.455.470

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(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Financial investments that have no fair value or whose fair value cannot be measured reliably are not included in the consolidation because of their lack of importance.

Company	Country	Shareholding %		Amount	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
Non-consolidated subsidiaries on the grounds of materiality					
Hometeks Tekstil Ürünleri Sanayi ve Ticaret A.Ş.	Turkey	%100	%100	7.000	7.000
Vestel Electronica SRL	Romania	%100	%100	--	1.778
Vestel Ventures Arge A.Ş.	Turkey	%100	%100	57.081	54.115
Other				1.728	4.832
				65.809	67.725
Vestel Elektronica SRL	Romania			--	(1.778)
				65.809	65.947
Financial assets measured at fair value through other comprehensive income					
Sichuan Zorluteks Yinhua Co. Limited	China	%10	%10	3.123	3.123
Intermar Ticaret Pazarlama Turizm Sanayi A.Ş. ⁽¹⁾	Turkey	--	%16	--	7.402
Other				1.197	1.233
				4.320	11.758
Financial assets held to maturity				11.611.159	8.377.765
				11.681.288	8.455.470

⁽¹⁾ Zorlu Holding A.Ş. with the decision of the board of directors dated 21 April 2020, it has purchased all of the shares of Intermar Ticaret Pazarlama Turizm Sanayi A.Ş. in order to realize the merger within the scope of article 155 of the Turkish Commercial Code numbered 6102, titled “Merging of Capital Companies in a Facilitated Way”.

As of the financial position dates, the companies listed under “equity investments” and “unconsolidated investments” in which the Group has controlling interest or significant influence are not consolidated or equity accounted as they are immaterial individually and in aggregate to the results and financial position of the Group.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

8. TRADE RECEIVABLES

	31.12.2020	31.12.2019
Current		
Trade receivables		
- Third parties	7.513.547	4.832.139
- Related parties, note 34	317.881	308.288
Notes receivable		
- Third parties	336.905	322.586
	8.168.333	5.463.013
Unearned interest on receivables (-)		
- Third parties	(35.215)	(10.966)
Provision for doubtful receivables (-)	(552.353)	(472.434)
	7.580.765	4.979.613
Non-current		
Trade receivables		
- Third parties	43.287	--
Notes receivable		
- Third parties	29.578	142.366
	72.865	142.366
Unearned interest on receivables (-)		
- Third parties	(120)	(9.932)
	72.745	132.434
Movement in the provision for doubtful receivables is as follows:		
	01.01.-	01.01.-
	31.12.2020	31.12.2019
Opening balance, 01.01	472.434	380.515
Charge for the year	103.259	107.528
Doubtful receivables written-off	(25.467)	(4.729)
Amounts utilized during the year (-)	(9.621)	(19.128)
Translation differences	11.748	8.248
Ending balance, 31.12	552.353	472.434

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

9. RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31.12.2020	31.12.2019
Current		
Domestic factoring receivable	207.349	180.871
Unearned interest (-)	--	(8)
	207.349	180.863

The Group had received cheques and notes receivable amounting to TL 88.486 (2019: TL 88.018) in exchange of factoring receivables.

The Group had received guarantees amounting to TL 2.767.831 (2019: TL 2.720.673) as collateral for receivables from sector operations.

10. PREPAID EXPENSES AND DEFERRED INCOME

Current		
Prepaid expenses	194.945	104.369
Advances given to third parties	166.108	91.266
Advances given to related parties, note 34	20	15
	361.073	195.650
Non-current		
Prepaid expenses	334.956	275.572
Advances given	63.343	67.804
	398.299	343.376
Deferred income		
Advances received from third parties	351.546	213.713
Advances received from related parties, note 34	44	99
Deferred incomes	130.366	117.883
	481.956	331.695

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

11. DERIVATIVE FINANCIAL INSTRUMENTS

	31.12.2020			31.12.2019		
	Contract amount	Fair values		Contract amount	Fair values	
		Asset	Liability		Asset	Liability
Held for hedging:						
Interest rate swaps	7.091.079	--	406.025	5.534.895	--	219.139
Currency forwards	4.880.962	6.444	189.708	1.612.069	3.196	130.976
Cross foreign currency swaps	1.099.974	7.694	53.608	1.029.044	--	17.353
Held for trading:						
Currency forwards	7.042.013	105.345	156.798	8.052.602	42.291	42.532
Cross foreign currency swaps	--	--	--	412.369	--	2.542
	20.114.028	119.483	806.139	16.640.979	45.487	412.542

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 2020, The Group has forward foreign currency purchase contract that amounts to EUR 535.570 thousand, USD 1.092.627 thousand, GBP 44.323 thousand, PLN 20.279 thousand, TL 3.238.872 against forward foreign currency sales contract that amounts to EUR 970.789 thousand, USD 563.558 thousand, CHF 250.139 thousand, RUB 1.185.200 thousand, GBP 78.192 thousand, RON 5.747 thousand, PLN 48.817 thousand, SEK 9.447 thousand and TL 1.190.922.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

12. OTHER RECEIVABLES

	31.12.2020	31.12.2019
Current		
Due from related parties, note 34	204.720	261.692
VAT receivables	350.304	219.851
Deposits and guarantees given	142.792	100.265
Due from personnel	2.823	3.783
Other receivables	191.157	236.558
	891.796	822.149

13. RECEIVABLES FROM SERVICE CONCESSION ARRANGEMENT

Short-term	349.605	258.074
Long-term	2.534.191	2.050.771
	2.883.796	2.308.845

The receivables of service concession arrangements are made up of the investment’s value that is not repurchased through the tariff.

The maturity analysis of the receivables from service concession arrangement is as follows:

Up to 1 year	349.605	258.074
Up to 1-3 year	699.210	516.148
Up to 3-5 year	699.210	516.148
More than 5 years	1.135.771	1.018.475
	2.883.796	2.308.845

14. OTHER ASSETS

	31.12.2020	31.12.2019
Current		
Deferred VAT	287.102	272.624
Income accruals	99.187	33.516
Other	58.675	60.813
	444.964	366.953
Non-current		
Deferred VAT	107.107	191.273
Tangible fixed assets and stocks on resale	9.590	9.925
Other income accruals	13.284	15.497
	129.981	216.695

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15. ASSETS AND LIABILITIES HELD FOR SALE

The sales of Zorlu Rüzgar which is evaluated within the scope of TFRS 5 "Assets Classified as Held For Sale and Discontinuing Operations" has been publicly announced in 30 October 2018 by indicating the commencement of the sales negotiations. Following the fulfilment of the requirements of TFRS 5, assets and liabilities related to this subsidiary are classified as "Assets held for sale" and "Liabilities directly associated with the assets held for sale". According to the special circumstances' disclosure dated 5 February 2020 sales of Group's all Zorlu Rüzgar shares to İmbat Energy which is 100% subsidiary of Akfen Yenilenebilir Enerji Üretim AŞ has been completed.

