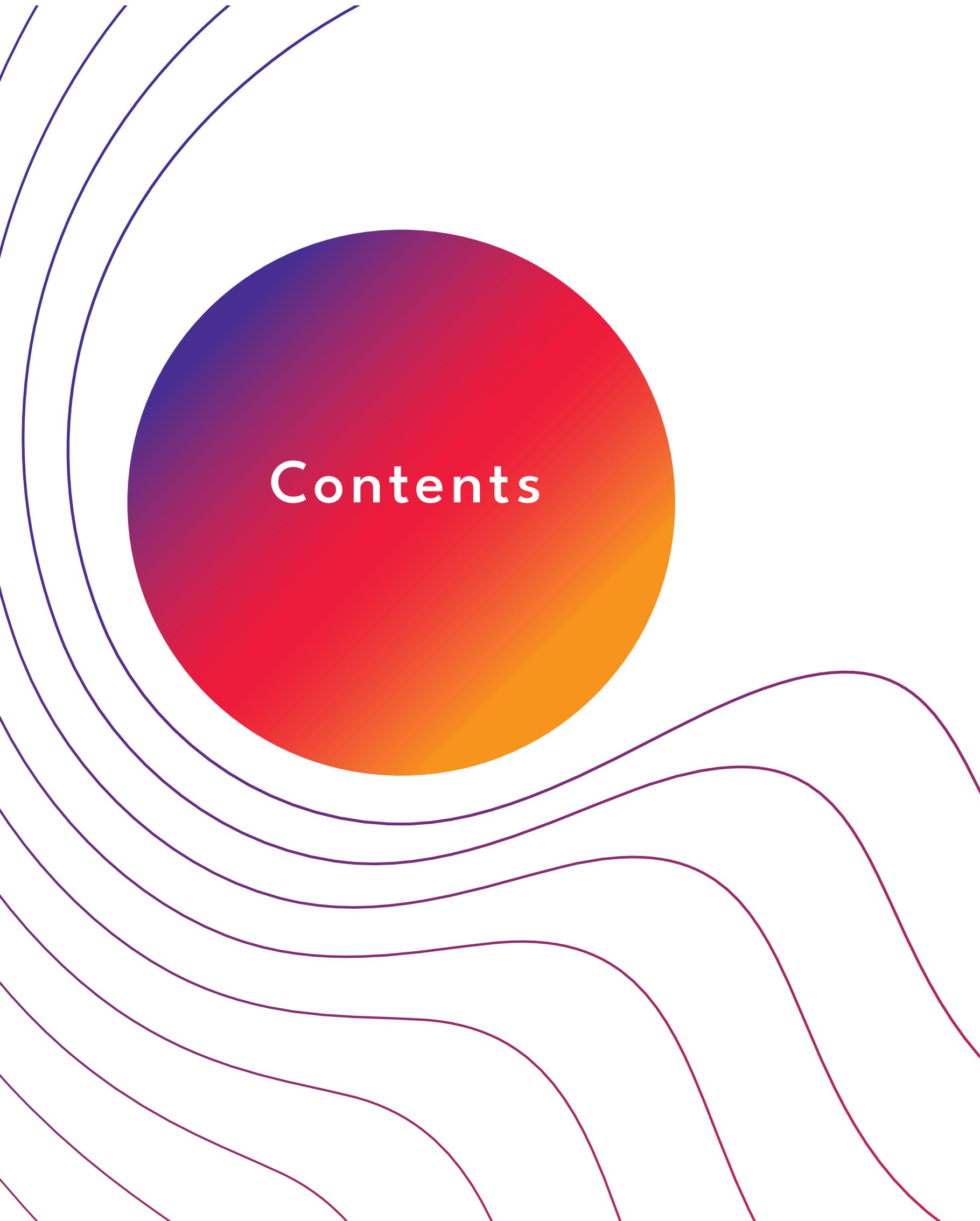


2021 ANNUAL REPORT





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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 around 33,000 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

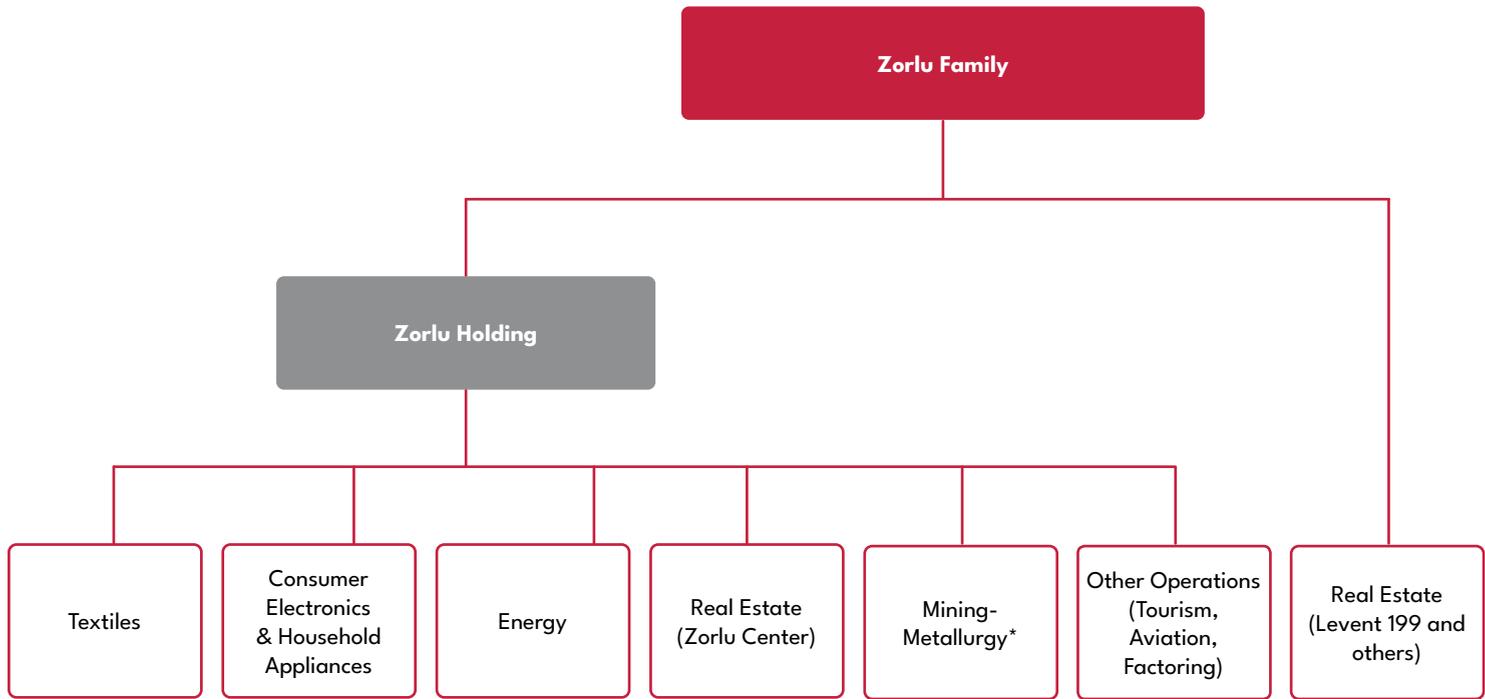
Other (Tourism, Factoring, Aviation)

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.

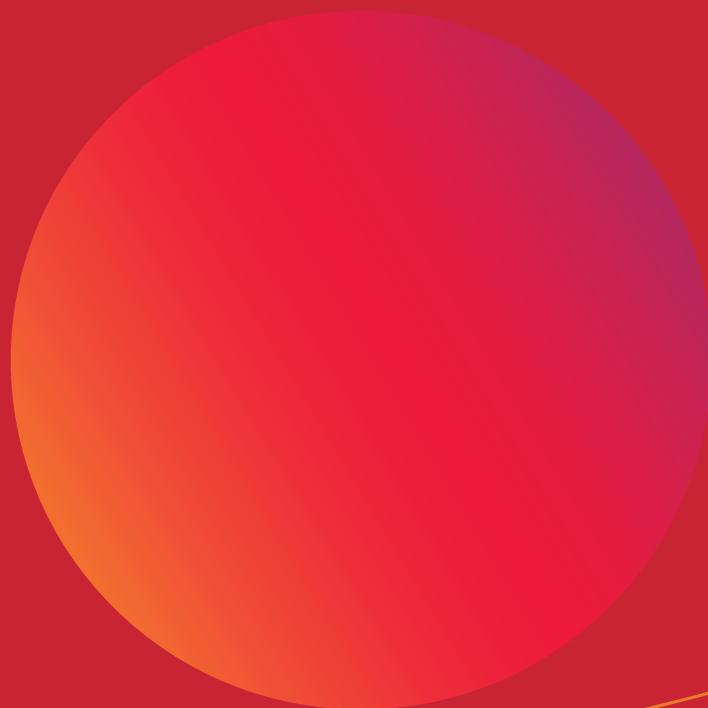
Combining its deep-rooted experience and know-how, competent and specialized human resources and a robust, visionary management structure, Zorlu Group is a highly reputed conglomerate in Turkey and across the globe. The Group focuses its activities on creating lasting value for all of its stakeholders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

Zorlu Group Operational Partnership Structure



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

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 official export sale with Korteks products.

1976

Korteks Velvet Weaving Plant is established in Bursa.

1966

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

1989

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

1990

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

1993

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

1999

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

1997

Vestel Beyaz Eşya is founded.
Denizbank is founded.

1994

Vestel is acquired by Zorlu Group.

2000

20% of Zorlu Enerji's shares are offered to the public and 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 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.

2004

Jules Verne Travel & Event joins Zorlu Group.

2007

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

2008

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

2011

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

2014

The installation of the Meta Nikel Kobalt Madencilik Gördes Facility is completed and preparations are underway for commissioning. Turkey's first domestic smartphone Venus is launched. A+ office project Levent 199 enters into service. Dorad Natural Gas Combined Cycle Power Plant in Israel, in which Zorlu Enerji has 25% stake, becomes operational. Gördes Facility of Meta Nikel Kobalt Madencilik is fully installed, and commissioning operations begin. Venus, the first local production smart phone of Turkey, meets with consumers. A+ office project, Levent 199 is put into service. Dorad Natural Gas Combined Cycle Plant, in which Zorlu Enerji has 25% stakes, become operational in Israel.

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.

2012

Zorlu Faktoring begins operations.

2015

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

2016

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

R&D Center enters into service. Zorlu Family acquires full ownership of META.

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 Sarıtepe and Demirciler WPPs in its portfolio. Meta Nikel-Kobalt Madencilik's

project for "Recovery of Concentrated Scandium Compounds from Gördes Nickel Cobalt Plant Waste by Ion Exchange and Solvent Extraction Methods" is approved by TÜBİTAK. Zorlu Tekstil opens seven new stores in six countries. The "No Barriers in Zorlu" project 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.

2021

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

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.

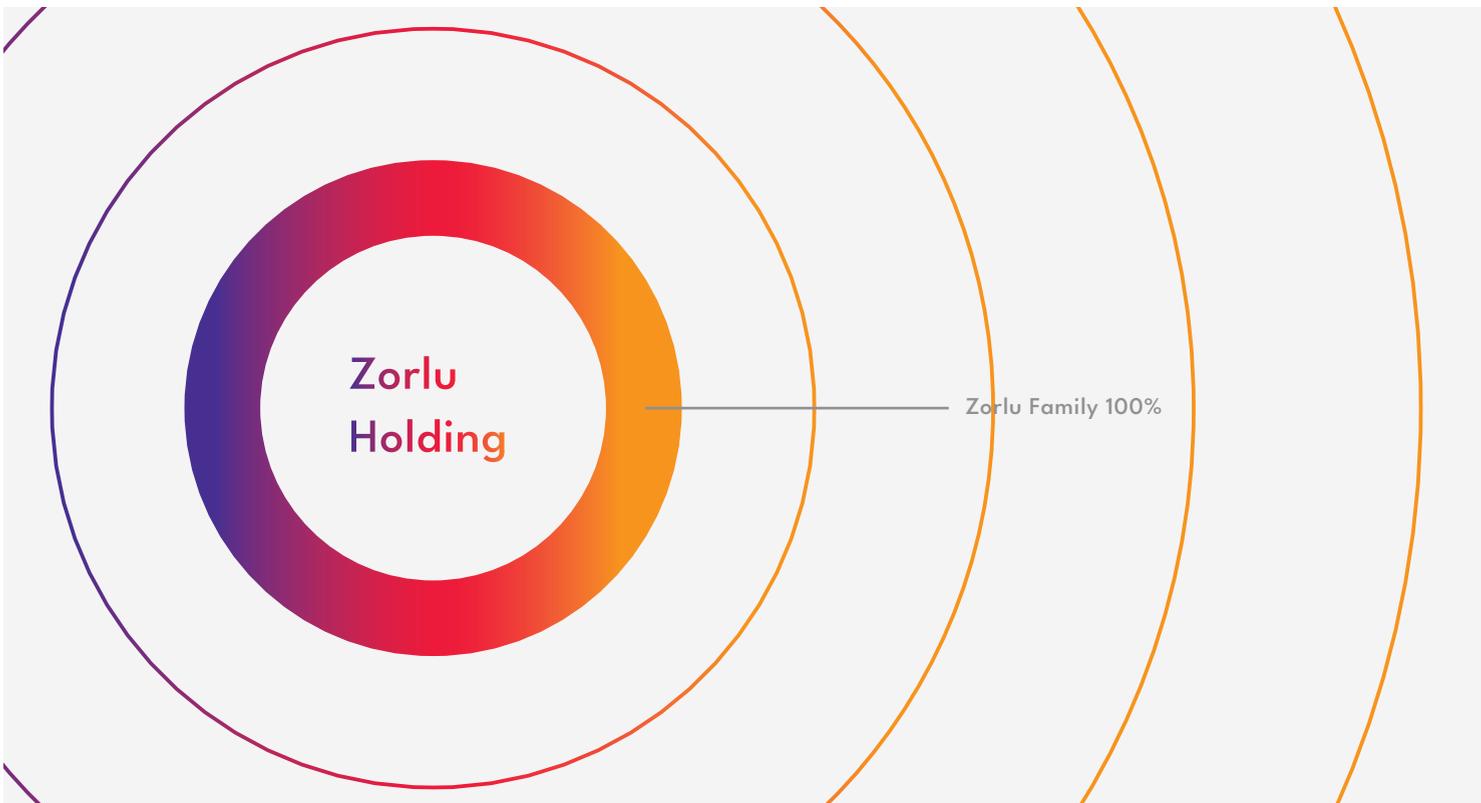
Zorlu Group companies engaged in consumer electronics, household appliances, textiles, energy and mining-metallurgy sectors, as well as Zorlu Yapı Yatırım AŞ, which owns Zorlu Center, operate under the roof of Zorlu Holding, which in turn is controlled by Zorlu Family.

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, 2021, Zorlu Holding’s paid-in capital amounts to TL 3.325.000.000 TL.

Zorlu Holding Partnership 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 in group companies, stakeholders, society and the future with its responsible investment holding approach.

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

Fully aware that the business world must actively assume responsibility to achieve global goals, Zorlu Holding plays an active and pioneering role in Turkey on this matter. In ESG areas, it is fully aware that the solutions generated to solve 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. In this respect, 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 MZV-MEF 21st Century Competencies Awareness Program, of which it is a stakeholder, 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 imece, 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 strengthens its corporate structure through the Smart Life 2030 vision, and will continue to build a better future with the synergic collaboration of the Group companies and their human resources.



Summary Financial Statements and Operational Indicators*

Zorlu Holding's consolidated domestic sales revenues increased by 40 pct in 2021, while its foreign sales revenue recorded a strong rise of 53 pct. The overall turnover of Zorlu Holding reached TL 52.5 billion, with an increase of 48 pct. Foreign sales revenue, 60 pct of overall sales, increased by 21 pct on USD and reached USD 3.5 billion, in parallel with export-oriented production strategy in consumer electronics, household appliances, and textiles. EBITDA, having increased by an average of 39 pct in the last five years in line with the serious sales growth in 2021, was recorded to be TL 10.2 billion, the highest number of all times, while EBITDA margin stood at 19.4 pct. Total assets of Zorlu Holding reached TL 136 billion.

Summary Balance Sheet

(TL Thousand)

	2017	2018	2019	2020	2021
CURRENT ASSETS	14.172.743	16.891.925	17.708.860	21.765.126	33.925.330
FIXED ASSETS	28.709.321	41.257.421	45.498.700	60.151.918	101.685.895
TOTAL ASSETS	42.882.064	58.149.346	63.207.560	81.917.044	135.611.225
SHORT-TERM LIABILITIES	24.453.805	34.620.527	39.656.191	44.531.594	68.269.479
LONG-TERM LIABILITIES	14.629.884	17.372.969	20.886.177	29.487.839	52.111.364
EQUITY	3.798.375	6.155.850	2.665.192	7.897.611	15.230.382
TOTAL LIABILITIES & EQUITY	42.882.064	58.149.346	63.207.560	81.917.044	135.611.225

Summary Income Statement

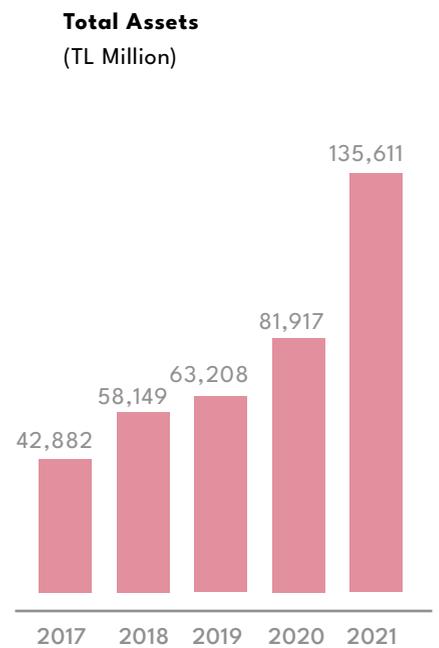
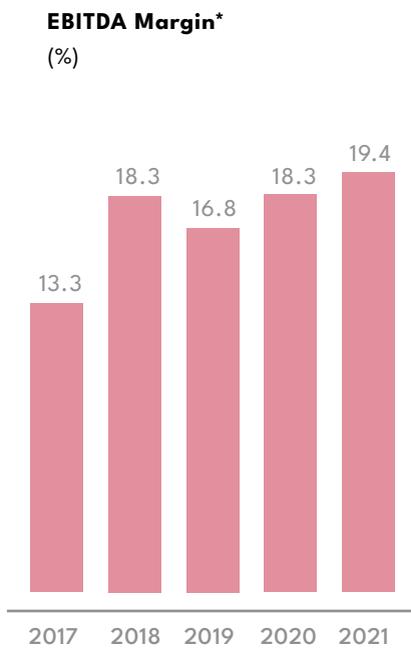
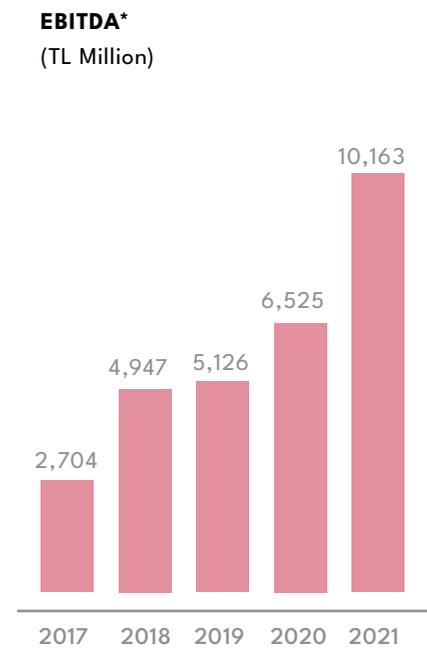
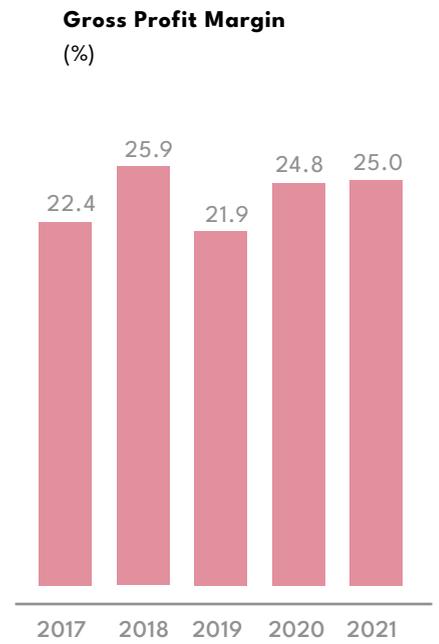
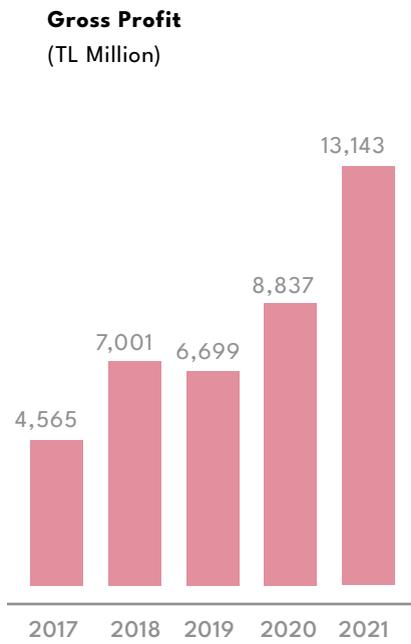
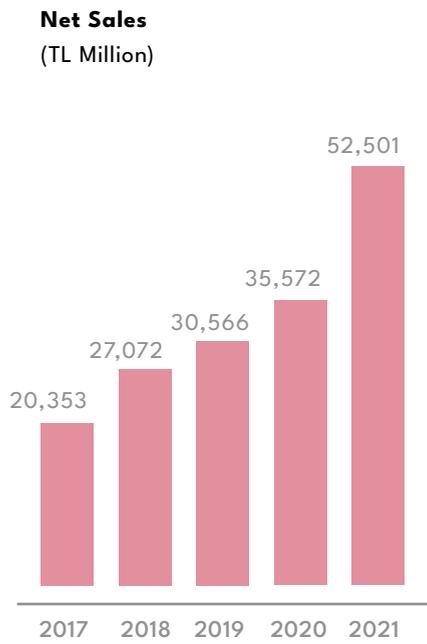
(TL Thousand)

	2017	2018	2019	2020	2021
SALES REVENUES	20.353.392	27.071.872	30.566.306	35.571.591	52.501.348
GROSS PROFIT	4.565.119	7.000.797	6.698.773	8.836.556	13.143.047
OPERATING PROFIT**	1.927.004	3.794.933	3.310.537	4.605.189	7.205.246
EBITDA**	2.704.496	4.947.209	5.126.072	6.524.753	10.163.067
Net Financial Expenses	-2.521.181	-8.752.083	-7.281.501	-10.350.768	-24.905.377
NET LOSS FOR THE PERIOD***	-429.469	-6.897.669	-4.018.090	-6.676.052	-19.797.929
GROSS PROFIT MARGIN	%22,4	%25,9	%21,9	%24,8	%25,0
EBITDA MARGIN	%13,3	%18,3	%16,8	%18,3	%19,4
EXPORT RATIO	%46,3	%52,3	%51,5	%57,6	%59,7

* 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.

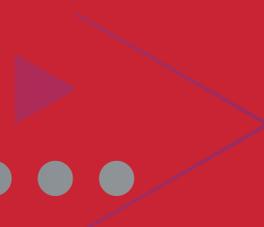
** Excludes other revenues and expenses from operations.

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



* 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 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 a global group of companies comprised of 24 companies 14 of which operate abroad.

The Group, which launches its large product profile to different consumers in 158 countries thanks to its qualifications in technology-design development and production personalization, acts as a powerhouse in Turkish economy with its more than 19



thousands of employees, and high production capacity supported by technological superiority, all contributing to the export capacity of the country.

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

market, as the market leader in TVs, and one of the top three household appliance manufacturers.

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



Zorlu Group's Fields of Operation

Energy

With its integrated structure, Zorlu Energy Group is one of the leading players in the Turkish energy industry. The group maintains its growth trajectory especially in renewable energy by capitalizing on investment opportunities both in Turkey and in international markets. Almost the entire national electric production of the Group is covered by renewable energy resources as of the end of 2021.

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 electrical vehicle recharging station investments under ZES brand.





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 around 100 million visitors in the span of 8 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 has hosted 4 million art lovers in 9 years and hosts 500,000 people at more than 1,000 events each season. It constantly works to offer an even wider range of events.

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



Zorlu Group's Fields of Operation

Mining-Metallurgy

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

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

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





Zorlu Group's Fields of Operation

Other Fields of Operation

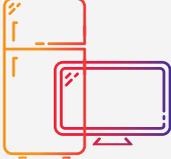
Zorlu Holding continues distinguishing itself with its quality and unique approach to service in a wide range of other fields, from tourism to factoring and aviation.

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	OTHER SECTORS	PARENT COMPANIES
 <p>CONSUMER ELECTRONICS AND HOUSEHOLD APPLIANCES</p>	<ul style="list-style-type: none"> • Manufacturing and sale of; • Television, • Digital Screen Solutions, • Set-Top Box, • Electrical Vehicle charging device, • Automotive Electronics, • LED Illumination, • Battery Solutions, • Electronic Card, • Fridge, • Deepfreeze, • Dishwasher, • Washing machine, • Tumbler dryer, • Cooking devices, • Air conditioner, • Bath heater, • Vaccine storage locker, 	<p>Vestel Elektronik Vestel Beyaz Eşya 2021 Turnover: TL 32,5 billion Asset Size: TL 40 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 ve Gaziantep Doğal Gaz Zorlu O&M Zorlu Doğal Gaz Zorlu Doğal Gaz Tedarik Zorlu Energy Solutions Electrip 2021 Turnover: TL 12,4 billion Asset Size: TL 38,1 billion</p>
 <p>TEXTILES</p>	<ul style="list-style-type: none"> • Production and sale of polyester yarn and home textiles 	<p>Korteks Zorluteks 2021 Turnover: TL 6,5 billion Asset Size: TL 10,8 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 2021 Turnover: TL 1,2 million TL Asset Size: TL 17,6 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 2021 Turnover: TL 885 million Asset Size: TL 7,8 billion</p>
 <p>DİĞER SEKTÖRLER</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

- 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 23 years

COMPETITIVE ADVANTAGES

- Innovation**
- Strong R&D structure, new value creation for customers with production capabilities and qualified human resources, covering requirements of customers in a short span of time with technological solutions, fast and accessible innovation for all.
- Scaler production model, flexible production and product personalization**
- Capability to develop and diversify product range according to the needs of customers from different socio-cultural characteristics and regions
 - Capability to develop many different models for different customers, with its flexible production skills.
- Customer Commitment and Experience**
- Seamless ODM (Original Design Manufacturer) services from original design and production to point delivery,
 - Capability to get into direct competition with customer brands in Europe,
 - Rapid production and delivery, ability to cover small amounts of orders,
 - Broad sales and after-sales service network in Turkey,
 - Distinctive after sales customer experience.
- Cost Advantages**
- Benefiting from scale economies in supply and raw material/component purchases, the most important cost factor, with its strong manufacturer identity,
 - Efficiency, activity and cost advantages of manufacturing under the single roof of Vestel City, one of the largest production complexes of Europe built on one location,
 - Transportation cost and delivery time advantage over Far Eastern rivals thanks to the proximity of its manufacturing facilities to the European market.
- Advantages of proximity to the advanced subsidiary industries and suppliers in the household sector in Manisa, cost advantage of the proximity of its manufacturing facilities to Izmir port in terms of distribution and logistics**
- Size of share in import export container in Izmir port,
 - Best practices in mixed and different logistics models to mitigate logistics cost,
 - Lower labor cost per unit when compared to European manufacturers,
 - Newer and more modern manufacturing facilities when compared to manufacturers in Europe,
 - Custom tax advantage of Turkey in export to signatory countries of Free Trade Agreement with Turkey, when compared to manufacturers of countries which haven't signed under such agreements.
- A Pioneer in Digital Transformation**
- With its innovative nature, technology and innovation being ingrained in the corporate culture since its foundation,
 - Broad technology skills and vision,
 - Industry 4.0 transformation,
 - Digitalized business processes,
 - Customer experience which has been strengthened with digitalization,
 - Pioneering digital, just as technology transformation in Turkey
 - Being at the heart of the digital transformation with its solutions, innovations and products, as a company exporting technology to the world from Turkey.

- Turkey's leading player in geothermal energy with 18% share
- Electricity sales to a total of 1.93 million customers
- Approximately 3.7% share in Turkey's electricity distribution
- 4.1% 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, investment abroad with long-term electric purchasing warrant
- Strong license and project portfolio to support future domestic and overseas growth
- Electricity distribution and retail sales in the Osangazi 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

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

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

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

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

- Turkey's first and only nickel-cobalt 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 G6rdes-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 650,000 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.

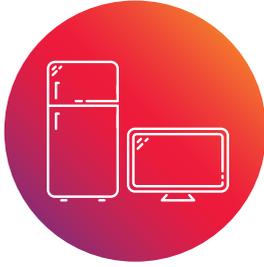
As Zorlu Holding, we face various problems, as well as their root causes, each and every day while the needs, wishes and concerns of countries, societies and all individuals are changing during a period in which breaking points and radical transformations are observed in every aspect of life. We have 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 required by above facts.

We have adopted the principle of acting with the awareness of our influence while managing our resources and risks. We manage our portfolio encompassing Consumer Electronics and Household Appliances, Energy, Textiles, Real Estate and Mining-Metallurgy in the light of an approach 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 environment, society 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, and especially our employees whose lives we touch.

Growth Strategies of Group Companies

CONSUMER ELECTRONICS & HOUSEHOLD APPLIANCES



- Vestel growth strategy prioritizes profitable growth, new business models, customer experience and sustainability as focus areas.

In this respect;

- Exports-oriented growth
- Investing in future technologies
- Increasing value-added products and solutions
- Gaining new customers in ODM segment and increasing business volume with existing customers, hence augmenting sales
- Increasing projects from A brand customers
- Strengthening brand image, distribution and after sales service network in the country and achieving higher market share especially in household appliance sector

ENERGY



- Further expanding domestic and foreign renewables portfolio with a particular focus on geothermal, solar and wind energy
- 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
- Being specialized in energy management, alongside energy production, by continuing to make smart and sustainable system investments such as on-site storage systems, as well as focusing on energy efficiency, in line with the vision to become the energy company of the future
- Providing customers with the highest quality service by completing the network investments and improving the technological infrastructure in electricity distribution

TEXTILES



- Increasing 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



We, as Zorlu Group, continued to expand our impact area in 2021 by creating sustainable value in five main sectors, with our over 60 companies and around 33 thousand employees.



2021 proved to be year in which the global economy, shaken by the pandemic the year before, entered a recovery phase, and economies manifested rapid growth with the gradual removal of restrictions and lockdowns.

While the economies expanded their capacity to adopt to the new normal, they tapped into the deferred customer demand with the revitalization of the social life upon widespread vaccination, followed by a significant uptrend in economic activities. Leading central banks of the world, in particular the US Central Bank, continued on with their monetary expansion policies, which in turn supported this uptrend.

The global economy recorded a growth of around 5.8% with the recovery in 2021 and its base effect. While Euro Region, where Turkey addresses a large portion of its exports, recorded a growth of 5,3%, China especially came to the fore with a growth rate of 8,1%, and the average growth rate of developing countries was recorded to be around 7%.

Uptrend in global economic activities was slightly below expectations, albeit the afore-mentioned positive developments, due to the chip crisis in the last quarter of 2021, problems in the global supply chain, increase in energy prices, high inflation at the global scale, and accompanying anticipations towards an increase in interest rate.

Turkish economy, having entered a strong recovery period in 2021, recorded a striking export performance by rapidly and agilely responding to the demand in developed country markets, Europe in particular, stemming from problems in the supply chains. Turkey finalized the year with a growth of 11% and managed to be the country with the highest growth rate among G-20, OECD and EU countries. The biggest contribution to growth was recorded in export and domestic consumption, while the growth was limited in investments.

Our economy finalized the year with a relatively low current deficit and recorded an export rate of USD 225.3 billion corresponding to 32.8% of increase in 2021 year-on-year. 44.2% of 2021 growth came from net export ratio. In the same period, export increased by 23.6% up to USD 271,4 billion. The export import coverage ratio, which was 77% in the previous year, was recorded to be 83% in 2021.

Rapidly rising foreign exchange rate in the last quarter of the year, global energy and raw material prices, and the accompanying increase in inflation stand out as serious problems to be tackled in the forthcoming period in 2022 in Turkey. Recent developments in regional geopolitical risks, on the other hand, might be a challenge to restrict expectations around an increase in tourism revenues in 2022. The prospect of having high raw material and energy prices for a longer while due to geopolitical risks seems to be a factor to

put pressure on current deficit, despite the positive contributions on the side of the export rate, due to intermediary good import. On the other hand, predictions towards the withdrawal of expansive monetary policies due to soaring global inflation stand out as yet another risk factor. Strong fluctuations that might occur in global markets as a result of the increase in interest rates also have the potential to put serious pressure on Turkish economy. Under these circumstances, it can aptly be envisioned that the main agenda item of 2022 will be global inflation, accompanying harsh and tight monetary policy measures that the central banks might opt for, and global geopolitical risks.

We undertake sustainable, added-value business with technology and innovation

We, as Zorlu Group, continued to create sustainable added-value and expand our area of impact in 2021 in five main sectors, with our over 60 companies and around 33 thousand employees. With the help of exports, our strongest area of operation, we reached 158 countries and continued to create value for people's lives with our innovative products. We operated in line with corporate governance principles for a better future, with a focus on environment and social impact, turning sustainability into a business style.

While the transformation which we have witnessed in the world for a long time accelerated with the pandemic, we managed to govern these developments in a way to create value for our stakeholders and already secure our place in the new world. We continued to undertake operations which would create value for our planet, for the humanity and for our country with our inclusive, egalitarian and innovative corporate structure and entrepreneurial identity shaped by technology, innovation and R&D.

We continued to launch products and services that create both environmental, social and managerial value and sustainable growth in sustainability-oriented innovative areas with our Group companies active in the five main sectors of textiles, consumer electronics and household appliances, energy, real estate and mining.

Despite the unstable conditions we are operating under, we continued our innovative activities in 2021 and unintermittedly continued our investments. We broke export records in electronics and household appliances, while maintaining our sustainable growth rate in textiles and mining, also under the positive impact of the export rates. Renewable resources and electric vehicle ecosystem in which we invest in the energy sector strengthened us in this time of change and transformation. We accelerated our leading implementations in real estate sector upon the withdrawal of the lockdown measures.

While many groups tackled employment problems due to the pandemic, we, as Zorlu Group, continued to strengthen our employment network. We, as one of the Groups that record highest

export rates and create highest value in Turkey, managed to sustain our growth. Creating value for all our stakeholders with our operations in innovative areas which will bring Turkey to the future, we continued to manifest our tenacity and resolution to do the best for the world.

Our sectors launch smart products and solutions for a sustainable life

Our Group companies continued to work for a sustainable life in 2021 in line with the objectives we have set out in the light of the accountable investment holding approach within the scope of our Smart Life 2030 strategy. They have become a hope for a better future with the many pioneering and innovative works they have done in the world and in Turkey.

Our Textiles Group, which continues to be an innovative business partner of world giants, once more proved itself in 2021 as one of the leading players in the world green transformation sector with its sustainability-oriented investments in digitalization, technology and software. Our Textiles Group, using cyclical economy as an indispensable part of its business, have reshaped all its facilities based on this approach, and became the hotspot for pioneering projects in the world with its innovative products. As a result of its R&D studies in technical textiles, one of the strongest operational areas of the Group, it created many added-value textile products for the global market, and became a gate in Turkey for the new generation textile to reach the world.

Vestel, one of our group companies and the export champion of its sector for 23 consecutive years, continued to be one of the leading companies of Turkey in global arena also in 2021 with its smart and innovative products which add value to life. Vestel, strengthening its position in the European market each and every day, plodded through becoming a global brand and continued on with its activities to open to new markets and increase its existing operations in the many regions of the world. While its steady growth in the domestic market continued, it recorded a growth a lot higher than the household appliances sector in Europe. It increased its sales also in other regions, including the US market, and proceeded with its objective to increase its strength in online channels, in line with its multi-channel marketing strategy. It continued to work for a better future with its innovative products and solutions as the Turkish company which has the highest number of approvals in European patent offices. Vestel, keeping up with its studies in electrical vehicle ecosystem and expanding its impact area, signed under new agreements abroad for the supply of electrical vehicle charging units, and it manufactured the first local electrical bike battery. It continued to be a pioneer in the sector also with its studies towards turning Vestel City, where future technologies are integrated into production processes, into the first facility in Turkey to complete 4.0 transformation.

Message from the Board of Directors



We, as Zorlu Holding, conducted all our 2021 operations in line with our renewed Smart Life 2030 strategy and accountable investment holding concept under the objective of creating the highest value in management for environment and society.



Zorlu Enerji, whose established power is based on renewable energy resources by 87% in Turkey, and 51% in the global arena as of the end of 2021, continued to invest in renewable resources for a carbon-free future, in line with its strategy to become the energy company of the future, and in the installment of charging stations for the development of electrical vehicles. In Turkey, Zorlu Enerji introduced integrated facility model in which geothermal and solar energy are engrafted in 2021, following its renewable energy investments such as geothermal, hydroelectric power stations, and solar and wind energy, and once more pioneered the energy sector. It contributed to the propagation of solar energy use in Turkey with its operations towards the sale and roof installment of solar panels. It pioneered the newly burgeoning electrical vehicle market ecosystem of Turkey and expanded its electrical vehicle charging station network to 81 cities in Turkey and 5 countries in Europe. Having established new companies abroad in this tough period, Zorlu Enerji continued on with its investments with the objective to get the customers have a seamless electrical vehicle experience.

Our Real Estate Group came to the forefront in 2021 with its inspiring new generation life spaces in Zorlu Center and Levent 199. Zorlu Center took important steps for a sustainable life with its operations in many areas starting from energy management, renewable energy use and zero waste. Zorlu PSM continue on with its activities to add value to the cultural and artistic world of the country, supported art-lovers in their exploration of new experiences and helped them leave behind the negative impact of the pandemic.

Our Meta Nikel company, active in mining, continued to create added-value from nickel and cobalt extracted with new generation mining operations shaped by technology, innovation and R&D, and exported them abroad. It took steps to raise the efficiency of its operations and continued R&D studies for the production of rare elements, alongside nickel and cobalt, with advanced technologies.