Assets held for sale related to Zorlu Rüzgar are presented below:

a) Assets held for sale:

	31.12.2019
Cash and cash equivalents	37.399
Trade receivables	6.662
Other current assets	2.975
Other receivables	1.538
Property, plant and equipment and intangible assets	576.708
	625.282

b) Liabilities related to assets held for sale:

Derivative financial instruments	11.925
Financial liabilities	363.182
Trade payables	2.553
Other payables	--
Other long-term provisions	--
Other current liabilities	424
Deferred tax liabilities	26.879
	404.963

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(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

16. INVENTORIES

	31.12.2020	31.12.2019
Raw and auxiliary materials	2.413.985	1.433.185
Work in process	342.396	235.919
Finished goods and merchandise	3.630.400	3.670.913
Other	102.290	72.755
	6.489.071	5.412.772
Provision for diminution in value of inventories (-)	(76.349)	(67.638)
	6.412.722	5.345.134

Movement in the diminution in value of inventories is as follows:

	01.01.- 31.12.2020	01.01.-31.12.2019
Opening balance, 01.01	67.638	44.969
Charge for the year	11.798	36.092
Amounts utilized during the year (-)	(13.701)	(17.026)
Translation difference	10.614	3.603
Ending balance, 31.12	76.349	67.638

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

17. PROPERTY, PLANT AND EQUIPMENT

	31.12.2019	Additions	Disposals	Merger effect of intermar	Translation differences	Revaluation of fixed assets	Transfer	31.12.2020
Cost								
Land and buildings	10.762.229	50.279	(245.702)	12.905	179.589	6.005.767	(375.364)	16.389.703
Machinery and equipment	13.935.399	579.274	(210.585)	--	574.594	3.705.587	(2.051.650)	16.532.619
Motor vehicles	47.076	1.693	(2.455)	--	2.270	--	--	48.584
Leasehold improvements	226.901	16.461	(6.772)	--	1.625	--	180	238.395
Furniture and fixtures	954.536	60.064	(13.671)	--	9.919	--	11.125	1.021.973
Construction in progress	2.818.419	859.772	--	1.549	93.509	--	(860.789)	2.912.460
	28.744.560	1.567.543	(479.185)	14.454	861.506	9.711.354	(3.276.498)	37.143.734
Accumulated depreciation (-)								
Land and buildings	207.467	209.670	(30.645)	--	22.185	--	(408.677)	--
Machinery and equipment	1.240.256	1.223.814	(167.871)	--	116.383	--	(2.412.582)	--
Motor vehicles	42.678	10.301	(1.782)	--	2.205	--	1.554	54.956
Leasehold improvements	198.049	22.483	(910)	--	1.013	--	--	220.635
Furniture and fixtures	693.922	83.307	(9.992)	--	9.449	--	960	777.646
	2.382.372	1.549.575	(211.200)	--	151.235	--	(2.818.745)	1.053.237
Net book value	26.362.188							36.090.497
	31.12.2018	Additions	Disposals	Translation differences	Unconsolidated subsidiary	Transfer		31.12.2019
Cost								
Land and buildings	10.406.161	40.734	(6.757)	309.687	--	12.404		10.762.229
Machinery and equipment	13.070.011	411.097	(123.127)	529.655	(93.740)	141.503		13.935.399
Motor vehicles	34.048	1.377	(2.148)	1.230	--	12.569		47.076
Leasehold improvements	217.492	9.416	(2.751)	495	--	2.249		226.901
Furniture and fixtures	906.296	36.535	(17.980)	26.725	--	2.960		954.536
Construction in progress	2.409.060	345.790	(2.323)	410.680	--	(344.788)		2.818.419
	27.043.068	844.949	(155.086)	1.278.472	(93.740)	(173.103)		28.744.560
Accumulated depreciation (-)								
Land and buildings	--	181.242	(4.297)	31.979	--	(1.457)		207.467
Machinery and equipment	--	1.175.674	(50.555)	181.824	(66.479)	(208)		1.240.256
Motor vehicles	24.499	13.676	(1.815)	1.109	--	5.209		42.678
Leasehold improvements	171.913	27.071	(1.224)	289	--	--		198.049
Furniture and fixtures	593.204	93.134	(13.790)	22.492	--	(1.118)		693.922
	789.616	1.490.797	(71.681)	237.693	(66.479)	2.426		2.382.372
Net book value	26.253.452							26.362.188

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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 31.12.2020 “Construction in Progress” account for new investments in tangible fixed assets amounted to TL 2.912.460 (2019: 2.818.419 TL) which was broken down as follows:

	31.12.2020	31.12.2019
Energy segment	2.693.713	2.596.873
Textile segment	1.897	2.317
Holding segment	96.450	94.853
White goods segment	38.064	54.295
Other segment	82.336	70.081
	2.912.460	2.818.419

Energy segment

- Construction of one 340 MW energy power plants by Rosmiks LLC in Russia amounting to TL 2.051.250 (2019: TL 1.975.469).
- Investments in other investments amounting to TL 642.463 (2019: TL 612.754)

Textile segment

- Investments by Korteks and Zorluteks for modernization of textile factories in Lüleburgaz and Bursa totalling TL 1.897 (2019: TL 2.317).

Holding segment

- Investments by Zorlu Holding in Zincirlikuyu/Istanbul relates to construction of building amounting to TL 96.450 (2019: TL 94.853)

White goods segment

- Investments by Vestel Group of companies relate to modernization of white goods production facilities in Manisa amounting to TL 38.064 (2019: TL 54.295).

The guarantees given to secure bank loans are set out in note 28.

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

18. INTANGIBLE ASSET

	31.12.2019	Additions	Disposals	Unconsolidated subsidiary	Consolidated subsidiary	Translation differences	Transfer	31.12.2020
Cost								
Goodwill	825.516	--	(1.225)	--	--	--	--	824.291
Wind energy production rights	90.472	--	--	--	--	--	--	90.472
Development cost	1.203.535	265.026	(36.120)	--	--	1.222	1.414	1.435.077
Concessional service agreements	918.126	--	--	--	--	--	--	918.126
Customer service Rights	348.812	--	--	--	--	--	--	348.812
Other intangible assets	202.732	35.817	(3.780)	(1.463)	2	3.452	4.817	241.577
	208.437	9.976	(30.076)	--	3	12.436	(1.120)	199.656
	3.797.630	310.819	(71.201)	(1.463)	5	17.110	5.111	4.058.011
Accumulated depreciation (-)								
Development cost	657.541	139.374	--	--	--	618	--	797.533
Concessional service agreements	136.352	--	--	--	--	--	--	136.352
Customer service Rights	51.802	--	--	--	--	--	--	51.802
Other intangible assets	130.776	74.554	(3.358)	(859)	1	3.064	(2.514)	201.664
	126.768	15.158	(29.448)	--	4	11.376	--	123.858
	1.103.239	229.086	(32.806)	(859)	5	15.058	(2.514)	1.311.209
Net book value	2.694.391							2.746.802

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	31.12.2018	Additions	Disposals	Consolidated subsidiary	Translation differences	Transfer	31.12.2019
Cost							
Goodwill	825.516	--	--	--	--	--	825.516
Wind energy production rights	90.472	--	--	--	--	--	90.472
Development cost	996.139	207.982	(814)	--	228	--	1.203.535
Concessional service agreements	918.126	--	--	--	--	--	918.126
Customer service	348.812	--	--	--	--	--	348.812
Rights	202.210	11.960	(1.210)	18	1.458	(11.704)	202.732
Other intangible assets	190.931	10.271	(455)	2.487	4.783	420	208.437
	3.572.206	230.213	(2.479)	2.505	6.469	(11.284)	3.797.630
Accumulated depreciation (-)							
Development cost	539.387	117.924	--	--	230	--	657.541
Concessional service agreements	89.489	46.863	--	--	--	--	136.352
Customer service	33.998	17.804	--	--	--	--	51.802
Rights	117.206	17.158	(908)	6	1.065	(3.751)	130.776
Other intangible assets	107.067	14.765	(91)	1.448	3.579	--	126.768
	887.147	214.514	(999)	1.454	4.874	(3.751)	1.103.239
Net book value	2.685.059						2.694.391

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19. RIGHT OF USE ASSETS

	01.01.2020	Additions	Disposals	Transfer	31.12.2020
Cost					
Buildings	251.199	134.661	--	--	385.860
Machinery and equipment	66.316	7.491	(5.932)	11.901	79.776
Motor vehicles	51.709	20.182	(195)	--	71.696
	369.224	162.334	(6.127)	11.901	537.332
Accumulated depreciation (-)					
Buildings	66.518	88.615	--	--	155.133
Machinery and equipment	15.765	18.747	--	1.322	35.834
Motor vehicles	24.310	29.005	(85)	--	53.230
	106.593	136.367	(85)	1.322	244.197
Net book value	262.631				293.135
			Effect of change in accounting policies	Additions	31.12.2019
		01.01.2019			
Cost					
Buildings	--	--	251.199	--	251.199
Machinery and equipment	--	--	66.316	--	66.316
Motor vehicles	--	--	51.709	--	51.709
	--	--	369.224	--	369.224
Accumulated depreciation (-)					
Buildings	--	--	--	66.518	66.518
Machinery and equipment	--	--	--	15.765	15.765
Motor vehicles	--	--	--	24.310	24.310
	--	--	--	106.593	106.593
Net book value	--	--	--		262.631

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20. BORROWINGS

	Foreign currency		TL equivalent	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Current				
- USD ('000)	1.774.685	2.142.286	13.027.075	12.725.609
- EUR ('000)	479.898	492.488	4.322.873	3.275.341
- TL	6.327.316	6.665.725	6.327.316	6.665.725
- CHF ('000)	238.790	238.727	1.978.160	1.454.611
- PKR ('000)	201.130	213.237	9.143	8.131
Issued bonds				
- TL	1.047.963	810.900	1.047.963	810.900
Other securities				
- TL	119.773	310.678	119.773	310.678
Finance leases				
- TL	153.590	96.698	153.590	96.698
- USD ('000)	22.382	21.695	164.295	128.873
- EUR ('000)	4.037	3.537	36.365	23.523
- PKR ('000)	2.296	2.296	104	88
			27.186.657	25.500.177
Non-current				
- USD ('000)	2.348.458	2.431.612	17.238.855	14.444.263
- EUR ('000)	587.226	337.057	5.289.673	2.241.631
- TL	2.840.315	1.420.939	2.840.315	1.420.939
- NIS ('000)	6.133	--	14.036	--
- PKR ('000)	308.532	490.458	14.026	18.701
Issued bonds				
- TL	99.222	61.988	99.222	61.988
Finance leases				
- TL	188.932	209.020	188.932	209.020
- USD ('000)	20.127	31.477	147.741	186.980
- EUR ('000)	9.727	9.017	87.620	59.968
- PKR ('000)	17.059	16.879	774	644
			25.921.194	18.644.134

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As of May 15, 2020, Korteks Mensucat Sanayi ve Ticaret A.Ş. with fixed interest and principal payment at maturity; TL 8.960 nominal value with 292 days maturity, fixed interest as of 27 August 2020, principal payment at maturity; With a maturity of 188 days, nominal value of TL 29.000, fixed interest as of 15 October 2020, principal payment at maturity; Discounted bills with a nominal value of TL 15.000 with a maturity of 120 days and variable interest as of January 29, 2020, quarterly coupons and principal and interest payments at the end of the maturity; With a maturity of 357 days, nominal value of TL 91.370, variable interest as of March 23, 2020, quarterly coupon and principal and interest payment at maturity; 345 days maturity, TL 3.570 nominal value, variable interest as of 15 May 2020, quarterly coupon and principal and interest payment at maturity; With a maturity of 420 days, nominal value of TL 8.560, fixed interest as of 10 August 2020, monthly coupon and principal and interest payment at maturity; With a nominal value of TL 26.950 with a maturity of 270 days, fixed interest as of 16 November 2020, quarterly coupon and principal and interest payment at maturity; It issued financial bonds with a nominal value of TL 32.190 with a maturity of 172 days.

Korteks Mensucat Sanayi ve Ticaret A.Ş. as of 26 July 2019, with variable interest, quarterly coupon and principal and interest payment at maturity; With a nominal value of TL 9.320 with a maturity of 544 days, with variable interest as of 29 August 2019, quarterly coupon and principal and interest payment at the end of the maturity; 552 days maturity, TL 5.320 nominal value, variable interest as of 14 November 2019, quarterly coupon and principal and interest payment at maturity; 540 days maturity, TL 11.240 nominal value, fixed interest as of 10 August 2020, monthly coupon and principal and interest payment at maturity; With a maturity of 423 days, nominal value of TL 28.160, fixed interest rate as of 28 July 2020, monthly coupon and principal and interest payment at maturity; 406 days maturity, TL 25.470 nominal value, fixed interest as of 16 November 2020, monthly coupon and principal and interest payment at maturity; It issued bonds with a nominal value of TL 68.560 with a maturity of 381 days.

Zorlu Enerji Elektrik Üretim A.Ş. as of 20 September 2019, with variable interest, quarterly coupon and principal and interest payment at maturity; Issued bonds with a nominal value of TL 12.180 with a maturity of 488 days, a nominal value of 24.310 with a maturity of 546 days as of July 24, 2019, and a nominal value of TL 22.300 with a maturity of 481 days as of July 18, 2020.

Zorlu Enerji Elektrik Üretim A.Ş. as of 5 December 2019, with fixed interest, principal payment at maturity; 546 days maturity, TL 14.600 nominal value, 482 days maturity as of 17 July 2020, TL 42.730 nominal value, TL 29.845 nominal value with 370 days maturity as of 18 September 2020, TL 82.420 nominal value with 384 days maturity as of 23 October 2020, 392 days as of 16 December 2020 issued bonds with a nominal value of TL 52.160 with maturity.

Zorlu Enerji Elektrik Üretim A.Ş. as of 11 June 2020, with fixed interest, principal payment at maturity; Issued a discounted bond with a nominal value of TL 31.540 with a maturity of 288 days, a nominal value of TL 30.000 with a maturity of 174 days as of July 17, 2020, a nominal value of TL 62.090 with a maturity of 189 days as of September 18, 2020, a nominal value of TL 19.300 with a maturity of 204 days as of 30 September 2020.

Zorlu Enerji Elektrik Üretim A.Ş. as of February 21, 2020, with fixed interest, principal payment at maturity; 357 days maturity, nominal value of TL 102.420, 449 days maturity as of 11 March 2020, TL 9.500 nominal value, 357 days maturity as of 11 June 2020, TL 40.870 nominal value, 321 days maturity as of 17 July 2020, TL 47.240 nominal value, 30 September 2020 nominal value. has issued financial bonds with a nominal value of TL 9.850 with maturity, TL 80.220 with 181 days maturity as of 23 October 2020 and TL 20.670 nominal value with 205 days maturity as of 16 December 2020.

Vestel Elektronik Sanayi ve Ticaret A.Ş., as of 9 July 2020, with variable interest, quarterly coupon and principal and interest payment at maturity; Issued bonds with a nominal value of TL 50.066 with a maturity of 372 days and a nominal value of TL 50.380 with a maturity of 728 days as of 9 July 2020.

Zorlu Factoring A.Ş. fixed interest and quarterly coupon and principal and interest payment at maturity; As of March 4, 2020, nominal value of TL 33.000 with 364 days maturity, nominal value of TL 35.000 with 196 days maturity as of 23 June 2020, nominal value of TL 20.000 with 168 days maturity as of 19 August 2020, TL 28.760 nominal value with 196 days maturity as of 12 October 2020, 5 November As of 2020, it has issued bonds with a nominal value of TL 28.230 with a maturity of 196 days.

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Summary maturity schedule of total borrowings is given below:

	USD (‘000)	EUR (‘000)	PKR (‘000)	CHF (‘000)	NIS (‘000)	TL	TL equivalent
31.12.2020							
Due in one year	1.774.685	479.898	201.130	238.790	--	7.495.052	26.832.303
One to two years	1.006.585	156.979	199.887	--	--	1.475.762	10.287.737
Two to three years	561.649	148.020	108.645	--	6.133	275.980	5.751.089
Three to four years	173.324	123.457	--	--	--	224.612	2.608.985
Four to five years	145.992	120.503	--	--	--	237.572	2.394.705
Over five years	460.908	38.267	--	--	--	725.611	4.453.611
	4.123.143	1.067.124	509.662	238.790	6.133	10.434.589	52.328.430
	USD (‘000)	EUR (‘000)	PKR (‘000)	CHF (‘000)		TL	TL equivalent
31.12.2019							
Due in one year		2.142.286	492.488	213.237	238.727	7.787.303	25.250.995
One to two years		677.707	93.526	490.458	--	283.104	4.949.526
Two to three years		851.874	83.940	--	--	275.916	5.894.469
Three to four years		492.189	40.332	--	--	196.140	3.388.073
Four to five years		98.997	39.544	--	--	122.360	973.413
Over five years		310.845	79.715	--	--	605.407	2.982.041
		4.573.898	829.545	703.695	238.727	9.270.230	43.438.517

21. PAYABLES FROM FINANCE SECTOR OPERATIONS

	31.12.2020	31.12.2019
Current		
Borrowings received	146.100	146.832
Finance bonds	41.593	52.186
	187.693	199.018

The interest rates of the spot TL loans vary between 19,50% and 22,25% (2019: 15,50% and 26,00%).