We, as an accountable investment holding, focus on creating value for our stakeholders

We, as Zorlu Holding, conducted all our 2021 operations in line with our renewed Smart Life 2030 strategy and accountable investment holding concept under the objective of creating the highest value in management for environment and society. We initiated a period in which our Group companies also interiorized our general sustainability objectives and managed them according to their specific needs. We raised our resilience in the face of unstable conditions we operated under, recorded sustainable growth with our Smart Life 2030 strategy and took another solid step towards a better future. We wholeheartedly worked to achieve the ambitious objectives we had set out for ourselves towards zero carbon, zero waste and full recycling of water used in our facilities with our

innovative business models. We adopted the objective to strengthen human-oriented ecosystems to build a more sustainable life and took steps to make radical collaborations both in our country and in the world on that matter.

Our human resources proved to be our biggest strength on our way to conduct business with our Group companies in line with this strategy. We kept on our work to achieve the objective of creating a work environment where Zorlu Group employees improved their creativity, and made something better for themselves, their companies and the world with innovation and entrepreneurial activities. We paved the way for innovative ideas of our human resources to turn into initiatives with our corporate entrepreneurial activities and contributed to the propagation of the innovation culture in our group. We contributed to the transformation we need for the world to become a more livable place, again with the participation of Zorlu Group employees, on matters ranging from gender to employee voluntarism. We prepared young people to a world in which they can trust via Mehmet Zorlu Foundation activities, and laid the foundation for the development of solutions to the complex and multi-dimensional issues in the world with our support to social innovation through imece, of which we are the founding partner.

We will work for a better future in 2022 with our sustainability-oriented operations

We, as Zorlu Group, will continue to work for a better future and a more livable world by undertaking operations which would create sustainable value also in 2022, a year in which we anticipate uncertainties and fluctuations in global economy, with our around 70 years old deeply-seated structure, experienced top management, and qualified human resources.

We will keep on contributing to a sustainable life scenario with the innovative solutions, products and services to be developed by our Group companies in line with our Smart Life 2030 strategy. We will simultaneously expand both our financial performance with our operations and our environmental, social and governmental

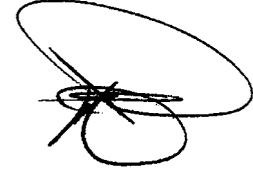
impact. We will keep on taking robust steps towards our objective to benefit the increase in social welfare and development both in our country and in the world in line with this sustainability-oriented and stakeholder-based approach.

We thank all our stakeholders and colleagues who put their minds, ideas and hearts to work shoulder by shoulder on the way we set off for a sustainable life.

With respect,



Ahmet Nazif Zorlu
Chairman



Zeki Zorlu
Co-Chairman

Message from the Board of Directors



We will keep on contributing to a sustainable life with the innovative solutions, products and services to be developed by our Group companies in line with our Smart Life 2030 strategy.



Ahmet Nazif Zorlu
Chairman



Message from the Board of Directors



We will continue to work for a better future and a more livable world by undertaking operations which would create sustainable value with our around 70 years old deeply-seated structure, experienced top management and qualified human resources



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 DEIK (Foreign Economic Relations Board), TUSİAD (Turkish Industry and Business Association), DENBİR (Education and Culture Foundation of People of Denizli), BASIAD (Babadağ Industry and Business Association) and TETSIAD (Turkish Home Textile Industrialists' Association).



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 (TUSİAD) and the Turkish Home Textile Industrialists' Association (TETSIAD).



Mehmet Emre Zorlu

Board Member

(1984 - Istanbul) Mehmet Emre Zorlu started to work as Vestel Elektronik 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



We, as Zorlu Holding, made investments to transform the ecosystem in areas of climate crisis and cyclical economy in line with our Smart Life 2030 strategy, and made innovative business.



Dear Stakeholders,

2021, the 2nd year of the pandemic, proved to be a year of ongoing quest for social and economic stability in the world. Economies once more became active with the controlled removal of lockdown measures, and got into a process to make up for the last year's shrinking. Although problems in the global supply chain haven't been completely solved, the deferred demand in the earlier period of the pandemic was activated in 2021 and a visible growth occurred in global economy.

In 2021 when Turkish economy also recorded serious growth under the impact of this rapid recovery, we, as Zorlu Group, continued our growth thanks to our flexible and agile management concept, high adaption capacity, qualified human resources which are always open for growth possibilities, sustainability-oriented business model shaped by technology and innovation. We have made it a corporate culture to be innovative and productive under changing conditions, and added-value export has been determining in our performance, the two bringing us success in this process.

In line with our Smart Life 2030 sustainability strategy, renewed in 2021, we developed human-centered ecosystems and innovative business models with our group companies, and signed under sustainability-oriented products, solutions and services both in Turkey and in the world. Our corporate portfolio shaped around environment, society and governance (ESG), and our financial assets and human resources created added-value for all our stakeholders with all our assets, also involving non-financial ones such as innovation and environmental capital, and continued to sustainably grow also in 2021.

These positive developments also reflected in our financial performance, the overall turnover of Zorlu Holding in 2021 increased by 48% year-on-year up to TL 52,5 billion. Foreign sales revenue, 60% of overall sales, increased by 21% up to USD 3.5 billion in line with our export-oriented production strategy in consumer electronics, household appliances, textiles. We recorded the highest EBITDA of our history, TL 10.2 billion, thanks to the strong growth in sales; while EBITDA margin was recorded to be 19.4%. Total assets of Zorlu Holding increased by 66% in 2021 when compared to the previous year and reached TL 136 billion.

Our group companies grew with value creating innovative business models

We, as Zorlu Holding, made investments to transform the ecosystem in areas of climate crisis and cyclical economy in line with our Smart Life 2030 strategy renewed in 2021, and made innovative business. Our companies continued to lead not only Turkey but also the entire world with many innovative operations, from smart textiles

to electronics-household appliances products and solutions; from renewable energy and electronic vehicle ecosystem investments which bring the energy of the future to our present world to sustainable life spaces and new generation mining shaped by innovation. Thanks to this impact-oriented integrated approach, our group companies continued on with their structural transformation producing added-value services in line with the new generation economic model of the future. We, as Zorlu Group, also continued to grow our contribution to Sustainable Development Objectives with our high-quality operations leading the business world.

Our Vestel Group of Companies continued its growth also in 2021 with a strong performance, albeit the changing conditions. Exporting to 158 companies, Vestel became an export champion in its sector for the 23rd time and ranked 4th in all sectors. 75% of Vestel sales revenue came from foreign sales, while it covered 90% of Turkey's TV export and 33% of its household appliances export. Vestel, aspiring to further expand its export success with new agreements, signed under a 10-years of brand license agreement with Posco International Corporation, owner of Daewoo brand, for household appliances and TV sales under Daewoo brand. This cooperation will both contribute to Vestel's market share in Europe and accelerate its sales in Russia and Turkic republics. Vestel's objective is to strengthen its export power by transferring these achievements in different markets, Europe in particular, to many other regions in the world, especially North America, South America, Middle East and South Africa, with its export-oriented growth model. Smart technology-oriented products and services it has launched with its high R&D and innovation capacity continue to feed into the competitive power of Vestel in the sector. It continues to expand its studies on automotive electronics towards the development of electrical and autonomous vehicles, and the production of electrical vehicle charging units and batteries, all having an important place for a future with zero emission rate. Vestel signed under an agreement with E.ON, one of the leading energy companies of Europe in 2021, following its agreement with Iberdrola for electrical vehicle charging unit supply. Vestel, in line with this agreement, will manufacture electrical charging units to be used in many places in Germany. Vestel also undersigned a pioneering business in 2021 by manufacturing the first local electrical bicycle battery of Turkey, which was started to be developed the year before. Also intensifying its operations in telecommunication sector, Vestel initiated studies on 5G infrastructure, and hence took yet another step to support its strategy to launch added-value services. Vestel, continuing to develop technologies and processes to shape the sector under Industry 4.0 in Vestel City, largely completed the digitalization of its production processes and launched many implementations such as dark production, human-machine cooperation, machine-machine cooperation.

Our Textile Group continues its steady growth also in 2021 with Zorluteks, the leading home textile manufacturer of Europe, and Korteks, the biggest integrated spun thread manufacturer of Europe. It continued to be a pioneer in Turkey's added-value textile manufacture with its long-term investments in smart and sustainable textiles. Our Textile Group, which had made important investments in digitalization and technology supported sustainability long before it was institutionalized in the world with the Green Transformation, Paris Climate Agreement and European Green Deal, can now measure its carbon and water footprint per product. It can reduce its carbon footprint by at least 50% thanks to Ecodesign, the first product category with a low carbon weight. Ecodesign product range made out of less water, less energy and less chemicals is planned to be further expanded in the forthcoming period. Its objective is to realize many green transformation innovations, including home textile manufacturing for LEED-BREEAM certificated sustainable cities, by 2050. Zorlu Textile, having involved circular economy into this green transformation, acts as a role model for many players in the sector around the world by manufacturing spun thread fully from plastic bottle in its Korteks investment, for the first time in Turkey and in Europe, in its Polymer Recycling Facility which became operative in early 2021. It manufactures special technical spun threads with high added-value, with its accrued know-how in technical textiles. These products can be used in many different areas alongside the textiles sector, such as windmills in energy sector and waterworks in urban infrastructure. All these innovative products and solutions reveal the growth potential of textiles in the future.

Our Zorlu Energy Group resolutely continued its renewable energy and electromobility-oriented operations also in 2021 in line with its vision to become the energy company of the future. Zorlu Enerji, covering almost all of its electric production from renewable energy resources, developed its product variety in this domain and continued to undertake added-value innovations. It started investing in "Compound Renewable Electric Production Facility" to be integrated in Manisa Alaşehir 1 Geothermal Power Station, by implementing its integrated facility model converging geothermal and solar power as a result of long-term comprehensive R&G studies. This investment, planned to become operative in 2022, will result in the establishment of a facility which produces energy from geothermal and solar energy resources under an integrated model. Zorlu Enerji, continuing its solar roof panel trade and instalment operations, along with solar power plant investments, with Zorlu Solar got the distributorship of two big names, Jinko Solar Co. Ltd and Enphase Inc in 2021. Having reached over 650 MW of panel sales and over 75 MW of inverter and assessor sales in 2021, Zorlu Solar also finalized first contracts with companies which conduct manufacturing operations under Tier 1 classification for local solar panel manufacturing. It expanded the scale of ZES (Zorlu Energy Solutions), our new generation technology company establish for the

CEO's Assessment



We continued on with our operations in 2021 by prioritizing the requirements of our stakeholders throughout our value chain in line with the human-centered ecosystem approach, one of the pillars of our Smart Life 2030 strategy.



development of electrical vehicle ecosystem, to 81 cities of Turkey. ZES started to launch charging services for electrical vehicles with clean energy obtained from I-REC certified renewable energy resources at 934 points as of the end of 2021. Zorlu Enerji, aspiring to expand these operations abroad, established new companies in Holland, Israel, Montenegro, Italy and Croatia. Zorlu Enerji also continued to raise awareness on the carbon-free world vision by contributing to emission mitigation in transportation with a total of 45 electrical vehicles in its “electrip” fleet, the first electrical vehicle sharing platform of Turkey.

Our Zorlu Real Estate Group left behind the adverse impact of the pandemic, and had a better year in 2021 with the controlled removal of lockdown, widespread vaccination and high-level pandemic measures. It continued to be a model in its sector with its sustainable and innovative life spaces and solutions in Zorlu Center and in Levent 199. In this respect, Zorlu Real Estate made investments to mitigate its environmental impact and more efficiently use energy resources. It has International Renewable Energy Certificate (I-REC) for the energy used in Zorlu Center and Levent 199 this year, and started to cover its energy requirements completely from renewable resources. Zorlu Center, with its Zero Waste principle, was awarded with the Zero Waste Certificate in 2021 by the Ministry of Environment and Urbanization, and continued to be a role model in the reduction of its environmental impact by recycling around a thousand tons of waste annually. Taking up the mission to raise awareness in the society on that matter, Zorlu Center was the first to realize Eco Love Fest in which good life enthusiasts and those who make a difference in sustainability came together. Zorlu Performance Arts Centers, having hosted over 4 millions of art-lovers as one of their indispensable addresses since the time it was established, hosted key names of culture and arts in its 9th season in 2021 under the message of “let it change your world.” It also initiated PSM Workshop with the masters of theatre to earn new talents to the sector, and realized yet another project to contribute to the sustainable growth of the culture and art ecosystem of the country.

Our Mining Group continued on with its operations to produce added-value cobalt and nickel types, alongside extracting other metals and processing rare earth elements in Manisa, Gördes Meta Nickel Cobalt facility, in line with the strategy to expand its saleable product range. Meta Nikel Kobalt closely followed the opportunities that might occur in the demand-supply balance upon the growing demand for nickel especially since the last quarter of last year, and continued on with its R&D, technology, innovation and process management-oriented investments to sustain its growth, and added value to its fully export-oriented manufacturing. Having conducted feasibility studies for the installment of the sulfuric acid production facility, one of the investment projects launched in 2021, Meta Nikel Kobalt will initiate the installment of the facility in the next period

so as to be able to cover its acid requirement in its own facilities. High- and low-pressure saturated steam obtained as the outcome of this process will be used both in the production processes and to produce electricity to cover the energy requirement of the facility.

We created value for our stakeholders by establishing human-centered ecosystems

We continued on with our operations in 2021 by prioritizing the requirements of our stakeholders throughout our value chain in line with the human-centered ecosystems approach, one of the pillars of our Smart Life 2030 strategy. We endeavored to create common value for our stakeholders in all domains within the scope of our impact area, starting from employee satisfaction, future of work, inclusive value chain and social investment. We continued to conduct operations to develop an inclusive, innovation-oriented corporate culture that would give space for Zorlu Holding employees, our high priority stakeholder and value, to manifest their skills and competences. In that respect, we successfully finalized the second cycle of A Bright Idea, our corporate entrepreneurship program which has attracted substantial attendance, and ended up with three more start-ups from within Zorlu Group. We continued to take action to trigger social change both within our group and within the scope of our impact area through the steps we have taken towards gender equality under the message of “An Equal Life for All Is Possible.” We entered a period of chance in which we went beyond raising awareness by taking concrete steps for the mainstreaming of gender equality at the grassroots levels whose impact was felt in the field. We expanded our corporate volunteering program Sparks Movement with the cooperation of our stakeholders, and continued to propagate our impact area. We continued to organize training activities to advance skills and competence of our employees, and provide them with education in Smart Life Academy so that they become knowledgeable and well-equipped on environment sustainability and governance. We supported personal and academic development of young people with the grant support of Mehmet Zorlu Foundation, alongside MZV-MEF YetGen 21st Century Competences Education Program, of which we are a stakeholder. We continued on with our contributions to the development of teachers, the pillars of qualified education, with the projects we realized as the stakeholder of Education Reform Initiative and Teacher Network. We continued on with our activities to increase the welfare of our employee also in 2021 under the roof of “We Are Fine Together”, the Corporate Welfare Program that we realized during the pandemic. We supported imece, the social innovation program of which we are the founder and whose first three outreach programs we supported, also in various other programs and contributed to the development of the social innovation and social entrepreneurship ecosystem. We came together with the transformation ambassadors of Turkey

and the world in imece Summit, Future Impact Summit which we regularly host and which has reached over 3000 attendants, and underlined the importance of the business world's becoming a stakeholder of dialogs on contemporary issues and undertaking radical collaborations.

We will work for a better future in 2022 under the cooperation of our stakeholders

2022 will be a year laden with both risks and opportunities when the new world order will be built after the pandemic. We, as Zorlu Holding, have very strong objectives to create value both for the world and for our stakeholders in line with our Smart Life 2030 strategy. We will ceaselessly work for a better future with the products and services our group companies create with innovative business models, and many more examples illustrating how technology ameliorates human life.

The value we create with our sustainability-oriented business model strengthens us not only to support our stabile growth as Zorlu Holding but also to make contributions for the sustainable social and economic development of our country and the world.

We will spearhead the construction of a better, smart and sustainable life with our performance in cooperation with all our stakeholders, and proceed with the same determination in 2022 to become one of the groups determining the future of the world.

We, as a group that endeavors to do its best for the world and for all living beings, wholeheartedly thank all our stakeholders who walk beside us to achieve this objective, starting from Zorlu Group employees, customers and business partners. We are content to share that we will continue on with our operations also in 2022 under the same values.

With respect,



Ömer Yüngül
CEO

CEO's Assessment



The value we create with our sustainability-oriented business model strengthens us not only to support our stable growth as Zorlu Holding but also to make contributions for the sustainable social and economic development of our country and the world.



Ömer Yüngül
CEO



The message of the Chairman of the Sustainability Committee



Our Group companies expanded their impact area in environment, society and governance with their cyclical economy-oriented solutions and environment-friendly sustainable products in 2021.



Dear stakeholders,

2021 proved to be a year in which we witnessed the strengthening of collective approaches to solve global issues, cooperation and the determination to take action. The significance of cooperation for a more livable world came to the forefront in the United Nations Climate Change Conference (COP26) which was held under the theme of “Uniting the World to Fight Against Climate Change.” While existing objectives were once more confirmed, gradual mitigation of coal energy and gradual removal of ineffective fossil fuel subventions were among the accepted agenda items in the conference.

This year once more showed that it was impossible to sustain our life especially with the existing production methods and economic structure. Ongoing supply chain and raw material problems also in the second year of the pandemic indeed pointed towards the fact that a sustainable social and economic structure have not been established up until now. As such, we once more saw that the solution to many complex and multi-faceted global issues, starting from the climate change, was a new stakeholder-based economic model.

We need cooperation and mutual efforts more than ever, especially to scale these problems and produce holistic solutions. We need a sustainability-focused transformation around human-centered ecosystems and innovative business models, promoting radical cooperation. Supporting the process with the healing power of technology and digitalization, rapidly developing human resources’ skills and competences to cover the needs of this transformation, and working on removing all inequalities to mainstream this change will be the most critical features of this process.

We, as Zorlu Holding, conducted business in line with the spirit of our times to contribute to this radical transformation with our Smart Life 2030 sustainability strategy renewed in 2021 under this new perspective. We continued on with the operations of our group companies which create value with their environmental, social and governmental dimensions based on renewable and cyclical resources, so as to reach our sustainability goals set out under our responsible investment holding approach, focusing on human-centered ecosystems. We entered a period in which we managed our sustainability targets specifically for each of our group companies in line with our strategy. This will give us the opportunity to expand our impact for building a sustainable life in line with steps to be taken in each group within the scope of Smart Life 2030. We aspire to reach net zero emission in the entire value chain in Scope 1-2 by 2030 through innovative business models. We aim to reduce our waste by 50% until 2030, and achieve zero waste until 2050. We aim to recycle 50% of our water use by 2030, and 100% by 2050. One of our main focus areas will be to build a value creating ecosystem and establish a 100% sustainable supply chain in all our critical suppliers by 2030. We, as a group, commit to allocate 1% of our EBITDA to operations contributing to United Nations Sustainability Goals by 2030, with the human-centered ecosystems that we will establish. We aim to augment our social benefit-oriented studies, and do better than our fair share in social development.

We developed our inclusive corporate culture which feeds on diversity under the headline of human-centered ecosystems, and made projects in which Zorlu Group employees, our most valuable

stakeholders, made use of their skills and competence and kept developing themselves. New start-ups emerged within Zorlu Group within the scope of A Bright Idea, our corporate entrepreneurship program whose second cycle was completed in 2021, thus strengthening our innovation culture. In the second cycle of the program which attracted great attention, we received 720 ideas in response to the call for the entire Zorlu Group, and Be Right Back, Just Come and Whatever You Plant received investment as a result of the assessment at the end of around 8 months of an intense process. It was also decided that Selffix team was to continue its operations as an internal project within Vestel.

We continued on with our activities to attain gender equality also in 2021 in line with An Equal Life approach. We continued to work on a business culture aspiring to act in line with equal opportunities in all spheres of our business under the headlines of discourse, business environment and stakeholder cooperation. We conducted a large-scale communication campaign to raise awareness on violence in society, to teach people about the types of violence and guide them on channels to apply in case they are subjected to violence. We completed preparations for the basic gender equality training for around 33 thousand Zorlu Group employees, planned to become operative in 2022. We plan to take a step further in education to strengthen the understanding on basic related concepts, level of knowledge and sensitivity.

We continued on with our volunteering activities in the focus areas of “mitigating inequalities” and “environment” throughout the year 2021 within the scope of the Sparks Movement, our corporate volunteering program which was awarded “The Best Volunteering Program” by the Private Sector Volunteers Association. We resolutely continued on with Smart Life Academy “Sustainability 101” training also in its third period under the cooperation of Boğaziçi University Lifelong Education Center to contribute to the development of our human resources in environmental, social and governmental respects. We contributed to academic and personal development of young people in MZV-MEF YetGen 21st Century Competences Training Program of which we have been a stakeholder since 2015, within the scope qualified training via Mehmet Zorlu Foundation. We initiated studies to involve teachers who prepare young people to the future in this education network. We endeavored to contribute to the development of teachers with the projects we realized in Education Reform Initiative and Teachers’ Network, of which we have been stakeholders for a long time.

We continued on with our support to imece, the social innovation platform of which we are the main program partner and founding partner, to pave the way for creating innovative and sustainable solutions to global issues. imece turned its support program into an impact acceleration program so as to respond to requirements of growing impact entrepreneurs in line with the increasing acceleration demand to achieve Sustainable Development Goals. We, as Zorlu Holding, supported imece Impact Acceleration Program as its main partner. We worked on 7 initiatives, three of which focused on cyclical economy and four of which on qualified education, within the scope of imece Impact Acceleration Program.

We supported initiatives in the areas of mentorship, communication and law, alongside impact modelling and reporting. We, as Zorlu Holding, hosted imece Summit “Future Impact Summit” on March, 2021 and brought together hundreds of pioneers of change known for their impact-oriented work in different sectors both in Turkey and in the world, such as business world, civil society, academy and entrepreneurship ecosystem.

Our Group Companies expanded their impact areas in environment, society and governance with their cyclical economy-oriented solutions and environment-friendly sustainable products. They worked in line with Smart Life 2030 approach, joint sustainability strategy of Zorlu Group, in smart textiles for sustainable cities, household appliances and electronics, renewable energy and infrastructure services for electrical vehicles, sustainable life spaces based on zero waste principle, and mining operations which created added value for valuable elements. We switched to 100% renewable energy use in Zorlu Center and Levent 199 where headquarters of our companies are located, and once more underlined that the sustainability-centered approach permeates all areas of our life.

Our Group companies developed their own strategies in line with our Smart Life 2030 strategy in 2021. They continued to attract attention in international sustainability indexes and environment, society and governance scores with their sustainability-oriented operations. Our companies, which have been in Stock Exchange Market Istanbul Sustainability Index for a long time, represented by Vestel Elektronik, Vestel Beyaz Eşya and Zorlu Enerji, started to enter new international indexes and rank among the few global companies with their ESG performance. As of 2021, Vestel Elektronik started to respond to S&P Global Corporate Sustainability Assessment (CSA), Vestel Beyaz Eşya Sanayi ve Ticaret AŞ and Vestel Komünikasyon to EcoVadis sustainability assessment. Zorlu Enerji, one of our group companies, increased its performance score by 8 points in 2021 when compared to the previous year in the assessment of the independent measurement and research institution Vigeo Eiris, and ranked 4th among the 54 energy companies of the world.

We, as Zorlu Holding, thank all our stakeholders which endeavor to create value with us in our sustainability-oriented operations in line with our Smart Life 2030 targets. We hereby once more state that we will continue to work in 2022 and afterwards with the same resolution to achieve our dream of a more livable world.

With respect,



Bekir Cem Köksal
Chairman of the Sustainability Committee

The message of the Chairman of the Sustainability Committee



Our Group companies developed their own strategies in line with our Smart Life 2030 strategy in 2021, and continued to attract attention in international sustainability indexes and environment, society and governance (ESG) scores with their sustainability-oriented operations.



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, a Board Member at Zorlu Enerji, and a Board Member at TOGG.



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, Altın was the president of European Man-Made Fibres Association, one of the leading artificial and synthetic yarn platforms in the world in November 2017-2021. He is currently a board member at European Textiles Union, Istanbul Textiles and Raw Materials Exporters Union and TIM Brand Council.



İbrahim Sinan Ak

CEO, Zorlu Holding 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 İ. 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.



Murat Zeren
Zorlu Holding Bilgi Teknolojileri Grubu Başkanı

(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.

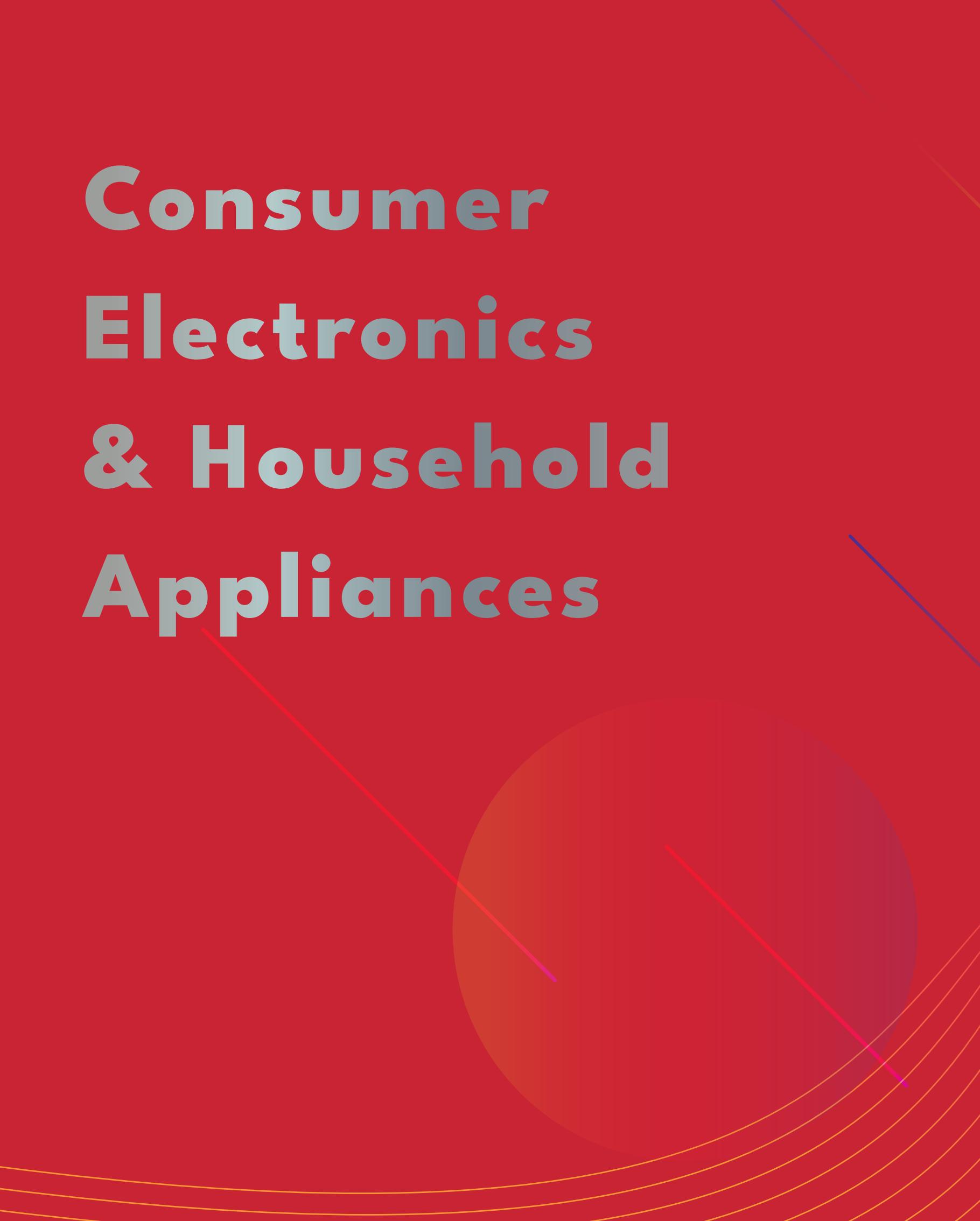


Arzu Pişkinoglu

Internal Control General Manager, Zorlu Holding

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

Consumer Electronics & Household Appliances



Consumer Electronics and Household Appliances

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 and Household Appliances



We focus on R&D, innovation and digital transformation with the vision to become an added-value and digital solution-oriented technology company.



Enis Turan Erdoğan

CEO, Vestel Group

Dear stakeholders,

2021 was a year of recovery with expansive monetary policies, on the one hand, and a rapid boom in investment and household expenditure, on the other hand. According to UN data, although global economy has reached pre-pandemic figures with a growth rate of 5.5.% in 2021, recovery was not evenly distributed to all economies. Developed countries had a rapid recovery with their stable political and economic institutions, while it is envisaged that it will take longer time for developing countries to recover.

Although global economy reached the highest growth rate of the last forty years thanks to low base affect, many companies active in the real sector had different results since the beginning of 2021. Soaring raw material prices, rising inflation and anticipation of inflation to rise due to expansive monetary policies, setbacks in the supply chain and logistics caused risks which could deeply affect the entire business processes of companies. While consumers' spending more time at home due to the pandemic and lockdown measures supported TV and household appliance demand, gradual removal of pandemic measures in the second half of the year resulted in normalization. Yet, problems in the supply chain resulting from the setback in supply-demand balance continue to affect the consumer electronics and household appliances sectors in which we operate.

Despite all the setbacks, we, as Vestel, succeeded in effectively managing possible risks in our supply chain by multiplying our suppliers and raw material procurement regions. Thanks to our large and varied supply portfolio, we ceaselessly continued on with our manufacturing operations during the entire year.

The previous period showed us that companies with an agile and dynamic structuring were much more successful in managing opportunities when compared to companies which continued on with a traditional business strategy. We, as Vestel, had a strong performance in 2021 with the agile and flexible business strategy that we adopted since our foundation. As an export-oriented company which delivers products to 158 countries, we minimized risks of exchange rate and increased our sales revenue. Our consolidated turnover increased by 51% in 2021 and reached TL 32,5 billion while our EBITDA increased by 52% to reach TL 5.5 billion.

We developed our Vestel strategy in line with the Smart Life 2030 strategy of Zorlu Group with the active participation of all units and employees of all levels. We determined our focus areas, first and foremost, as profitable growth, new business models, customer experience and sustainability in this strategy we called “Vestel Strategy in Action”, and we developed growth strategies for different product groups. It is all the more important now, in a time when our economic, environmental and social problems have been deepened, for companies to adopt inclusive and sustainable business models. We, as Vestel, developed our integrated business model in 2021 to foster sustainable and inclusive growth, and manage the impact of our operations, as well as risks and opportunities, in the light of a holistic point of view.

We will continue to support the adaption of the 10 principles of the United Nations Global Compact related to human rights, working standards, environment and corruption by the entire business world also in 2021.

In the light of our export-oriented growth model, we aspire to increase our investments and cooperation with

international companies also in the forthcoming period. We endeavor to increase our market power in Europe and operations in many other parts of the world, including North America, South America, Middle East and South Africa especially in household appliances. We aim to expand our operations in the region, especially in the USA, with the sales office we plan to open in North America.

We closely follow international developments such as free trade agreements, and expand our operations in the markets we operate in, while at the same time continuing to work on expanding towards new markets. We aspire to increase our production capacity in household appliances by 50% by gradually investing a total of 160 million euro in the next few years.

We focus on R&D, innovation and digital transformation with the vision to become an added-value service and digital solution-oriented technology company. We allocate around 2% of our turnover to R&D operations each year. Innovation and digital transformation lie at the heart of all our business processes, while we design a smart production process with end-to-end monitoring. Having realized many implementations including dark production, machine-human cooperation, machine-machine cooperation, we have completed the digitalization of our production processes to a great extent. We, once more, received the Best R&D Center Award in our sector in Technology Development Regions and R&D Center Awards of the Turkish Republic Ministry of Industry and Technology.

We launch our smart, connected products developed with the most advanced technologies for the use of our consumers. We focus on sustainability in our R&D operations and provide our consumers with products and services which create environmental and social benefit. We invest in new business models and areas with our past experience and strong technological infrastructure in consumer electronics and household appliances. We expand our

operations in the automotive sector which went through a great transformation thanks to our studies on battery and partnership in TOGG domestic automobile project. We signed under an agreement with E.ON company, following Iberdola, in 2021 in electrical vehicle charging unit supply. We also initiated electrical bicycle battery production in Turkey. We have also made cooperation agreements in telecommunication sector, and produced added-value services. We also initiated our operation regarding 5G infrastructure. We also support new generation initiatives on health electronics, innovative devices, advanced materials, smart urbanization, smart house and factory with our corporate investment company Vestel Ventures.

2021 was a year in which the impact of the climate change was deeply felt. We left behind a year in which environmental disasters increased, threatening human lives and ecosystems in many parts of the world including Turkey. According to the 6th Assessment Report of the Intergovernmental Climate Change Panel, climate crises will have irreparable consequences unless we immediately take action. One of the most important steps taken in 2021 on this matter was the intergovernmental COP26 meeting underlining the significance of net zero economy, and acting together against climate crisis. Transition to net zero economy will deeply affect business making models of all sectors and cause radical transformations. We, as Vestel, plan to pioneer the transition to net zero business model both in our operations and in our products and services. In that respect, we set out the target to reach net zero emission by 2050 firstly in our operations and then in the entire value chain, and commit to Science Based Target Initiative- SBTi.

As a technology company growing in line with digital transformation, managing our human resources is one of our top priority agenda items. We endeavor to manage the risks that might occur in terms of new skills. We care about the fast adaption of our employees and businesses to the changing work life during the pandemic. We invest in talents

to earn new skills to Vestel, while at the same time advancing existing talents, while we develop university-industry cooperation, and measure and encourage performance. We support and contribute to the development of both Vestel employees and dealer and authorized service employees with our various education programs, such as Technology Academy, Retail Academy and Service Academy. Employees now prefer companies focusing on equal opportunities and inclusivity, and companies can more rapidly develop their performances in this environment. We, as Vestel, support equal opportunities in business environment, and aim to increase the number of women employees to 40% by 2030. We provide our women customer representatives with the opportunity to work in after-sales technical support teams in our Women Technician Education Project. We established Gender Equality Group composed of our voluntary employees to develop awareness raising projects under the discourse of "An Equal Life for All Is Possible". In this line, we conduct studies for women with children to have equal opportunities in business life with A Happy Life Project.

Consumer Electronics and Household Appliances

Vestel production facilities are located in Vestel City, one of the largest industrial complexes of Europe in one location, established on 1.3 million square meters of land in Manisa.

Consumer Electronics and Household Appliance Sector in 2021

In 2021, European household appliance sector composed of 25 EU countries grew by around 4%. While demand for household appliances remained strong in the first half of the year, as the consumers spent more time at home due to the pandemic, the demand was normalized in the second half of the year when expenditure shifted to areas other than household appliances with the increased vaccination rates and gradual removal of pandemic restrictions. This trend is expected to continue in 2022.

In 2021, Turkish wholesale household appliances market composed of six main products grew by 9%. Retail household appliances sales, on the other hand, declined by 3% due to high sales in 2020. In parallel to developments in the European market, demand for Turkish household appliances also declined in the second half of the year due to the high basis impact and people spending more time outside with the growing economic mobility. However, rapid increase in foreign exchange rate in the last two months of the year and growing inflation expectations resulted in drawing consumer demand forth.

Following a robust growth pace in 2020, Turkish TV market and European TV market (EU25) shrank by 17% and 13% respectively in 2021. Setbacks in TV panel and component supply during the year, consumers' spending more time outside home with increasing vaccination and economic mobility, the reflection of the increase in panel prices on product prices and demand draw forth in 2020 all negatively affected TV sales in 2020. Growth occurred only in Italy among five big European countries in which state supported new TV purchase prior to the change in the system.

Vestel Companies 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 24 companies in total, 14 of which are located abroad.

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 82.53% 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.

Consumer Electronics and 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.

Vestel, one of the leading technology companies of Turkey and in the world continues its operations to complete Industry 4.0 transformation and transition to fully automated smart factories. It is also a pioneer in artificial intelligence (AI) software and the Internet of Things (IoT) competence, as well as smart city and smart house platforms.

Vestel in Turkey

Vestel Ticaret AŞ (“Vestel Trade”), a fully-owned subsidiary of Vestel Elektronik, carries out domestic and international sales and marketing of products manufactured by Vestel Group companies. Vestel experience in multi-brand concept, with its high quality and advance technology large product range is complemented with the strong distribution network of Vestel Ticaret. Vestel has access to a large consumer base through dowry stores, hypermarkets, discount markets, electronic retail chains and e-commerce sites, as well as dealer, sales point and online sales stores, within the scope of its omni-channel marketing strategy.

Vestel’s domestic sales network:

- 1.173 Vestel stores (including 72 Vestel Corporate Ekspres Stores)
- 10 Vs Outlet stores
- 755 Regal outlets
- vestel.com.tr
- vsoutlet.com.tr
- regal-tr.com

After-sales services:

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

Vestel’s Global Operation Network

Vestel structures its sales strategy in global markets through ODM sales to A brand manufacturers, distributors and retail chains, and brand sales to regional brands owned by Vestel Group and global brands of which Vestel has the license. Vestel aims to expand its customer profile for ODM services, and increase its brand penetration and market share in global markets with acquires companies in Europe and licensed global brands.

As a company with exports to 158 countries, Vestel manages its international sales and marketing operations through the local sales and distribution network of global commerce companies affiliated to Vestel Ticaret as subsidiaries. This sales distribution network is comprised of global commercial offices in Britain, France, Germany, France, Spain, Holland, Poland, Romania, Kazakhstan and United Arab Emirates. Sales and marketing operations in other international markets are directly undertaken by Vestel Ticaret. Vestel has around 2500 stores and sales points abroad.

Consumer Electronics and Household Appliances

Vestel increased its domestic sales by 38%, and export revenue by 53% in 2021. The overall turnover reached TL 32.5 billion with a growth of 51%. Gross profit margin of the company recorded a limited shrinking of 20 base points when compared to 2020, despite price increases in raw materials, materials and logistics in 2021. EBITDA increased by 52% thanks to the robust sales growth when compared to 2020, up to TL 5.5 billion. Compound growth rate in EBITDA in the last five years was recorded to be 59%.