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22. TRADE PAYABLES

	31.12.2020	31.12.2019
Current		
Trade payables		
- Third parties	10.560.787	8.718.469
- Related parties, note 34	110.899	73.279
Notes payables		
- Third parties	93.773	105.532
Other	20.667	21.819
	10.786.126	8.919.099
Unearned interest on payables (-)		
- Third parties	(6.473)	(667)
	10.779.653	8.918.432
Non-current		
Third parties	64.787	6.747

23. OTHER LIABILITIES

	31.12.2020	31.12.2019
Current		
Taxes payable	337.782	229.143
Other	367.552	124.432
	705.334	353.575
Non-current		
Deposits and guarantees received	19	1.094

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24. PROVISION FOR EXPENSES

	31.12.2020	31.12.2019
Current		
Legal claims	72.000	54.972
Warranty provisions	315.313	266.042
Provision for employee benefits	49.036	49.118
Other provisions	405.905	380.096
	842.254	750.228
Non-current		
Warranty provisions	72.501	42.878
Other provisions	15.257	18.440
	87.758	61.318

Movement of provisions is as follows:

	01.01.-31.12.2020	01.01.-31.12.2019
Opening balance, 01.01	811.546	735.428
Additions	211.041	82.234
Disposals	(92.575)	(6.116)
Ending balance, 31.12	930.012	811.546

25. TAXATION ON INCOME

a. Current taxation

In Turkey, the corporate tax rate is 20% as of January 1, 2006.

The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as a deduction in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions and deductions in the tax laws. If the profit is not distributed, no other tax is paid, and all or part of the profit as dividend;

- To real persons
- To real and legal persons who are exempt or exempt from Income and Corporate Tax,
- Limited taxpayer real and legal persons,

In case of distribution, 15% Income Tax Withholding is calculated. In case the period profit is added to the capital, profit distribution is not counted and withholding tax is not applied.

Corporations calculate a temporary tax of 20% on their quarterly financial profits and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

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The period of participation share and real estate sales income exemption in temporary articles 28 and 29 of the Corporate Tax Law expired on 31.12.2004. However, this regulation has been added to Article 8 of the Corporate Tax Law as a permanent exception to be effective as of 01.01.2005 with the Law No. 5281.

The effect of the legal tax rate change on the deferred tax amount increased from 20% to 22% for the local tax rate for 2018, 2019 and 2020. The said amendment was made within the scope of Law No. 7061, which was published in the Official Gazette dated 05 December 2017 and entered into force.

After 24 April 2003, 40% of the investment expenditures of the institutions on fixed assets over 6.000 TL -with some exceptions- are exempted from corporate tax by benefiting from the investment incentive exemption. No withholding tax is calculated on these exempted amounts. In case the corporate income is not sufficient, the calculated investment discount right is transferred to the following years. There is no obligation to obtain an "Investment Incentive Certificate" in order to benefit from the investment incentive exemption. According to the provisions valid before April 24, 2003, in case of exercising the investment incentive right, a withholding tax of 19.8% will be calculated over the investment incentive exemption amount, regardless of whether the profit is distributed or not.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses can not be offsetted from last year's profits.

There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 25th day of the fourth month following the month in which the accounting period is closed. However, the tax inspection authorities can examine the accounting records within five years, and if an incorrect transaction is detected, the tax amounts to be paid may change.

A reconciliation of the Group's tax provision on the financial position is as follows:

	31.12.2020	31.12.2019
Corporation tax payable	324.890	201.956
Prepaid tax (-)	(4.123)	(7.268)
	320.767	194.688
Deferred tax assets	(1.508.957)	(1.250.698)
Deferred tax liabilities	2.269.807	1.306.135
	760.850	55.437

b. Deferred taxation

The Group calculates its deferred tax assets and liabilities by taking into account the effects of temporary differences that arise as a result of the evaluation of timing differences between TAS and statutory financial statements of balance sheet items. These differences generally arise from the fact that some income and expense items take place in different periods in the financial statements prepared in accordance with the TAS with the tax base amounts.

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The following are the cumulative temporary differences and deferred tax assets and liabilities related to them based on the expected tax rate in the future periods calculated as of 31 December 2020 and 31 December 2019:

	Deferred tax assets		Deferred tax liabilities		Net	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Tangible and intangible assets	471.502	300.699	2.569.594	1.555.120	(2.098.092)	(1.254.421)
Receivables from service concession arrangements	--	--	576.759	495.996	(576.759)	(495.996)
Employee termination benefits	85.964	61.607	--	49	85.964	61.558
Provision for diminution in value of inventories	18.973	15.731	7	33.314	18.966	(17.583)
Provision for doubtful receivables	45.584	44.752	779	792	44.805	43.960
Loss of previous years to be deducted	812.976	701.610	--	--	812.976	701.610
Unearned interests, net	--	4.640	1.103	913	(1.103)	3.727
Derivative financial instruments	160.296	77.845	23.147	--	137.149	77.845
Warranty provisions	17.859	23.925	--	--	17.859	23.925
Other	955.373	879.722	157.988	79.784	797.385	799.938
	2.568.527	2.110.531	3.329.377	2.165.968	(760.850)	(55.437)
Net-off (-)	(1.059.570)	(859.833)	(1.059.570)	(859.833)	--	--
Net deferred tax assets / liabilities	1.508.957	1.250.698	2.269.807	1.306.135	(760.850)	(55.437)

26. 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 7.117,17 as of 31.12.2020 (2019: TL 6.379,86) 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:

	31.12.2020	31.12.2019
Opening balance, 01.01	299.235	223.595
Service cost	51.612	42.737
Actuarial gain/loss	81.446	52.503
Interest expense	35.341	25.815
Repayments (-)	(37.596)	(45.347)
Translation difference	(74)	(68)
Ending balance, 31.12	429.964	299.235

Number of personnel employed at years end:

White goods and electronics	18.864	16.775
Textile	5.708	5.695
Energy	2.362	2.352
Holding	319	307
Other	793	888
	28.046	26.017

27. EQUITY

a) Share capital

As of 31.12.2020, 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Zorlu Family	%100	%100	3.325.000	3.325.000

b) Inflation adjustment of share capital

Capital adjustment differences represent the difference between the total amount of the Company's capital adjusted for inflation (purchasing power as of 31.12.2004) and the Company's capital amount before inflation adjustment.

	31.12.2020	31.12.2019
Adjustment to share capital	446.109	446.109

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c) Revaluation reserve

Increases of carrying amounts as a result of revaluations recognized directly in the equity are followed in the headings below.

Revaluation gains	13.376.542	6.876.145
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d) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet affected profit or loss.

Hedging reserve	(3.114.230)	(2.186.829)
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e) Restricted reserves (“Legal reserves”)

The legal reserves consist of first and second legal reserves set aside out of profits in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company’s share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted.

Legal reserves	233.945	286.986
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28. GENERAL RESERVES

General reserves comprise legal reserves and retained earnings.

According to the Turkish Commercial Code, legal reserves are divided into two as first and second legal reserves. As long as the legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset losses and cannot be used in any other way.