Operational and Financial Results of Vestel in 2021

Despite supply chain and logistic problems and the adverse impact of the semi-conductor crisis, Vestel continued its growth in 2021 with its large and diversified supply chain and agile and proactive management, and recorded a growth in household appliances larger than average growth rate of the sector in the European market. Both A brand customers and distributor/retail chain customers played a role in this robust growth. Within the scope of the strategy to increase market penetration in South Africa, South East Asia, South America and Australia, having the potential to contribute to brand diversity and larger growth, substantial growth occurred in 2021 in non-European markets, starting from Egypt, India, Russia, Libya and United Arab Emirates. The brand recorded a rapid growth in North American markets, which it entered in 2020 for the first time, through new customer acquisition and new product categories; while share of non-European markets increased in global sales. Growth in domestic market was slightly below the market, due to this focus on international markets in 2021. Vestel was also adversely affected by the shrinking in the Turkish and European TV market.

Gross sales were recorded to be TL 34.5 billion in 2021, TL 25.9 billion of which (75%) comprised of global sales. 65% of total sales was to European countries, 25% was domestic sales and 11% was to other countries. Net sales (TL 32,5 billion) increased by 51% on TL when compared to last year, while sales per unit grew by 10%.

Gross profit margin of the company recorded a limited shrinking of 20 base points when compared to 2020, despite price increases in raw materials, materials and logistics in 2021. EBITDA increased by 52% thanks to the robust sales growth when compared to 2020, up to TL 5.5 billion. Compound growth rate in EBITDA in the last five years was recorded to be 59%.

Net profit was recorded to be TL 2.2. billion in 2021.

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 and 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 158 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 23 years.

VESTEL ELEKTRONİK - 2021 FINANCIAL RESULTS

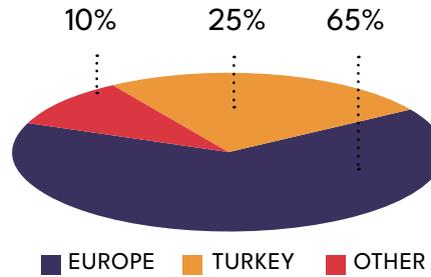


NET SALES
TL 32.5
BILLION



EBITDA*
TL 5,484
MILLION

SALES BREAKDOWN BY REGION



EBITDA MARGIN*
16.9%



NET PROFIT**
TL 1,895
MILLION

VESTEL BEYAZ EŞYA - 2021 FINANCIAL RESULTS

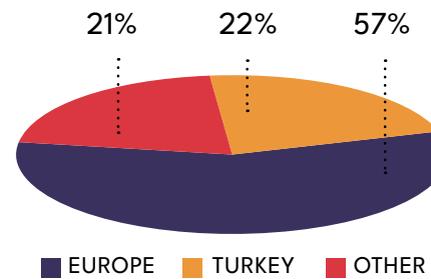


NET SALES
TL 16.2
BILLION



EBITDA*
TL 2,488
MILLION

SALES BREAKDOWN BY REGION



EBITDA MARGIN*
15.4%



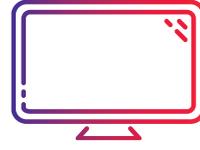
NET PROFIT
TL 1,519
MILLION

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

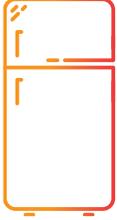
** Shares of main partnership stakes



EXPORT TO **158**
COUNTRIES



90%
SHARE IN TURKEY'S
TV EXPORTS



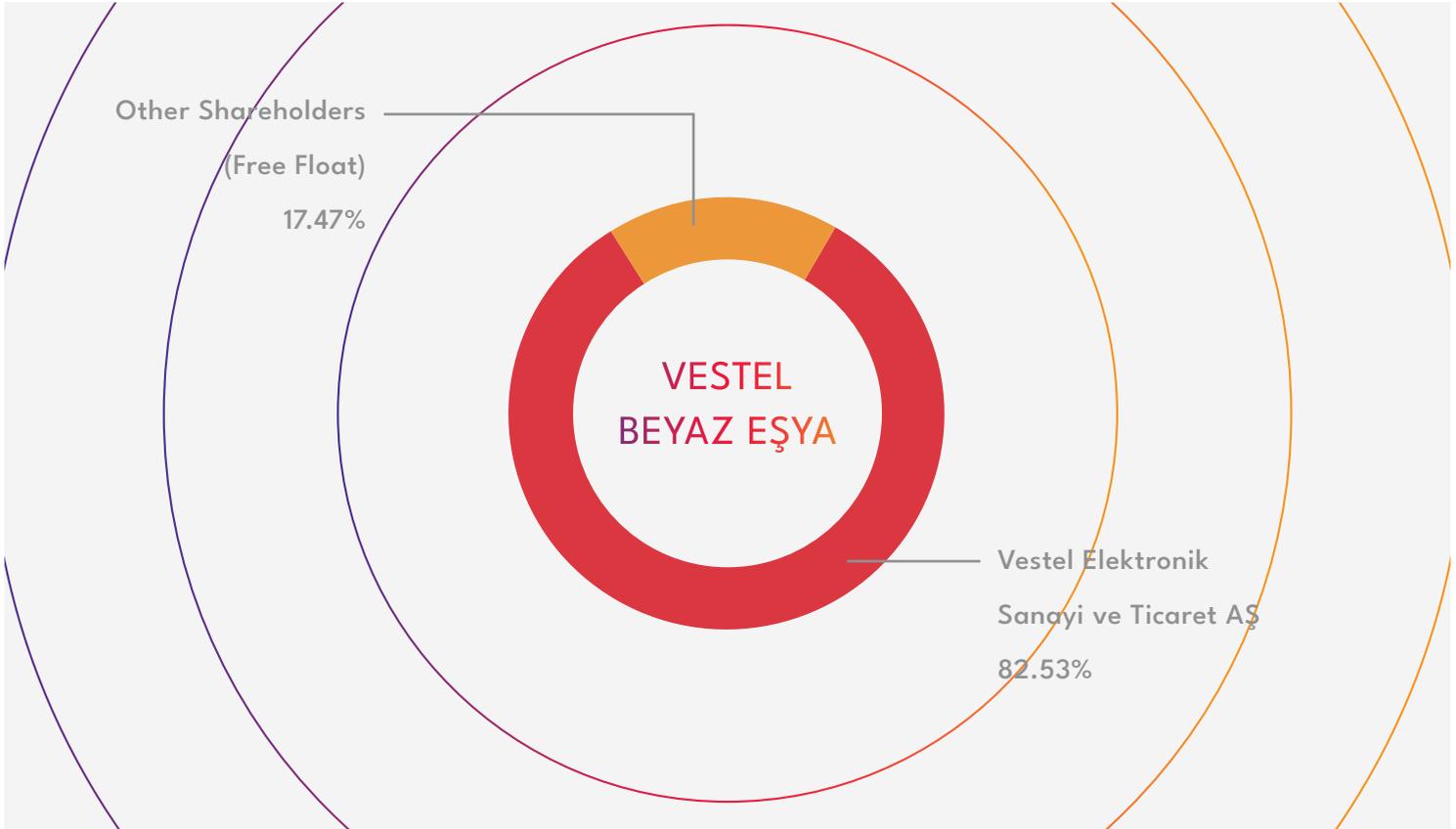
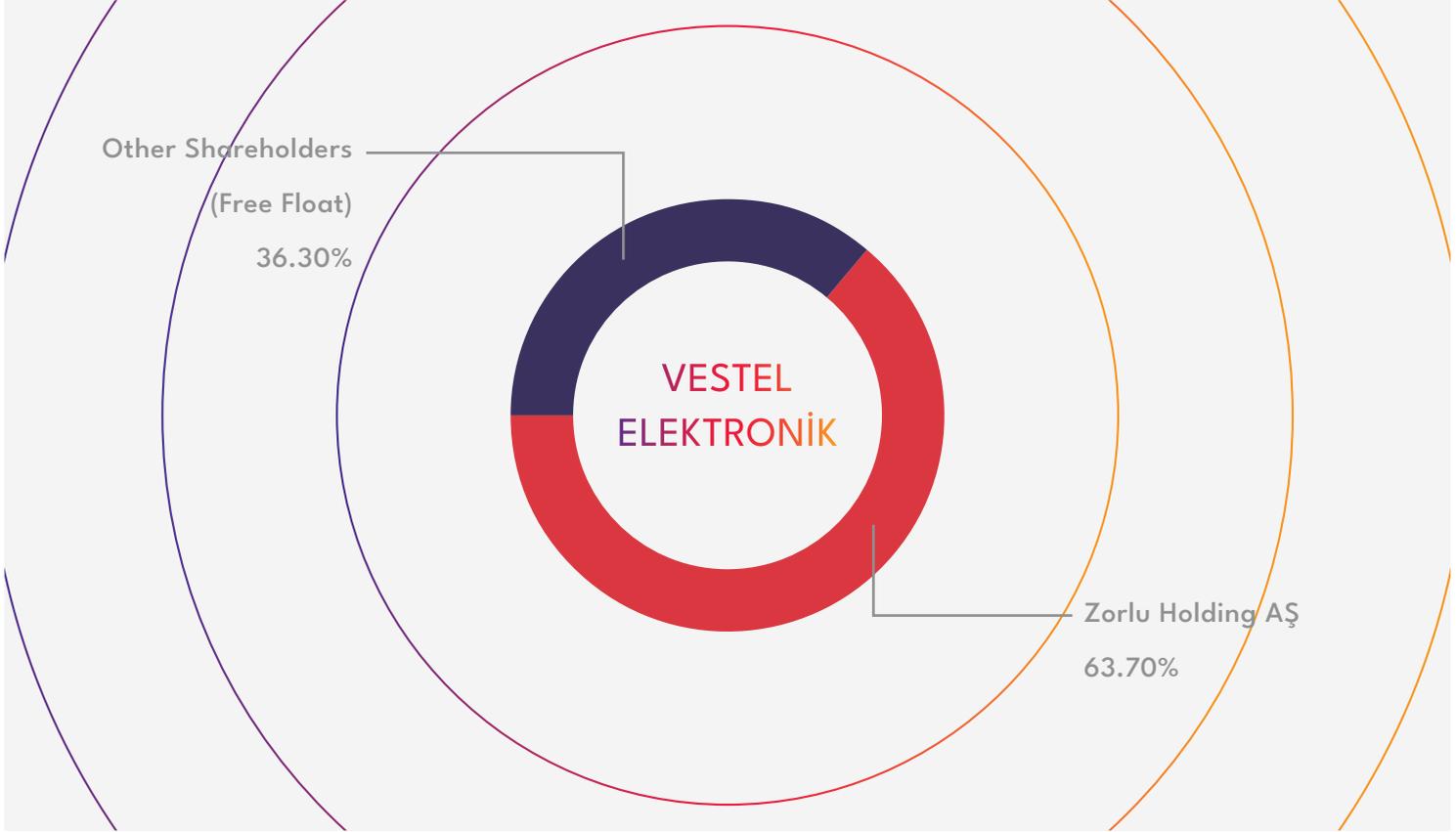
33%
SHARE IN TURKEY HOUSEHOLD
APPLIANCES EXPORTS



EXPORT CHAMPION
IN THE TURKISH
ELECTRONICS SECTOR
**FOR 23 YEARS
RUNNING**



Shareholding Structure



Consumer Electronics and Household Appliances

Vestel, aspiring to transform its operations and human resources in line with technological developments, increases its production capacity in a smart and responsible way with its R&D and innovative power.

Production and Innovation Power

Vestel, aspiring to transform its operations and human resources in parallel with technological developments, increases its production capacity with the power of R&D and innovation in a smart and responsible way. Closely following changing customer behaviors, Vestel both responds to their needs and develops innovative production processes to mitigate their environmental impact. It adopts contemporary technologies such as artificial intelligence (AI), internet of things (IoT), autonomous systems in its facilities. Vestel, having conducted R&D operations for over 30 years, trains its R&D team of over 1600 people in line with the requirements of the time. Rate of R&D expenditure to sales revenue was recorded to be 1.7% in 2021. The innovation studies resulted in TL 183 millions of saving, corresponding to 1% of the cost of overall sales. More than half of TV product turnover comes from new products, or significantly renewed ones.



Consumer Electronics and Household Appliances

Vestel closely follows the changing consumer behaviors, and develops innovative manufacturing processes to cover their needs and mitigate their environmental impact; it also adopts contemporary technologies such as artificial intelligence (AI), internet of things (IoT), autonomous systems in its production facilities.

R&D Operations

Vestel continues to be inspired by its over 30 years of experience in consumer electronics so as to expand technology and human-centered transformation in the company. It unites innovative approaches with existing experience in various sub sectors and areas so as to develop its production and R&D strategy under the guidance of global trends.

Vestel's production power stems from its R&D vision, eight R&D centers in different parts of the world, and its R&D teams working in these centers. Allocating around 2% of its turnover to R&D operations, Vestel is one of the 10 companies in Turkey with the highest R&D expenditure as of 2021. Vestel was once more awarded the Best R&D Centre in its sector in Technology Development Regions and R&D Centers Awards by the Ministry of Industry and Technology.

The Group of Innovation Technologies

A Research Group of researchers, all holding a PhD, was established in Vestel Elektronik in 2016, alongside main R&D groups, to work on advanced research areas and strengthen research-heavy operations. The name of the Research Group, having five years of research experience, was changed into Innovative Technologies Group (InTech) as of 2020 to expand its area of research and turn the results of its product-independent research into Proof of Concept- PoC products. The Group then started to continue its operations under the roof of IoT Deputy General Management. Innovative Technologies Group continues its research projects and hardware prototype studies with a team of 10 people including five software engineers, two researchers, two part-time researchers and one manager as of 2021. Its scope of business was expanded in a way to include rapid prototyping and PoC studies, along with project-based studies. Vestel Elektronik PoC studies has become one of the main business areas of the group since 2020. Another research area of the group is R&D&D (Research, Develop and Design) Laboratory, a laboratory of rapid prototyping and hardware acceleration established by Vestel and Manisa Celal Bayar University Department of Technology Development under the support of Zafer Development Agency. Thanks to this laboratory, it is aspired to prototype any product in a span of time as short as a week, in a way to significantly drop Vestel prototype costs. On the other hand, prototyping business of Vestel Ventures companies is also rapidly and economically handled in this laboratory.

Consumer Electronics and Household Appliances

The number of Vestel Company Group patents with commercial revenue thus increased to 57, resulting in TL 50 billion of revenue in 2021.

Patent Studies

Vestel's competence and innovative approach in R&D stem from its studies on patent and intellectual property. Vestel Elektronik made 70 patent applications in total in 2021, 22 patent application to European Patent Office (EPO) for 40 qualified discoveries; 17 patent applications to World Intellectual Property Organization (WIPO) and 31 patent applications to Turkish Patent and Brand Office (TURKPATENT), 51 of which (all European Patents) were confirmed. Vestel Beyaz Eşya made 135 patent applications in 2021, 51 of which (9 being European Patents) were confirmed. The number of Vestel Company Group patents with commercial revenue thus increased to 57, resulting in TL 50 billion of revenue in 2021. Commercial assessment studies are also being conducted to assess the value of the existing patent profile and increase the number of valuable patents in the patent pool. Meetings are organized with related technical areas with expert managers to take decisions, and detailed infringement assessments are made for patent applications deemed of value as a result of the commercial assessment. Products involved in the technology of the related patent are being investigated and reports are prepared to assess patent infringements. We attend meetings regarding new generation wireless communication technologies as part of Standard Essential Patents (SEP) studies. Vestel -Istanbul Medipol University and Vestel- Koç University cooperation attends pilot studies which might be included in the formation of IEEE802.11 WLAN Standard. 15 people of active research group resulting from the academic cooperation actively attended general meetings regarding the standard. Presentations



Consumer Electronics and Household Appliances

Vestel realizes Industry 4.0 implementations thanks to its R&D studies and investments, as well as the intellectual capital underneath these efforts. It contributes to the transformation in consumer electronics and household appliance sectors.

and patent applications are made on behalf of Vestel Elektronik. We plan to contribute to the development of smart house technologies and new generation communication technologies in the forthcoming period with the members present in these general meetings on behalf of Vestel Elektronik.

Industry 4.0 Transformation

While advanced technologies and production methods change day by day, Industry 4.0 transformation stands out as one of the most significant areas to gain competitive power in domestic and global markets, sustainability and profitability in the sector. Vestel realizes Industry 4.0 implementations thanks to its R&D studies and investments, as well as the intellectual capital underneath these efforts. It thus aspires to contribute to the transformation of consumer electronic and household appliance sector in Turkey. Vestel has the objective to lead the sector in Industry 4.0 and digitalization. Digital Transformation teams are thus established to work on artificial intelligence software programs, Internet of Things - IoT technologies, smart automations, Automated Guided Vehicle - AGV and Autonomous Mobile Robots -AMR implementations to enhance vertical-horizontal value chain integration.

The company also focused on Total Productive Maintenance -TPM studies in manufacturing to achieve operational excellence. In the Excellence Awards organized by Japan Institute of Plant Maintenance (JIPM) to award the best companies adopting Total Productive Maintenance - TPM studies each year; Vestel Elektronik received “TPM Excellent Factory Award” in 2012 following the launch of its TPM studies in 2010; and “TPM Excellent Factory Sustenance Award” in 2014; while it became the first TV manufacturer to be awarded with “TPM Special Award” in television manufacturing in 2016, successfully passing TPM Special Award category assessments. It continued its operations under this title, and was also awarded with “TPM Advanced Special Award for TPM Achievement” in 2018. Vestel Elektronik was also awarded with TPM WCMC (World Class Manufacturing) Award, the highest level of TPM program, in 2020, as a result of this process. The company became the first and only company in the world to receive this prestigious award, with its simultaneous studies in six different factories in the consumer electronic sector. It is one of the 13 companies which was awarded with this title in the 55 years of the organization history. Vestel Beyaz Eşya, on the other hand, became the first and only company to receive TPM Special Award simultaneously in seven factories and

Consumer Electronics and 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.

seven product families (fridge, washing machine, drying machine, dishwasher, cooking devices, air conditioner, thermosiphon) in 2019. Vestel Beyaz Eşya received TPM Excellence Award in 2014 and TPM Sustainance Award in 2017.

Vestel's Sustainability Approach

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

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



Consumer Electronics and Household Appliances

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

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

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

It is highly important to have an efficient management structure for the integration of environmental, social and governmental (ESG) issues in the entire company. Sustainability issues are managed by the Sustainability Directorate affiliated to the CEO. Vestel Group Companies’ Sustainability Directorate has working groups on Environment, Society, Governmentality, Technology, Supply Chain and Customer Satisfaction. Operations initiated by the working groups in the beginning of 2021 in line with the new road map are aspired to be accelerated in 2022. Zorlu Holding Smart Life 2030 strategy also contributes to sustainability studies with group companies.

It conducts informative meetings and training programs on ESG policies and their implementations. Its ESG policy performance is closely followed in sustainability indexes. Vestel Elektronik is in

Consumer Electronics and Household Appliances

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

the BIST Sustainability Index since 2015, and Vestel Beyaz Eşya since 2016. Vestel Elektronik started to respond to S&P Global Corporate Sustainability Assessment (CSA) since 2021. Vestel Elektronik (factories), Vestel Beyaz Eşya and Vestel Komünikasyon also respond to EcoVadis sustainability assessment. Vestel positions sustainability at the center of its growth and value creation process in parallel with the technology-oriented business strategy of Zorlu Group which cares about the impact area of all its stakeholders and produces innovative solutions.

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.).



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

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 2480 work hours of training in 2021.



2.480 work hours

COMPARED TO 2019, IN 2021 VESTEL ELEKTRONİK REDUCED ITS



DIESEL FUEL
CONSUMPTION BY
25%



HOT WATER
CONSUMPTION BY
3%



OVERALL ENERGY
CONSUMPTION BY
4%



WATER CONSUMPTION BY
18%

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 435 work hours of environmental awareness training in 2021.

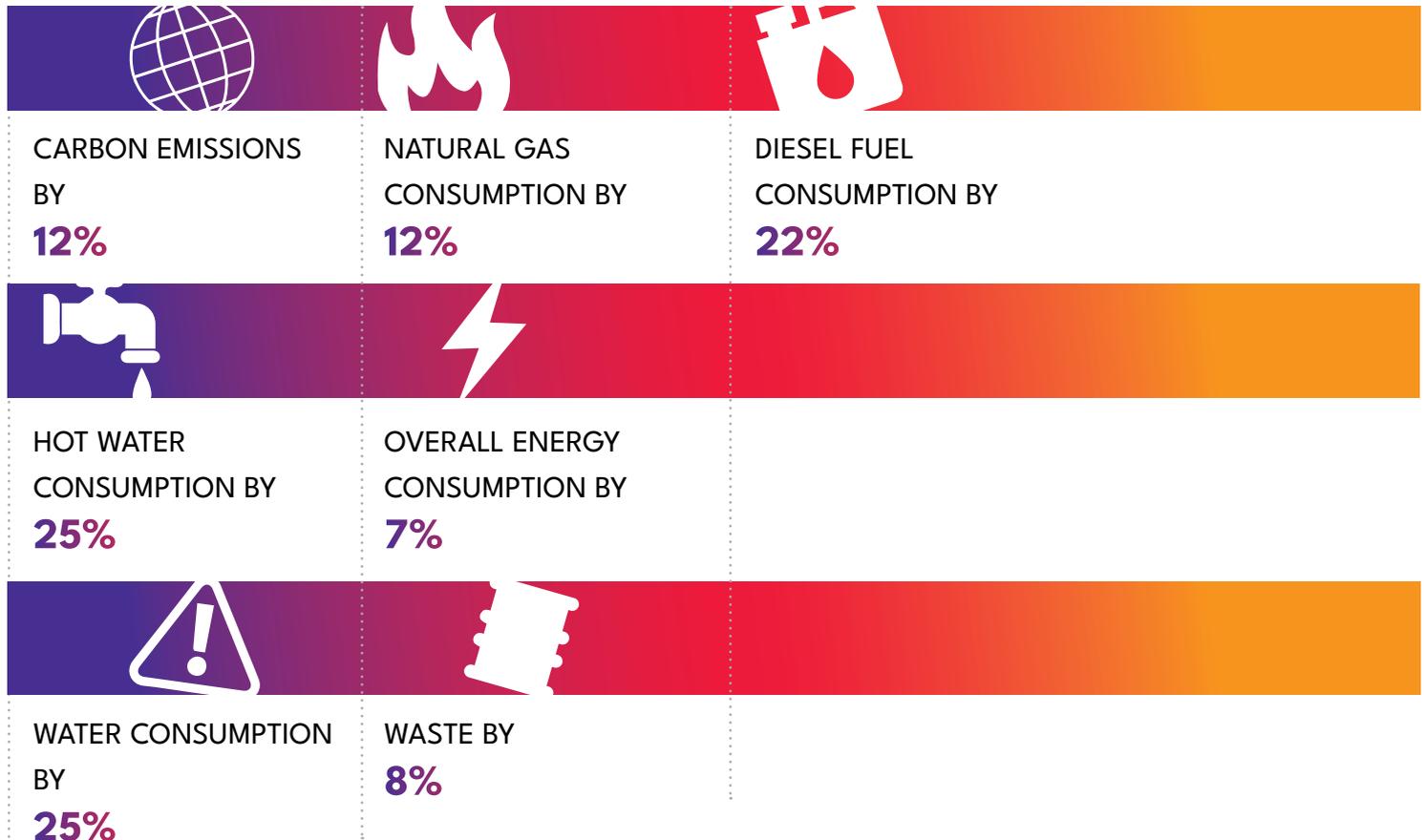


ISO 14064



435 person/hours

COMPARED TO 2019, IN 2021 VESTEL BEYAZ EŞYA REDUCED ITS



Consumer Electronics and Household Appliances

Vestel considers personal and professional development of all its employees as the most valuable future investment. It therefore adopts business models which promote skill development, which is key to technology and human-centered transformation, and cares about managing the career development of its employees as part of a just and inclusive process.

Social Sustainability

Human capital has a key role for Vestel value creation model. Vestel believes that its investments in human capital develops the technology that it produces, its patents and R&D power. It knows, and continues on with its operations with the knowledge that competent, satisfied and highly motivated employees make it possible for its technology manufacturing companies, state-of-the-art technological products and devices to create sustainable value. Vestel continues to create and develop the most ideal working environment for the health, safety, rights and personal development of its employees. It develops human resources policies which facilitate employees' adaptation processes, encourage their professional success and personal development, cover their requirements and expectations by keeping in mind justice and equal opportunities, and contribute to country employment.

Gender Equality, Human Rights and Inclusivity

Active involvement of women in corporate life has positive impacts on companies' productivity and financial performance. Studies to achieve gender equality in Vestel, including employment processes, are encouraged. Vestel takes responsibility in achieving gender parity in Vestel Companies Group, at all levels of employment, in electronic and household appliances sector and in society under the guidance of being a signatory to United Nations Women's Empowerment Principles.

Integration of Disabled Employees

Vestel, aspiring to remove obstacles on the way to the employment of disabled people as part of its Equal Chance Project, gives training to deaf people and people with speech impairments, and supports their active participation in business life. Within the scope of the project which was initiated in 2015, 215 disabled people were employed in Vestel Elektronik under the cooperation of 17 vocational high schools in Turkey for deaf people. Sign language interpreters were also employed in all its electronic factories to cover their needs. In Mentally Impaired People Friendly Office (Z.E.K.İ Life Center), established for the first time in Turkey in Manisa Organized Industrial Region to earn mentally impaired people to business life and socially support their families, a total of 18 mentally disabled people, 9 in Vestel Elektronik and 9 in Vestel Beyaz Eşya, have been employed since 2019. In that respect, protected and ergonomic working spaces are established in the production facilities of the factories. In 2021, the employment of disabled people increased by 4%.

Consumer Electronics and Household Appliances

Vestel continues to create and develop the most ideal working space for the health, safety, human rights and personal development of its employees, and develops human resources policies which contribute to country's employment rate, facilitate employees' job adaptation phases, encourage their professional success and development, cover their expectations and needs by keeping in mind justice and equal opportunities.

Personal Development of Employees and Talent Management

Skill gap or shortage of skill is among the top issues companies might confront in the 21st century. Vestel, as a company operating in engineering and technology, is aware of the fact that any investment in skills would mitigate the risk of skill gap or shortage. Its main strategy is to attract new and right skills to the company under the motto of "Be where the skill is." Finding the best skills to pioneer in technology and digitalization, retaining existing skills and having them get in touch with Vestel are among the leading working areas. Vestel considers personal and professional development of all its employees as the most valuable future investment. It therefore adopts business models which promote skill development, which is key to technology and human-centered transformation, and cares about managing the career development of its employees as part of a just and inclusive process.

Health and Safety at Work

Vestel is sensitive to health and safety at work policies and their implementations to secure a safe and healthy working environment. It cares about assessing and managing potential impact of all risks due to loss, injury or damage caused by any hazard in the workplace on employees, subcontractors, subsidiaries, solution partners and other employees in the workplace. Vestel aspires to ensure on-site assessment of risks that its employees might face in the workplace, ameliorate and develop processes, create ergonomic working spaces, maximizing safety measures for changing production processes, create a safe and healthy workspace for its employees, prevent workplace diseases and zero accidents.

Social Support

Vestel continues to expand its social contributions in social and environmental matters by keeping in mind society's needs. Vestel, conducting various project in the focus areas of High-Quality Education, Gender Equality and Humane and Economic Growth -the high priority items of the Sustainable Development Objectives-, made a total of TL 17.4 millions of social investment in 2021 as a group, including its social sponsorships.

Awards Received in 2021

Vestel Group Companies Received Mobility Technology Service Award

Charging Network Management Centre ‘ŞAYM’ project developed by Vestel Elektronik, Vestel Savunma and Ayesaş received an award from the Ministry of Transportation and Infrastructure.

Vestel, Leading Company with the Best Electronic Product Manufacturing

R&D Innovation Industry and Technology fair ESAS EXPO 2021 organized by Ege Kalkınma Derneği with the support of the Republic of Turkey, Ministry of Industry and Technology was held in Izmir on 13-14 October. As a result of a research conducted with the participation of the business world, academics and university students within the scope of the fair, Vestel received “Leading Company with the Best Electronic Product Manufacturing Award.”

Ege Kalkınma Derneği awards Vestel Savunma

Vestel Savunma, one of the leading manufacturers of Turkish defense industry, was awarded as the most value creating company in the sector in ESAS EXPO 2021, organized by Ege Kalkınma Derneği.

Vestel Received Digital Pioneer Award

Vestel received Digital Pioneer Award in 2021 SAP Turkey Quality Awards with the “Supplier Invoice Management Project” of Vestel Financial Affairs.

Vestel Cloud Household Mind Solution Ranked First

Cloud Household Mind Architecture, developed by Vestel IoT Cloud team to achieve low cost and high performance, ranked first in IDC Turkey Cloud Awards, under ‘Cloud Cost Efficiency’ category.

Vestel Deemed the Technology Company of the Year by Boğaziçi University

Vestel was elected as the Technology Company of the Year in Boğaziçi Business World Award organized by Boğaziçi University Engineering Club (ENSO).

Platin Magazine –IPSOS Household Appliance and Electronic Products’ Company of the Year

Vestel was awarded as the Household Appliance and Electronic Products’ Company of the Year by Platin Magazine –IPSOS.

Vestel, Once Again, Has the Best R&D Centre

Technology Development Regions and R&D Centers Awards issued by the Republic of Turkey, Ministry of Industry and Technology T.C. found their owners. Vestel Elektronik ranked first among the large-scale companies with more than 250 R&D employees in the awards classified according to employment capacity.

17 Awards from the USA to Vestel Smart Designs

Vestel received a total of 17 awards from IDA (International Design Awards), the USA centered international design contest. Vestel, having marked the prestigious organization known as the “Nobel of Design” went down in the history of the contest with this success.

Vestel Received 11 Awards in Good Design

Vestel continued to prove its success in design in international platforms. Vestel received 11 awards in Good Design 2021 organized by Chicago Athenaeum Architecture and Design Museum, the long-established design contest with a history of 70 years. Vestel strengthened its position in the history of the organization among the brands which have received the highest number of awards.

First time in the International Design Contest: 65 Awards to Vestel

Vestel marked Plus X Awards, known to be one of the most prestigious design and innovation awards in the world. Vestel’s designs left behind its world-leading rivals, and the company, having received 65 awards, signed under a great success to mark the history of the organization. Vestel also received the title of “the Most Innovative Brand 2021”, the most significant and special award of the organization.

Awards Received in 2021

Design Awards from IF Design to Vestel

SousVide Technology oven and AIO dishwasher received an award in IF DESIGN AWARD 2021, one of the most deep-rooted and prestigious design contests in the world.

For the First Time in IF Design Award

Vestel received its first awards in User Interface Design Category in IF Design Award 2021. IONIA, making it possible to access electrical bicycle battery features and services and Vestel Cloud Household Mind, making remote control of household materials possible, received mobile application award.

Award from Good Design Award to Vestel UX Group

Vestel Cloud Household Mind application received an award from Good Design Award Australia.

Vestel Awarded in European Product Design Award

Vestel received three awards for the design of its innovative and stylish Slim Led Touch Built-In Oven, Smart Jet Washing Machine and T40 Dryer in European Product Design Award, one of the most prestigious international design contests.

The Most Innovative Brand Award to Sharp Brand Products

Vestel received Most Innovative Brand 2021 award, the most prestigious award of PlusX organization, with a licensed Vestel Brand Sharp products.

Award from the Mass Circulation Which? Magazine

- Vestel Dishwasher ranked the best product of 2021 in its own category by the mass-circulation Which? In the UK, having around 600 thousand readers.
- Dryer was also awarded as the Best Buy of the year.

Vestel, the Sector Leader in Customer Satisfaction

Vestel received an award from the Republic of Turkey, Ministry of Commerce for the innovations it earned to the retail sector, its consumer-oriented services and applications, as well as its customer satisfaction-centered implementations.

The Brand to Manage Customer Experience the Best: Vestel

Vestel received the grand prize A.C.E Diamond Award both in household appliances and in television categories in A.C.E. Awards 2020 (Achievement in Customer Excellence) in which Şikayetvar platform assessed customer satisfaction management of brands in Turkey. Vestel signed under a sustainable success, and deemed 'The Brand to Manage Customer Experience the Best' for eight consecutive times.

Vestel Received the Successful Team of the Year Award

Aegean Region Local Quality Awards held for the 21st time by the İzmir branch of Turkish Quality Association (KalDer) found their owners. Within the scope of the Successful Team of the Year Awards having 10 teams from 7 brands as candidates, Vestel Beyaz Eşya and Vestel Customer Services General Management shared the Golden Award. Vestel Customer Services General Management and Vestel Elektronik teams shared the Silver Award, while Vestel Beyaz Eşya received the Bronze Award. In the award ceremony, Vestel received five awards in total, 2 golden, 2 silver and 1 bronze, in "Kalder the Successful Team of the Year" assessing best practices and teams in customer satisfaction.

Three Awards from TEGEP to Vestel

Vestel received two golden and one silver awards in three categories in Learning and Development Awards of Turkish Education and Development Platform (TEGEP). Expertise Training project of Vestel Customer Services, Service Academy received the golden award in Best Education and Development Program. Household Appliances Error Codes Applications received the golden award in Best Digital Solution Category in Education. Vestel Female Technician Education project, a first in the household appliance sector, received the silver award in Development Program with Social Contributions Program Category.

Awards Received in 2021

Special Award to Vestel Customer Services

Vestel Communication Centre affiliated to Vestel Customer Services received Jury Special Award with its successful implementations in 2021 Turkey Call Centre Awards organized by IMI Conferences.

Vestel Marketing and Customer Services Deemed ‘The Best Office in Turkey’

Vestel Customer Services and Vestel Sales Marketing received the ‘Best Office in Turkey’ award from Kincentric, world’s leading human resources and management consultancy company of the world.

Three New Awards to Vestel Customer Services

Signing under leading applications in the Turkish retail sector, Vestel creates difference both with its products and with its services. Vestel Customer Services, ameliorating customer experience and service quality with innovative projects, continues to prove its success with awards. Vestel Customer Services received two awards in the 4th CX Awards Turkey and one award in Istanbul Marketing Awards.

Vestel, the Export Champion of the Sector for the 23rd Consecutive Times

Vestel preserved its export championship in electric-electronic sector also in 2021, and became the export leader of the sector for the 23rd consecutive times.

Crystal Apple Awards to Vestel Brand Communication

Vestel received a total of 10, 6 crystal, 2 silver and 2 bronze, awards in Crystal Apple Festival, the prestigious contest of the marketing and advertisement sector.

Sports Communication Golden Award in Istanbul Marketing Awards

Vestel received the golden award in Sports Communication category in 2021 Istanbul Marketing Awards with its communication project called We Are a Volleyball Country.

7 Awards to Vestel This Time from Felis

Vestel received a total of 7 awards, 6 Felis and 1 Success, from Felis, the leading contest of the advertisement and marketing sector.

Brand to Receive the Highest Number of Awards in Hammers Awards

Vestel received 10 awards, 5 golden, 5 silver and 1 bronze, in The Hammers -Best Marketing Teams Awards Summit, organized by Pazarlamasyon.com.

Vestel Received Best PR Team Award in The Hammers Awards

Vestel Corporate Communication received the Golden Award in the Best PR team category in The Hammers 2021 selecting the most successful Marketing and Corporate Communication teams of Turkey.

Consumer Electronics and Household Appliances

Vestel 2021 Highlights

Vestel, Export Champion for the 23rd Consecutive Times

Vestel, having become the export champion of its sector for the 23rd times with TL 25.9 billion of sales in international markets in 2021, ranked 4th in all sectors. Vestel, having 75% of its sales from international markets, increased both its sales to non-European countries in household appliances, and its market share in Europe.

Vestel licensed South Korean Daewoo Brand

Vestel undersigned 10 years of brand license agreement with Posco International Corporation, the owner of Daewoo brand, for the production and sales of household appliances and television under Daewoo brand. This agreement will both contribute to its market share in Europe, and accelerate sales in Russia and Turki Republics.

Agreement Signed with E.ON for electric vehicle charging units

Vestel, expanding its activities in automotive electronics and electrical vehicle charging unit for electrical and autonomous vehicles -significant assets for a zero emission future-, signed

under a contract with the leading energy company of Europe E.ON, following its agreement with Iberdrola. It will thus manufacture electrical vehicle charging units to be used in various points in Germany.

Vestel, the best R&D Centre

Vestel owns its manufacturing strength to its R&D vision, eight R&D centers in different parts of the world, and its around 1600 people of R&D team active in these centers. Allocating around 2% of its turnover to R&D operations each year, Vestel is among the 10 companies with the highest R&D expenditure in Turkey as of 2021. Vestel received the Best R&D Centre Award in Technology Development Regions and R&D Centers Awards of the Republic of Turkey, Ministry of Industry and Technology.

Cooperation with the new generation sound, visualization and sensor company DTS

Vestel made an agreement with DTS company, world leader in new generation sound, visualization and sensor, to develop TVs with Play-Fi sound technology. It is planned to initiate manufacturing Vestel televisions supporting Play-Fi feature, a wireless sound system, as part of the agreement.

Cooperation with telecom companies in telecommunication infrastructure

Vestel will manufacture over-the-top (OTT) boxes enabling internet-based TV broadcasting, and strengthen its cooperation with content producers and telecom operators. Having started 5G infrastructure studies in telecommunication, Vestel manufactures Home Gateway (new generation modem) and IPTV Set Top Box (over-the-top box) for telecom companies.

**24
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TESLİM**

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24 saat içinde
teslim ediyoruz.

Vestel, the Turkish companies with highest number of European patent registries in 2021

Vestel registered a total of 60 patents in European Patent offices, Vestel Elektronik 51 and Vestel Beyaz Eşya 9, and became the Turkish company with the highest number of European patent registries. It registered a total of 102 patents in 2021, and earned TL 50 million out of these patents.

Vestel focuses on environmental benefit in Vestel Ventures

Vestel, investing in Biolive company which manufactures bioplastic granules out of olive seed waste through Vestel Ventures, uses the biologically degradable, non-toxic raw material of Biolive called Bio-Pura in some parts of its household appliances as an alternative to oil-based plastics.

Vestel announced its 2050 net zero objective and committed to Science-Based Target Initiative

Vestel aspires to reach net zero emissions first in its own operations and then in its entire value chain by 2050. Vestel also committed to Science Based Target initiative – SBTi, and took an important step to reach its net zero objective.

Vestel became a signatory to United Nations Global Compact -UNGC

Vestel Elektronik and Vestel Beyaz Eşya signed under United Nations Global Compact (UNGC), the largest corporate sustainability initiative of the world, in 2021.

Vestel continues to support sports

Vestel became the sponsor of both male and female teams in all gymnastics sub branches, along with being the main sponsor of Turkish Gymnastics Federations and its ongoing support to volleyball at the national team level. Volleyball, football, gymnastics, handball, sailing and e-sport are among the sport branches supported by Vestel.

Vestel prepared its first integrated report

Vestel formulated its first integrated business strategy, having completed its prioritization analysis upon a detailed stakeholder analysis. Vestel published its first integrated report in line with this model, including 2021 results.

Vestel augments investments in renewable energy

230 MWh energy production a year is planned to be achieved with the 142 kWp solar panel established at the roof of the energy distributing facility for fridge and washing machine factories. Vestel aspires to gradually increase its solar energy investments.

Vestel, Turkey's most valuable 11th brand

Vestel reached its highest brand value and brand ranking in the international finance corporation, Brand Finance 2021 list of the most valuable brands of Turkey. Vestel increased its ranking from 16 to 11, and became the fastest growing brand both in its sector and across sectors among the first 15 brands. Vestel's brand value augmented by 44% a year, and reached from USD 493 million to USD 709 million.



OTHER COMPANIES AFFILIATED TO VESTEL

Vestel Ventures

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

Having invested in 25 initiatives up until today, Vestel Ventures installed various programs and structures to develop the entrepreneurship ecosystem, developed many programs to embed innovation in the business style of Zorlu Holding, and trained countless employees on this matter. Believing in the capacity of initiatives to liberate life in their focus areas and working styles, increase social impact and efficiency and create difference with their innovative styles, Vestel Ventures presents Vestel know-how and facilities to entrepreneurs in all phases of the business cycle including product design, industrial design, multi-faceted interface design, prototyping, test, certification and manufacturing, and supported them in many different areas where they might require assistance, such as marketing, accounting, human resources, patent, law. Vestel Venturing, assisting many corporate companies with regards to investment branch formation and management, as well as innovation operation administration, also supports external companies for the sake of the development of the overall ecosystem.

Vestel brings together start-ups receiving Vestel Ventures’ investment and Zorlu Group companies, and enhances the establishment of new business branches with the high speed and agility of the start-up model, therefore stepping into new operational areas. Experiences in different sectors expand the

experience pool, increase competences, and ease transition into new areas. Vestel Ventures acts as an intermediary to assist entrepreneurs’ meeting with companies under the roof of Zorlu Holding, companies’ becoming customers of these entrepreneurs and cooperate with them. The output of this cooperation contributes to Vestel’s intellectual copyrights and lay the ground for ideas which will eventually expand its patent pool. Vestel Ventures conducts many different support programs such as Z-port Program for the local and international entrepreneurs in the ecosystem other than the ones it invests in, and becomes a mentor of entrepreneurs and get them meet with Zorlu Holding companies. Highly creative and innovative human capital of these initiatives developing under Vestel’s leverage affect, thus has the chance to work with Vestel employees during this process, and the resulting synergy creates cultural interaction between the entrepreneurs and Zorlu Group employees. Vestel Ventures strategically presents Vestel’s R&D and design strength; manufacturing, marketing, distribution, sales channels, law, human resources, business network resources and management experience for the use of the entrepreneurs. It also acts as an intermediary for the state-supported incentives of Vestel in Turkey, entrepreneurship capital funding network in Europe and the USA so as to foster entrepreneurs’ access to these funds. Guiding them on intellectual copyrights both locally and internationally, it also supports them in research and application processes. Supporting successful initiatives to expand outside the borders of Turkey, Vestel also gives know-how support to them through the best academics, industrial experts and internationally renowned consultants.



Consumer Electronics and Household Appliances

Vestel Savunma Sanayi AŞ (Vestel Savunma) provides a wide array of services and products including Unmanned Aerial Vehicles, System Integration, Hydrogen and Fuel Cell Technologies from the stage of design and development to manufacturing.

Vestel Savunma

Vestel Savunma Sanayi AŞ (Vestel Savunma) provides a wide array of services and products including Unmanned Aerial Vehicles, System Integration, Hydrogen and Fuel Cell Technologies from the stage of design and development to manufacturing. In line with the growing national and global demand towards advanced technologies and services with the pandemic, Vestel Savunma, continues on with its R&D investments and product development studies at an accelerated speed. Unmanned Aerial Vehicles are developed entirely by Turkish engineers from the design of the vehicles to the development of the software and manufacturing, including structural and aerodynamic design to auto-pilot system, central control computer and ground control station. They contribute to the development of Turkish aviation and defense sector. Vestel Savunma also conducts studies on fuel cell in its R&D center. Vestel Savunma is consolidated through equity capital method in Vestel Elektronik consolidated financial tables. Registered value of the company is zero in the consolidated balance sheet, due to its net liability status.





AYESAŞ

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



software. AYESAŞ develops next-generation Command Control and Platform Control Consoles and Cabinets, Helicopter obstacle Detection Systems, and Digital Moving Map and Mission Planning Systems for aerial platforms. AYESAŞ is consolidated in Vestel Elektronik consolidated financial tables through equity capital method. Registered value of the company is zero in the consolidated balance sheet, due to its net liability status.

Textiles



Textiles

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





Textiles



Being aware of our responsibility for the next generations, we specified our main and sub-strategies in the light of Smart Life 2030 vision centered around environmental values. In each of our strategies, we referred to 10 principles of United Nations Global Compact, and 17 articles of United Nations Sustainable Development Goals. We set out our strategy per year/chapter until 2025. Approaching 2025, our action plan and road map towards green transformation is already present.



Necat Altın

CEO, Zorlu Holding Textile Group

2021 was a year in which the impact of the ongoing global pandemic was felt in distinct social and economic dimensions. Supply chain problems and the rise in raw material and energy prices were the basic challenges for economies.

China-related gaps in the markets, on the other hand, created significant export opportunities for Turkish textile manufacturers in different markets, especially in Europe. A relatively more balance economic activity was recorded in 2021 year-on-year due to controlled removal of lockdown measures and widespread vaccination. Although there occurred a gradual amelioration in the domestic market, the real contribution to the textile sector, just as other sectors, was the export rate.

2021 was a year in which we also started to deeply feel the impact of changes brought about by the transition to green economy upon the pandemic. The Green Deal issued at the end of the previous year by the European Union including transformative policies on the fight against climate change, environment and green economy has now become the priority agenda item in our sector.

We are at the edge of a great transformation, so much so that players and companies which do not abide by the sustainability criteria and abstain from digitalizing their factories and operations will not be able to survive the forthcoming period. If we take necessary steps and make good use of this opportunity, we can transform the entire sector around sustainability. We can thus become the next-generation supplier of developed markets, starting from Europe and the USA, and turn into a global brand.

We, as an institution which turned sustainability into a business model with our Smart Life 2030 strategy, are ready for this period, with all our related investments. Upon completing STeP (Sustainable Textile Production) certification process in our factories, we can now manufacture under the label of “Made in Green” involving Standard 100 by Oeko-Tex and STeP by Oeko-Tex documentation. We continue to be the innovative business partner of world giants as a certified sustainable textile manufacturer in a time when we witness the emergence of a green economy.

We can now measure our carbon and water footprint per product thanks to various digitalization and technology-oriented investments such as Clean Product Software which we launched three years before the enforcement of the Green Deal Action Plan. We continue to lead the sector both in Turkey and abroad with our Ecodesign products having up to 50% less carbon footprint.

We consider cyclical economy, an indispensable part of sustainability, a main feature of our business, and reshape all our operations accordingly. We launch exemplary projects not only in Turkey but also in the world with our cyclical economy-based product such as polyester thread production out of plastic bottles.

We initiated spun thread manufacturing out of 100% plastic bottles, for the first time in Europe and Turkey, in our Polymer Recycling Facility which was operated in the light of above conception with USD 10 millions of investment. We will contribute to recycling of around 110.000 consumer waste plastic bottles which do not degrade in nature to produce 1 tone of recycled thread.

We can launch many added value products thanks to the investments we have made in smart and technical textile, our most innovative and strongest operation at the heart of which lies sustainability.

Thanks to our know-how in this business, we can produce flexible and agile solutions to urgent demands of the changing world, and rapidly adapt them to different sectors. Most of the examples that we hereby give are globally first in their kind. For instance, we manufacture special technical spun thread used in the construction of windmills. We are the supplier of the largest manufacturers of these cloths. Another special thread that we produce enhances repair of water network without the need for dismantling. It is completely healthy for the cloth to contact drinking water, which is documented by international corporations. A company specialized in this business uses cloths made out of our thread to repair water pipes.

We continued to create value for all our stakeholders also in 2021, with this business model in which sustainability becomes a business style.

We, as Zorlu Textile Group, have prepared our action plan and road map towards green transformation in line with Smart Life 2030 strategy. We believe that in this process, which we deem a transformation opportunity, we have developed solid assets with our sustainability-centered business model and know-how in smart textiles.

We will manage our operations, from raw material to process management, production to end-products, marketing to sales, in the light of this vision centered around sustainability, and continue to create value for all our stakeholders.

Textiles

Powered by its three R&D Centers, Zorlu Textile Group consolidates and carries to the future its position as the innovative and competitive business partner of world giants.

Zorlu Textile Group

One of the top-ranking textile manufacturers in the world, Zorlu Textile Group strengthens its position as a business and solution partner on a global scale thanks to its high manufacturing capacity, differentiated and quality product line reflecting innovations of the contemporary technology, and superior marketing and distribution capabilities.

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

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 2021, Zorlu Textile Group’s exports reached USD 210 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 capacities

Technologies and processes which develop and rapidly change under Industry 4.0, along with digitalization-led transformation and new business models, bring competition in the business world to a new edge, and pave the way for a brand-new period.





Economic actors 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.

Having become synonymous with innovation in its sector, and effectively applying innovation both to its products and to its marketing strategies, Zorlu Textile Group makes significant investments to develop and manufacture innovative products so as to respond to the expectations of its consumers.

Zorlu Textile Group enjoys a competitive and leading position in technical textiles, testified by its innovative products such as self-cleaning roller blinds and draperies, cooling coverlets, curtains cleaning the ambient air, antibacterial beddings 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 three R&D Centers, Zorlu Textile Group consolidates and carries to the future its position as the innovative and competitive business partner of world giants.

Technology-intensive business model and digitalization

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

Products that go beyond consumer expectations and personalized designs

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

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

Textiles

Europe's largest integrated manufacturer of cotton home textiles, Zorluteks is a leading global corporation which manufactures for the leading home textile brands of Turkey and the world.

Achievements of the 360-degree sustainability approach

In today's world, sustainability is a holistic, 360-degree approach that involves the entire business cycle, and responds to economic, environmental and social dimensions of life. The world's leading retailers are highly sensitive about whether the suppliers they collaborate with meet the quality and standards of sustainability.

Zorlu Textile Group has turned sustainability into a business style in line with Smart Life 2030 strategy, and it is a highly preferred business and solution partner for global companies thanks to its sustainability vision, quality, standards and practices. In line with its principle of making efficient use of resources as of today to achieve a sustainable world, Zorlu Textile Group is committed to develop environmentally-friendly products. Zorlu Textile Group also owns the first ecological production facility of Turkey.

Smart processes under 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

Zorlu Textile Group continuously invests in technology and uses the best digital printing machines available in its manufacturing processes. It makes use of the latest high-energy saving environmental technologies.



ZORLUTEKS

A global and leading player in home textiles

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

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

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

Zorluteks 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.

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

Textiles

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.

desired dimensions. 3D patterns were printed for the first time in Turkey on Zorluteks bedding products and introduced to the market.

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

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

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.



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.

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

Zorluteks continues on with its exports-oriented performance also in 2021, reaching 65 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 of 700 million. In 2021, the retail growth drive continued and the number of stores and outlets in various regions were increased.

Zorluteks generated USD 162 million in export revenues in 2021, presenting its product range to 65 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.

Robust steps in sustainable production

Targeting efficient use of resources while designing the home textile of the future in line with a sustainable environmental philosophy, Zorluteks developed “Clean Production Software” which enables instant monitoring of electricity, water, NATural gas and steam consumption of machineries used in its production facility. Thanks to this newly developed software, the target is to monitor and minimize the use of resource.

Textiles

Sustainability is a high priority for future survival and a determining marker for competition. Zorluteks is the first manufacturer in Turkey to own an ecological production facility to manufacture 100% organic home textiles in Turkey under Global Organic Textile Standard-GOTS Certificate.

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

It reduced its carbon footprint by a minimum of 50% with its Ecodesign product category, the first in kind with a low carbon burden. The target is to manufacture various products, such as bedlinen, table cloth, decorative pillowcase, within Ecodesign product range manufactured with less water, energy and chemicals.

Many innovations around the green transformation strategy, such as home textiles for LEED-BREEAM certified sustainable cities, are planned to be actualized by 2025.

First 100% organic home textile products’ manufacturer of Turkey and the first ecological production facilities of the country

Zorluteks continually invests in technology, makes use of the best digital printing machines in its production processes, and benefits from the latest high energy-saving environmentalist technologies.

Considering sustainability a high priority for future survival and a determining marker for competition, Zorluteks is the first manufacturer in Turkey to own an ecological production facility to manufacture 100% organic home textiles in Turkey under Global Organic Textile Standard-GOTS Certificate.

Having operated the first integrated production facility in its sector on a global level, Zorluteks contributes to and supports sustainable economy in its production processes.

The only textile company in Turkey to have three R&D Centers and an additional Design Centre, Zorluteks has an R&D performance a great majority of which involves sustainability-oriented operations. Alongside projects developed in its own R&D Centre, it also collaborates with academia, and engages in R&D projects of the EU.

Zorlu Textile Group's global network

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

TAÇ



ABROAD

36 COUNTRIES
110 STORES
750 SALES POINTS



TURKEY

1.888 SALES POINTS
15 İLDE 26 FACTORY
OUTLETS

LİNENS



ABROAD

7 COUNTRIES
8 STORES



TURKEY

26 COUNTRIES
70 STORES

VALERON



ABROAD

40 COUNTRIES
AROUND 200' SALES POINTS
IN THE USA, DRAPERY AND
BEDLINEN SALES THROUGH A
TOTAL OF
11 DIFFERENT SALES CHANNELS



TURKEY

1 STORES

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

KORTEKS

EXPORTS TO AROUND 60
COUNTRIES
TO OVER 250 CUSTOMERS

PRIMARY BRANDS



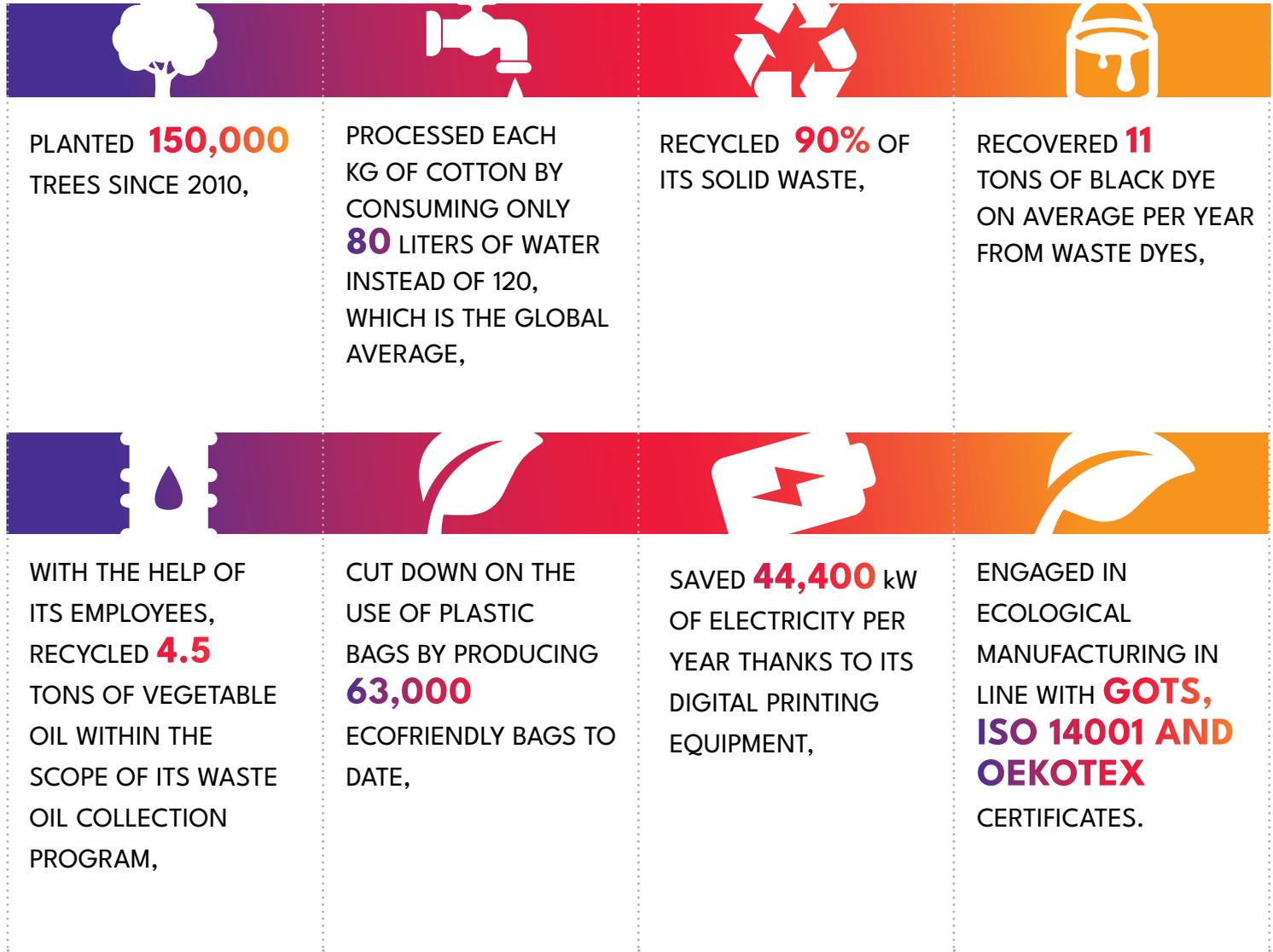
ZORLUTEKS

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

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

Although the initial aim of polyester thread production was to 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, and develops innovative solutions to its national and international partners. It is a Pioneer in micro thread technology at the global scale.

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.

Established in 1989, and augmented the capacity of its polymerization facility up to 580 ton/day thanks to Turkish engineers, Korteks continues to invest in R&D efforts and technology development to improve its product quality. The company's pilot facility consisting of manufacturing and texturing machinery and cutting-edge test and analysis equipment allow for research and development efforts in a rapid and consistent fashion.

A strong global competitive advantage driven by its high-quality 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.



Textiles

Korteks features the capacity to develop technology in-house and attaches great importance to R&D investments, one of its major competitive advantages, in order to further reinforce its position in international markets, and develops innovative solutions to its national and international partners. It is a Pioneer in micro thread technology at the global scale.

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

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

In addition to POY, FDY, and texturized thread, the company also manufactures the company also manufactures specially-pointed, non-torque, fancy twisted and elastane threads specific for different fields of use with over 3000 dope-dyed color choices.

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

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

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

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

One of Turkey's leading exporters with USD 49 million in export revenues in 2021, Korteks exports its products to around 50 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 spun thread 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 thread and being the

raw material of spun thread, "RPET Chips" turn into filament spun thread.

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.

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



Textiles

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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.



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

“

Guided by the vision to become the energy company of the future, we continue on with our digitalization, R&D and innovation operations by using state-of-the-art technologies, as well as increasing our ESG performance, and maintaining our position as the leading company of the sector.

”



İbrahim Sinan Ak

CEO, Zorlu Holding Enerji Group

We are leaving two years behind upon the outbreak of the pandemic, one of the most extraordinary periods in the history of humanity. During this extraordinary time, we completed another year as Zorlu Enerji in which we prioritized the health of our employees, integrated technology in our business, and endeavored to give the best service possible by focusing on ESG (environment, social and governmental) sustainability.

The development which we went through during this process changed paradigms, and accelerated the transition to clean energy resources. The share of renewable energy power plants in the entire established power of Turkey increased from 52% to 54% in 2021.

It is indeed true that the share of green energy will increase in a time when transformation in energy sector continues. Sustainability and the objective to become “carbon neutral” are top agenda items of all large-scale companies of the sector now. While “zero carbon footprint” is the objective to achieve by 2050 in line with the Green Deal, it will also be mandatory in the sector to announce non-financial environmental data. Energy companies in developed countries have already committed to that objective. In 2021, one of the most important developments in Turkey was Turkey’s signing under the Paris Agreement which aimed to restrict climate warming by 1,5°C. Our country thus undertook a concrete step to fight against climate crisis. It is possible to envisage that this step will lead to the renewal of climate projections, announcement of a new climate crisis certificate of conduct, hence further promotion of emission mitigating activities.

We, as Zorlu Enerji, contributed to economic development, sustainable growth and continuous energy supply not only of Turkey but also of other countries we are active in, thanks to our renewable energy and digitalization investments and R&D projects. In doing so, we put sustainable at the center of all our operation in line with Zorlu Holding Smart Life

2030 vision. We focus on sustainability studies by keeping in mind their environmental, social and governmental dimensions; meticulously dealing with the fight against climate crisis, mitigating carbon emissions, sustainable use of resources, energy efficiency and energy supply safety, clean technologies, water use and protection, human and employee rights, equal opportunities, social investments and corporate governmentality.

We, as a company which operates with full awareness of its financial, environmental, social and governmental responsibilities, aim to increase the share of renewable energy, especially geothermal energy, and develop resource variety in our investments in the upcoming period.

Guided by the vision of being the energy company of the future, we continue on with our digitalization, R&D and innovation operations by using state-of-the-art technologies, increase our ESG performance, and maintain our position as the leading company of the sector. In this respect, we increased our performance score by 8 points in 2021 year-on-year, and ranked 4th among 54 energy companies in the assessment of Vigeo Eiris, an independent rating and research company. Creating the highest value in environmental, social and governmental impact areas by minimizing present and future risks with our transparent and ethical business model will, once more, be one of our biggest objectives. Reducing emissions resulting from our operation to net zero by 2030, we aspire to cover all our new investments through sustainable financial means, and create long-term positive value by conducting studies to support our net zero emissions target by 2040. We will keep in mind the welfare of the society in all our corporate social responsibility projects also in the forthcoming period, and continue to create useful work for a sustainable world, and develop added-value solutions.

Turkey's interest and investments in clean energy will increasingly continue with the new orientation in global energy markets towards renewable energy. One significant part of green energy is electrical vehicles. While initiatives to increase the number of electrical vehicle charging stations will be multiplied in the future with new investments, there will also be attempts to have an environmental fleet in almost all sectors.

Turkey has a recently thriving electrical vehicle market. We spearheaded this ecosystem in the sector, and took an important step for the development of the electrical vehicle market in Turkey by expanding our electrical vehicle charging station network in our 81 cities in 2021. We continue on with our investments in user and environment-friendly electrical vehicle experience also outside the

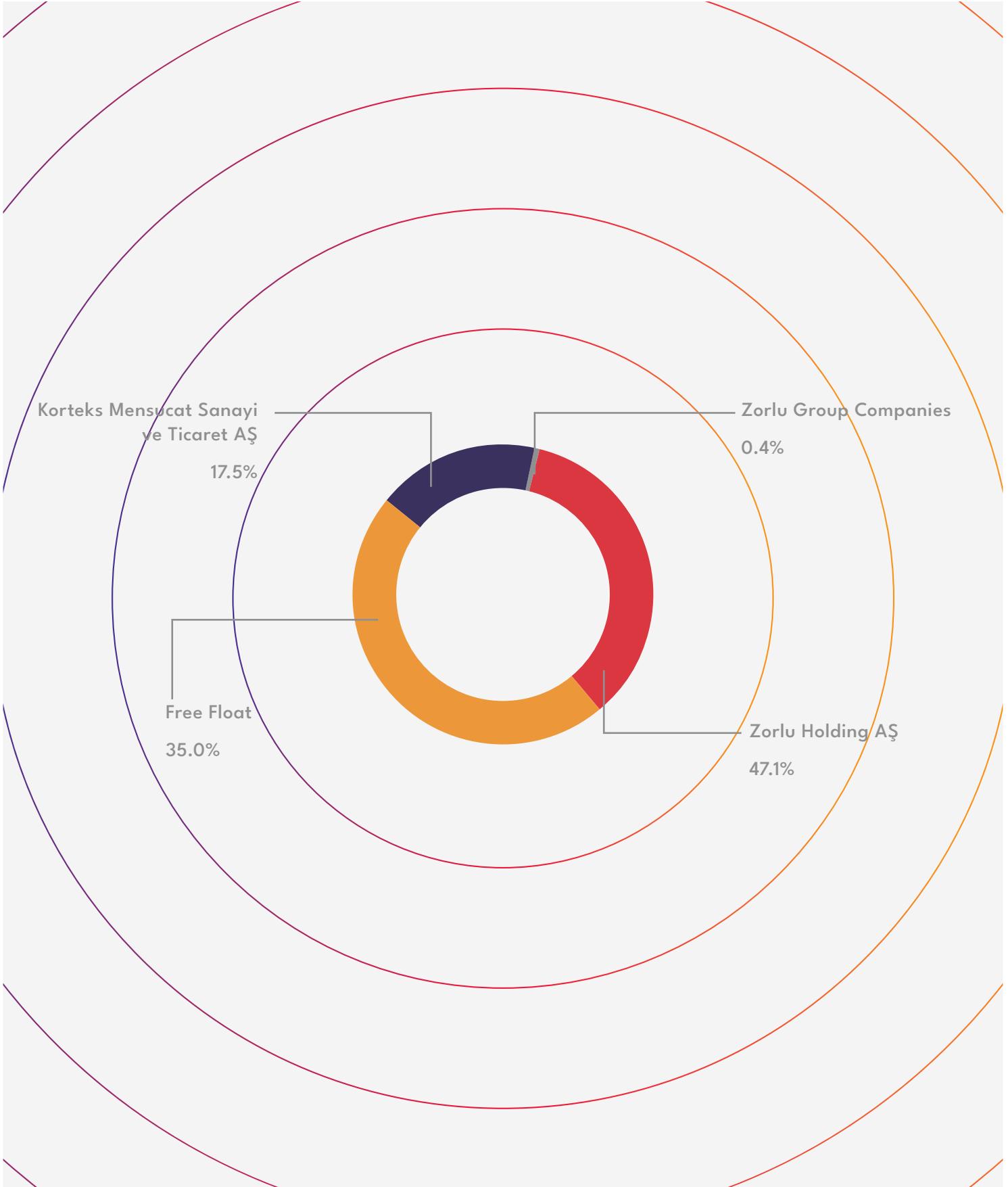
country. We started to establish our companies in various countries abroad for this purpose, and will continue to invest in some new countries at the global level.

We completed another critical year in 2021 by reaching our targets in all our strategical business branches, and signing under significant developments. The turnover of Zorlu Enerji increased by 36% in 2021 when compared to the previous year, and reached TL 11.6 billion. EBITDA recorded 53% of growth, and reached TL 3.709 million, the highest historical EBITDA figure of the company, while EBITDA margin increased from 28,2% to 31,9%. In 2021, our renewable energy investments reached TL 230 million, while the amount of our sustainable finance reached TL 157 million. We aspire to increase the share of our innovative and impact-oriented operations in the overall turnover by 20% by 2030, by keeping in mind changing and developing energy resources and targets.

We believe that we will witness more significant changes in the global energy sector in 2022. We will especially focus on developing solutions to overcome unique challenges and risks we confront in energy. To what extent changes in regulations and incentives especially in renewable energy sphere will affect new investment decisions, and play a role in the development of the investment environment in energy sector will all be significant agenda items. We also envisage that steps to be taken to mitigate climate crisis, the best practices in energy efficiency and similar endeavors will stand out more in 2022.

We, as Zorlu Enerji, continue to work on our mission to become the energy company of the future. We will continue our end-to-end integrated operations in electric production, electric and natural gas sales, commerce and distribution, solar panel commerce and instalment, electric vehicle charging stations sales, instalment and operation, as well as vehicle leasing for operational purposes with our more than 2.400 employees. We also aim to continue and expand our activities with investments in Europe and nearby geography, and maintain our position as the leader of renewable energy transformation of Turkey, supported by our digitalized business structure.

Shareholding Structure



ZORLU ENERJİ 2021 FINANCIAL RESULTS



NET SALES

TL **11,635**
MILLION

EBITDA*

TL **3,709**
MILLION

Despite the pandemic, Zorlu Enerji uninterruptedly continued to perform its operations in 2021, increasing its sales revenues by 35.6%, up to TL 11,6 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

Zorlu Enerji's gross electricity generation increased by 4% in 2021 year-on-year, standing at 2.708 GWh. While generation in hydroelectric power plants decline due to the yearlong drought, the increase in electricity generation in Kızıldere 3 GPP thanks to new well and pipe investments positively affected the overall generation.

ZORLU ENERJİ'S ACTIVITIES IN 2021

Electricity Generation and Sales

Zorlu Enerji's gross electricity generation increased by 4% in 2021 year-on-year, standing at 2.708 GWh. While generation in hydroelectric power plants declined due to the yearlong drought, the increase in electricity generation in Kızıldere 3 GPP thanks to new well and pipe investments positively affected the overall generation.

In parallel with the development in generation, electricity sales from generation also increased by 4% year-on-year in 2021, standing at 2.452 GWh. Commercial electricity sales recorded a limited decline of 1%, standing at 8.609 GW. Slight contraction in commercial electricity sales resulted in a parallel picture in overall electricity sale in 2021, standing at 11.061 GWh.

Gökçedağ Wind Power Station's 10 years of YEKDEM period finalized at the end of 2020, and only 3 geothermal stations participated in YEKDEM in 2021. YEKDEM sales corresponded to around 66% of sales from generation (only in Turkey).

US dollar-based and above the market price YEKDEM sales were positively reflected in company profitability, offering a natural hedge against exchange rate losses.



Stations not participating in YEKSEM were positively affected by the rapid increase in spot market prices especially in the second half of the year.

ELECTRIC DISTRIBUTION

Osmangazi Elektrik Dağıtım AŞ (“OEDAŞ”) distributed net 6.9 billion kWh electricity to around 1.93 million subscribers in 2021. The amount of distributed electricity increased by 9.4% in 2021 year-on-year, corresponding to the 8% of increase in the country’s electricity consumption.

NATURAL GAS DISTRIBUTION AND SALES

In 2021, Trakya Bölgesi Doğal Gaz Dağıtım AŞ and Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ distributed a total of 2.238 Sm³ natural gas, 1.344 billion Sm³ of which to household and independent subscribers, and 894 million Sm³ of which to independent subscribers which purchase natural gas from other suppliers and receive transportation services. In 2021, natural gas sales to subscribers and independent consumers increased by 13%, and sales to independent consumers receiving transportation services by 20%, in parallel with the robust growth in domestic natural gas consumption, while overall distributed natural gas increased by 16%.

ELECTRIC GENERATION

Domestic Investments

a) Geothermal energy

Single-handedly accounting for 18% of Turkey’s total installed geothermal capacity, and 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.

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.

Kızıldere 1, 2, 3 Geothermal Energy Stations:

15 MW of Kızıldere 1 Geothermal Energy Station (“JES”) whose operation rights were transferred to Zorlu Enerji for 30 years upon winning ADÜAŞ privatization tender in 2008, is the first geothermal energy station of Turkey.

Along with Kızıldere 1 JES, Kızıldere 2 JES with an installed power of 80 MW was activated in 2013 with an investment of USD 250 million, and Kızıldere 3 in 2018. Total installed power of Zorlu Enerji in this area thus reached 260 MW. Kızıldere 3 JES is the largest single facility geothermal energy station of Turkey with its installed power of 165 MW, it is among the biggest geothermal stations of the world.

Alaşehir 1 Geothermal Energy Station:

Alaşehir 1 Geothermal Energy Station with an installed power of 45 MW started its operations in Manisa Alaşehir in 2026 by Zorlu Jeotermal Enerji Elektrik Üretim AŞ (“Zorlu Jeotermal”), 100% subsidiary of Zorlu Enerji.

Kızıldere 2 JES, Kızıldere 3 JES and Alaşehir 1 JES sell their entire generated electricity within the scope of YEKDEM on dollar-based incentivized prices.

Zorlu Enerji, using local production ejectors in these stations, has become the first energy company to make application to Renewable Energy General Management for this purpose, and was granted the right to have local accessories’ incentive in geothermal energy.

Ongoing and Planned Geothermal Energy Investments

Alaşehir 1 Compound Renewable Electricity Generation Facility: Zorlu Geothermal had applied for remodeling the “Compound Renewable Electricity Generation Facility” planned to be installed for electricity generation by solar energy, integrated with Alaşehir 1 JES. The application was approved and the generation license of the station was renewed to be 48,5880 MWh / 45 at the end of 2021. Our studies continue in Alaşehir 2, Alaşehir 3, Tekkehamam 2 and Kızıldere 4 Geothermal Energy Stations.

b) Wind Power

Gökçedağ Wind Power Station (Rotor):

Gökçedağ Wind Power Station, Zorlu Enerji’s first wind power station in Turkey, is the 6th biggest wind power station of the country with an installed power of 135 MW. Having been awarded “Gold Standard” Certificate for its contributions to greenhouse gas reduction and sustainability, Gökçedağ Wind Power Station also received the Sustainability Award in “Environmental and Social Performance” by European Bank for Reconstruction and Development (EBRD) in 2013 with its environmental and social performance.

Having participated in YEKDEM since 2016, Gökçedağ Wind Power Station sold the entire electricity it generated in 2020 with a guaranteed purchasing price of USD 7.3 CENT/kWh allocated to wind power stations within the scope of YEKDEM. The stations then operated in the open market in 2021 when the period for it to participate in YEKDEM expired. The generation license of Gökçedağ Wind Power Station was extended in 2018 from 30 years to 49 years

Energy

The generation license of Gökçedağ Wind Power Station was extended in 2018 from 30 years to 49 years to be valid as of 19 December 2013. It was also approved by EMRA that an additional 15.6 MW capacity was installed to the station, the EIA process of which is ongoing.

to be valid as of 19 December 2013. It was also approved by EPDK that an additional 15.6 MW capacity was installed to the station, the EIA process of which is ongoing. It is planned to have its generation license arranged according to the new capacity upon the finalization of this process.

c) Hydroelectric

Zorlu Enerji's installed power in this area is around 119 MW, with 7 hydroelectric plants, 3 of which being diversion and 4 being impoundment type, whose operational rights were transferred to Zorlu Enerji for 30 years in 2008 upon winning ADÜAŞ privatization tender.

İkizdere Regulator and HES:

Rehabilitation studies initiated on July 2016 to increase the installed power of İkizdere Regulator and Hydroelectric Power Station, established in İkizdere, Rize/Turkey to become a milestone in the country's hydroelectric power generation, from 18.6 MW to 24.94 MW were completed on March Mart 2018.

d) Natural Gas

The installed power of Zorlu Enerji in this area is around 84 MW electricity and 98 ton/hour steam, with its 2 natural has plants.

The expired generation license of Yalova Natural Gas Cogeneration Plant, the natural gas plant of the company in Yalova having an installed power of 15,93 MW, was not extended and finalized on August 2020.

Lüleburgaz Natural Gas Plant and Fluidized Steam Bed Boiler:

2x40 ton/hour of fluidized steam bed boiler was installed in Lüleburgaz Natural Gas Cogeneration Plant, located in Lüleburgaz/ Kırklareli with a 49,53 MW capacity, and its steam generation capacity was increased to 98 ton/hour. The plant also has 18 ton/hour capacity natural gas boiler, along with this unit.

Foreign Investments

Pakistan Wind Energy Plant

The installed power of Zorlu Enerji in Pakistan which has one of the best wind corridors of the world is 56,4 MW. The wind power plant established by Zorlu Enerji Pakistan Ltd., 100% subsidiary of Zorlu Enerji, in Jhampir area of the Sindh region of Pakistan with an installed capacity of 56,4 MW became operational on July 2013.

The plant received the Best Renewable Energy of the Middle East Financing Award in 2011 by Project Finance Magazine.

Zorlu Enerji accomplished the requirements to have “Gold Standard” Certificate in Pakistan Wind Power Plant in 2016, and became the first company to have the license in Pakistan.

Ongoing and Planned Projects in Pakistan

The first initiative of Zorlu Enerji in solar energy in Pakistan will be realized in the Punjab state within the scope of Quaid-e-Azam Solar Park (“QASP”) project planned to be established by Pakistani government with an overall capacity of 1.000 MW. Zorlu Enerji participated in Zorlu Solar Pakistan Limited company as the founding partner with 99.7% of shares in 2016 to establish Bahawalpur 1 Solar Energy Plant (“GES”) with an installed power of 100 MW.

Natural Gas Plants and Projects in Israel

Zorlu Enerji, one of the significant players of the electricity sector in Israel, has an installed power of 1031 MW (the installed power of Zorlu Enerji corresponding to its partnership shares in the plants is 290 MW) with three natural gas plants in the country.

Dorad Natural Gas Combined Cycle Plant, the biggest of the three, became operational in Ashkelon in 2014 with an investment of USD 1.2 billion and an installed power of 840 MW.

Existing and Planned Plants and Projects in Palestine

Zorlu Enerji signed under a “Goodwill Agreement” with Jerusalem District Electricity Company (“JDECO”), distributing electricity around Jerusalem to cover 25% of Palestine’s electricity, for the establishment and operation of solar energy plants, in line with its objective to consolidate and diversify its investments in solar energy, as a clean energy resource. “A Joint Venture Agreement” was signed in 2018 to take concrete steps on this direction. It is planned to establish solar energy plants in Palestine with a total installed power of 100 MW, 30 MW at the initial phase of the agreement in different parts of the country.

The first of the first phase projects, Dead Sea Solar Energy Plant, established by ZJ Strong Energy for Renewable Energy Ltd. Co.,



Energy

It is planned to establish solar energy plants in Palestine with a total installed power of 100 MW, 30 MW at the initial phase of the agreement in different parts of the country.



which Zorlu Enerji has 75%, and JDECO has 25% of partnership, in the Jericho region of Palestine with an installed power 2x0,999 MWp (a total of 1,998 MWp). The plant will sell the electricity that it generates to JDECO for 25 years within the scope of the electricity purchasing agreement (PPA).

Other Foreign Project Development Operations

Project development initiatives will continue in 2022 in the Middle East, BDT (Uzbekistan and Kazakhstan) and South Asian countries.

Zorlu Enerji Group has investments in Russia, along with its investments under the roof of Zorlu Enerji.

Zorlu Enerji Group also has a combined cycle natural gas plant (Tereshkova Plant) with a heat generation capacity of 150 Gcal* / hour, and installed power of 217 MW electricity in Moscow/ Russia under the roof of Zorlu Holding, alongside the electricity investments of the public Zorlu Enerji company. Tereshkova Plant, became operational on November, 2011 as a simple cycle plant, started to operate as a combined cycle plant as of March 2012 with the activation of regional heating and hot water systems. Annual electricity generation of Tereshkova Plant is around 1,25 billion kWh, and it sells the electricity it generates to REK company. Annual heat production of the plant ranges from 150 to 200 thousand Gcal depending on the heating needs of the region, and it sells the heat it generates to MOEK company.