- 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.

29. COMMITMENTS AND CONTINGENCIES

Contingent assets

	31.12.2020	31.12.2019
a. Obtained from customers and suppliers		
Letters of guarantee	6.225.559	5.263.876
Checks and notes	1.145.470	453.774
Mortgaged and guarantees received	1.443.078	1.429.135

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Contingent liabilities

a. Guarantee, pledge and mortgages ("GRM")

On behalf of incorporated body	8.510.719	5.460.215
On behalf of consolidated subsidiaries	66.001.733	45.992.520
On behalf of other Zorlu Group of companies	289.467	238.444
On behalf of third parties	165.270	133.361
	74.967.189	51.824.540

As of 31 December 2020, Zorlu Holding A.Ş. guaranteed the bank loan amounting to EUR 330 million, USD 88,1 million and TL 170 million between Zorlu Yapı Yatırım A.Ş. and Akbank A.Ş.

As of 31 December 2020, Zorlu Holding A.Ş. guaranteed the bank loan amounting to USD 233,45 million between Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş. and Finansbank A.Ş.

Rotor signed a long-term loan agreement of EUR 130 million on 8 May 2009 with a consortium of various financial institutions to be used in financing the 135 MW Gökçedağ Rüzgar Enerji Santrali in Osmaniye. In addition to the loan agreement, mortgage, commercial enterprise pledge, pledge of shares, account pledge, assignment of receivables, transfer of shareholder receivables and transfer of insurance receivables were signed. In accordance with the mortgage agreement signed between Rotor and banks, a mortgage amounting to EUR 130.000.000 has been established on the immovable properties of Rotor. In addition, according to the commercial enterprise pledge agreement signed between Rotor and banks, the upper limit of commercial enterprise pledge is EUR 235.000.000, a commercial enterprise pledge amounting to a total of TL 501.725.000 has been established on the fixed assets of Rotor and this amount has been included in the "PPM's given by the Company" note. Zorlu Holding and Zorlu Enerji have become guarantors for the loan amounting to EUR 130 million that Rotor obtained from a consortium of various financial institutions. The remaining loan amount after the payments is EUR 26 million after all reporting adjustments.

Zorlu Enerji Pakistan will be used in financing the 56,4 MW Jhimpir Rüzgar Enerji Santrali in Jhimpir, Pakistan, in Sindh region, on 26 October 2011, signed a long-term loan (up to 12 years) agreement with IFC, ADB, ECO and HBL, to provide funds up to total USD 111 million. In addition to the loan agreement, account pledge, pledge of shares, transfer of insurance receivables, title pledge, assignment of project rights and mortgage establishment agreements on fixed assets were signed. In accordance with the mortgage agreement signed between Zorlu Enerji Pakistan and banks, a mortgage amounting to USD 118.625.000 and PKR 1.875.000.000 was established on the fixed assets of Zorlu Enerji Pakistan. Zorlu Holding has been the guarantor for this loan provided by Zorlu Energy Pakistan. The remaining loan amount after the payments is USD 26 million and PKR 510 million after all reporting adjustments.

Zorlu Doğal has been signed with Akbank TAŞ, Türkiye Garanti Bankası AŞ, Türkiye İş Bankası AŞ and Türkiye Sınai Kalkınma Bankası AŞ on 27 October 2015 for the refinancing of its existing debts and the financing of the first unit of the Kızıldere III Jeotermal Enerji Santrali with a capacity of 99.5 MW, which it established in Denizli with a 14-year maturity, for a total of USD 815 million, of which USD 785 million in cash and USD 30 million in non-cash. In addition, Zorlu Doğal has been signed a loan agreement for USD 190 million with the European Bank for Reconstruction and Development (EBRD), Akbank TAŞ, Türkiye İş Bankası and Türkiye Sınai Kalkınma Bankası AŞ on 6 April 2017, to be used in financing the second unit of Kızıldere III Jeotermal Enerji Santrali with a capacity of 65,5 MW. In addition to the loan agreements, account pledge, pledge of shares, credit transfer and shareholder receivables transfer agreements have been signed, and the upper limit of the transfer amount that EPIAŞ will receive within the scope of the credit transfer agreement is TL 9.500.000. Since the transfer amount to be received by EPIAŞ expresses the upper limit, it is not included in the "PPM" s given by the Company" note. Zorlu Holding and Zorlu Enerji have become guarantors for the loan amounting to USD 975 million provided by Zorlu Doğal. The remaining loan amount after the payments is USD 782 million after all reporting adjustment. 14-year term project finance loan agreement with Yapı Kredi Bankası AŞ on 25 November 2013 to be used in the financing of Alaşehir I Jeotermal Enerji Santrali with an installed capacity of 45 MW established by Zorlu Jeotermal in Alaşehir, Manisa. The loan amount for the project was increased from USD 113 million to USD 148 million in June 2015 due to the increase in the installed power of the plant from 30 MW to 45 MW. In addition to the loan agreement, account pledge, pledge of shares, successive

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credibility and transfer of receivables agreements were signed, and a business pledge amounting to TL 1.060.800 was established pursuant to the commercial enterprise pledge agreement. Within the scope of the credit transfer agreement, the upper limit of the transfer amount to be received by EPIAŞ is determined as TL 2.155.000. Since the transfer amount to be received by EPIAŞ represents the upper limit, it is not included in the "PPM's given by the Company" note. Zorlu Holding has been a guarantor for the loan of USD 148 million provided by Zorlu Jeotermal. The remaining loan amount after the payments is USD 83 million after all reporting adjustment.

In the lease certificate issuance of TL 50 million issued on 3 June 2020, TL 40 million issued on 6 August 2020 and TL 35 million issued on 23 October 2020, due to the fact that the issuer company is Yatırım Varlık Kiralama A.Ş. and the fund user is Zorlu Enerji before the issue, Zorlu Enerji and Zorlu Holding became the guarantors of Yatırım Varlık Kiralama A.Ş. for the issue program.

With regard to the sale of Lüleburgaz steam boiler equipment belonging to Zorlu Enerji, a Sell Buy Lease Agreement was signed between Şeker Finansal Kiralama AŞ and Zorlu Enerji on 24 August 2017, and Zorlu Holding was sold in relation to the financial lease debt of Zorlu Enerji. There is a guarantee for the realized steam boiler equipment in proportion to the financial lease amount. Zorlu Enerji's receivables arising from the steam contract made with Zorluteks Tekstil Ticaret ve Sanayi AŞ ("Zorluteks") were assigned to Şeker Finansal Kiralama AŞ within the scope of financial leasing transactions in proportion to the related installment amounts.

Zorlu Holding has been a guarantor for the USD 250 million loan obtained by Zorlu Enerji from Kuwait Investment Authority and the loan of USD 100 million from Export Development Canada.

Zorlu Enerji has become a guarantor for the limit that Adnit, its affiliate of 42,15%, wants to provide from Bank Mizrahi.

Gazdaş signed a loan agreement with Akbank and Yapı ve Kredi Bank on 29 June 2015 for a total of USD 102 million with a maturity of 12 years to be used in the expansion investments to be made within the scope of the gas distribution license expansion in the Gaziantep region. While Zorlu Holding takes part in this contract as a guarantor, Trakya and Gazdaş are in the position of guarantors for each other. In addition to the loan agreement, Account Pledge Agreement, Successor Credit and Successor Credit Transfer Agreement, License Transfer Agreement and Share Pledge Agreement amounting to TL 29.250 were signed. The remaining loan amount after the payments is USD 48 million after all reporting adjustment.

A loan agreement for a total of USD 114 million with a maturity of 12 years was signed on 29 June 2015 with Akbank and Yapı ve Kredi Bank to be used in the expansion investments to be made by Trakya within the scope of the gas distribution license expansion in the Gaziantep region. While Zorlu Holding takes part in this contract as a guarantor, Trakya and Gazdaş are in the position of guarantors for each other. In addition to the loan agreement, Account Pledge Agreement, Successor Credit and Successor Credit Transfer Agreement, License Transfer Agreement and Pledge of Shares Agreement amounting to TL 63.500 were signed. The remaining loan amount after the payments is USD 51 million after all reporting adjustment.