NATURAL GAS DISTRIBUTION AND SALES

Zorlu Enerji acquired the management of Osmangazi Elektrik Dağıtım AŞ (OEDAŞ) and Osmangazi Elektrik Perakende Satış AŞ (OEPSAŞ) companies on 2 February 2017. It gives electricity distribution and retail electricity sales services to 1.93 subscribers in Osmangazi distribution region including Afyon, Bilecik, Eskişehir, Kütahya and Uşak.

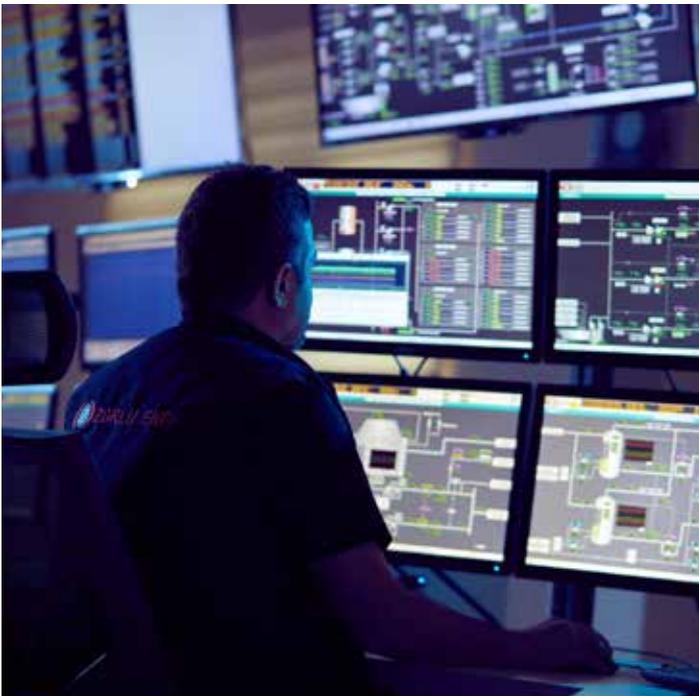
OEDAŞ

OEDAŞ, serving around 1.93 subscribers as of the end of 2021, is responsible for operating the electricity distribution grid in the Osmangazi Electricity Distribution Region; maintenance, repair, rehabilitation operations; grid expansion, R&D, capacity increase

* Gigakalori

Energy

OEDAŞ pays special attention to the supply of procurement. It realized around 180 projects in Osmangazi region, where it gives electricity distribution services, to overcome deficiencies within the scope of its 2021 investments; 370 km of lines were taken underground, and around 1.000 km of lines were renewed.



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.

Aiming to provide its consumers with the best services, OEDAŞ pays special attention to the supply of procurement. It realized around 180 projects in Osmangazi region, where it gives electricity distribution services, to overcome deficiencies within the scope of its 2021 investments; 370 km of lines were taken underground, and around 1.000 km of lines were renewed. This investment of TL 460 million made in 2021 is a solid step towards uninterrupted energy supply in the future.

OEPSAŞ

OEPSAŞ, the assigned supply company of Osmangazi Electricity Distribution Region, 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 profile has two types of customers: 1) customers who procure energy at regulated tariffs (K1) 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.

OEPSAŞ realized 5.97 TWh electricity sales in 2021 to 1.9 million customers, independent and non-independent alike. Electricity sales of the company increased by 6% year-on-year. K1 customers correspond to 51.7% of sales, and K2 customers to 48.2% of sales.

ELECTRICITY TRADE AND ELECTRICITY SALES TO ELIGIBLE CONSUMERS

Zorlu Elektrik

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.

Energy

In 2021, Trakya Bölgesi Doğal Gaz Dağıtım AŞ and Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ distributed a total of 2.238 Sm³ natural gas, 1.344 billion Sm³ of which to household and independent subscribers, and 894 million Sm³ of which to independent subscribers which purchase natural gas from other suppliers and receive transportation services.



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,
- Sale of I-REC and YEK-G renewable energy certificates to customers,
- 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.

NATURAL GAS DISTRIBUTION, TRADE AND SALES

Zorlu Enerji took over 90% of Trakya Bölgesi Doğal Gaz Dağıtım AŞ and Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ, active in natural gas distribution, shares on June 2018, through its 100% subsidiary Zorlu Enerji Dağıtım AŞ for TL 293 million.

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, Kızılpınar, Kapaklı, Karaağaç, Veliköy, Ulaş, Misinli, Velimeşe and Babaeski districts in the provinces of Edirne, Kırklareli and Tekirdağ.

* 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.

Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ

Established in 2005, Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ (“Gaziantep Doğal Gaz”) operates in natural gas distribution to households and industrial corporations. Gaziantep Doğal Gaz won the tender issued by EMRA on 28 July to distribute natural gas in Gaziantep-Kilis-Nizip Natural Gas Distribution Region, and initiated its operations in the region upon having received its distribution license on 24 February 2006. 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.

Trakya Doğal Gaz and Gaziantep Doğal Gaz distributed 2.24 billion Sm³ of natural gas in 2021, 1,34 billion Sm³ of which to households and eligible consumer subscribers and 894 million Sm³ to eligible consumers receiving transportation services.

Zorlu Doğal Gaz Tedarik Ticaret AŞ

Zorlu Doğal Gaz Tedarik Ticaret AŞ (“Zorlu Doğal Gaz Tedarik”) was established in 2010 to engage in the local production of natural gas; wholesale purchase of direct and/or compressed natural gas (CNG) from exporter or other wholesale sales companies via the transportation line, and/or liquified natural gas (LNG) from abroad; direct sales to license holder wholesale sales and distribution companies and eligible consumers; exports or wholesale sales to exporter companies. All of its shares were acquired by Zorlu Enerji Dağıtım AŞ, 100% Zorlu Enerji subsidiary, from Zorlu Holding and Zorlu Group Companies for TL 208.5 million on December, 2020.

Zorlu Doğal Gaz Tedarik undertook around 135 million m³ of natural gas trade in 2021 with the natural gas it supplied from local natural gas production companies.

PV MODULE PRODUCTION AND SALES OPERATIONS

Zorlu Solar Enerji Tedarik ve Ticaret AŞ (“Zorlu Solar”) was established by Zorlu Enerji in the first quarter of 2016, ilk to generate electricity from solar energy in the country and abroad; sell, purchase, export solar photovoltaic (PV) panels, and install them on roofs, and provide all types of relate instalment and consultancy services, as well as conducting wholesale purchase and sale operations of local electric energy and/or capacity.

In 2017, Zorlu Solar made a special cooperation with First Solar, Inc. (“First Solar”), developing next-generation solar technologies, to provide innovative solution in solar energy. Within the scope of this cooperation, it became the sole authorized distributor of

thin line photovoltaic solar panels manufactured by First Solar for five years in 26 countries including East Europe, Eurasia, and East Mediterranean.

At the end of 2019, Zorlu Solar also contracted with Solar Edge, Inc. (“Solar Edge”) in inverter trade, and became the biggest distributor of Solar Edge company, agent of inverter and optimizer systems, in Turkey as of the end of 2021.

Zorlu Solar included two big names in the profile of companies of which it is a distributor within 2021.

Having signed under large capacity trade agreements with Jinko Solar Co. Ltd. (“Jinko Solar”), active in solar panel market, Zorlu Solar also undersigned distributorship agreement with Enphase Inc. (“Enphase”) starting from operations in the Turkish market. Targeted sales in 2022 will serve a portfolio of over 1000 households with an envisaged average 5kW installed power per subscriber. Zorlu Solar reached a profile of over 650 MW panel sales, and over 75 MW of inverter and accessories sales within the scope of solar energy products sold in Turkey and in the region as of the end of 2021.

Local and Export Solutions in Solar Power Plant Components

One of the significant players in the renewable energy sector in Turkey, Zorlu Enerji made a cooperation with solar panel and inverter manufacturers to install solar energy systems on industrial roofs, and initiated solar energy panel and inverter sales and distribution. Along with these operations, it completed first phase of agreements with companies making Tier 1 class manufacturing for local solar panels under ZES brand. It started to work on its overall 100 MW of generation plan in 2022, with 25 MW of generation. Zorlu Enerji aims to reach a total of 250 MW in solar panel sales under export and local category, and 100 MW of capacity in inverter group sales in 2022.

Vestel Solar Power Plant Project

The instalment of the first solar power plant was completed at the end of the summer of 2021 in Vestel City Auxiliary Plants in Manisa as part of a pilot project. The power plant with a power of 150 kW uses Jinko Solar panels and Solar Edge inverters.

Negotiations continue for the solar power plant envisaged to be established in 2022-2023 within Vestel, with up to 30 MW of capacity 2022-2023.

Energy

Zorlu Enerji also put into use “electrip”, the first electrical vehicle sharing platform of Turkey, and made a fleet of only electric vehicles. Electrip continues its operations as of 2021 to reduce emissions in transport with its 45 electric vehicles.



CLEAN TRASPOT INVESTMENTS FOR THE FUTURE

Zorlu Enerji, as a company operating under the mission of being the energy company of the future, makes important investments both in Turkey and abroad for the propagation of electric vehicle charging stations. With its Zorlu Energy Solutions (ZES) brand which became operational in 2018 for the propagation of electrical vehicles, it undertakes the instalment of rapid charging stations in cities and express ways. Alongside rapid charging services in cities and express ways, ZES also installs charging stations in houses and offices in line with consumer demands.

Zorlu Enerji had ZES operational in all 81 cities of Turkey in 2020. ZES provides its consumers with clean electricity charging services in a total of 934 points in 81 cities through I-REC certified renewable energy resources as of the end of 2021.

ZES serves end customers in Northern Cyprus Republic of Turkey in around 15 locations, while it continues to install 15 Double Socket electrical vehicle charging stations in 13 different cities in Montenegro as part of a UNDP tender.

Zorlu Enerji also put into use “electrip”, the first electrical vehicle sharing platform of Turkey, and made a fleet of only electric vehicles. Electrip continues its operations as of 2021 to reduce emissions in transport with its 45 electric vehicles.

OPERATIONAL EXCELLENCE ACTIVITIES

Zorlu Enerji is the first local energy company to receive ISO 9001 Quality Management System certificate in Turkey. It also has the Integrated Management System covering the standards of ISO 9001 Quality Management System, ISO 45001 Occupational Health and Safety Management System, ISO 14001 Environmental Management System and ISO 27001 Information Safety Management System. Periodical internal and external audits are conducted for the efficient work of this system, and employees receive regular trainings.

R&D and Digitalization

Zorlu Enerji adopts the principle of maximum use of local and renewable energy resources, and continues its operation in the light of this principle. The company takes justified pride of leading the sector with its R&D operations based on sustainable solutions and smart technologies.

Zorlu Enerji announced its related priorities to all its stakeholders in the R&D and Innovation Commitment issued in 2021 as part of its corporate vision.

The matter of R&D handled by Impact-oriented Growth Working

Group affiliated to the Sustainability Council in Zorlu Enerji turned into an R&D Directorate in 2021 and continued its specialized activities.

R&D Projects

Zorlu Enerji conducts 4 Horizon 2020 and 3 TÜBİTAK projects under the roof of Elektrik Üretim AŞ. It also carries out 4 Horizon 2020 and more than 10 EMRA supported R&D projects in OEDAŞ, 100% Zorlu Enerji subsidiary.

Horizon 2020 projects are multi-national and multi-stakeholder projects funded by the European Union.

All European Union supported projects are reported online on European Commission Main Portal, the main coordinator of the project. TÜBİTAK projects are reported to TÜBİTAK, the main coordinator, on ARBIS Portal. Zorlu Enerji contributes to the reporting of the projects in all matters including financial, technical and administrative aspects.

The company aims to facilitate clean and secure energy access in the country and in our region, and become a pioneer in the development of electrical vehicle charging station infrastructure. It also aspires to increase the share of innovative and impact-oriented business in its overall turnover to 20% until 2030. Around TL 10 millions of budget allocated to this area in 2021 evinces the value it attributes to this matter. Various national and international projects it conducts with Horizon 2020 Program and TÜBİTAK seriously contributes to the development of international cooperation and R&D capacity. Zorlu Enerji is among the most successful companies in “Horizon 2020 The Most Successful Turkish Industrial Corporations List.” OEDAŞ, its indirect subsidiary, also ranked among the top companies.

Below is a list of R&D expenditure per company in 2021;

Zorlu Enerji Elektrik Üretim AŞ: TL 4.008.582

Osmangazi Elektrik Dağıtım AŞ: TL 5.415.008

Zorlu Enerji Dağıtım AŞ: TL 450.000

HORIZON 2020 projects;

- GeoSmart Project
- GECO Project
- GEOPRO Project
- BD4OPEM Project
- FlexiGrid Project
- eCharge4Drivers Project

TÜBİTAK projects

- ACT ERA-NET Program SUCCEED Project
- ITEA3 Program – SMART-PDM Project
- Eurogia2020 Program – Smart Wind Project

EMRA Supported R&D Projects

R&D and Smart Systems Departments continues its activities in electric vehicles, energy storage and innovation. “Charging Stations and Impact Analysis of Electric Vehicles on the Grid”, “Optimizing Extra Burden on the Grid” and “Testing Lithium-Based Energy Storage Systems to Switch the Charge on the Grid” projects are approved by EMRA, and a budget of TL 5.7 million is allocated to the implementation of these projects.

1. Local Energy Local Technology Project
2. Project for the Development of Local Software for the Impact Analysis of Charging Stations and Electric Vehicles on the Grid and Optimizing Extra Burden on the Grid
3. Project to Assess Chemical Energy Storage Technologies, Conduct Pilot Projects on Distribution Networks and Comparative Studies
4. Satisfaction 4.0 Project
5. Project to Develop Redressor Harmonized with SCADA Systems with High Efficiency Battery Charger Systematics and Double Control Unit
6. Energy Efficiency Harvest in Electric Distribution Sector (HASAT) 2nd Phase Project
7. Infrastructure Development for Independent Electric Distribution Services and Pilot Implementation Project: My Energy Everywhere
8. National Smart Meter Systems (MASS) Project
9. R&D Platform Design and Development Project Phase 2 (Platform F2)

Energy

Smart Systems Department conducts projects to create innovative solutions in many areas such as electric vehicle leasing, electric charging stations, smart home systems and smart energy management systems under the headline of Innovation and New Business Models, two of its priority items.

Zorlu Enerji Smart Systems Approach

Zorlu Enerji continues to work on various activities such as, first and foremost, electric vehicles, followed by digitalization, R&D and innovation under the roof of Smart Systems Department established in 2017.

Smart Systems Department conducts projects to create innovative solutions in many areas such as electric vehicle leasing, electric charging stations, smart home systems and smart energy management systems under the headline of Innovation and New Business Models, two of its priority items.

All other R&D and digitalization projects are conducted under the headline of Digital Subscription Services Project, electrip ZES Mobile Application to contribute to the economy of the company and the country.

HUMAN RESOURCES

Zorlu Enerji believes that its success mostly relies on its competent employee profile. Sustainability becomes a business style for the company in line with Zorlu Holding Smart Life 2030 vision. Robust steps are taken for a sustainable life, as it continues to be an institution which creates value for our country and the world with its product profile based on renewable resources and clean energy, and competent human resources.

Zorlu Enerji guarantees a working environment which supports continuous development of its employees, in which they can fulfil their dreams, do the best not only for themselves but also for the world, take initiative and act as entrepreneurs.

A Human Resources Strategy Which Valorizes Employees

Zorlu Enerji is aware of the fact that its employees have been the greatest value to achieve its objectives since the time it was established. The company believes that its journey to uninterrupted energy procurement relies upon the power and commitment of its employees, and it establishes its Human Resources Policy based on this “valorize the humans” approach.

Having employee satisfaction, welfare and motivation as top corporate priorities, Zorlu Enerji cares about maintaining work-life balance.

It proactively supports the resolution of problems negatively affecting the performance of its employees, and mitigating related issues with “Together We Are Fine” platform established by Zorlu Holding. Employees and their families receive psychological counselling, healthy diet (dietician) and wellness counselling on “Wellbees” application via their smart phones on this platform. Problems that they may face in related areas are thus aimed to be permanently resolved. The employees also receive tips on resilience, anxiety management, healthy life, sports, child psychology, personal development, and join activities, such as challenges and event sharing, designed to enhance communication with their colleagues.

Believing that its biggest power comes from its employees, Zorlu Enerji initiated “Management-Employee Ambassador” program to assist employees at different locations get their voice heard by the management. Employees can have access to their assigned regional Ambassador to convey all sorts of problems they go through, and all kinds of messages.

Zorlu Enerji cares a great deal about its employees’ not being adversely affected by possible corporate restructuring (company sales, company merger, company division etc.) processes, and considers and constantly ameliorates its Human Resources Policy with respect to employees’ opinions and human-oriented management principles. In this respect, it announces its approach to the matter in its “Corporate Restructuring & Human Rights Commitment.”

Zorlu Enerji respects its employees’ right for unionization. Labor force-management relations are assessed in line with all the existing universal rights. There are 736 staff working under collective agreement in Osmangazi Elektrik Dağıtım AŞ, 100% indirect subsidiary of the company, all of whom benefiting from their rights as trade union members.

Within the scope of “Sparks,” the corporate volunteering movement initiated in line with Zorlu Holding Smart Life 2030 vision to encompass all companies affiliated to the holding, Zorlu Enerji employees are encouraged and supported to join social responsibility projects.



Energy

Zorlu Enerji adopts a transparent approach regarding performance management of its employees. All employees having worked for at least 6 months in the company are subject to a performance assessment at least once a year to highlight their strong points and development areas.

Training and Skill Management

Zorlu Enerji takes into consideration both individual development and corporate sustainability requirements specified during the performance assessment period in preparing training and growth planning. Within the scope of career and performance management, training programs are identified in line with employee job definitions. Their personal development is also enhanced through trainings addressing their hobbies and interests. Both physical and online training programs are scheduled through Zorlu Akademi and outsourced education companies. Management days are organized for managing cadres. In 2021, 21.452 hours of training was conducted, while 2.393 Zorlu Enerji employees attended online training on Zorlu Akademi.

In 2021, Zorlu Enerji for the first time conducted Sustainability Training, Turkey Ecosystems and Biodiversity Training, Global Ecosystems and Biodiversity Training, Impact of Climate Change on Ecosystems and Biodiversity Training for its employees. Below is a list of other regular training courses:

- Employee Representative Training,
- Employer Delegacy Training,
- OHS Board Training,
- Basic Environmental Training,
- Remote Work OHS Training Supporting Staff Training,
- SA8000 Awareness Training Job Leave System Training,
- Mandatory Basic OHS Training.

Various leadership trainings were conducted in 2021 addressing managers and higher rank staff:

5 weeks of Business Leadership Series training with Stanford University

- Leadership Academy with Koç University
- Leadership Academy with Boğaziçi University

Physical trainings started to be conducted online on Zorlu Akademi platform with the onset of the pandemic.

All employees can have access to Zorlu Akademi Education Portal which was designed to duly monitor vocational and personal development training for employees. An online library of Harvard Business Review publications was also established in 2021 available for all employees on Zorlu Akademi.

Zorlu Enerji adopts a transparent approach regarding performance management of its employees. All employees having worked for at least 6 months in the company are subject to a performance assessment at least once a year to highlight their strong points and development areas. 93% of all the employees joined the performance assessment system in 2020. The same number was recorded to be 95% in 2021. Performance management of the company is assessed under two headlines: objectives and competence.

In 2021, 60 employees, 23% of whom being women, were promoted.

The Development Centre addressing Deputy General Manager and higher staff, including managers in 2020, helps the managing cadre exhibit technical and managerial competence required by the posts. Emergency plans are made, organizational amendments and promotions are planned via back-up plans. This enhances back-up of high rank managers, and sustains human resources.

This contributes to the establishment of a Skill Pool for both Zorlu Enerji and Zorlu Holding. The outcome of activities in the Development Centre are used to design online leadership programs.

A Bright Idea Project

Zorlu Enerji supports open innovation operations through its entrepreneurship program a Bright Idea, aiming to reveal skills of its human capital, support entrepreneurship and strengthen an innovative corporate culture.

Ethical Values

Zorlu Enerji adopts internationally accepted norms and ethical

values as part of its corporate culture, and conducts its operations in the light of these principles.

It acts in line with the articles of International Labor Organization (ILO) and Turkish Labor Code No.4857 to protect the rights of employees in all business operations including preventing discrimination, child labor, forced labor, and protecting the right of collective agreement and organization. Not being restricted to its operations, this implies the entire supply chain. In case of any ethics violations, the matter in question is tackled and resolved in line with Zorlu Holding Ethical Principles binding for all company companies.

SA 8000 (Social Accountability 800) Certificate was received for Zorlu Dođal Elektrik Üretimi AŞ electric generation facilities to guarantee basic employee rights. SA 8000 certificate deals with workplace health and security, forced labor, child labor, working hours and prices, disciplinary acts and management systems.

Ethical Principles manage all relations with internal and external customers, suppliers and other beneficiaries, and increase efficiency of service quality augmentation, assets and resource protection. The company cares about its employees' having high awareness about



Energy

Zorlu Enerji believes that prioritizing local employment is a responsibility towards the region of operation and its local society as part of its objective to support local employment and contribute to national economy. It thus increases the quality of life in the region, and creates value.

Ethical Principles and gives training on Zorlu Akademi ENOCTA Platform.

Business Mindset Valorizing Humans and Society

Zorlu Enerji believes that prioritizing local employment is a responsibility towards the region of operation and its local society as part of its objective to support local employment and contribute to national economy. It thus increases the quality of life in the region, and creates value. Local human resources have priority in employment, other than positions which require special competences.

Salary and Additional Rights

Salary and additional rights are based on principles valorizing just, competitive and high performance in Zorlu Enerji. It takes into consideration the salary market, sector, Zorlu Holding best practices and macro-economic indicators in all business phases.

A business assessment system independent from title or function is adopted in Zorlu Enerji. Business is classified according to job sizes, and the salary policy is arranged accordingly. Zorlu Enerji attends salary surveys each year, and reconsiders its salary and additional rights strategy based on the results of these studies.

Gender Equality and Equal Opportunities

Zorlu Enerji considers diversity both in working environment and social life a basic requirement for an innovative and creative business culture in line with the Smart Life 2030 Vision.

The business style of the company is thus shaped by Zorlu Holding Gender Equality Manifesto, binding for all Zorlu Group companies. Zorlu Enerji commits to below points in this manifesto;

- Increasing women's participation in the labor force and strengthening their position in the social and economic life,
- Rendering gender equality a corporate policy, and managing all human resources processes according to this policy,
- Increasing the representation of women in higher management,
- Mainstreaming gender equality in internal and external communication, and raising awareness of all stakeholders from customers to suppliers on this matter.

Gender Equality approach of the company is managed around three main axes of discourse, business environment and business cooperation. With the belief that language is the most efficient tool to shape consciousness, egalitarian expressions are used in corporate and external communiques. All sorts of discrimination

are prohibited in the business environment, and an equal and just workplace is ensured. It is believed that consciousness on this matter cannot be attained only within the corporate structure, and it shall be sustained in all communiques and cooperation with external stakeholders.

Zorlu Enerji aims to increase the number of female employees to 40% by 2030.

Zorlu Enerji conducts related activities through Gender Equality Working Group including Zorlu Group companies' participants.

One of the biggest priorities of the company is to raise a business culture and environment adopting the criteria of diversity and inclusion. Program presentations, workshops, seminars and trainings are conducted to inform and raise awareness on gender equality within the scope of An Equal Life Program. Projects are conducted to address employees and students to encourage the participation of especially female students into the sector.

Zorlu Enerji is a signatory to WEPs (Women's Empowerment Principles), a joint initiative of UN Women (BM Women Unit) and UN Global Compact, to present a roadmap to companies to enhance gender equality and women's empowerment in the workplace and in the society. It also acts in cooperation with many corporations including Women in Geothermal – WinG Platform, TWRE, Turkish Women in Renewable Energy Group and EBRD. Zorlu Enerji supported 6 female engineers as art of TWRE mentorship program towards the professionals in the sector.

It shared the content of An Equal Life program, launched in cooperation with EBRD, in a panel witnessing the participation of various companies in the energy sector as part of BinYaprak, a sisterhood network in which women who wish to produce and work share their experiences and create opportunities for each other.

Supporting Mothers

Employees who become mothers are provided with part-time and unpaid work options so as to support their adaptation to the business life after birth. During the 6 months of unpaid leave, a substitute is temporarily employed to support the employee in her work-mother duties balance, and to sustain the fulfilment of the work life expectations. 9 out of 11 female employees who were on parental leave in 2021 returned to work. There are no employees on parental leave as of the end of December, 2021.

OCCUPATIONAL HEALTH AND SAFETY

Health and safety of its employees is an indispensable top priority for Zorlu Enerji, and it conducts all operations to fulfil its the zero-workplace accident objective.

It conducts activities in line with ISO 45001 Occupational Health and Safety (OHS) Management System under the guidance of Zorlu Enerji Occupational Health and Safety Policy. OHS Policy is based on



Energy

It conducts activities in line with ISO 45001 Occupational Health and Safety (OHS) Management System under the guidance of Zorlu Enerji Occupational Health and Safety Policy. OHS Policy is based on the participation of all employees.



the participation of all employees. We go through regular OHS risk assessments and take safety measures. Field workers are informed about OHS requirements before operations, and it is meticulously followed that all measures are taken and all workers use personal protective gear. We act beyond national regulations and obligations to secure health and safety of our employees, and closely follow current developments. Our field managers are constantly informed about all regulatory amendments. We specify hazards and assess risks in all operational fields and locations, and take necessary measures.

We apply the control hierarchy specified in ISO 45001 to identify hazards and mitigate risks in high-risk operations in which the frequency of occupational accidents and vocational diseases is high in the respective vocational category, the outcome of this control is assessed in review meetings.

OHS indicators are daily reported in OEDAŞ to city operational managements, while OHS End of Day Report encompassing the entire operational area is daily reported to the higher management. Explicit ineptitude is, on the other hand, weekly reported to managers, with the information of higher management. Employee and trade union representatives attend monthly OHS boards, and contribute to the advancement of OHS processes. Trade union representatives can have a meeting with the higher management whenever they want, and convey their demands.

The company is subject to both external audit by independent certification institutions and internal audit at least once a year for the follow-up and constant development of its implementations within the scope of OHS Management System.

There also exist stations where employees can make near-miss reports on QDMS located in city and town operational buildings. Near-miss situations are identified and notified via Video Confirmation System. These notifications are followed through OHS-E Management, and resulting action is transferred to related staff.

Incident Investigation teams are established in line with Incident Investigation Procedure to prevent the recurrence of accidents, the root causes of accidents are analyzed and preventive and reparative actions are taken along with proactive measures in line with occupational health and safety management systems.

Occupational health performance of the company is measured, and preventive and reparative actions are taken to protect and ameliorate working conditions and employee welfare according to the results. Workplace physician service is available in all workplaces, and employees go through periodical health check-ups. Health risks are assessed and kept available for all employees on QDMS platform.

There is OEDAŞ Academy Unit in Eskişehir where practical and theoretical training is given under the roof of OEDAŞ. Training responsible in OHS Department visit the fields to give training in basic matter such as safe working and rescue at heights, AG-YG maneuvering, earthing, electrical risks in distribution sector, personal protective gear use. All employees also received 33.543 person*hour training under the subject matters specified in the regulation (Code on Employees Occupational Health and Safety Trainings Procedures and Principles) on the online platform. In 2021, employees of GAZDAŞ, deemed multi-hazardous, also received a total of 3.622 person*hour training.

OEDAŞ employees received training based on below average training periods.

Independent Field Audits and the Preparation of Action Plans

Independent Field Audits and Preparation of Action Plans Project was implemented in OEDAŞ so that the company is audited in line with related legal regulations on OHS, company objectives and international best-practices; proposals and actions plans are specified to ameliorate the system in line with the audit results, and counselling service is taken to sustain the system. Reports and actions plans were conveyed within 15 days as a result of field visits planned to be conducted on 20 person*days.

Measurement of Employees' Occupational Health and Safety Culture and Preparation of the Action Plan

The project envisaging the measurement of employees' OHS culture and planning improvements on required areas involved both face-to-face and online interviews with some of the employees and surveys with the rest.

Employees at all levels were assessed as part of the project, and current OHS culture level of OEDAŞ was attempted to be improved.

Video Confirmation System

Video Confirmation System was implemented with the objective of preventing accidents, loss of workdays, injuries, hazardous situations and behaviors resulting in near-miss situations to enhance a safe and healthy work environment as part of OHS. The application was used in OEDAŞ System Management Department and Distribution Services Department as of June, 2019 and it was licensed during the reporting period.

All field operations encompassing system management and distribution services are thus covered in terms of occupational health and safety, while accidents and near-miss situations are meticulously assessed. The project seriously mitigated workplace accidents caused by defects in the grid, such as electric shock and loops. OEDAŞ is exemplary on OHS matters when compared to other electric distribution companies.

OHS Implementations during COVID-19 Pandemic

Zorlu Enerji took various steps to fight against the pandemic restrict the spread of COVID-19 pandemic which seriously affected the world economy and health. Preventive measures have been taken against potential risks which would adversely affect the health and operational performance of employees in workplaces since the onset of the pandemic. Remote working system was implemented thanks to the technological infrastructure of the company, and all measures were meticulously implemented in areas of work which couldn't be conducted online due to the nature of the work. As of February, 2021 all energy generation facilities received TSE COVID-19 Safe Generation Document.

The company adopted the strategy of both protecting its employees' health and maintaining uninterrupted services to its customers and consumers in this challenging period. In cases where virus spread was detected, all domestic and international flights were interrupted and arriving travelers were taken in quarantine. Collective organizations, fairs and congresses were suspended, and all meetings were conducted online. All fields and locations were immediately disinfected, while reverse quarantine implementations were adopted in all energy plants within the scope of emergency situation plans.

COVID-19 risk assessments were conducted in all our fields to closely follow the spread of the pandemic, while the employees received required protective equipment and their temperatures were regularly taken. The employees were provided with required protective equipment, single use materials were started to be used in common areas such as diners, disinfectants were placed at offices, HES code was regularly checked, and temperature of employees was regularly taken as part of COVID-19 measures.

Employees also received monthly notification bulletins from OHS-E Management, including occupational safety measures in remote work, healthy return to offices, first aid saves lives, differences between COVID-19 and influenza cold etc.

Energy

Zorlu Enerji is active in solar roof panel instalment and trade, electric vehicle charging infrastructure and operation, as well as electric vehicle leasing alongside electric generation, electric and natural gas sales, commerce and distribution.

ZORLU ENERJİ GROUP AND SUSTAINABILITY

Environment-friendly Investment Approach

Zorlu Enerji is active in solar roof panel instalment and trade, electric vehicle charging infrastructure and operation, as well as electric vehicle leasing alongside electric generation, electric and natural gas sales, commerce and distribution.

During these operations, Zorlu Enerji;

- makes use of innovative and sustainable financing tools to diversify its capital resources and cares about its investments' supporting sustainable development in regions of operation.
- Locally and globally assesses environmental risks and opportunities before taking investment decisions, and evaluates economic, social and environmental impact of planned investments in line with international standards.
- Considers the preservation of biological diversity the basic condition for global sustainability, and manifests its stance on this matter in its Biodiversity Preservation Commitment.
- Analyses sustainability results according to the outcome of its assessment, and takes final investment decisions as a result of SWOT analysis in line with plans to manage and mitigate potential adverse environmental and social impact.



Environmental Responsibility and Reparative Operations

Zorlu Enerji aims to facilitate Turkey's sustainable and innovative growth. It makes business model and value chain proposals in its related strategy, and contributes to the decarbonisation not only of its operations but also of the entire country, as well as improving biodiversity.

Zorlu Enerji conducts all its operations and investments in line with its Environmental Policy prioritizing the preservation of natural resources and mitigation of environmental impact.

In its Environmental and Social Governance Principles Commitment, Zorlu Enerji commits to;

- Minimize its environmental and social impact,
- Closely follow-up national and international standards regarding its environmental performance and constantly improve its performance,
- Become the leader of the energy sector with its environmental performance, and endeavor to work for a more sustainable future.

Zorlu Enerji committed to allocating TL 10 millions of resources to biodiversity and natural preservation until 2030 as part of its sustainability strategy, renewed in 2020, under the headlines of "Reparative Operations" and "Value Chain." It spent up to TL 575 thousand in 2021. Biodiversity Preservation Commitment undersigned in 2020 also evinced the value attributed to the matter. The company continues to develop various actions to preserve the biological and natural life in regions where their energy power plants are located.

Below is a list of some of the studies conducted as part of Biological Diversity and Ecosystem Management:

- Biological Diversity and Ecosystem Management System
- Ornithological and Mammalogical Monitoring
- Kızildere Biological Diversity Research
- Project to Specify Agricultural Impact of Kızildere Geothermal Energy Power Plants

Investments to Support Renewable Energy Generation

Green and safe energy supply is among the top priorities of Zorlu Enerji, a company active in energy sector. The company thus contributes to sustainability in energy sector with its investments in renewable energy resources. Zorlu Enerji aims to improve its resource diversity by increasing the share of renewable energy, first and foremost geothermal, solar and wind energy, in its energy generation profile both nationally and internationally.

- As a company which has situated renewable energy at the center of growth focus, Zorlu Enerji has around 87% of its installed power

from renewable energy resources in Turkey, and 62% globally as of the end of 2021. Zorlu Enerji aims to increase the share of renewable energy in its overall energy generation to 100%, as well diversifying and improving its renewable energy profile by 2030, as already stated in its Renewable Energy Commitment issued in 2021 as part of its Sustainability Strategy. The company continues to work with all its power to reach its 100% renewable energy objective and provide uninterrupted access to renewable energy at the global scale with its geothermal, hydroelectric, wind and solar power plants active in four different countries.

The use of Natural Resources and Consumption Data

Conscious of the significance of sustainable and uninterrupted energy for all sectors, Zorlu Enerji cares about preserving all its energy resources, increase the efficacy of its operations and raise awareness on energy consumption. Direct energy resources consumed by Zorlu Enerji operations are natural gas, diesel oil, oil, LPG and coal; while the only energy resource consumed via indirect resources in electricity.

Responsible and Conscious Water Management: Responsible and conscious management of water, vital for the continuation of life and one of the main raw materials of energy generation processes, is among the main priorities for the sustainability of the energy sector.

Waste Management: One of the most significant components of environmental governance in Zorlu Enerji is waste management. Hazardous waste resulting from infrastructure construction, maintenance and report processes, electronic waste, wreck and package waste are stored in temporary waste storage units in facilities and disposed via authorized waste disposal companies. Waste meters, regulators, metal pipes and materials, polyethylene pipes and plastic materials are stored and periodically sent away for recycling purposes.

ODEAŞ, one of Zorlu Enerji direct subsidiaries, received "Basic Zero Waste Certificate" by fulfilling the requirements of Zero Waste Regulations issued by the Turkish Republic Ministry of Environment and Urbanization in 2020 in all cities it serves. In 2021, certificates are renewed in Afyonkarahisar, Bilecik, Eskişehir, Central Management and Uşak City Facilities whose addressed were amended. Thanks to its zero waste implementations, a total of 10.345 tons reusable waste was earned to the economy by the end of 2021.

Energy

Having confirmed its carbon footprint in the sector, and shared it with its investors and all other stakeholders, especially CDP platforms, in its Sustainable and Integrated Operation Reports, Zorlu Enerji became the first company to calculate and confirm its carbon footprint in Electric Distribution Sector, with the acquisition of OEDAŞ.

Zorlu Enerji also completed training regarding waste management in five different points including Çerkezköy, Edirne, Kırklareli, Lüleburgaz and Tekirdağ in Thrace natural gas distribution region, and received “Zero Waste Certificate.” Kızıldere 3 JES and Tercan HES facilities affiliated to Zorlu Enerji also have Zero Waste Certificate.

Carbon Footprint

Zorlu Enerji assumes the responsibility to do its best to abide by the designated targets specified first and foremost in the Paris Agreement to mitigate the climate change, as the energy sector in which it is active emits a high amount of greenhouse gas, and it intensely works to reach its net zero carbon emission target by 2050.

There is no material which is excluded from ISO 14001 Standard, and greenhouse emissions directly resulting from operations of all group companies affiliated to Zorlu Enerji, as well as indirect energy resources, are calculated and verified.

Having confirmed its carbon footprint in the sector, and shared it with its investors and all other stakeholders, especially CDP platforms, in its Sustainable and Integrated Operation Reports, Zorlu Enerji became the first company to calculate and confirm its carbon footprint in Electric Distribution Sector, with the acquisition of OEDAŞ.

Respective Zorlu Enerji data is monthly monitored on QDMS Ensemble module in line with ISO 14064 Standard; and they are documented in Greenhouse Gas Information Management Procedure, Greenhouse Gas Inventory Calculation Procedure, Operational Limits Specification Table, Operational Data Follow-up Table, Measurement Equipment Follow-up Table, Contractor Greenhouse Gas Emission Data Follow-up Table.

CDP climate change reporting was conducted for the first time in 2020 to transparently record the impact of its operations, and its CDP score increased from D to B in 2021. It is aimed to increase the share of renewable energy in its overall production by 2030 as part of the Sustainable Strategy.

Climate Action, Fight Against Climate Crisis and Efficiency

Zorlu Enerji considers its main mission to contribute to our country's transition to a self-sufficient, low carbon economy within the scope of its Zorlu Holding Smart Life 2030 vision and Sustainability Policy. It develops efficient and environment-friendly products and services by making maximum use of its innovation capacity also at the global scale in line with its target to become a pioneer in its sector. It constantly and closely monitors its environmental impact by measuring the designated indicators in its Sustainability Strategy.

Zero Carbon Footprint Forests

Zorlu Enerji conducts various projects to mitigate the impact of climate change in its companies. "Zero Carbon Footprint Forests" Project launched in 2010 is among the most significant of these studies. The project which was initiated with such actions as carbon footprint measurement and certified sapling donation for carbon footprint mitigation in fairs, summits and various organization to raise awareness on climate change, was improved under the cooperation of the Republic of Agriculture and Forestry and Mehmet Zorlu Foundation in 2017. The target of planting 1.2 million saplings would contribute to the growth of forests in our country and bind 1,2 million tons of CO₂ back to earth so as to reduce carbon emissions as part of the fight against climate change, and raise awareness of both internal and external stakeholders for that matter.

Zorlu Enerji pays particular attention to efficiency not only in its production operations but also in its offices, and administrative buildings. Levent 199 building where company headquarters are located has LEED Gold certificate. The building makes use of energy saving systems in many respects, starting from energy efficient window glass coatings, heat recovery climatization systems.

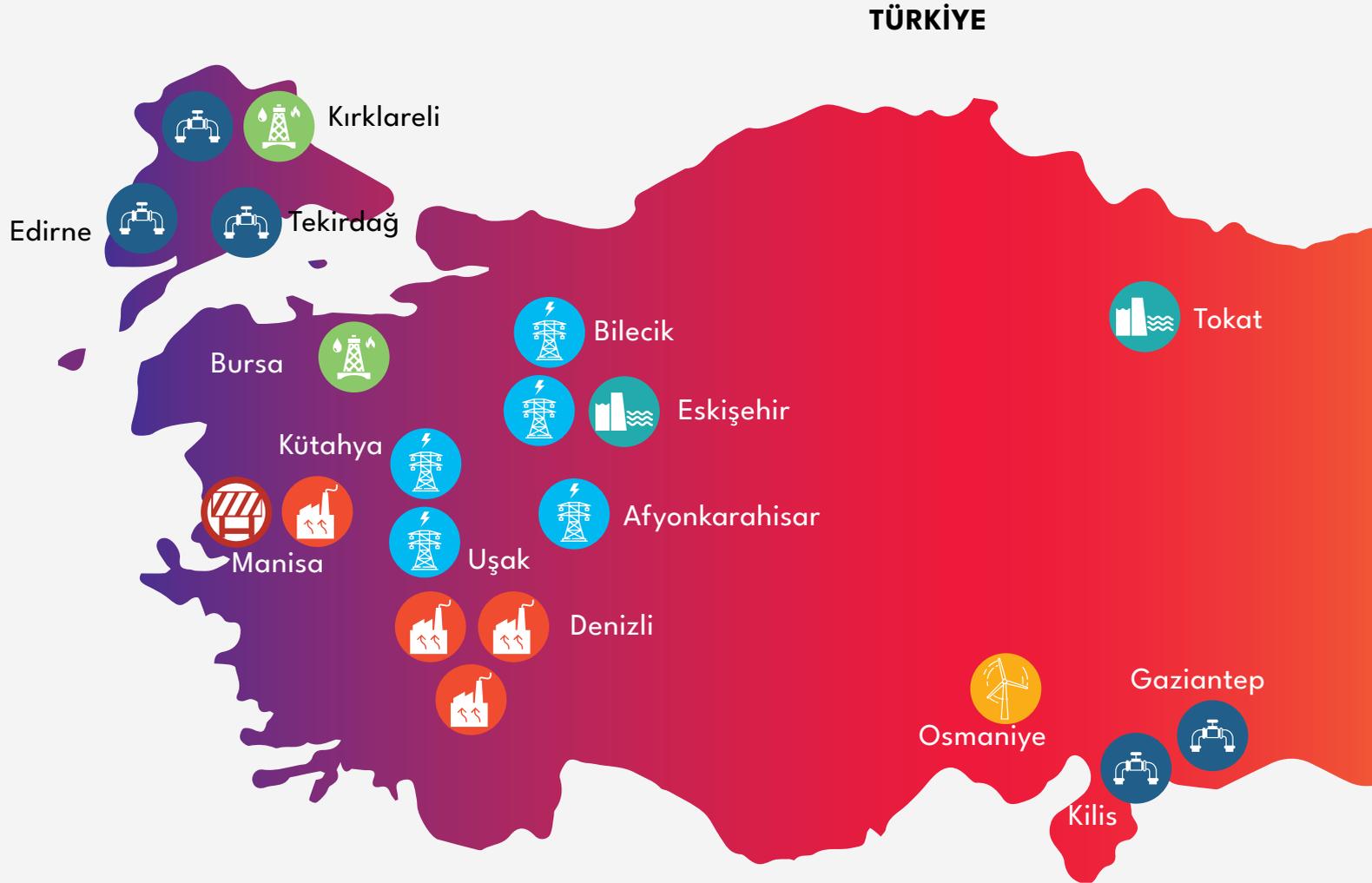
Drop-pot exits in Kizildere 3 Geothermal Energy Power Plant used to separate condensed moisture in the steam line are connected to the exchanger as part of "Mechanical Workshop and Warehouse Heating" project so as to generate thermal energy from waste heat, and mechanic workshop and warehouse building were thus heated.

Levent 199 building, the first A+ office project of its size to receive LEED Gold Certificate in Turkey, switched to 100% renewable energy consumption during the reporting period under Zorlu Enerji partnership, and it received International Renewable Energy Certificate (I-REC).

Zorlu Enerji certified having covered the entire energy consumption of Zorlu Textiles Kırklareli Factory through electric energy generated in Alaşehir JES, and electricity used in ZES electric vehicles from clean and renewable resources with the International Renewable Energy Certificate (I-REC).



Zorlu Enerji Group Domestic and International Operations



ELECTRICITY GENERATION

- A total of 1.208 MW installed power, 643 MW of which in Turkey, 290 MW* of which in Israel, 56 MW of which in Pakistan, 1,5 MW* of which in Palestine and 217 MW of which in Russia;
- 87% of the installed power in Turkey, and 51% of its overall installed power, is comprised of 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%)

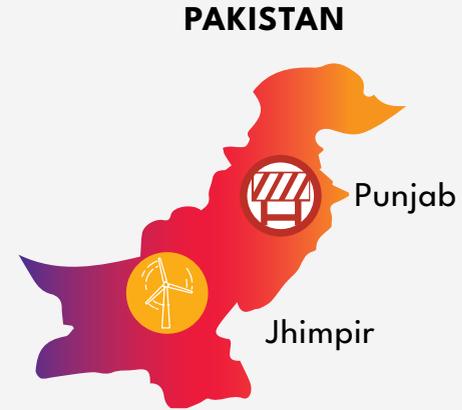
ELECTRICITY DISTRIBUTION

- Electricity distribution in Eskişehir, Bilecik, Uşak, Afyonkarahisar and Kütahya provinces, which represent a total population of 2.8 million
- 1.93 million subscribers
- 6,9 TWh net distributed electricity
- 6,9% theft and loss ratio

ELECTRICITY TRADE AND SALES

- 11 TWh of total electricity sales
- 66% of sales from generation in Turkey are covered by YEKDEM
- Approximately 1.9 million consumers
- Customer portfolio (based on consumption):
 - Commercial (26%),
 - Residential (22%),
 - Industrial (44%)
 - Other (7%)
- One of the first market makers in the Derivatives Market

* Ortaklık paylarına göre



NATURAL GAS DISTRIBUTION AND TRADE

- Natural gas distribution in Edirne, Kırklareli, Tekirdağ, Gaziantep and Kilis provinces, which represent a total population of 4.2 million
- 825 thousand subscribers
- 1,3 billion Sm³ of natural gas sales
- 2,2 billion Sm³ of natural gas distribution



NATURAL GAS POWER PLANT



GEO THERMAL POWER PLANT



HYDROELECTRIC POWER PLANT



WIND POWER PLANT



NATURAL GAS DISTRIBUTION



ELECTRICITY DISTRIBUTION



POWER PLANTS UNDER CONSTRUCTION



SOLAR POWER PLANT

Awards Received in 2021

ZES received 4 significant awards

Zorlu Enerji received four awards, two of which are international, with its growing, Turkey-wide “Electric Vehicle Charging Station Network” Zorlu Energy Solutions (ZES). ZES, having received Sustainability Awards in global arena, also ranked first in the “Best Sustainable Product and Process Category of Best Business Awards by Awards Intelligence.

Zorlu Enerji Elected “The Most Credible of the Year” In Its Sector

Zorlu Enerji received “The Most Credible Energy Brand” Award in the ONE Awards Integrated Marketing Awards in which the most credible brands of 2021 are elected by public vote.

Zorlu Enerji Received “International Business Safety Award”

Zorlu Enerji, giving utmost priority to the health and safety of its employees, received the International Safety Award in the 63rd International Safety Awards 2021 by British Safety Council.

Zorlu Enerji Received Sustainability Award for its Fight Against Climate Change

Zorlu Enerji, centering all its operations around sustainability to become the energy company of the future, received Silver Success Award in Sustainable Development Awards held by Turkish Corporate Social Responsibility Association with its Zero Carbon Footprint Forests Project initiated to fight against climate change and achieve a sustainable future.

Zorlu Enerji Ranked First in 2021 Turkey Bonds & Loans Awards

Having earned the first sustainable sukuk export through IDBT in line with its studies around the sustainability vision, Zorlu Enerji ranked first in Islamic Finance Deal of the Year category within the scope of “2021 Turkey Bonds & Loans Awards”, one of the most credible awards of Turkish capital markets and finance sectors.

“Best Office of Turkey” Award to OEPSAŞ

OEPSAŞ (Osmangazi Elektrik Perakende Satış AŞ), Zorlu Enerji’s retail electric sales company, received “The Best Office” Award within the scope of “Kincentric Best Employers 2021 Program” realized by Kincentric, leading human resources and management counselling company of the world.

3 Years of Leadership in Customer Satisfaction

Zorlu Enerji became the best brand in customer satisfaction for the third consecutive year in “energy” category in “Excellence in Customer Satisfaction Success Awards” of A.C.E. Awards according to statistics resulting from brand experiences of Şikayetvar users.

Zorlu Enerji Ranked 4th in the World in its “Environmental-Social-Governance” Score

Continuing to work for a better future in line with its Smart Life 2030 vision, Zorlu Enerji ranked fourth among 54 energy companies according to the assessment of the independent scoring and research institution Vigeo Eiris with its Environment, Social and Corporate Governance operations centered around developing sustainable solutions to basic issues of the world.

Zorlu Enerji Among “Global Sustainability Leaders”

One of the leaders of renewable energy in Turkey, Zorlu Enerji became among the 12 companies in Turkey included in “Global Sustainability Leaders” Research organized by Argüden Governance Academy to specify how companies manage and conduct their sustainability studies within the scope of Smart Life 2030 vision and sustainability studies.

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



We will continue our innovative projects and sustainable investments in Zorlu Centre and Levent 1999 which inspire experience-oriented next-generation life spaces, and rank among the players steering the sector also in 2022.



Billur Demet ATAN

Zorlu Real Estate, Deputy Chairperson

Dear Stakeholders;

2021 proved to be a year in which the world struggled with changing social and economic conditions. Different variations of the uncertainties brought about by the pandemic were in our agenda throughout the year. Problems in the supply chain got relatively better, while they continued to affect global trade and economy. With the widespread vaccination, social life was restored in a controlled manner, and the real estate sector left behind a more positive year when compared to 2020. We, as Zorlu Gayrimenkul, continued to manifest new and innovative examples of next-generation life spaces in Zorlu Center and in Levent 199.

Sustainability whose vital significance has especially recently been acknowledged by everyone continued to be the main agenda item for us also in 2021. As a company which has adopted sustainability as a business style for the last 5 years, we have taken significant steps on this matter in line with our Smart Life 2030 strategy. From waste management to full renewable energy usage, from smart systems enhancing more efficient water and energy consumption to events raising awareness on sustainability, we worked for a sustainable life with a holistic approach.

We had taken a significant step in sustainable energy use by having ISO 50001 Energy Management System Certificate to mitigate our environmental impact and make efficient use of our energy resources. With the cooperation of Zorlu Enerji, one of Zorlu Group companies, we certified our energy use in Zorlu Center and Levent 199 with International Renewable Energy Certificate (I-REC) in line with our sustainability-oriented approach. We have since then covered our entire energy consumption from renewable resources.

In the meanwhile, we continue to abide by our zero-waste principle in Zorlu Center, and take necessary steps to make it happen. We received Zero Waste Certificate from the Republic of Turkey Ministry of Environment and Urbanization in 2021 with our Zero Waste Management System. Therefore, waste collected in 622 different spots in Zorlu Alışveriş Merkezi, Zorlu PSM, Raffles İstanbul, residences and offices are separated in 12 segments, and delivered to a licensed company to recycle around one thousand tons of waste a year. With our Waste Disposal Centre, we also support waste collection in surrounding residences and life spaces, and focus not only on minimizing our environmental impact but also on mainstreaming this approach in the entire society.

Eco Love Fest where we brought together change-makers and good life fans was among our sustainability-oriented activities which stood out in 2021. In this festival hosting world renowned brands around a rich program including talks with expert speakers, ecological workshops for kids and adults and inspiring documentaries, presenting the joy of open-air shopping, we raised significant awareness on sustainability. We will once more hold this event in 2022 with new content options we create resulting from the positive feedback from the previous event.

We evaluated 2021 in Zorlu PSM, the address of culture and art, with a new brand positioning and strategy. We conducted both research and strategical brand positioning with Future Bright and Behavior Institute before the new season by using ZMET methodology. We kicked off the 9th season with the insight from these studies under the slogan of #letyourworldchange. We launched the change in the culture and art sector by contributing to art-lovers' leaving behind the pandemic mood, and explore new experiences. We also launched PSM Workshop project with the masters of the sector to raise new talents in theatre, and contribute to the sustainability of our culture and art ecosystem in line with our Smart Life 2030 strategy. PSM Workshop, one of the most significant indicators of our holistic approach to sustainability, gave us hope for a better future.

We continue to be home to elite visitors in İstanbul from both Turkey and around the world in Raffles İstanbul, one of the world's highest segment hotels. We recorded the highest "customer satisfaction" results among all Accor Group hotels in the meticulously assessed customer satisfaction evaluations. With its location at the heart of the city and its high-quality services, Raffles İstanbul makes a difference and adopts the emotional luxury concept. It hosted around 90.000 local and foreign visitors in 2021.

Although the real sector went through a lot of challenges for the last two years due to the pandemic, we, as Zorlu Gayrimenkul, saw it as an opportunity for change and transformation. We continued to exemplify the most contemporary illustrations of innovative and sustainable next-generation life spaces not only in Turkey but also around the world in Zorlu Center, Turkey's first 5-functional mix-use project. We are a life center which covers many cultural and social requirements with our day-by-day expanding brand karma, gourmet restaurants, experience spaces, performance arts center, Raffles İstanbul, one of the best hotels in the world, residences and offices. Since the first day we were launched, including the year 2021, we have hosted up to 100 million visitors. We received around 90 awards including Europe's "Best Shopping Mall" award from International Council of Shopping Centers (ICSC) and world's "Best Shopping Centers Honorary Award."

We, as Zorlu Gayrimenkul, became the pioneer of the new world in our sector with all these activities we conducted in 2021. We will continue our innovative projects and sustainable investments in Zorlu Centre and Levent 1999 which inspire experience-oriented next-generation life spaces, and rank among the players steering the sector also in 2022.

Real Estate

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.

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.



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.

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.

Real Estate

Zorlu Center undertakes exemplary work in energy saving with its smart energy management and “ISO 50001 Energy Management System”, and gets efficient results in water saving with its smart systems.

Operations in 2021

Zorlu Center Received Renewable Energy Certificate

Zorlu Gayrimenkul continues to develop Zorlu Center environmentally, socially and governmentally around sustainability in line with Smart Life 2030, joint strategy of Zorlu Group companies to create high value with human-centered systems and innovative business models.

Developing innovative business models for a sustainable life, Zorlu Center certified the energy used in Zorlu Center with International Renewable Energy Certificate (I-REC) under the cooperation of Zorlu Enerji, one of Zorlu Group companies. Zorlu Center encourages renewable energy generation and use for a sustainable life by using the green energy generated in Zorlu Enerji's Alaşehir I Geothermal Power Station. Electric vehicle charging stations in Zorlu Center owned by ZES, new-generation energy brand of Zorlu Enerji, also make use of clean energy to fuel electric vehicles.

Zorlu Center Received Zero Waste Certificate

Zorlu Center received Zero Waste Certificate from the Republic of Turkey Ministry of Environment and Urbanization with its Zero Waste Management System. Zorlu Center separated its waste in 21 different segments, and pioneered many sectors in Turkey in waste disposal. Waste collected in 622 different spots at Zorlu Shopping Mall, Zorlu PSM, Raffles Istanbul, residences and offices were separated in 12 segments and delivered to licensed companies to recycle and regain around a thousand tons of reusable waste. Alongside over 1000 m² waste separation and 622 waste disposal points, it also supports waste collection in surrounding residences and life spaces with its Waste Disposal Centre. It therefore focuses not only on minimizing its environmental impact but also on mainstreaming this approach in the whole society.

A sustainable life with smart systems

Zorlu Center signed under exemplary energy saving operations with its “ISO 50001 Energy Management System” and smart energy management, and got efficient results in water saving, as well. As a response to virus prevention measures during the pandemic, it also applied UVC (Ultraviolet) technology, known to be the most efficient method of protection against virus and bacteria, in its air ventilation systems to ameliorate air quality in closed areas with an investment of more than TL 2 million the previous year. Parking Lot Management System which became operational in Zorlu Center also in the previous year enhanced contact-less entrance in the parking lot with the option to make payments in the exits by merely reporting license plates. With the integration of the system in Zorlu World mobile application, Zorlu Center visitors can make contact-

Real Estate

Zorlu Real Estate Group continued to manage Zorlu Center with its destination marking strategy also in 2021. Zorlu Center stood out as a tourist attraction center which provides its visitors with events around new experiences. In 2021, Zorlu Center continued to provide a wide variety of visitors from all social segments, kids and adults alike, with different events.



less parking lot payments by entering their license plate information on the application.

Eco Love Fest brought together good life fans.

In 2021, Zorlu Center organized Eco Love Fest which brought together good life fans and change-makers around the concept of sustainability. Eco Love Fest hosting brands which respect the earth had various events such as ecological workshops for kids and adults alike, talks with expert names in their respective areas, and inspiring documentaries from the catalogue of Life Film Festival. Visitors of Eco Love Fest also had the chance to make shopping in open air. It also hosted the Advanced Transformation Sculpture Exhibition including the work of various artists from waste materials.

Zorlu New Year Village hosted its visitors for the 8th time

Standing out as the first New Year's Village of Turkey, Zorlu New Year's Village hosted its visitors for the 8th time in Zorlu Center Square in 2021. Elegant products of very special brands were displayed in Zorlu New Year's village, as gift alternatives for all tastes including special design accessories and jewelry, textile products, New Year's Eve decoration materials. Kids and adults alike enjoyed open-air shopping and themselves in the New Year's Village with Melek Mosso and İskender Paydaş & Ceylan Ertem concerts.

Zorlu Shopping Center held various event to be a part of life

Zorlu Real Estate Group continued to manage Zorlu Center also in 2021 with its destination marking strategy. It stood out as a tourist attraction center which provides its visitors with events around new experiences. In 2021, Zorlu Center continued to provide a wide variety of visitors from all social segments, kids and adults alike, with different events.

Zorlu Center added new brands to its profile

Zorlu Center expanded the number of its brands also in 2021, and continued to provide its guests with a unique shopping experience. Alexander McQueen, Bee Goddess, BigChefs, Golden Goose, Rolex, Tods, Tommi Brasserie, Intimissimi Uomo and IWC & Peneai brands started to have a store in Zorlu Center.

Real Estate

Since the first day it became operational, Zorlu PSM managed to become an indispensable location for art-lovers, and hosted more than 4 million art-lovers in 9 years.

ZORLU PERFORMANCE ARTS CENTER

Zorlu PSM continued on with its activities to add value to Turkey's cultural and artistic life also in 2021. Having organized free of charge concerts and content during the pandemic under the slogan of #StayWithPSM, Zorlu PSM reached art lovers from all around the world. It stood by its audience 7/24, with its digital radio called Vestel PSM Radio available on carnival platforms and its YouTube channel having newly formatted digital series.

Reaching beyond the expectations from a performance arts center by presenting its wide content range to different audiences up until today, Zorlu PSM entered its 9th season under the motto of #LetYourWorldChange, and launched its program including significant names of the culture and arts world. It included concerts, dance performances and theatres of many significant local and foreign artists during September, 2021 ranging from the world renowned Buika to iconic dance performance Carmen, from the young soprano Fatma Said to kamancha master Mark Eliyahu, from Amadeus to Scenes from a Marriage. It organized Sónar İstanbul Zorlu PSM, the first event of Sónar, known to be one of the most prestigious festivals of the world, after the pandemic. The 5th of the polyphonic MIX Festival which lasted for two days to host fans of alternative local music was also conducted in 2021.

Zorlu PSM acted to sustain the culture and art world of the country which has had serious employment problems during the pandemic, and launched PSM Workshop project to raise new talents in theatre. Within the scope of this project, promising young talents at the age of 18-30 were recruited in the training program to be paired with national and international masters to learn theatre literacy, directorship and production. Zorlu PSM, under the objective of becoming a center to contribute to the sustainability of the sector with its support to young people, will raise new talents to the production network of the sector.



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 2021, the hotel hosted 89.912 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 47.4% in 2021.

The impact of the pandemic started to be felt as of the first months of 2021 in Turkey, adversely affecting hotel reservations around the world with travel restrictions. Yet, an increase in residence

accommodation was observed during the pandemic due to the same travel restrictions. While some of the hotels in the city remained closed in 2021, Raffles Istanbul chose to be open, and continued to host its guests with an average occupancy rate of 59,9%.

Although travel restricted varied in different countries in 2021, we hosted visitors from the Middle East, CIS and Russia. A dynamic period started in July with local company accommodations. Turkey was added to the red list due to the high Covid-19 cases in August, and many countries banned travelling to Turkey. As of October, travel restrictions became more flexible, and the rest of the year proved to be dynamic as well, with last minute delegation accommodations.

Places of refreshment were reopened as of March with certain restrictions imposed by the state, followed by the closure of all restaurants, bars and cafes in the country due to the rise in Covid-19 cases in April, with the exception to serve guests accommodating in hotels. Isokyo and Long Bar were decided to be closed during the month due to these restrictions. In June, restaurants and bars, including Isokyo and Long Bar, were reopened to serve both hotel

Real Estate

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 47.4% in 2021.

guests and outside visitors with 50% of capacity until 21 pm. In July, restrictions were completely lifted, and refreshment activities recorded their highest performance in the last quarter of the year. Raffles Brunch, known to be one of the best brunch spots in the city, continued to serve sophisticated tastes in the period during which restaurants once more remained closed, and it recorded a high performance.

In 2020, Raffles İstanbul had a hard time in terms of banquets and events, and it kicked off the year 2021 with the expectation to bridge this gap. It continued on with the “Outdoor Treat Concept”, designed to compensate for this loss, also in 2021. Restrictions were lifted in July, and banquet and events were reinitiated to record a high performance during the summer.

In 2020, operational style of Raffles patisserie changed into a “Five O’Clock” business model, and the patisserie was opened in December, 2020 under the name of Five O’Clock upon its renovation. During 2021, it continued to serve in Raffles İstanbul.

Raffles Spa, operating on 3.000 m² of space started its services in March, 2021 after the lift of restrictions, and only served hotel guests as of April, 2021 with the enforcement of new restrictions. Raffles Spa served both hotel guests and outside visitors with high hygiene measures as of June, 2021 when the restrictions were mostly lifted.



Real Estate

Levent 199 started to use electric energy fully supplied from renewable energy resources in 2021 in line with its sustainable and environment-friendly management policy, and its renewable energy use was certified by internationally recognized I-REC Certificate.

Raffles Istanbul, one of the first hotels to receive Tourism Safety Certificate in 2020, proved to be a hotel which made no concessions in customer satisfaction in 2021, and even had even higher safety and quality standards in these hard days. Protocols designed within the scope of ALLSAFE certification simultaneously developed by Accor & Bureau Veritas continued to be used in all areas of the hotel. Alongside comfort and emotional luxury presented as part of the brand promise, Raffles continued to further improve hygiene in all its operations to have its guests feel themselves safe.

In the fall of 2021, the dynamism both in the city and in the hotel despite the pandemic positively affected hotel operations other than the ones related to room management. The hotel, one of the sponsors of Contemporary Istanbul to be held in Tersane for the first time this year, undertook catering service of various valuable artistic events in Istanbul, with the traditional Topsy High Tea served in its Lobby so as to remind itself and introduce its services to high segment target audience. Many marketing and public relations operations were held in autumn to remind the customers of Isokyo.

As part of the additional pandemic measures, surfaces of all guest rooms were continued to be disinfected also in 2021 upon check-out of guests with the hospital class disinfectant and air cleanser Aerosept Ultra 150 which uses a newly patented disinfection process. The UVC system installed on the air ventilation system of the hotel also guaranteed the circulation of fresh, clean and safe air in rooms, restaurant and bars, Raffles Spa, dining rooms and all common spaces in the hotel.

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.

Real Estate

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.

It started to use electric energy fully supplied from renewable energy resources in 2021 in line with its sustainable and environment-friendly management policy, and its renewable energy use was also certified by internationally recognized I-REC. Its carbon emissions were substantially mitigated thus.

Automation controlled valves were installed to yield efficiency in the cooling system by increasing water efficiency, which resulted in 1.500 m³ water saving a year.

The period of 2020-2021 marked by the COVID-19 pandemic brought about a process when working habits and requirements completely changed. Working spaces fully ventilated with fresh air became a requirement and not a privilege, while the social rules resulting from the pandemic made such implementations as health controls at the entrance an indispensable part of life. Levent 199, with its existing infrastructure and additional investments, became among the business centers which most rapidly adapted to this process with its ventilation and filter disinfection operations using UVC lamp technology in office fresh air ventilation. Turning the losses resulting from the pandemic into an advantage with its strong technical infrastructure and innovative management structure, Levent 199 made large-scale leasing operations such as Pfizer in 2021 to become an attraction center in the real estate sector.

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.



Awards Received in 2021

Zorlu Center Received Golden Award in Social Media Awards

Zorlu Center received the Golden Award in Shopping Mall category by Social Media Awards Turkey, assessing social media performance of brands with objective data and a jury comprised of the leading names of the social media sector. Various forms of data such as the number of fans, the increase in the number of fans, shared content, types of posts, interactions and interactions types became the basis for the evaluation encompassing the period of 1 March 2020-1 March 2021.

5 stars from Forbes Travel Guide

Raffles Istanbul Zorlu Center became the first and only hotel receiving 5 stars in Turkey for four consecutive years in Forbes Travel Guide “Star Rating” list assessing the most prestigious hotels of the world year-on-year.

Raffles Istanbul Zorlu Center became one of the most prestigious 210 hotels according to Forbes by getting in this list which is deemed the global summit of awards in global tourism sector. Getting 5 stars from Forbes Travel Guide can aptly be considered the highest award in luxury segment hotel management, alongside the numerous awards the hotel has received up until now.

Travel + Leisure

Raffles Istanbul was ranked among “the Best 15 City Hotels” in Europe by Travel+ Leisure (T+L), one of the most credible publications in tourism and travel industry, and was selected among “The Best 100 Hotels of the World.”

Conde Nast Traveler

Raffles Istanbul received elating awards from CNT Readers’ Choice in its list of winners fully elected by the votes of readers and users. Raffles Istanbul was announced “the Number 1 Hotel in Turkey and Greece” by with 99,92 points. It was also elected among “the Best 3 Hotels of the World” and thus became the only hotel in Turkey getting in this list.

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

“

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.

”



Dr. Orhan Yılmaz

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.

The slowdown in the pandemic progression since the first quarter of 2021 supported the normalization process of the markets. With the increase in demand in China and the rise in metal prices in LME (London Metal Stock Exchange Market) nickel price reached above USD 20.000.

Stainless-steel and automotive sectors also started to recover in a short span of time, acting as locomotives in these positive market conditions, and the nickel price increased to reach a new equilibrium.

Upon this historical milestone, we closely follow the metal prices in the international arena and endeavor to evaluate the opportunities the process will yield us.

After the decision to invest in a sulphuric acid production facility in 2021, we initiated technical interviews and feasibility studies with companies for the instalment of the facility. The instalment of the facility will soon be initiated and we will soon cover our acid requirements from internal resources. High- and low-pressure saturated steam will also be generated in the facility, along with sulphuric acid, as a process outcome.

Mining- Metallurgy



META obtains high purity nickel and cobalt products, develops such products as batteries and cells combining energy storage units, thus adopting the strategy to expand its sellable product range.



With this high energy saturated steam, we will both generate electricity, thus mitigating dependency of META to outside resources, and lower the cost of operation by covering the saturated steam need of the nickel generation facility.

Recent developments during the pandemic once more highlighted the value and indispensability of human resources. Our objective is to get our employees make the best use of their knowledge and skills, maximize their contributions to the facility, increase work-life quality of all our employees and create a safe working environment. We believe that not machine or equipment but “human” is the biggest value of our work. We know that experienced and talented engineers and technicians are at the core of META mining and metallurgy approach. We will feel the support of this human force, as what makes us “we”, regardless of position, and continue to move forward on our journey to become a global supplier.

Mining- Metallurgy

META operates the nickel-cobalt mining facility in Gördes as well as carrying out reserve development and ore production in Eskişehir, geological surveys in Uşak, and nickel-cobalt exploration in various regions across Turkey.

A new and sustainable production approach in mining and metallurgy

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

The company operated in partnership with Zorlu Group from 2007 until its acquisition by the Zorlu Group in 2016. In June 2018, the company's 50% stake was sold to Vestel Elektronik for USD 250 million. The company has been carrying out its activities as Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ ("Meta Nikel Kobalt Madencilik" or "META") since then.

META operates the nickel-cobalt mining facility in Gördes as well as carrying out reserve development and ore production in Eskişehir, geological surveys in Uşak, and nickel-cobalt exploration in various regions across Turkey.

Investments for the Gördes Meta-Nikel project, designed with an annual production capacity of 10,000 tons of nickel metal from around 1.7 million tons of ore, commenced in 2011. The production facility was completed and entered into service in 2014. The facility made its first export 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; 2,175 tons of concentrate



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.

products in 138 workdays in 2019, 4.723 tons of concentrate products in 292 workdays in 2020 due to planned maintenance works and low nickel prices.

The plant produced 5.810 tons of nickel metal conjugate concentrated products in 276 workdays in 2021.

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.

META extracts surface ores via open pit mining, which is processed using cutting-edge technologies into hydroxide form (MHP-Mixed Hydroxide Precipitate) of nickel and cobalt for export markets.

As part of its vision of gradually expanding its production capacity to become a global supplier, META aims to produce various forms of nickel and cobalt as well as process the rare earth content of the extracted ore in benefit of the Turkish economy.

In the medium term, META aims to:

- blend the industrial and entrepreneurial competence of Zorlu Holding with R&D and innovation to further increase the value-added of its operations by producing more advanced forms of concentrated nickel and cobalt,
- create combined plants maximizing energy efficiency through heat reclamation so as to produce its own input through new auxiliary facilities,
- reduce Turkey's dependence on foreign sources through domestic production and, accordingly, contribute to the reduction of current deficit.

Mining- Metallurgy

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 until the first half of 2021, the certification process was completed in the last quarter of the year.

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.

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 until the first half of 2021, the certification process was completed the last quarter of the year.

Continuing its R&D collaborations with various universities, TÜBİTAK and the industry, the company crowned its achievements in next-gen mining in Turkey with the "R&D Center" certification, which it received in March 2018.

R&D and investment projects continued also in 2021 with the selfless service of both the management and the technical staff to expand the efficiency of the facility and conduct amelioration and research studies for the facility to reach full capacity. Below is a summary of improvement efforts that took place in that respect:

3rd stage 1st phase investment in the capacity increase of the waste storage facility was finalized. Construction investments in other phase studies continue.

- Hydro cyclone investment to enhance closed-loop operation of the ball mill which is used to recycle sieve waste with high nickel content by reducing its particle size was successfully finalized.
- Studies on the recovery of scandium, a rare earth element present in the ore,
- Investment in a fixed sieve system for sieving the ore on-site and achieving cost advantage,

Mining- Metallurgy

TÜBİTAK grant was received for three projects within the scope of problem solving in processes through R&D studies, cost reduction, product range expansion, raw material production for advanced technology products, and battery cathode raw material development. Two of the projects were successfully finalized, and the remaining one is ongoing.

- 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 studies 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 550,000 tons/year capacity Sulphuric Acid Plant to reduce sulphuric acid costs and reduce environmental impact,
- Investment in MHP and Nickel - Cobalt Sulphate/Derivatives Plant, planned to be the second phase,
- Prototype battery manufacturing studies,
- Studies on obtaining metal nickel and metal cobalt from the resulting MHP product through electrolysis method,
- Studies for 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.

Mining- Metallurgy

In META Waste Water Recovery Project, at first half of and then the entire water demand of the plant will be covered from recycled water when Waste Dewaterisation and Waste Water Treatment Facility investments become operational in 2022, it is thus aimed to reduce water use from the nature to zero.

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 Sparks volunteer movement initiated in 2019, logged 233.5 hours of volunteer work in total in 2020, and 213 hours of voluntary work in 2021.
- TÜBİTAK grant was received for the three projects cited below within the scope of problem solving in processes through R&D studies, cost reduction, product range expansion, raw material production for advanced technology products, and battery cathode raw material development. Two of the projects were successfully finalized, and the remaining one is ongoing:
 - "Production of Cobalt Sulphate from Gördes Lateritic Ore Through Mixed Hydroxide Precipitate Intermediate by Solvent Extraction" was finalized on 1.07.2021,
 - "Recovery of Concentrated Scandium Compounds from Gördes Nickel Cobalt Plant Waste by Ion Exchange and Solvent Extraction Methods" was finalized on 31.03.2021,
 - "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 13.01.2020 for 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 2021, 1.2 million m³ of water was reclaimed to the facility, and thus the amount of water supplied from the nature was reduced in the same amount. Other components of this integrated project, namely Waste Dewaterisation and Waste Water Treatment Facility investments, were finalized and their pilot studies are ongoing. In 2022, at first 50% and then the entire water demand will be covered from recycled water when all the facilities become operational, it is thus aimed to reduce water use from the nature to zero.

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.

All of these aircraft were added to Zorlu Air's fleet on their year of manufacture.

A 2012 Gulfstream G-450 Large Cabin aircraft with a passenger capacity of 14 was removed from the company inventory upon its sale in 2021.



Zorlu Faktoring

Zorlu Faktoring AŞ ("Zorlu Faktoring") was established in 2012 to deliver factoring services in Turkey and abroad.

Zorlu Faktoring's main line of business is domestic revocable factoring transactions, and the company's main customer group includes medium- and large-scale enterprises, as well as industry leaders with widespread supplier and dealer chains.

In line with the principles of its parent company, Zorlu Holding, Zorlu Faktoring focuses on providing reliable, consistent and trustworthy services to all industries and enterprises that shape Turkish economy.

Zorlu Grand Hotel

Launched in 1997 in the city center of Trabzon, Zorlu Grand Hotel is Zorlu Group's first tourism investment. The hotel has a capacity of 160 rooms, including 14 suits, 26 deluxe rooms, and 335 beds.

Situated in a central location only four kilometers from the airport, Zorlu Grand Hotel is the first five-star hotel of the region with six multi-function meeting halls, a spa and a variety of restaurants. The hotel hosts the most important congresses, seminars, business meetings and social events.

Zorlu Grand Hotel is also the only green-starred hotel in the region, pioneering the service industry with its characteristic architecture and comfort.



ABH Turizm Temsilcilik ve Ticaret AŞ**JULES VERNE BUSINESS MICE TRAVEL**

Since 1998, Jules Verne Business Mice Travel has been organizing distinctive “Corporate Trips”, “Corporate Events” and “Personalized Travels” across any part of the world and acts as a solution partner for institutions and individuals alike through its seasoned team of 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, adventurer 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 especially in product development and investment for travel and event technologies, and focused on “Digital Leap” to launch 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.

Jules Verne Business Mice Travel became one of the few travel companies in the world which has Virtuoso status as of December, 2021. Virtuoso is a special community composed of the best travel counsellors of the world presenting extraordinary experiences to travelers and travel companies acting in line with an innovative approach. Jules Verne Business Mice Travel, being a part of the Virtuoso community, presents various special services and privileges to its customers such as enriched extra services in world-class hotels, upgrades to the luxury segment and personalized touches.

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 Management, we invest in our professional human resources that has a key role in our sustainable success, and make our Group and talents ready for tomorrow.





Human Resources



We provide our colleagues with a working environment in which they feel themselves valued and safe, and their success is appreciated. Hence, we develop an inclusive corporate culture for our human resources to fully make use of their talents, and dream for 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.

We aspire to have maximum employee experience and efficiency in our digital transformation program towards human resources' processes. Especially during the pandemic, we experienced the utmost importance of the digitalization of human resources implementation under remote working conditions. In this respect, we conduct separate digital transformation projects in employment, performance management, education and development, employee main data management, career development and talent management. The constant goal of Zorlu Holding Human Resources Group is to ensure the organization's continuity and employ and develop the talent that will carry the group into the future. Zorlu Holding certified all its human resources processes before national and international community in accordance with KAGIDER's (Women Entrepreneurs Association of Turkey) Equal Opportunities Model.

A leading player in Turkish economy, Zorlu Group employs around 33,000 people in over 60 companies.

Human resources are the most valuable asset of Zorlu Holding. Zorlu Holding believes that innovative ideas and projects by qualified and motivated employees will enhance its competitive edge in all sectors and ensure sustainable growth.

Improving human resources practices in light of global and national best practices, Zorlu Holding Human Resources focuses on creating a satisfying working environment and maintaining the best employment conditions. The group also provides systematic training programs and all-around personal development opportunities for its employees.

In its recruitment processes, Zorlu Holding gives priority to candidates who are open to improvement and change, and display the ability to adapt to the corporate culture of Zorlu Group.

Zorlu Holding and its affiliated companies do not discriminate on the basis of language, religion, race, or gender in any of their 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 2021, Zorlu Group has a workforce of 32.435. 71% of the employees are blue-collar while 29% are white-collar.

BREAKDOWN OF ZORLU GROUP EMPLOYEES BY INDUSTRY

Industry	Number of Employees (31.12.2021)
Consumer Electronics & Household Appliances	20.295
Textiles	6.916
Energy	3.108
Real Estate	864
Mining-Metallurgy	684
Other	568
Total	32.435

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.

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 Akademi” is active to accompany employees of Group companies on their personal and professional development journeys with a broad range of e-training programs, as well as a list of available programs from which they can request additional courses to support their areas of development. With a rich collection of content on various inspiring topics, Zorlu Akademi offers an enjoyable learning experience.

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.

Zorlu Group supports talent development of its managers with Leadership and Management Academy

As Zorlu Group, we take significant steps for a sustainable future in line with our Smart Life 2030 vision, and manage the transformation with an innovative approach. Human is situated at the center of this transformation. With an agile, dynamic and innovation-oriented working culture, we support talent development, and realize our development programs designed to endow our employees with new skills and competences.

The first phases of Leadership Academy and Management Academy, designed for our managers so that they become inspiring role models

to grant our Group sustainable success by leading this change and transformation, were finalized in January. The second phases of these development programs are planned to be realized in 2022.