OEDAŞ and European Bank for Reconstruction and Development ("EBRD"), International Finance Corporation ("IFC") and Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V. ("FMO") and Denizbank AŞ, project financing agreements have been signed for the cash loan. In addition to the loan agreement, the assignment of receivables, account pledge, transfer of successive receivables and share pledge agreements amounting to TL 147.743 were signed. Zorlu Enerji, Zorlu Holding and Zorlu Osmangazi have become guarantors for the loan amounting to a total of TL 1.746 million provided by OEDAŞ from EBRD, IFC, FMO and Denizbank. In addition, pledge of shares agreements amounting to TL 52.126 and TL 1.150.050 were signed for OEPSAŞ and Zorlu Osmangazi, in the same contract capacity, respectively. The remaining loan amount after the payments is TL 1.557 million after all reporting adjustment.

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Electricity buying and selling commitments

Zorlu Elektrik Toptan

There is no electricity purchase commitment for 2021. Within the scope of the electrical energy sales agreements made with energy companies, it has committed to sell 21.840 MWh of energy in 2020, and all of the promised energy has been sold. In connection with electricity purchase and sale operations: Within the scope of risk sharing agreements made with energy companies, it carried out 43.920 MWh transactions in 2020 and committed to 175.200 MWh transactions in 2021.

OEPSAŞ

OEPSAŞ does not have any sales commitments to energy companies for 2020. Within the scope of electrical energy purchase agreements made with energy companies, OEPSAŞ has committed to purchase 1.117.656 MWh of energy in 2020, and all of the promised energy has been received. The Company does not have any purchase commitments for 2021.

30. NATURE OF EXPENSES

Nature of expenses consists of cost of sales, selling, general and administrative expenses.

	01.01.- 31.12.2020	01.01.- 31.12.2019
Raw materials and merchandise expenses	20.955.726	19.704.415
Changes in inventories	172.196	(70.666)
Personnel expenses	2.706.946	2.194.855
Depreciation and amortisation expense	1.834.852	1.755.340
Freight and freight insurance	677.026	513.412
Investment expenses and expenses from construction activities	514.272	943.233
Warranty expenses	459.078	368.894
External benefits and services	271.331	267.060
Energy transmission line distribution expenses	243.373	186.062
Advertising expenses	271.751	196.834
Repair and maintenance expenses	297.589	207.883
Export commissions	202.812	171.185
Energy expenses	165.512	172.892
Office expenses	127.025	183.450
Exhibition expenses	25.256	76.604
Other	2.041.657	384.316
	30.966.402	27.255.769

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31. OTHER EXPENSE

	01.01.- 31.12.2020	01.01.- 31.12.2019
Currency difference expense arising from commercial transactions	2.479.784	1.449.102
Late interest expense arising from commercial transactions	169.580	193.394
Provision expense	102.349	120.358
Indexation of deposits received	99.157	63.079
Depreciation of service concession arrangements	64.844	46.863
Idle capacity depreciation expenses	19.868	13.332
Other	193.247	135.428
Other expense	3.128.829	2.021.556

32. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Property, plant and equipment sales profit	81.790	16.889
Sell and leaseback transaction income	28.850	30.700
Subsidiary sales profit	25.086	29.546
Other	575	5.516
Income from investment activities	136.301	82.651
Loss on sale of property, plant and equipment	19.156	17.293
Expense from investment activities	19.156	17.293

33. FINANCIAL INCOME AND FINANCIAL EXPENSE

Foreign exchange gain	3.101.544	1.951.942
Interest income	542.568	425.842
Profit on derivative financial instruments	--	61.132
Other financing income	181	5.334
Financing income	3.644.293	2.444.250
Foreign exchange loss	8.716.210	4.291.039
Interest expense	4.373.910	4.575.974
Loss on derivative financial instruments	267.597	480.712
Bank commission expenses	250.928	120.073
Deferred financial expenses	17.083	20.329
Other financial expenses	369.333	237.624
Financing expense	13.995.061	9.725.751

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

34. RELATED PARTIES

The significant balances with related parties at period end are shown below.

31.12.2020	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
Current						
Ezom Ltd.	140.443	--	--	13.319	--	--
Zorlu Usa Inc.	108.173	--	--	--	--	--
Ashdod Energy Ltd.	4.715	--	--	--	--	--
Ramat Negev Energy Ltd.	11.970	--	--	--	--	--
Zorlu Tesis Yönetim A.Ş.	2.724	--	--	9.381	--	--
Zorlu O/M Pakistan Ltd.	9.377	2.503	--	--	--	--
Zorlu Family	45	41	--	7.500	28	451.460
Vestel Savunma Sanayi A.Ş.	1.205	--	--	1	--	1.566.462
Vestel Ventures Ar-Ge A.Ş.	2.980	191.366	--	2	2	191.638
Other	36.249	10.810	20	80.696	14	3.957
	317.881	204.720	20	110.899	44	2.213.517
31.12.2020	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
Non-current						
Zorlu Gayrimenkul Otelcilik İnşaat Taahhüt ve Turizm A.Ş.	--	--	--	--	--	--
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.	--	1.004.455	--	--	--	--
Vestel Savunma Sanayi A.Ş.	--	2.244.748	--	--	--	--
Ezotech Electric Ltd.	--	245.823	--	--	--	--
Zorlu Grand Hotel İşletmeleri A.Ş.	--	50.760	--	--	--	--
Edeltech Ltd.	--	102.395	--	--	--	--
Passtel Gıda ve İhtiyaç Maddeleri Pazarlama İnşaat Mühendislik Turizm Sanayi ve Ticaret A.Ş.	--	140.952	--	--	--	--
Meta Madencilik Enerji Turizm Danışmanlık Sanayi ve Ticaret A.Ş.	--	--	--	--	--	--
Other	--	55.979	--	--	--	36.864
	--	3.845.112	--	--	--	36.864

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2019	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
Current						
Ezom Ltd.	95.291	--	--	--	--	--
Zorlu Usa Inc.	110.160	--	--	--	--	--
Zorlu Tesis Yönetim A.Ş.	1.806	--	--	25.290	--	--
Zorlu O/M Pakistan Ltd.	7.489	49.679	--	--	--	21.650
Zorlu Family	6	2	--	--	--	651.006
Vestel Savunma Sanayi A.Ş.	3.749	--	--	1	--	964.341
Vestel Ventures Ar-Ge A.Ş.	55	148.579	--	--	--	142.630
Other	89.732	63.432	15	47.988	99	9.620
	308.288	261.692	15	73.279	99	1.789.247
Non-current						
Zorlu Gayrimenkul Otelcilik İnşaat Taahhüt ve Turizm A.Ş.	--	395.339	--	--	--	--
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.	--	741.194	--	--	--	--
Vestel Savunma Sanayi A.Ş.	--	1.470.762	--	--	--	--
Ezotech Electric Ltd.	--	184.291	--	--	--	--
Zorlu Grand Hotel İşletmeleri A.Ş.	--	46.827	--	--	--	--
Edeltech Ltd.	--	100.371	--	--	--	--
Passtel Gıda ve İhtiyaç Maddeleri Pazarlama İnşaat Mühendislik Turizm Sanayi ve Ticaret A.Ş.	--	99.287	--	--	--	--
Meta Madencilik Enerji Turizm Danışmanlık Sanayi ve Ticaret A.Ş.	--	12.638	--	--	--	22.932
Other	--	22.352	--	--	--	5.769
	--	3.073.061	--	--	--	28.701

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

35. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group focuses on managing various financial risks, including the effects of changes in debt and capital market prices, exchange rates and interest rates, due to its activities. The Group aimed to minimize the potential negative effects of fluctuations in the markets with the risk management program.