Leadership Academy education program including our managers acting under the title of Deputy General Manager was realized under the cooperation of Koç University. Having 10 different trainings under various headlines from digital transformation to strategic management, from innovation to finance, the program also supported our managers with six hours of one-to-one mentorship interviews. Our 83 Deputy General Managers successfully completed the Leadership Academy.

Management Academy, witnessing the attendance of our 127 managers acting under the title of manager, was realized under the cooperation of Boğaziçi University. The program was structured around 3 modules, namely “The New World Order”, “Efficient Management” and “Agile Leadership.”

Our aim was to add value to the leadership competence of our managers, and contribute to their development in Leadership Academy and Management Academy, both held in 2021.

A total of 210 managers attended the development programs held under the cooperation of Boğaziçi University and Koç University.

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.

Human Resources

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 2021 academic program

The project has fulfilled its starting goal of "bringing the university campus into the company." In 2021, 186 students actively attended courses at Vestel Technology Academy and 331 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.

Designed to prepare high-potential candidates for a future role in Vestel's management, the program has been offered since 2010. The 12th MT Program was completed in 2021.

The young talents applying for the MT Program undergo a comprehensive assessment process before enrollment. The 12th MT Program in 2020 received a total of 8,757 applications. Of these applicants, 19 candidates successfully completed all stages of the meticulous assessment process and started attending the 12th MT Program.

19 participants were offered a broad range of opportunities to develop their skills in various fields over a course of four months. As part of the program, 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 Textile Group has a key role in Turkey's textile export. It has focused on training studies to constantly develop the human resources, under the weight of this role.

Employees willing to develop their foreign language skills receive online language learning opportunities fully sponsored by Zorluteks. They have the chance to learn 7/24 with foreign instructors from around the world on an online platform.

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.

Full time and part time employment opportunities are presented to competent university students in our Talent Pool program conducted in cooperation with universities. Students receive personal development and technical training, as well as mentorship support, within the scope of this program. Successful students are welcome in our company at the end of the program.

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.

Employees receive personal development, professional development and leadership development programs under the roof of Zorluteks Academy.

Zorluteks has updated and digitalized its processes within the scope of its integrated management systems. With the help of digitalization, all employees can follow-up and report the processes. The suggestions/rewards module of the program enhance the interactive attendance of employees and aims to ameliorate all processes with their feedback.

Kaizen studies in Korteks which aspire to the emergence of innovative ideas, sustainability of constant amelioration studies and active participation of employees in the system continued also in 2021. A total of 210 employees contributed to the development of the process with their suggestions.

Korteks started a cooperation with the Vocational Training Centers affiliated to Bursa National Education Management to have its employees receive life-long mastership certificates to certify their vocational competence. The first stage internal manager trainings, personal development trainings and Occupational Health and Safety trainings continued throughout the year both online and on-site. 131 workers were employed as part of On-site Employment

Program (IEP) envisaging blue-collared workers' receiving on-site training to get them ready for the working life.

Collaborations with various universities, especially regional ones, continue as part of our academy-industry cooperation. "2244 Industry PhD Program" aiming to raise qualified PhDs highly demanded in the textile sector under the academy-industry cooperation is conducted with Uludağ University.

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.

Zorlu Enerji continues to guide and support its employees in their personal and professional development trajectories, despite the pandemic. We once more focused on our training and development operations which slowed down at the beginning of the pandemic, conducted various training programs both online and hybrid, and enriched the existing programs to render them more inclusive. In 2021, employees received sustainability-oriented trainings such as Turkey's Ecosystems and Biodiversity, Global Ecosystems and Biodiversity, the Impact of the Climate Crisis on Ecosystems and Biodiversity.

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.

Human Resources

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. It also supports Equal Opportunities at Work Model aiming to detect inequalities in recruitment, education, career planning and development, and eradicate discriminatory practices leading to gender inequality at work. In order to raise its impact in gender equality, Zorlu Holding work in cooperation with Turkey's leading non-governmental organizations.

As of the end of 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 encourage women to assume active roles within the organization.

Within the scope of An Equal Life gender equality approach, Zorlu Holding published An Equal Life Dictionary to serve as a guide for us to avoid sexist expressions and phrases embedded in our language. The dictionary available for all our stakeholders on our corporate web site includes alternative expressions which are collected based on equality and inclusivity. In parallel to this study, "Discourse Monitoring Mechanism" became operational to assist us in our use of an equal and inclusive language and self-monitor our language use in all our correspondences. The mechanism operative in all Microsoft Office programs presents alternatives to commonly used sexist expressions. For instance, it corrects "bayan" as "kadın"; "adam başı" as "kişi başı", bilim adamı' as "bilim insanı", "iş adamı" as "iş insanı", and eloğlu as "yabancı".

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.

Zorlu Enerji and Turkish Women in Renewables and Energy (TWRE), undertaking all their responsibilities to promote equal participation in labor force in line with their Gender Equality Approach, hosted female engineers specialized in their areas in the panel entitled “Female Engineers with Never-ending Energy” for the World Female Engineers Days.

In 2021, OEDAŞ “Equal in Energy” Program was awarded with a Silver Medal in “Gender Equality and Inclusivity in Economy” category in European Bank of Reconstruction and Development (EBRD) Sustainability Awards.

Zorlu Enerji Retail Electric Sales Company OEPSAŞ, operating under the vision to become the energy company of the future, increased the number of female employees year-on-year and achieved gender parity. Prioritizing diversity and inclusivity, OEPSAŞ increased the number of female managers in Eskişehir, its operational area, to 50%, and assigned female general managers in Bilecik and Afyonkarahisar.

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.

Corporate Well-Being Program “We Are Good Together”

“We Are Good Together” Corporate Well-Being Program which was thought to be good for everyone both psychologically and physically was launched in April, 2020.

Thanks to “We Are Good Together” Platform, our colleagues and their family members can consult expert psychologists, dieticians specialized in healthy nutrition, and trainers on Zorludabirlikteiyiz.com web site and Wellbees application by calling the call center specially designed for them. Various events were also held as part of We Are Good Together platform in 2021 to further increase corporate interactions and synergy, and employees’ wellbeing.

We continue to organize events to promote physical, spiritual and mental health of our colleagues, such as online seminars from experts, and online sports classes in various branches.

Clubs active in social, cultural, artistic and sportive focus areas contribute to the personal development of our employees by supporting them in further advancing their hobbies within the scope of “We Are Good Together” Wellness Platform. These clubs also promote work-life balance and enhance communication and cooperation among employees.

Zorlu Group Online Internship Program

The four-weeks of online internship program of Zorlu Holding entitled ‘A Step to the Future’ which provides university students with the opportunity to make internship under the pandemic conditions was conducted on August, 2021 with the participation of 185 students from 55 universities. As part of the internship program aspiring to assist young people to start the business life ahead of their peers, 95 department managers conveyed their knowledge and experience to interns, and 135 internal internship mentors guided the students in their learning trajectory.

Human Resources

The 4-week internship program which was launched with the attendance 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 to prepare young people for the business world.

Students conducted 23 hours of project work and received 21 hours of business experience in the online training program which continues on for two consecutive years, presenting new experiences and explorations.

As part of the program, e-trainings in Zorlu Akademi, articles, TED videos, as well as Vestel Retail Academy internal trainings were made available for interns. They had the chance to receive personal development training, attend to webinars with experts in their respective fields and interactive workshops which pave the way for experiential learning, listen to the career trajectories and advises of company managers in “Digital Manager Meetings”, and chat with Human Resources Managers of Zorlu Group companies. The internship program aspiring to prepare young people to the business world is planned to be organized in hybrid format in 2022 with an enriched content and scope, also with the help of the positive feedback from previous interns.

A Step to Future Information Technologies New Graduate Program

This program planned to be held in different teams affiliated to Zorlu Holding Information Technologies Group Directorate is organized to earn creative, innovative and dynamic new graduates to Zorlu Holding.

Young talents selected among the new graduates of different universities of Turkey are positioned in software development,

project management, system and network, and test management teams affiliated to Information Technologies Group Directorate within the scope of A Step to Future Information Technologies New Graduate Program.

A detailed education program was prepared in cooperation with Sabancı University to support the young people to adapt to the business life, align them within their respective business ecosystem, and help them develop a common language to provide them with strong communication skills in their respective fields in A Step to Future Information Technologies new graduate recruitment program. The education program having 3 different modules was initiated within the week of the interns’ recruitment program. The program comprised of Introduction to Data Science, Business Life 101, Innovation and Transformation Modules included technical and personal development-oriented courses.

Group companies continued their efforts to boost employer brand perception in 2021.

Guided by its approach to “be present wherever talent is.”, Vestel develops change and development strategies. To attract the young talent required to support its rapid growth, Vestel kickstarted its employer brand journey in 2013 with the “Vestel at the Campus” project. As of 2021, it continues to work under the motto of With Vestel, Why Not? Via this project, Vestel aims to create alternative channels to reach promising candidates and discover young talent at university campuses prior to their graduation.

Vestel values the ideas and creativity of the youth. To this end, the Company met young talents and participated in 36 career fairs from different schools throughout 2021. 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.

VEngineering 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.

Education and Employment Support from Vestel to 1 Million Recruitment Project

Talented and competent employees in the store management sector are aspired to be gained to Vestel within the scope “1 million recruitment” project of the Ministry of Treasury and Commerce in line with the next-gen retail concept, express store expansion of Vestel. Qualified employees are earned to the sector through Vestel Retail Academy trainings, and new generation “Digital Retail Experts” are raised so as to contribute to the employment of the country.

Digital training series prepared by the corporate trainers of Vestel Retail Academy, established to guide the sector and having adding value to the sector with various award-winning trainings, aims to reach university graduates and students. Upon successfully completing Vestel Retail Academy Digital Retail Specialty training and recruitment process, the attendees will be employed by Vestel.

Vestel Customer Services, Vestel Sales Marketing and Zorlu Enerji Group OEPSAŞ companies were selected among “the Best Offices of Turkey” by Kincentric, world’s leading human resources and management consultancy companies.

Having received this award with the value it gives to its employees, Vestel aims to become a specially preferred company to work for. It acts with the awareness that qualified human resources, alongside technological superiority and leadership in design, is one of the most important features to give high-quality customer services. Loyalty was further augmented in Vestel with new business models such as agile organization, remote work and cooperation among teams with an innovative reconsideration of the performance system, career development system, premium system, remuneration and recognition system.

The results of 2020/2021 Best Employers Research conducted by Kincentric for the last 20 years are announced. Vestel Customer Services and Vestel Sales Marketing companies became one of the “Best Offices” of Turkey as a result of interviews with employees and surveys to assess office excellence. In the 2021 list assessing over 200 companies in 40 different sectors, Vestel managed to be among the 22 companies selected as “the Best Offices in Turkey” with its Customer Services and Sales Marketing companies. Vestel Customer Services, having been awarded with the same award also last year, continued its success and became among the Best Offices of Turkey for the second time.

OEPSAŞ, one of Zorlu Enerji Group companies, was also in the list of “the Best Offices of Turkey” in the employee loyalty research conducted by Kincentric in 2021.

Zorlu Real Estate Group continues to conduct Human Resources operations in the light of Zorlu Holding Smart Life values around five functions it serves in Zorlu Center.

Zorlu Real Estate Group whose priority is to enhance “the satisfaction of its employees,” took significant steps towards promoting the loyalty of its employees, and managed to significantly increase employee loyalty. Giving priority to its work with students, the Group made collaborations with universities during the year, and supported them throughout the academic year about the business life. Furthermore, it also provided vocational high school students with internship opportunities.

Zorlu Real Estate Group cooperated with universities and private education institutions active in the sector to foster on-site internship opportunities. It can therefore recruit many university and private education institution students upon attendance to its theoretical and applied trainings.

Zorlu Real Estate Group companies attend career days of universities and transfer knowledge and experience to students. They came together with many studies during the career days annually organized by Özyeğin University, to share their experiences and inform them about internship opportunities. Some of the students attended certain courses in Zorlu PSM under the cooperation with Bilgi University.

Human Resources

Zorlu Real Estate Group supports corporations operating in social, cultural and artistic fields through sponsorships and cooperation opportunities. Zorlu PSM hosted an activity which involved taking 90 primary school students studying in Ümraniye to Peter Pan and Neverland musical performance specially adapted to the 50th anniversary of Akbank Sanat, while Eataly contributed to the event with special treats.

META operating in mining-metallurgy sector continued to organize internships in cooperation with universities to introduce Zorlu Holding and mining-metallurgy sector.

META provides 101 successful students living in Gördes and surrounding villages with internship opportunities via Mehmet Zorlu Association (MZV). The students who receive MZV scholarship during their studies also have priority in recruitment upon graduation. Within the scope of the protocol undersigned with Gördes Local Administration, young people living in Gördes and surrounding villages received support in sports and artistic activities.

The company gave voluntary support to reforestation studies conducted by the General Management of Forestry in the areas around Gördes affected by fires. It also gave instructor support to vocational courses opened by Gördes Public Education Management for the professional development of regional residents. It also gave equipment and technical staff support for the repair of the broken heating boiler in Hanpaşa Village school in the region.

Gördes facility whose 71% of employees reside in the region gives priority to environmental and social responsibility, and contributes to social development and improvement 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.

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.

Zorlu Holding attaches great importance to corporate volunteering, driven by the philanthropy that is ingrained in its culture.

Activities under the Corporate Volunteering Program “Kıvılcıklar (Sparks) Movement” gathering corporate volunteering projects under a single roof in line with Zorlu Group’s social benefit-oriented approach were performed in 2021 as well. Over 60 volunteering projects were conducted with more than 1.500 volunteers in a total of over 7500 hours of volunteering since 2018 when the program was initiated until the end of 2021.

At the “14th Awards from the Heart”, the most prestigious awards on employee volunteering organized by the Private Sector Volunteers Association (OSGD) in order to support and mainstream volunteering activities in the private sector and recognize best examples making a difference in the society, our Sparks Movement corporate volunteering program received an award as “the Best Corporate Volunteering Program.”

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, Sparks Movement took part in many different projects such as mentorship, fairy tale workshops with different children’s groups, foreign language mentorship, private course volunteering.

Alongside volunteering projects conducted with non-governmental organizations, new volunteering projects developed by Sparks Movement were also implemented. In this respect, e-volunteering project of the Sparks Movements called “Exploration Workshops” conducted science, environment and arts workshops to around 260 3rd and 4th grade primary school students in 2021. In the forthcoming period, projects developed by Sparks will continue to be implemented.

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

“

Mehmet Zorlu Association resolutely continued on with its activities to add value to the society also in 2021.

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Necmi Kavuşturan

Executive Board Member, Mehmet Zorlu Foundation

Since its inception, Zorlu Holding has embraced a philosophy of producing and creating value for its country at every step of the way. In all of our fields of operation, we endeavor to create solutions for societal challenges, and to create common value and benefit for the community.

We have inherited this vision from our Group's founder, Hacı Mehmet Zorlu, and the Mehmet Zorlu Foundation (MZF), named after him, has been undertaking charity efforts since 1999 in a broad range of areas, most notably education, as well as culture & arts, health, and social solidarity.

As a Group designing the future today, one of our focal areas is quality education in line with the UN Sustainable Development Goals. In today's stunning pace of transformation, we believe that the momentum of the world and the emerging ways of doing business profoundly affect the youth and make traditional education schemes inadequate.

We are fully aware of the challenges faced by the society and invest in the future accordingly with the schools we develop, scholarships we offer, and our role in the MZF-MEF 21st Century Competencies Awareness Program, all part of our aim to help the youth acquire the skills required by the new world order and create lasting value and benefit for our country by helping train competent human resources.

We thank all of our stakeholders who embrace and contribute to our vision, and offer direct and indirect support to our efforts towards creating value.

Zorlu Holding carries out corporate social responsibility efforts through MZF.

Zorlu Holding carries out its social responsibility activities for creating lasting social benefit through the Mehmet Zorlu Education, Health, Culture and Solidarity Foundation (“MZF”) established on April 25, 1999.

MZF’s activities are focused on education, culture & arts, and health and social solidarity. Committed to investing in the future of Turkey, MZF has pledged to continuously increase its contribution to youth education, culture & arts and sports.

MZF finances its social responsibility activities using its rent and interest revenues as well as donations from Zorlu Group companies.

MZF offered scholarships to more than 25,000 students to date, including in the 2020-2021 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.

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 in short term as well as medium and long term.



Arzu Pişkinöğlü

Audit General Manager, Zorlu Holding (v.)

Zorlu Holding Audit Department continues to employ an effective, transparent and high-efficiency approach as we work to ensure that company activities are carried out in full compliance with applicable legislation, and as a result, support Zorlu Group in reaching its targets.

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.

Audit General Management went through an organizational change as of 1 July 202. In this respect, tax consultancy previously undertaken by Tax Management was transferred to Financial Affairs Group Management, while Internal Audit Process and Internal Audit Investigation operations, alongside ethics operations, were regrouped under Internal Audit and Ethics Management.

The purpose, powers and responsibilities as well as operating principles and structure for the internal audit activities have been defined by a series of board-approved documents circulated across the Group, such as the “Audit Regulation” and the “Internal Audit Working Principles”.

Internal Audit Activities

Process audit activities are carried out in line with a board-approved, risk-based annual audit program to evaluate the effective and efficient use of resources, compliance to rules (laws, regulations, internal policies and directives), and accuracy, security and reliability of information.

Prior to each audit, internal auditors meet with senior management for a risk assessment, during which the risks that could jeopardize the company’s targets are positioned on a risk matrix based on their potential impact and probability of occurrence.

During audit field work, the effectiveness of internal controls for high-impact and high-probability risks are evaluated through tests. Observation results are shared with company executives in a draft report, which is then detailed with executives’ feedback and delivered to senior management in its final form. As a result, the department provides consultancy services with reasonable

assurance, while offering best practices drawing from synergy within the Group.

One month after the final report, necessary action is taken in line with the 4T approach (Treat, Terminate, Transfer, Tolerate) and reported to the Board of Directors.

During the year, the Internal Audit Department convenes periodically with the companies whose Audit Committee organization is complete, evaluates planned and actual audits, consultancy activities, special audits and other relevant matters for the year ahead, shares findings, reviews action plans and follows up results based on these findings, and reviews plans for the upcoming period.

Zorlu Group supports and encourages the professional development of the members of the Zorlu Group Internal Audit Team, which consists of seven 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 13 employees, with nine Financial Audit personnel and four Tax Audit personnel.

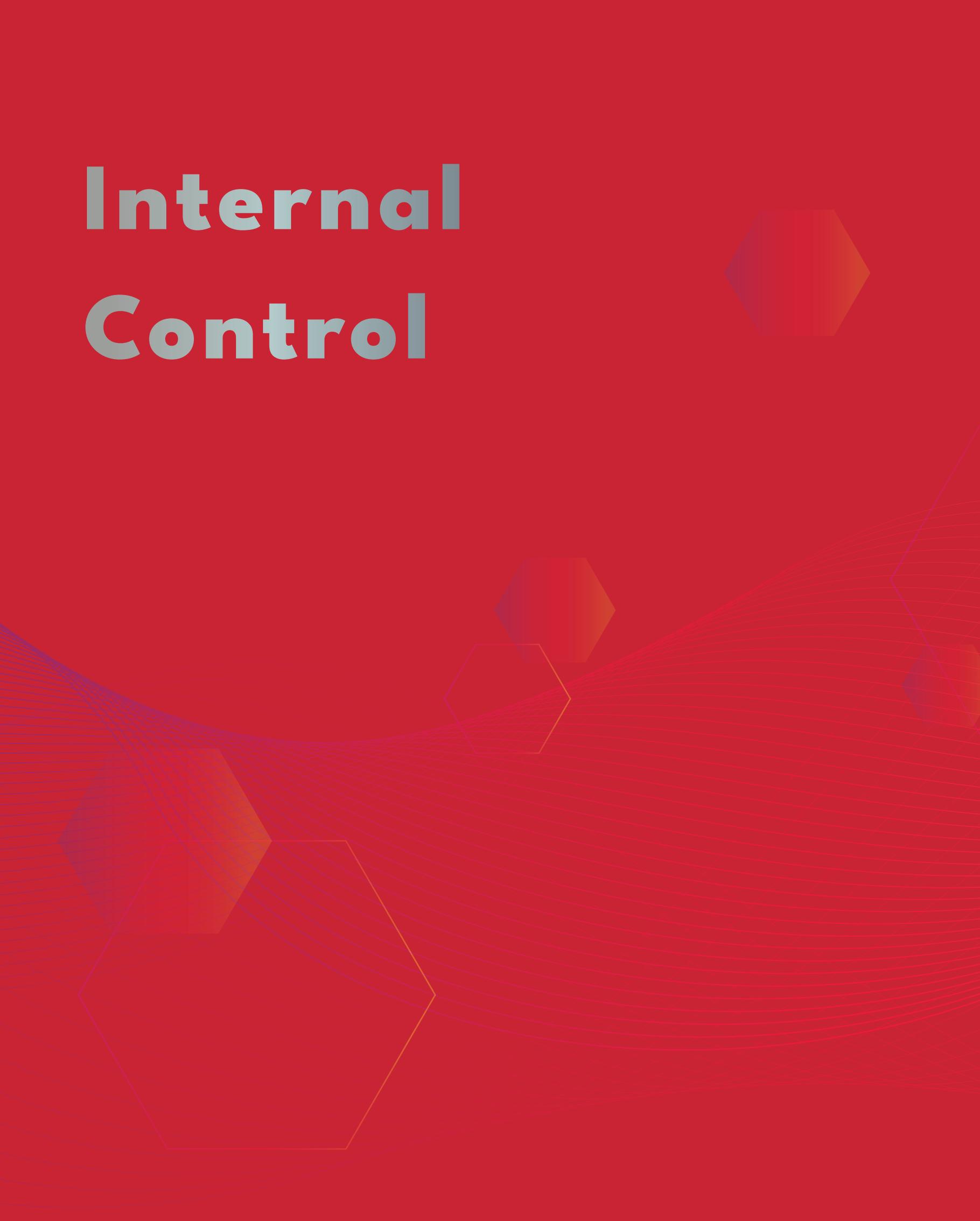
These departments ensure that the Group companies’ balance sheets and income statements used for financial and tax reporting purposes are in conformity with the uniform chart of accounts, tax legislation and audit standards and provide reasonable assurance to the Board of Directors in such areas.

Audit findings are reported to the company executives and senior management.

In addition, The Financial Audit Team reviews the CMB-compliant financial reports of the publicly listed Group companies and shares its comments with the relevant departments.

The Financial Audit Team includes 1 Certified Public Oversight Authority Licensed Auditor and 5 CPAs (Certified Public Accountants) while the Tax Audit Team has 3 CPAs.

Internal Control



Internal Control



We aim to develop processes and internal control systems in corporate management, sustainability and other business targets in Zorlu Group; maintain an efficient risk management across Group companies and strengthen efficient, consistent, technologically assisted process management.



Arzu Pişkinoğlu

Internal Control General Manager, Zorlu Holding

Zorlu Holding Internal Control Department works in line with the Group's strategic goals to effectively and efficiently carry out process and risk management, meet standards, support the entire value chain, develop and sustain internal control systems to enable sharing and disseminating best practices across companies.

Under these activities, we offer active support to our Group companies in areas such as process development, benefiting from information technologies, strengthening their internal control structures, and strengthening their corporate memories. We guide related managers and employees on these matters, and engage in working groups of significant projects to contribute to constant improvements in internal control, risk management and efficiency.

In this respect, and in light of the new ways of doing business, risks and technological requirements associated with the changing business world, we follow a needs- and risks-based plan to contribute to the Group's corporate governance progress and sustainability objectives.

Organization and Activities of the Internal Control Department

Internal control of all Zorlu Group companies is carried out via an organization centrally coordinated under Zorlu Holding.

The restructuring of organizational processes for carrying out internal control activities separately under the Audit and Internal Control Department was completed in 2017. Internal Control Department began operations as an independent unit as of January 1, 2018.

While internal control activities are coordinated centrally, the Internal Control Department features teams responsible for the internal control of specific sectors and companies; some of these teams work on the field, and have overlapping organizations.

The purpose, powers and responsibilities as well as operating principles and structure of the Internal Control Department have been defined by a series of documents such as the “Internal Control Regulation” and the “Internal Control Manual” and shared with the relevant directors.

Mission of the Internal Control Department is to establish and maintain an internal control system to ensure efficient, effective, integrated and consistent risk management at Group companies in line with pre-set targets, and to share, disseminate and promote best practices across companies.

The Internal Control Department assists in identifying areas of improvement in existing processes and the internal control system as well as the action to be taken in this context, utilizing information technologies in the aforementioned activities, implementing the specified actions, and monitoring their progress on a regular basis. 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 01.01.2021 - 31.12.2021.

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 2021.

Corporate Title:	Arılar Bağımsız Denetim ve Yeminli Mali Müşavirlik AŞ
Fiscal Year:	01.01.2021 - 31.12.2021
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.

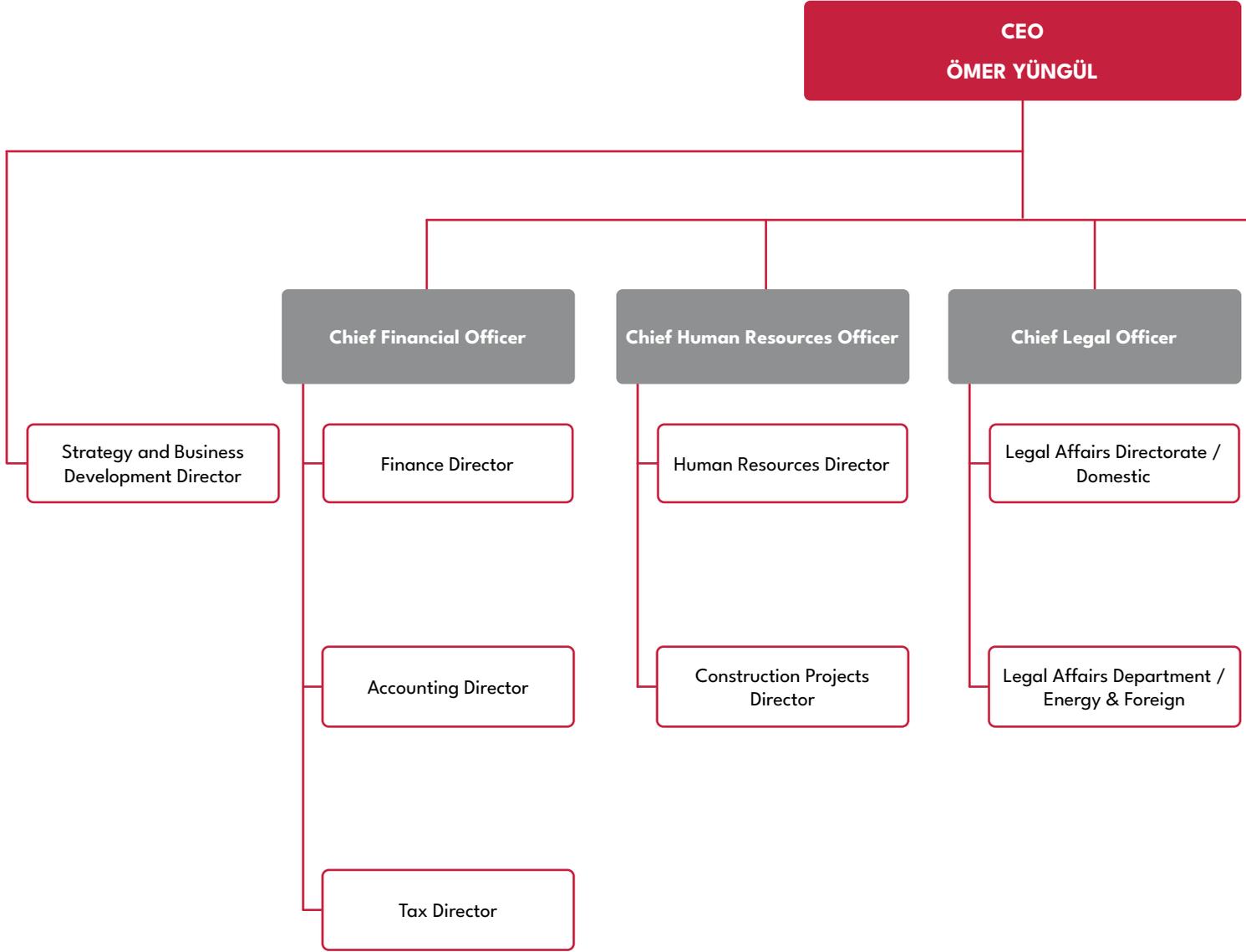
Shareholding Structure and Capital Distribution

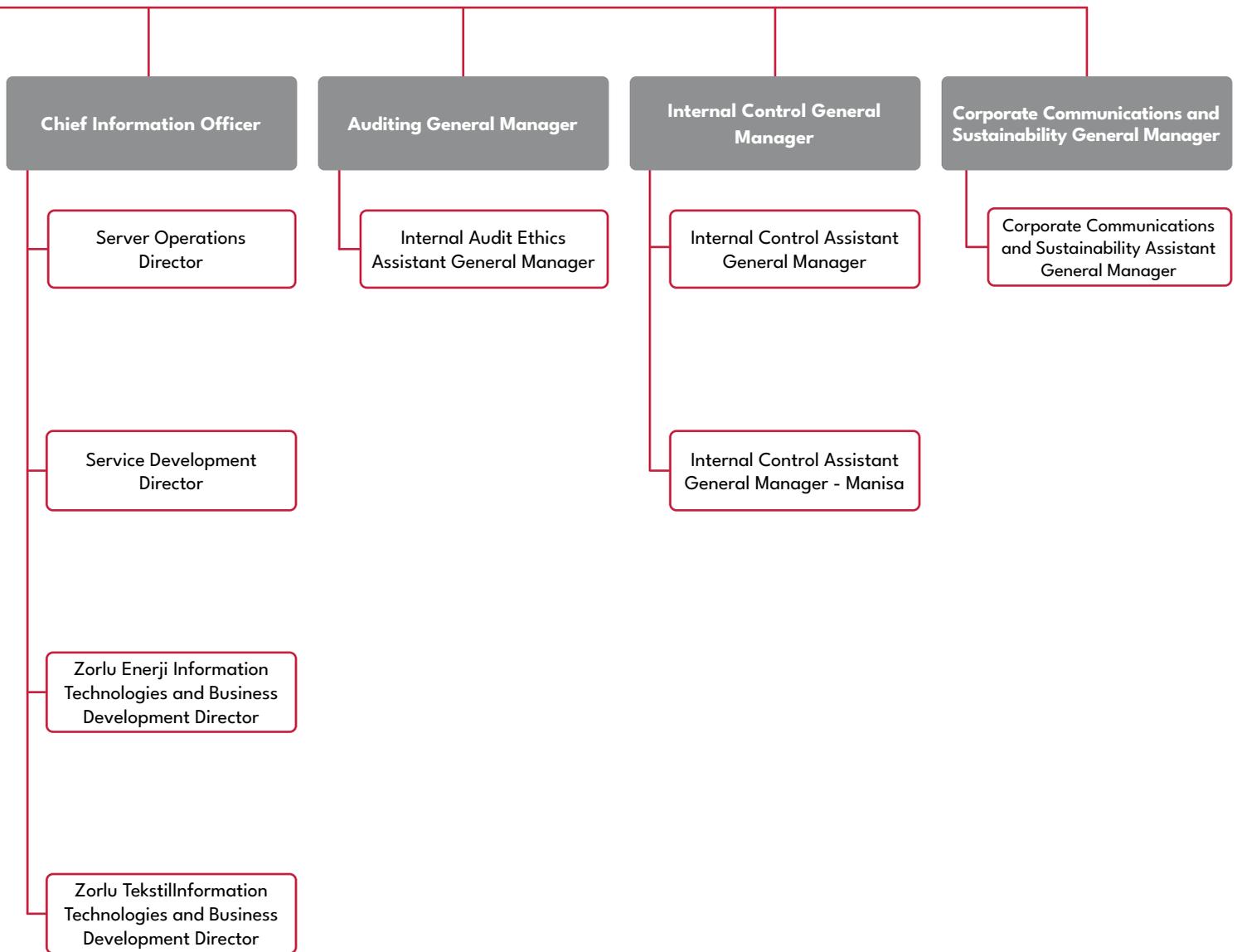
Shareholders	Number of Shares	Nominal Value of Shares (TL)	Share in Capital (%)
Zeki ZORLU	498.750.000	498.750.000,00	15
Ahmet Nazif ZORLU	1.529.500.000	1.529.500.000,00	46
Olgun ZORLU	1.064.000.000	1.064.000.000,00	32
Türkan ZORLU	33.250.000	33.250.000,00	1
Zülal ZORLU	33.250.000	33.250.000,00	1
Selen ZORLU MELİK	33.250.000	33.250.000,00	1
Fatma Şehenaz ÇAPKINO/LU	33.250.000	33.250.000,00	1
Şehminur AYDIN	33.250.000	33.250.000,00	1
Mehmet Emre ZORLU	33.250.000	33.250.000,00	1
Şule CÜMBÜŞ	33.250.000	33.250.000,00	1
TOTAL	3.325.000.000	3.325.000.000,00	100

The company's capital is divided into 3,325,000,000 shares each with a par value of TL 1 and all shares are registered.

The company does not have any preferential shares.

Zorlu Holding AŞ - Organization Chart





Additional Disclosures 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 2021 fiscal period. The aforementioned individuals received a total of TL 37.496.113,21 as compensation, and a total of TL 481.964,57.- was spent for their insurance expenses.

3. THE COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES

None.

4. 2021 ACTIVITIES

Participation in Capital Increase in 2021

Company Name	Increased Capital	Amount of Increase (TL)	Participated Number of Shares	Share Ratio (%)
Rosmiks LLC	RUB 14.685.985.744,04	2.541.116.113,29 TL		100
Zorlu International Investments Ltd.	CHF 540.000.000,00	7.004.659.169,38 TL	131.998	99,99
Zorlu Enerji Elektrik Üretim AŞ	TL 500.000.000,00	306.436.496,00 TL	153.218.248.183	61,29
Trakya Bölgesi Doğal Gaz Dağıtım AŞ	TL 367.500.000,00	36.750.000,00 TL	6.350.000	10
Zorlu Air Havacılık AŞ	60.000.000,00 TL	60.000.000,00 TL	189.000	100

Participation in Capital Decrease in 2021

Company Name	Decreased Capital	Amount of Decrease (TL)	Participated Number of Shares	Share Ratio (%)
Zorlu International Investments Ltd.	CHF 540.000.000,00	7.004.659.169,38 TL	131.998	99,99

Share Purchases in 2021

Company Name	Nominal Value of Shares Purchased (TL)	Number of Shares Purchased	Ratio of Shares Purchased in Capital (%)
Rosmiks LLC	TL 7,03	1	100
Zorlu Azerbaijan Ltd. Şti.	TL 496,80	100	100

Share Sales in 2021

Company Name	Nominal Value of Shares Sold (TL)	Number of Shares Sold	Ratio of Shares Sold in Capital (%)
Vestel Elektronik Sanayi ve Ticaret AŞ	9.400.000,00	9.400.000	2,81
Zorlu Enerji Elektrik Üretim AŞ	50.000.000,00	5.000.000.000	1,14
Passtel Gıda ve İht. Mad. Paz. İnş. Müh. Turz. San. ve Tic. AŞ	20.000.000,00	20.000.000	100

Shares Transferred and Taken Over in 2021

Company Name	Nominal Value of Shares (TL)	Share Ratio (TL)	Share Ratio (%)	Number of Transferred Shares
Zorlu Tekstil Ürünleri Pazarlama AŞ	1.900.000,00	1.900.000,00	100	1.900.000

Company Name	Nominal Value of Shares (TL)	Share Ratio (TL)	Share Ratio (%)	Number of Transferred Shares
Zorlu Faktoring AŞ	1.232.921,03	1.232.921,03	0,95	1.232.921,03
Zorlu Enerji Elektrik Üretim AŞ	27.174.196,24	27.174.196,24	1,36	2.717.419.621
Passtel Gıda ve İht. Mad. Paz. İnş. Müh. Turz. San. ve Tic. AŞ	20.000.000,00	20.000.000,00	100	20.000.000

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 2021 fiscal year.

Disclosure on Special and Public Audits During the Fiscal Year

No special or public audit was made in the Company during the 2021 fiscal year.

Compliance/Non-Compliance with General Assembly Resolutions

All resolutions taken at the 2020 Ordinary General Assembly were complied with during the 2021 fiscal period.

Additional Disclosures as per the Legislation

5. FINANCIAL SITUATION

Board of Directors' Statement Concerning an Assessment of the Company's Capital Adequacy and/or Insolvency

According to the calculations based on the ratios specified in article 376 of the Turkish Commercial Code, the company is not insolvent.

Financial Ratios

A. FINANCIAL STATEMENT

31.12.2021

Current Assets/Total Assets	25%
Fixed Assets/Total Assets	75%
Short-Term Liabilities/Total Liabilities	50%
Long-Term Liabilities/Total Liabilities	38%
Equity Capital/Total Liabilities	11%

B. LIQUIDITY RATIOS

31.12.2021

Current Rate	50%
Liquidity Rate	31%

C. PROFITABILITY RATIOS

01.01.2021-31.12.2021

Gross Profit Margin	25%
EBITDA Margin	19%
Net Period Profit (Cost)*/Paid-in Capital	(575%)
Net Period Profit (Cost)*/Sales	(%36)

*Net period cost

Profit Distribution Proposal

No contingency reserves will be made as the year 2021 resulted in loss.