The Group has determined the policies summarized below for the management of risks arising from financial instruments.

Credit risk

The Group's credit risk is the sum of the financial assets shown at the balance sheet date.

Credit risk includes the risk that a company's receivables will not be collected.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

As of financial position dates, the Group's exposure to credit risk is as summarised below:

31.12.2020	Trade receivables		Other receivables		Factoring receivables	Bank amounts	Derivative instruments	Other
	Related parties	Third parties	Related parties	Third parties				
Secured portion of the maximum credit risk by guarantees, etc.	--	--	--	--	--	--	--	--
A. Carrying amount of financial assets that are not overdue and not impaired	317.881	6.264.637	4.049.832	701.515	207.349	4.924.459	119.483	80.255
B. Financial assets with renegotiated conditions	--	--	--	--	--	--	--	--
C. Carrying amount of assets that are overdue but not impaired	--	949.537	--	--	--	--	--	--
- Carrying amount secured with collateral	--	(653.152)	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	121.455	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	673.810	--	97.654	--	--	--	--
- Impairment (-)	--	(552.353)	--	(97.654)	--	--	--	--
- Carrying amount secured with collateral	--	(119.461)	--	--	--	--	--	--
	317.881	7.335.629	4.049.832	701.515	207.349	4.924.459	119.483	80.255

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2019	Receivables				Factoring receivables	Bank amounts	Derivative instruments	Other
	Trade receivables		Other receivables					
	Related parties	Third parties	Related parties	Third parties				
Secured portion of the maximum credit risk by guarantees, etc.	--	(2.863.727)	--	--	--	--	--	--
A. Carrying amount of financial assets that are not overdue and not impaired	308.288	3.843.081	3.334.753	572.581	180.863	4.312.817	45.487	140.701
B. Financial assets with renegotiated conditions	--	--	--	--	--	--	--	--
C. Carrying amount of assets that are overdue but not impaired	--	901.049	--	--	--	--	--	--
- Carrying amount secured with collateral	--	(472.568)	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	59.629	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	532.063	--	97.654	--	--	--	--
- Impairment (-)	--	(472.434)	--	(97.654)	--	--	--	--
- Carrying amount secured with collateral	--	(59.629)	--	--	--	--	--	--
	308.288	4.803.759	3.334.753	572.581	180.863	4.312.817	45.487	140.701

While measuring the maximum credit risk exposed, guarantees which increase the credibility of the Group are not taken into consideration.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

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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.

2020	USD	EUR	GBP	CHF	Other currencies	Total TL equivalent
Cash and cash equivalents	202.967	48.680	264	15	2.074.668	4.005.801
Investment securities	115.292	--	--	--	--	846.301
Trade and other receivables	605.124	263.802	18.740	588	416.469	7.425.902
Total foreign currency assets	923.383	312.482	19.004	603	2.491.137	12.278.004
Trade and other payables	1.107.458	140.460	1.178	93	11.725	9.418.754
Current borrowings	1.797.067	483.935	--	238.790	9.247	19.538.015
Non-current borrowings	2.368.585	596.953	--	--	28.836	22.792.725
Total foreign currency liabilities	5.273.110	1.221.348	1.178	238.883	49.808	51.749.494
Derivatives financial instruments						
Assets	1.092.627	535.570	44.323	--	40.359	13.325.890
Liabilities	(563.558)	(970.789)	(78.192)	(250.139)	(232.775)	(15.964.042)
	529.069	(435.219)	(33.869)	(250.139)	(192.416)	(2.638.152)
Net foreign currency position	(3.820.658)	(1.344.085)	(16.043)	(488.419)	2.248.913	(42.109.642)
Import	1.225.719	172.070	46	192	6.981	10.109.029
Export	722.518	1.245.405	4.725	810	1.516.127	18.442.032

Notes to Consolidated Financial Statements for the Year Ended 31 December 2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

2019	USD	EUR	GBP	CHF	Other currencies	Total TL equivalent
Cash and cash equivalents	168.537	39.907	229	249.936	2.370	2.793.610
Investment securities	117.800	4.000	--	--	--	726.358
Trade and other receivables	550.425	175.816	20.805	543	652.308	5.256.323
Total foreign currency assets	836.762	219.723	21.034	250.479	654.678	8.776.291
Trade and other payables	1.147.314	149.873	1.392	645	28.736	7.855.511
Current borrowings	2.163.981	496.025	--	238.727	8.219	17.616.176
Non-current borrowings	2.463.089	346.074	--	--	19.345	16.952.187
Total foreign currency liabilities	5.774.384	991.972	1.392	239.372	56.300	42.423.874
Derivatives financial instruments						
Assets	1.032.332	741.423	52.928	--	72.692	11.547.453
Liabilities	(653.719)	(769.379)	(118.911)	(249.707)	(358.950)	(11.805.228)
	378.613	(27.956)	(65.983)	(249.707)	(286.258)	(257.775)
Net foreign currency position	(4.559.009)	(800.205)	(46.341)	(238.600)	312.120	(33.905.358)
Import	1.243.548	204.734	91	149	2.217	8.360.882
Export	715.109	1.283.080	7.118	946	1.263.079	15.309.978

On basis of the above an increase of 10 % in the foreign exchange rates against the Turkish Lira as of 31 December 2020 will amount to a loss of TL 4.209.561 (2019: TL 3.390.536) and a decrease will amount to profit of the same amount.

Interest rate risk

Interest rate risk arises because changes in interest rates may affect profitability as disclosed in financial statements.

The Group is subject to interest rate risk as a result of differences in balancing off the dates or timing differences related to assets and liabilities maturing or to be subjected to price revision. The Group manages its interest rate risk by applying risk management strategies whereby its strives to balance off the dates of changes in interest rates related to assets and liabilities.

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The Group's interest rate position is as follows:

	31.12.2020	31.12.2019
Fixed interest rate financial instruments		
Financial assets-time deposits		
- <i>Time deposits</i>	1.186.903	1.603.191
Financial liabilities		
- <i>Borrowings</i>	36.359.396	29.701.700
- <i>Finance lease liabilities</i>	779.421	705.794
- <i>Payables of factoring sector operations</i>	187.693	199.018
Variable interest rate financial instruments		
Financial liabilities		
- <i>Borrowings</i>	15.969.034	13.736.817

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 monthly projection. Long-term liquidity needs for a 180 day and 360 day lookout period are identified monthly.

The breakdown of liabilities according to their contractual maturity is based on the maturity dates from the date of the balance sheet is given below:

31.12.2020	Book value	Total cash out flow	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years
Contractual maturities						
Bank loans	51.061.472	57.327.142	7.753.809	18.706.586	27.401.393	3.465.355
Bond issued	1.266.958	1.304.014	641.415	613.757	48.842	--
Payables from finance sector	187.693	187.693	127.858	59.835	--	--
Financial lease liabilities	779.421	956.046	60.745	299.757	472.562	122.982
	53.295.544	59.774.895	8.583.827	19.679.935	27.922.797	3.588.337
Expected maturities						
Trade payables	10.844.440	10.962.759	7.262.872	3.290.932	408.955	--
Other payables	3.641.247	3.641.247	1.195.694	2.102.924	342.629	--
Other liabilities	705.353	705.353	161.198	544.136	19	--
	15.191.040	15.309.359	8.619.764	5.937.992	751.603	--
Derivative cash inflow		12.979.079	8.913.521	3.697.191	368.367	--
Derivative cash outflow		(13.656.620)	(8.667.009)	(4.186.678)	(788.606)	(14.327)
Derivative financial liabilities		(677.541)	246.512	(489.487)	(420.239)	(14.327)

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2019	Book value	Total cash out flow	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years
Contractual maturities						
Bank loans	42.565.629	47.783.891	13.427.960	11.947.011	18.546.191	3.862.729
Bond issued	872.888	879.988	248.387	556.077	75.524	--
Payables from finance sector	199.018	199.018	95.228	103.790	--	--
Financial lease liabilities	705.794	946.678	55.294	229.654	540.007	121.723
	44.343.329	49.809.575	13.826.869	12.836.532	19.161.722	3.984.452
Expected maturities						
Trade payables	8.925.179	8.925.179	2.737.038	6.181.434	6.707	--
Other payables	2.886.790	2.886.790	974.157	1.661.768	234.929	15.936
Other liabilities	354.669	354.669	148.531	205.044	1.094	--
	12.166.638	12.166.638	3.859.726	8.048.246	242.730	15.936
Derivative cash inflow		12.596.245	6.228.987	3.237.527	3.129.731	--
Derivative cash outflow		(13.034.463)	(6.265.395)	(3.277.467)	(3.477.274)	(14.327)
Derivative financial liabilities	(367.055)	(438.218)	(36.408)	(39.940)	(347.543)	(14.327)

The table above provides the analysis of the Group's financial liabilities by making appropriate maturity grouping based on the remaining period of the contract until the maturity date as of the financial position. However expected maturities may differ from contractual liabilities in response to changes in term that may occur in the ordinary course of business.

Capital risk management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profitability by using the debt and equity balance in the most efficient way.

The Group presents its capital in the consolidated balance sheet by subtracting cash and cash equivalents from the sum of its own funds and short-term and long-term liabilities.

The Group determines its capital and the ratio of its capital to the financing structure according to the changes in economic indicators and taking into account the risks associated with the capital class. The Group aims to keep its capital structure in balance through the acquisition of new debt or the repayment of existing debt, as well as dividend payments and issuance of new shares.

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The Group’s net debt to overall or financing ratio developed as follows:

	31.12.2020	31.12.2019
Total borrowings, note 20	53.107.851	44.144.311
Less: Cash and cash equivalents, note 5	(5.004.714)	(4.453.518)
Less: Investment securities	(846.303)	(727.218)
Net debt	47.256.834	38.963.575
Total equity	7.897.611	2.665.192
Overall financing	55.154.445	41.628.767
Net debt / overall financing ratio	%86	%94

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 IAS 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 2020 is as follows:

Assets at fair value in the financial position	Level 1	Level 2	Level 3
Investment securities (note 7)	--	70.129	--
Derivative financial instruments (note 11)	--	119.483	--
Land and buildings (note 17)	--	--	16.389.868
Machinery and equipment (note 17)	--	--	16.532.454
Liability at fair value in the financial position	Level 1	Level 2	Level 3
Derivative financial instruments (note 11)	--	806.139	--

Fair value hierarchy table as at 31 December 2019 is as follows:

Assets at fair value in the financial position	Level 1	Level 2	Level 3
Investment securities (note 7)	--	77.705	--
Derivative financial instruments (note 11)	--	45.487	--
Land and buildings (note 17)	--	--	10.554.762
Machinery and equipment (note 17)	--	--	12.695.143
Liability at fair value in the financial position	Level 1	Level 2	Level 3
Derivative financial instruments (note 11)	--	412.542	--

36. POST BALANCE SHEET EVENTS

Korteks Mensucat Sanayi ve Ticaret A.Ş. has completed sale transaction of the fixed rate bonds, with the principal-paid at maturity, which have a due date of 160 days and a nominal value of TL 51.480 on 21 January 2021, with a due date of 183 days and a nominal value of TL 21.340 on 3 March 2021 and with a due date of 209 days and a nominal value of TL 52.080 on 7 May 2021.

Korteks Mensucat Sanayi ve Ticaret A.Ş. has completed sale transaction of the vairable rate bonds, with couponpaid every 3 months and the principal paid the maturity, which have a due date of 378 days and a nominal value of TL 119.890 on 20 January 2021, with a due date of 386 days and a nominal value of TL 36.880 on 3 March 2021 and with a due date of 398 days and a nominal value of TL 69.150 on 7 May 2021.

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Zorlu Enerji Elektrik Üretim A.Ş., has completed sale transaction of the fixed rate financial bills, with the principal paid the maturity, which have a due date of 183 days and a nominal value of TL 21.250 on 7 January 2021, the fixed rate bonds, with the principal paid the maturity, which have a due date of 188 days and a nominal value of TL 65.060 on 12 February 2021, the fixed rate bonds, with the principal paid the maturity, which have a due date of 146 days and a nominal value of TL 62.210 on 26 March 2021 and the fixed rate bonds, with the principal paid the maturity, which have a due date of 154 days and a nominal value of TL 73.090 on 22 April 2021.

Zorlu Enerji Elektrik Üretim A.Ş., has completed sale transaction of the fixed rate bonds, with coupon paid every 3 months and the principal paid the maturity, which have a due date of 370 days and a nominal value of TL 22.300 on 7 January 2021, the fixed rate bonds, with the principal paid the maturity, which have a due date of 377 days and a nominal value of TL 154.940 on 12 February 2021, the fixed rate bonds, with the principal paid the maturity, which have a due date of 377 days and a nominal value of TL 49.080 on 26 March 2021 and the fixed rate bonds, with the principal paid the maturity, which have a due date of 370 days and a nominal value of TL 84.470 on 22 April 2021.

Zorlu Faktoring has completed sale transaction of two fixed rate bonds, which have a nominal value of TL 35.000 and TL 20.000 respectively on 23 June 2020 and 19 August 2020. As of 3 February 2021, sale transactions are completed and amortised.

Zorlu Faktoring has completed sale transaction of two fixed rate finance bonds, which have a due date of 190 days and nominal value of TL 35.000, with a due date of 203 days and nominal value of TL 20.000 on 5 January 2021 and 3 February 2021, respectively. Interest rates are 22,25% and 22,50%. The maturity of the bonds are 14.07.2021 and 25.08.2021 respectively, and interest payments will be made every 28 days.

Based on the material event disclosure dated January 12, 2021, Zorlu Jeotermal, a 100% subsidiary of Zorlu Enerji Elektrik Üretim A.Ş. Is planning to establish a "Combined Renewable Electricity Generation Plant (Main Source GPP + Auxiliary Source SPP)" within the scope of the "Regulation on the Amendment of the Electricity Market Licensing Regulation" published in the Official Gazette dated 8 March 2020 and numbered 31062 and entered into force on 1 July 2020, to generate electricity from solar energy in integration with the Alaşehir I Geothermal Power Plant in Manisa, Alaşehir, which has an installed power of 45 MWe.

Based on the decision of the members of the Board of Directors of Zorlu Enerji Elektrik Üretim A.Ş dated January 21, 2021 and the disclosure of material on the same date;

- The company aims to increase the profit and market value of the Company, by keeping the balance of debt and equity in a healthy way, while trying to ensure that the activities are carried out efficiently, In this context as a result of the evaluation made by considering the investments; Although the current registered capital ceiling has not yet been reached, it is not sufficient for the Company to reach its targets,
- In this context, within the framework of the provisions of Article 18 of the Capital Market Law and the Registered Capital System Communiqué of the Capital Markets Board numbered II.18-1; Increasing the company's current TL 3.000.000.000 registered capital ceiling to TL 6.000.000.000,
- While the process regarding the ceiling increase continues, the works to increase the issued capital of the Company without restricting the rights of the existing partners to buy new shares and to be fully paid in cash,
- The capital increase decision, which includes the amount of shares to be issued, the usage price of the right to buy new shares, the sales method of the shares to be issued, due to the targeted capital increase up to 100%, to the following the disclosure of the financial statements of the company for the fiscal year 2020, to be publicly disclosed by the Board of Directors after being evaluated,
- It was unanimously decided by the members present at the meeting to authorize the Management for the execution of all kinds of works and transactions required for the implementation of this decision.

Based on the material disclosure dated 3 February 2021, an application was made to the Capital Markets Board for the approval of the amendment of Article 6 of the Company's Articles of Association.

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