6. MANDATORY PARENT COMPANY DISCLOSURES IN CORPORATE GROUPS

Corporations Involved in Consolidation	Ratio
Vestel Beyaz Eşya Sanayi ve Ticaret AŞ	52,60%
Cabot Communications Limited	57,80%
Nemrut Jeotermal Elektrik Üretimi AŞ	59,10%
ZJ Strong Energy for Renewable Energy Ltd. Co.	59,10%
Intertechnika LLC	63,60%
Vestel Elektronik Sanayi ve Ticaret AŞ	63,70%
Vestel Komünikasyon Sanayi ve Ticaret AŞ	63,70%
Vestel Ticaret AŞ	63,70%
Vestel CIS Limited	63,70%
Vestel Iberia SL	63,70%
Vestel France SA	63,70%
Vestel Holland BV	63,70%
Vestel Germany GmbH	63,70%
Vestel UK Limited	63,70%
Vestek Elektronik Araştırma Geliştirme AŞ	63,70%
Vestel Trade Limited	63,70%
Vestel Poland sp. z.o.o.	63,70%
Vestel Central Asia LLP	63,70%
Vestel Elektronik Shangai Trading Co. Ltd	63,70%
Vestel Elektronik Gulf DMC	63,70%
Vestel Electronica SRL	63,70%
Trakya Bölgesi Doğal Gaz Dağıtım AŞ	70,92%
Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ	70,92%
ABH Turizm Temsilcilik ve Ticaret AŞ	75,00%
Zorlu Wind Pakistan (Private) Limited	78,60%
Zorlu Enerji Elektrik Üretim AŞ	78,80%
Rotor Elektrik Üretim AŞ	78,80%

Additional Disclosures as per the Legislation

Corporations Involved in Consolidation (Continued)

Ratio

Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	78,80%
Zorlu Enerji Pakistan Limited	78,80%
Zorlu Doğal Elektrik Üretimi AŞ	78,80%
Zorlu Solar Enerji Tedarik ve Ticaret AŞ	78,80%
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret AŞ	78,80%
Zorlu Osmangazi Enerji Sanayi ve Ticaret AŞ	78,80%
Zorlu Enerji İsrail Ltd.	78,80%
Zorlu Enerji Dağıtım AŞ	78,80%
ZES Dijital Ticaret AŞ	78,80%
ZES B.V.	78,80%
Electrip Araç Kiralama Ticaret AŞ	78,80%
Zorlu Yenilenebilir Enerji AŞ	78,80%
Zorlu Trade Elektrik Toptan Satış AŞ	78,80%
Zorlu Osmangazi Enerji Sanayi ve Ticaret AŞ	78,80%
Osmangazi Elektrik Dağıtım AŞ	78,80%
Osmangazi Elektrik Perakende Satış AŞ	78,80%
Zorlu Doğal Gaz Tedarik Ticaret AŞ	78,80%
Meta Nikel Kobalt Madencilik Sanayi AŞ	81,90%
Zorluteks D.O.O.	83,00%
Zorlu Doğalgaz İthalat İhracat ve Toptan Ticaret AŞ	99,00%
Zorlu Yapı Yatırım AŞ	99,20%
Zorlu O/M Enerji Tesisleri İşletme ve Bakım Hizmetleri AŞ	100,00%

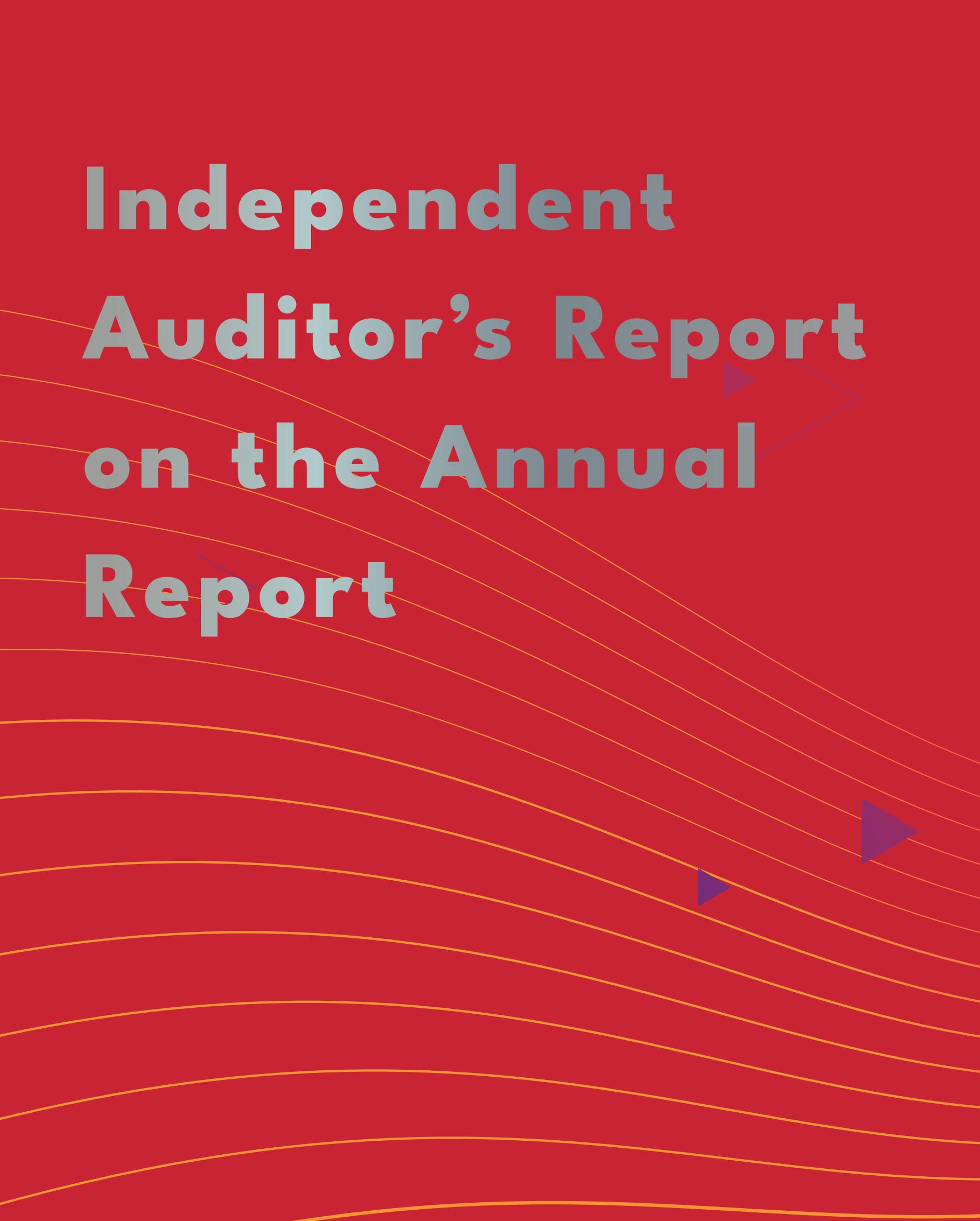
Corporations Involved in Consolidation (Continued)

	Ratio
Rosmiks International B.V.	100,00%
Rosmiks LLC	100,00%
Zorlu Doğal Gaz Petrokimya Ürünleri Petrol İnşaat Sanayi ve Ticaret AŞ	100,00%
Korteks Mensucat Sanayi ve Ticaret AŞ	100,00%
Zorluteks Tekstil Ticaret ve Sanayi AŞ	100,00%
Zorlu Dış Ticaret AŞ	100,00%
Zorluteks SNG	100,00%
Zorlu UK Limited	100,00%
Zorlu Air Havacılık AŞ	100,00%
Linens Tekstil Ürünleri Pazarlama AŞ	100,00%
Zorlu International Investments Limited	100,00%
Zorlu Faktoring AŞ	100,00%

Subsidiaries Excluded from Consolidation Based on the Principle of Significance

	Ratio
Zorlu East Co. Trading Company	99,00%
Hometeks Tekstil Ürünleri Sanayi ve Ticaret AŞ	100,00%
Vestel Ventures Arge AŞ	100,00%
ZFS Zorlu Finansal Services PLC	100,00%
Zorlu Azerbaijan Ltd. Şti.	100,00%
Zorlu Ventures USA, Inc	100,00%
Zorlu USA, Inc	100,00%

Independent Auditor's Report on the Annual Report

The background features a series of wavy, horizontal lines in a light yellow color. Three purple arrows are positioned on the right side, pointing to the right. One arrow is located near the top right, another is in the lower right, and a third is further down and to the left.



Independent Auditor's Report on the Board of Directors' Annual Report

To The General Assembly of Zorlu Holding A.Ş.

1) Opinion

As we have audited the full set consolidated financial statements of Zorlu Holding A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 1 January 2021–31 December 2021, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 1 January 2021 – 31 December 2021 in our Auditor's Report dated 24 May 2022.

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting:

- a. Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly.
- b. Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c. The annual report also includes the matters stated below:

- The significant events occurred in the Group's activities subsequent to the financial year ends,
- The Group's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

The engagement partner on the audit resulting in this independent auditor's report is Şerif ARI.

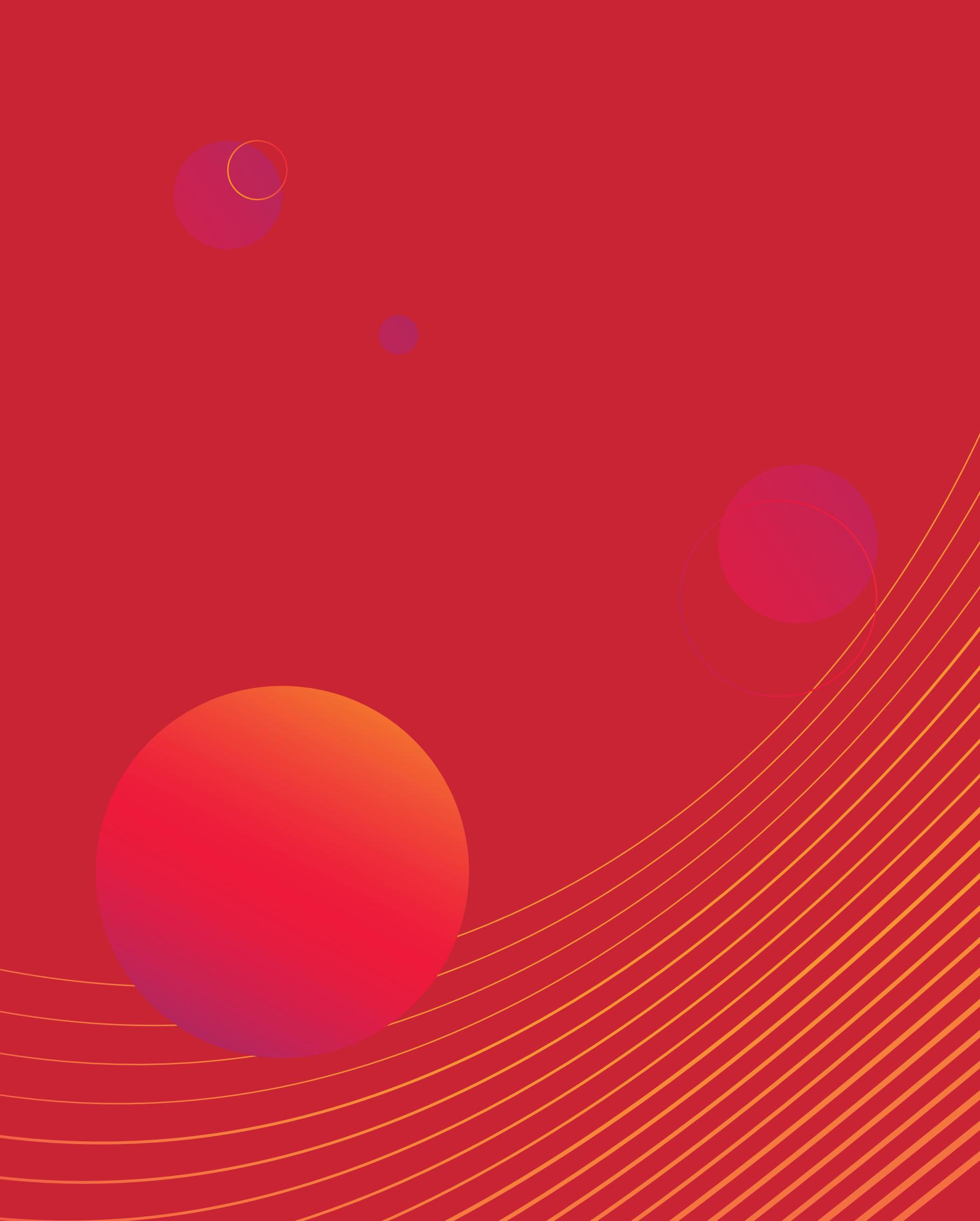
Arılar Bağımsız Denetim ve YMM A.Ş.
A member of Nexia International

Şerif ARI
Partner

Bursa, 24 May 2022

Consolidated Financial Statements and Independent Auditor's Report





Independent Auditor's Report

To the General Assembly of Zorlu Holding A.Ş. Istanbul – Turkey

REPORT ON THE AUDIT OF 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 2021, 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 Zorlu Holding A.Ş. as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

2) Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter – 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 2021, the consolidated short term assets of the Group amounted to TL 33.925.330 thousand (31.12.2020 – TL 21.765.126 thousand) and the consolidated current liabilities to TL 68.269.479 thousand (31.12.2020 – TL 44.531.594 thousand); the consolidated net loss for the year ending as of the same date was TL 19.122.713 thousand (31.12.2020 – loss TL 6.112.822 thousand). The net loss of TL 19.122.713 thousand resulted entirely from net losses on foreign exchange amounting to TL 20.549.905 thousand.

The consolidated shareholders' equity of the Group as of 31 December 2021 gave a positive balance of TL 15.230.382 thousand (31.12.2020 – TL 7.897.611 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.

Financial statements of Meta Nikel Kobalt Madencilik Sanayi A.Ş., a subsidiary of the Group, dated 31.12.2021 have been audited by another independent audit firm, it did not fulfill some of the conditions specified in the loan agreement with T.C Ziraat Bankası A.Ş. and USD 287.263 thousand of its borrowings were not classified from long-term borrowings to short-term borrowings. In accordance with TAS 1 “Presentation of financial statements”, qualified opinion has been given in the independent audit report, since it does not have an unconditional right to defer its payment for at least twelve months after 31.12.2021.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

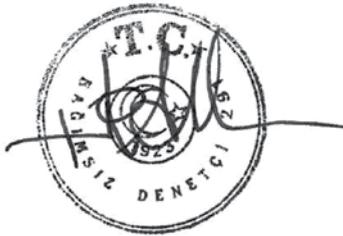
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Arılar Bağımsız Denetim ve YMM A.Ş.

A member of Nexia International



Şerif ARI
Partner

Bursa, 25 Mayıs 2022

Consolidated Statements of Financial Position at 31.12.2021 and 31.12.2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Assets	Note	31.12.2021	31.12.2020
Current assets			
Cash and cash equivalents	5	4.781.841	5.004.714
Investment securities	7	1.148.430	303.185
Trade receivables			
-Related parties	34	887.709	314.815
-Third parties	8	9.630.287	7.265.950
Receivables from finance sector operations			
-Other trade receivables from finance sector operations	9	10.563	207.349
Other receivables			
-Related parties	34	864.866	204.720
-Third parties	12	1.058.472	687.076
Receivables from service concession arrangements	13	694.125	349.605
Inventories	16	12.954.041	6.474.460
Prepaid expenses			
-Related parties	34	258	20
-Third parties	10	810.177	361.053
Current income tax assets		17.602	5.882
Derivative financial instruments	11	369.261	119.483
Other current assets			
-Third parties	14	697.698	466.814
Total current assets		33.925.330	21.765.126
Non-current assets			
Trade receivables			
-Third parties	8	81.616	72.745
Other receivables			
-Related parties	34	6.513.329	3.742.717
-Third parties		285.351	116.834
Investment in associate	6	1.847.673	796.495
Investment securities	7	19.070.752	11.681.288
Receivables from service concession arrangements	13	3.331.766	2.534.191
Mining assets		283.440	123.565
Contract assets	15	19.377	79.639
Property, plant and equipment	17	63.123.231	35.927.270
Intangible assets	18	2.960.062	2.746.802
Right of assets	19	417.673	293.135
Prepaid expenses			
-Third parties	10	1.110.428	398.299
Other non-current assets			
-Third parties	14	133.162	129.981
Deferred tax asset	25.b	2.508.035	1.508.957
Total non-current assets		101.685.895	60.151.918
Total assets		135.611.225	81.917.044

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position at 31.12.2021 and 31.12.2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Liabilities and equity	Note	31.12.2021	31.12.2020
Current liabilities			
Financial liabilities	20	40.040.873	27.191.090
Trade payables			
-Related parties	34	552.263	110.899
-Third parties	22	19.575.830	10.668.754
Payables from finance sector operations			
-Other trade payables from finance sector operations	21	170.842	187.693
Employee benefit obligations		320.984	274.671
Other payables			
-Related parties	34	1.038.623	2.213.517
-Third parties		1.655.451	1.080.668
Deferred income			
-Related parties	34	266	44
-Third parties	10	1.042.816	481.912
Derivative financial instruments	11	645.516	453.990
Taxation on income	25	531.889	320.768
Short term provisions			
-Provision for employee benefits	24	75.010	49.036
-Other provisions	24	1.337.441	793.218
Other liabilities			
-Third parties	23	1.281.675	705.334
Total current liabilities		68.269.479	44.531.594
Non-current liabilities			
Financial liabilities	20	41.847.257	25.938.697
Trade payables			
-Third parties	22	181.003	64.787
Other payables			
-Related parties	34	4.212.413	36.864
-Third parties		330.528	288.262
Deferred income			
-Third parties		2.435	19.532
Derivative financial instruments	11	253.321	352.149
Long term provisions			
-Provision for employee benefits	26	661.955	429.964
-Other provisions	24	109.999	87.758
Other non-current liabilities			
-Third parties	23	19	19
Deferred tax liability	25	4.512.434	2.269.807
Total non-current liabilities		52.111.364	29.487.839
Equity			
Share capital	27.a	3.325.000	3.325.000
Adjustments to share capital	27.b	446.109	446.109
Share premium		1.140	2.707
Other comprehensive income/(expense) not to be reclassified to profit or loss			
-Revaluation reserves	27.c	28.384.293	13.376.542
-Actuarial gain/loss arising from defined benefit plans		(183.559)	(96.137)
Other comprehensive income/(expense) to be reclassified to profit or loss			
-Cash flow hedge fund	27.d	(5.835.866)	(3.114.230)
-Translation reserve		20.471.015	10.557.400
Restricted reserves	27.e	28.331	233.945
General reserves	28	(18.209.329)	(13.370.198)
Net loss for the year		(19.797.929)	(6.676.052)
Equity attributable to owners of the parent		8.629.205	4.685.086
Non-controlling interests		6.601.177	3.212.525
Total equity		15.230.382	7.897.611
Commitments and contingencies	29	--	--
Total liabilities and equity		135.611.225	81.917.044

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Profit or Loss for the Years Ended 31.12.2021 and 31.12.2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	Note	01.01.- 31.12.2021	01.01.- 31.12.2020
Revenue	4	52.501.348	35.571.591
Cost of sales (-)	4	(39.358.301)	(26.735.035)
Gross profit		13.143.047	8.836.556
Marketing and selling expenses (-)		(3.861.005)	(2.624.343)
General and administrative expenses (-)		(2.076.796)	(1.607.024)
Other income		1.797.790	547.463
Other expense (-)	31	(954.966)	(498.621)
Share of gain of associates		119.121	(15.942)
Operating profit		8.167.191	4.638.089
Financing income	32	11.083.033	6.018.101
Financing expense (-)	33	(39.000.382)	(16.644.425)
Loss before taxation		(19.750.158)	(5.988.235)
Current tax charge		(210.547)	(223.436)
Deferred tax income/(expense)		837.992	98.849
Taxation on income/(expense)		627.445	(124.587)
Net loss for the year		(19.122.713)	(6.112.822)
Profit/(loss) attributable to:			
Equity holders of the Parent		(19.797.929)	(6.676.052)
Non-controlling interests		675.216	563.230

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income for the Years Ended 31.12.2021 and 31.12.2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

		01.01.-31.12.2021	01.01.-31.12.2020
Net loss for the year		(19.122.713)	(6.112.822)
Other comprehensive income/(expense) not to be reclassified to profit/(loss)			
- Actuarial losses	26	(162.173)	(81.446)
- Revaluation of property, plant and equipment		22.586.485	9.711.354
- Tax effect		(3.042.944)	(1.295.767)
		19.381.368	8.334.141
Other comprehensive income/(expense) to be reclassified to profit/(loss)			
- Cumulative losses on cash flow hedging		(4.368.488)	(1.586.884)
- Translation differences		10.249.412	3.388.428
- Tax effect		873.698	317.377
		6.754.622	2.118.921
Total comprehensive income/(loss) for the year		7.013.277	4.340.240
Net profit/(loss) attributable to:			
Equity holders of the Parent		4.036.136	3.403.207
Non-controlling interests		2.977.141	937.033

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity for the Years Ended 31.12.2021 and 31.12.2020

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	Paid in capital	Adjustments to share capital	Share premium	Other comprehensive income/(expense) not to be reclassified to profit or loss				Retained earnings			Equity holders of the parent	Non-controlling interests	Total equity
				Revaluation reserve	Actuarial gain/loss arising from defined benefit plans	Cash flow hedge fund	Other comprehensive income/(expense) to be reclassified to profit or loss	Restricted reserve	General reserves	Net loss for the year			
Balance at 01.01.2020	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)
Merger effect of Intermar Ticaret Pazarlama Turizm Sanayi A.Ş.	--	--	418	--	--	--	--	--	(2.492)	--	(2.074)	--	(2.074)
Transfer to restricted reserves	--	--	--	--	--	--	--	(47.949)	47.949	--	--	--	--
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 subsidiary	--	--	--	(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
Transfer to accumulated deficit	--	--	--	(963.452)	--	--	--	--	(5.712.600)	6.676.052	--	--	--
Transfer to restricted reserves	--	--	--	--	--	--	--	(198.154)	198.154	--	--	--	--
Dividend paid to minority interest	--	--	--	--	--	--	--	--	--	--	--	(1.014.286)	(1.014.286)
Total comprehensive income	--	--	--	16.809.225	(96.338)	(2.844.029)	9.965.207	--	--	(19.797.929)	4.036.136	2.977.141	7.013.277
Transactions with non-controlling interests	--	--	(1.567)	(838.022)	8.916	122.393	(51.592)	(7.460)	675.315	--	(92.017)	1.425.797	1.333.780
Balance at 31.12.2021	3.325.000	446.109	1.140	28.384.293	(183.559)	(5.835.866)	20.471.015	28.331	(18.209.329)	(19.797.929)	8.629.205	6.601.177	15.230.382

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows for the Years Ended 31.12.2021 and 31.12.2020

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

	Note	01.01.- 31.12.2021	01.01.- 31.12.2020
Net loss for the year		(19.122.713)	(6.112.822)
Depreciation of property, plant and equipment	17,19	2.694.087	1.690.478
Amortization of intangible assets	18	263.734	229.086
Profit on sale of property, plant and equipment		(122.301)	(81.790)
Loss on sale of property, plant and equipment	31	36.386	19.156
Provision for employee termination benefits	26	40.076	51.612
Provision for doubtful receivables, net	8	(17.411)	68.171
Provision for (release from) diminution of inventories, net	16	7.570	(1.903)
Other provisions, net	24	592.438	118.466
Losses (gains) on derivative financial instruments, net		906.859	267.597
Interest expense	31, 33	7.083.201	4.543.490
Interest income		(1.177.072)	(1.270.278)
Investment in associate		(119.121)	15.942
Unearned interest on receivables	33	--	17.083
Unearned interest on payables		(16.929)	--
Unrealised Foreign Exchange Losses (Gains)		(30.417.494)	918.277
Merger effect of Intermar Ticaret Pazarlama Turizm Sanayi A.Ş.		--	(2.074)
Adjustments to the tax expense/income		(627.445)	124.587
Net cash generated from operating activities before changes in operating assets and liabilities		(39.996.135)	595.078
Changes in trade receivables		(2.767.276)	(2.639.845)
Changes in inventories		(6.514.778)	(1.014.561)
Changes in other receivables		(539.913)	(26.539)
Changes in other assets		(1.631.417)	23.742
Changes in contract assets		60.262	79.639
Changes in trade payables		9.481.587	1.919.263
Changes in other payables		600.198	288.763
Changes in other liabilities		622.654	396.784
Changes in deferred income		544.029	104.727
Changes in prepaid expenses		(1.161.491)	(220.346)
Employee termination paid	26	(49.386)	(37.596)
Taxes paid		(323.287)	(198.811)
Net cash generated from operating activities		(41.674.953)	(729.702)
Cash flows from investing activities			
Cash inflows related to sales resulting subsidiary control loss.		--	249.157
Purchases of property, plant and equipment	17	(2.280.533)	(1.567.543)
Purchases of mining assets		(59.586)	(6.810)
Purchases of intangible assets	18	(523.754)	(310.819)
Proceeds from sale of property, plant and equipments		174.734	333.643
Proceeds from sale of intangible assets		60.477	38.999
Transactions with non-controlling interests		1.333.780	724.685
Net cash used in investing activities		(1.294.882)	(538.688)
Cash flows from financing activities			
Proceeds from borrowings		94.682.293	32.492.167
Repayments of borrowings		(37.976.904)	(26.691.611)
Changes in investment securities		(9.166.766)	(3.482.385)
Payment of settlement of derivatives		(5.432.428)	(1.534.879)
Changes in other receivables from related parties		(3.430.758)	(820.540)
Changes in other payables to related parties		3.000.655	432.433
Interest received		1.177.072	1.270.278
Interest paid		(7.023.323)	(4.493.511)
Payments of lease liabilities		(316.921)	(166.871)
Dividend paid to non-controlling interests		(1.014.286)	(9.601)
Net cash generated from financing activities		34.498.634	(3.004.520)
Translation differences		8.202.123	5.015.015
Net change in cash and cash equivalents		(269.078)	742.105
Cash and cash equivalents at beginning of year		4.884.941	4.142.836
Cash and cash equivalents at end of year	5	4.615.863	4.884.941

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(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.

Zorlu Holding A.Ş. and its subsidiaries (the “Group”) is made up of Zorlu Holding A.Ş., in which Zorlu Holding A.Ş. owns a majority shareholding and/or effectively controls their management.

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/Istanbul- Turkey.

Nature of activities of the Group

The Group is organized into four major production divisions given below;

1.1 Energy division

The purpose of the investment in this sector is to meet the electricity requirement of Zorlu Group facilities and other industrial companies common to the autoproducer group.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(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 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 construction services	Turkey
Rosmiks International B.V.	Financial services	Netherlands
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.	Leasing vehicle and supply of related software and equipment	Turkey
ZES B.V.	Electric charging station sales, installation and operation	Netherlands
Zorlu Yenilenebilir Enerji A.Ş.	Power plant installation, operation and other	Turkey
Zorlu Trade Elektrik Toptan Satış A.Ş.	Electricity trading, wholesale and purchase of electricity	Turkey

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(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	Netherlands
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 Electronics Gulf DMC	Sales	UAE

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(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 have been prepared in accordance with the International Financial Reporting Standards (“IFRS”), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

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. These financial statements are based on the statutory records, which are maintained under historical cost conversion, with required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the IAS/IFRS.

Financial statements of subsidiaries operating in foreign countries are prepared according to the legislation of the country in which they operate and adjusted to the IAS/IFRS to reflect the proper presentation and content. Foreign subsidiaries’ assets and liabilities are translated into TL from the foreign exchange rate at the balance sheet date and income and expenses are translated into TL at the average foreign exchange rate. Exchange differences arising from the translation of the operating net assets of the foreign undertakings and differences between average and balance sheet date rates are included in “currency translation differences” under the shareholders’ equity.

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

New standards, amendments and interpretations issued and effective for the financial year beginning 31 December 2021

The accounting policies taken as basis in the preparation of the consolidated financial statements for the accounting period ending as of 31.12.2021 are summarized below, consistent with those used in the previous year, except for the new and amended International Accounting Standards (“IAS”)/IFRS and IAS/IFRS interpretations valid as of 01.01.2021 has been applied. The effects of these standards and interpretations on the consolidated financial position and performance of the Group are explained in the relevant paragraphs.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

As of 31.12.2021, the new standards in force and the changes and comments made to the previous standards

Changes in IFRS 7 and IFRS 16 - Benchmark interest rate reform Phase 2; It is valid for annual reporting periods starting on or after 01.01.2021. These Phase 2 amendments address issues arising from the implementation of reforms, including replacing a benchmark interest rate with an alternative. Phase 2 changes provide temporary additional ease in applying certain IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by the IBOR reform. This change has no impact on the consolidated financial position and performance of the Group.

Standards and amendments and interpretations that are issued but not effective as at 31.12.2021

Amendments to IFRS 16 “Leases - COVID 19 Lease Concessions” extending the facilitating application; As of March 2021, this change has been extended until June 2022 and is effective from April 1, 2021. Due to the COVID-19 outbreak, some concessions were provided to tenants in rent payments. These concessions can take various forms, including suspending or deferring rental payments. With the amendment published in IFRS 16 Leases standard on May 28, 2020, IASB introduced an optional facilitating practice for the lessees to evaluate whether the privileges granted due to COVID-19 in the lease payments are a change in the lease. Lessees may choose to account for such lease concessions in accordance with the terms that would apply in the absence of a lease modification. This ease of application often causes the lease concession to be recognized as a variable lease payment during periods when the event or condition that triggers the reduction in lease payments occurs.

TAS 1, the amendment of the “Presentation of financial statements” standard regarding the classification of liabilities; The effective date has been postponed to the annual reporting periods beginning on or after 1 January 2024. These narrow changes made in TAS 1, “Presentation of financial statements” standard, explain that liabilities are classified as current or non-current, depending on the rights available at the end of the reporting period. The classification is not affected by events after the reporting date or by the entity’s expectations (for example, the acquisition of a concession or breach of contract).

The amendment also clarifies what IAS 1 means to “pay” an obligation.

Narrow amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements to IFRS 1, IFRS 9, IAS 41 and IFRS 16; It is valid for annual reporting periods starting on or after 01.01.2022.

- **Amendments to IFRS 3 “Business combinations”;** this amendment updates a reference to the Conceptual Framework for Financial Reporting in IFRS 3 without changing the accounting requirements for business combinations.
- **Amendments to IAS 16 “Tangible fixed assets”;** prohibits a company from deducting revenue from the sale of manufactured products from the amount of tangible assets until the asset is ready for use. Instead, the company will recognize such sales proceeds and the associated cost in profit or loss.
- **Amendments to IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”** this change specifies what costs the company will include when deciding whether to incur losses from a contract.

Annual improvements make minor changes to the illustrative examples of IFRS 1 “International Financial Reporting Standards”, IFRS 9 “Financial Instruments”, IAS 41 “Agricultural Activities” and IFRS 16.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Narrow changes in IAS 1, Application Statement 2 and IAS 8, Effective for annual reporting periods beginning on or after 1 January 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

IAS 12, Amendment to deferred tax on assets and liabilities arising from a single transaction, Effective for annual reporting periods beginning on or after 1 January 2023. These amendments require deferred tax recognition on transactions that cause equal amounts of taxable and deductible temporary differences when first recognized by companies.

These changes are not expected to have a significant impact on the Group's consolidated financial position and performance.

2.4 Comparable financial information and reclassification of prior period financial statements

The financial position with the accompanying notes as of 31.12.2021 and 31.12.2020 and statement of comprehensive income, cash flow and changes in equity with the accompanying notes as of 31.12.2021 and 31.12.2020 are presented as comparatively. For the compatibility of the current consolidated financial statements, these consolidated financial statements are reclassified if necessary, and material differences are disclosed.

- Payables amounts to TL 4.433 in short-term other payables to third parties and TL 17.503 in long-term other payables in the Group's consolidated statement of financial position as of 31 December 2020 are reclassified to short-term financial liabilities and long-term financial liabilities, respectively.
- Construction in progress related to OEDAŞ amounts to TL 79.639 in tangible assets in the Group's consolidated statement of financial position as of 31 December 2020 are reclassified to other contract assets.
- TL 61.738 of the investment inventories related to electricity and natural gas distribution segment amounts to TL 83.588 in tangible assets in the Group's consolidated statement of financial position as of 31 December 2020 is reclassified to inventories and remaining portion of TL 21.850 is reclassified to other current assets.
- Short term other receivables from related parties amounts to TL 3.066 in the Group's consolidated statement of financial position as of 31 December 2020, is reclassified to short term other receivables from third parties.
- Long term other receivables from related parties amounts to TL 102.395 in the Group's consolidated statement of financial position as of 31 December 2020, is reclassified to long term other receivables from third parties.

2.5 Restatement and errors in the accounting estimates

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If the changes in accounting estimates only apply to one period, then they are applied in the current period in which the change occurred; if the changes also apply to future periods, they are applied in both the period of change and in the future periods, prospectively.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

2.6 Critical accounting estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS 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 31.12.2021, 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 2021

(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 2021

(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 2021 and 31 December 2020, 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 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Consolidated company	31.12.2021		31.12.2020	
	Ownership interest	Economic interest	Consolidated company	Ownership interest
Zorlu Enerji Elektrik Üretim A.Ş.	78,8%	78,8%	80,8%	80,8%
Rotor Elektrik Üretim A.Ş.	100,0%	78,8%	100,0%	80,8%
Zorlu Jeotermal Enerji Elektrik Üretimi A.Ş.	100,0%	78,8%	100,0%	80,8%
Zorlu Enerji Pakistan Limited	100,0%	78,8%	100,0%	80,8%
Zorlu Wind Pakistan (Private) Limited ⁽⁵⁾	99,7%	78,6%	99,7,0%	80,5%
Zorlu Solar Pakistan (Private) Ltd.	--	--	100,0%	80,5%
Zorlu Doğal Elektrik Üretimi A.Ş.	100,0%	78,8%	100,0%	80,8%
Nemrut Jeotermal Elektrik Üretimi A.Ş.	75,0%	59,1%	75,0%	60,6%
Zorlu Solar Enerji Tedarik ve Ticaret A.Ş.	100,0%	78,8%	100,0%	80,8%
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. (7)	100,0%	78,8%	100,0%	80,8%
Zorlu Osmangazi Enerji Sanayi ve Ticaret A.Ş. ⁽¹⁾	100,0%	78,8%	100,0%	80,8%
Zorlu Enerji İsrail Ltd.	100,0%	78,8%	100,0%	80,8%
ZJ Strong Energy for Renewable Energy Ltd. Co.	75,0%	59,1%	75,0%	60,6%
Zorlu Renewable Pakistan (Private) Ltd.	--	--	99,7%	80,5%
Zorlu Sun Power Pakistan (Private) Ltd.	--	--	99,7%	80,5%
Zorlu Enerji Dağıtım A.Ş. ⁽²⁾	100,0%	78,8%	100,0%	80,8%
Zorlu Enerji Asia Holding Ltd. ⁽³⁾	100,0%	78,8%	100,0%	80,8%
ZES Dijital Ticaret A.Ş.	100,0%	78,8%	100,0%	80,8%
Zorlu O/M Enerji Tesisleri İşletme ve Bakım Hizmetleri A.Ş.	100,0%	100,0%	100,0%	100,0%
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%	78,8%	100,0%	80,8%
Zorlu Doğal Gaz Petrokimya Ürünleri Petrol İnşaat Sanayi ve Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%
ZES B.V. ⁽⁶⁾	100,0%	78,8%	100,0%	80,8%
Electrip Araç Kiralama Ticaret A.Ş.	100,0%	78,8%	100,0%	80,8%
Zorlu Yenilenebilir Enerji A.Ş. ⁽⁴⁾	100,0%	78,8%	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%
Zorluteks SNG	100,0%	100,0%	100,0%	100,0%
Zorlu Trade Elektrik Toptan Satış A.Ş.	100,0%	78,8%	100,0%	80,8%
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 Osmangazi has 100% shares of Osmangazi Elektrik Dağıtım AŞ ("OEDAŞ") and Osmangazi Elektrik Satış Perakende AŞ ("OEPSAŞ").

⁽²⁾ Zorlu Enerji Dağıtım has 90% of the shares of Trakya Bölgesi Doğal Gaz Dağıtım AŞ ("Trakya") and Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ ("Gazdaş") and 100% shares of Zorlu Doğal Gaz Tedarik Ticaret AŞ ("Zorlu Doğal Gaz Tedarik").

⁽³⁾ As per the material event disclosure dated 20 May 2021, Zorlu Enerji Asia, which is fully owned by Zorlu Enerji, established in Dubai International Financial Center (Dubai International Financial Center), has been decided to be liquidated due to the change in business plan and necessary liquidation procedures have been initiated within the framework of the laws and rules of the country to which Zorlu Enerji Asia is subject.

⁽⁴⁾ Zorlu Yenilenebilir was established on 27 August 2020 as a subsidiary of Zorlu Enerji, which has all its shares, and on the date, Zorlu Doğal Elektrik Üretim AŞ ("Zorlu Doğal"), Zorlu Jeotermal Enerji Elektrik Üretim AŞ and Rotor Elektrik Üretim AŞ ("Rotor") acquired 100% of Zorlu Doğal, Zorlu Jeotermal and Rotor companies by taking over the shares from Zorlu Enerji.

⁽⁵⁾ The transfer of Zorlu Solar Pakistan Limited, Zorlu O&M Pakistan Limited, Zorlu Industrial Pakistan (Private) Limited, Zorlu Sun Power Pakistan (Private) Limited and Zorlu Renewable Pakistan (Private) Limited shares to Zorlu Wind Pakistan (Private) Limited has been completed.

⁽⁶⁾ In 100% direct ownership of ZES N.V., the Companies with the title "ZES İsrail Ltd." In İsrail, "ZES D.O.O" in Montenegro, "ZES S.R.L." in Italy and "ZES društvo s ograni enom odgovornoš u za usluge" in Croatia, were established.

⁽⁷⁾ With the Board of Directors decision dated 29 December 2021, Zorlu Enerji has been transferred the 100% shares in Zorlu Trade Elektrik Toptan Satış AŞ to Zorlu Elektrik.

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Consolidated company	31.12.2021		31.12.2020	
	Ownership interest	Economic interest	Consolidated company	Ownership interest
Vestel Elektronik Sanayi ve Ticaret A.Ş.	63,7%	63,7%	66,5%	66,5%
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (1)	82,5%	52,6%	89,9%	59,8%
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100,0%	63,7%	100,0%	66,5%
Vestel Ticaret A.Ş.	100,0%	63,7%	100,0%	66,5%
Vestel CIS Limited	100,0%	63,7%	100,0%	66,5%
Vestel Iberia SL	100,0%	63,7%	100,0%	66,5%
Vestel France SA	100,0%	63,7%	100,0%	66,5%
Vestel Holland BV (2)	100,0%	63,7%	100,0%	66,5%
Vestel Germany GmbH	100,0%	63,7%	100,0%	66,5%
Cabot Communications Limited	90,8%	57,8%	90,8%	60,4%
Vestel UK Limited (4)	100,0%	63,7%	100,0%	66,5%
Vestek Elektronik Araştırma Geliştirme A.Ş.	100,0%	63,7%	100,0%	66,5%
Vestel Trade Limited	100,0%	63,7%	100,0%	66,5%
Intertechnika LLC	99,9%	63,6%	99,9%	66,4%
Vestel Poland sp. z.o.o. (5)	100,0%	63,7%	100,0%	66,5%
Vestel Central Asia LLP	100,0%	63,7%	100,0%	66,5%
Vestel Polska Technology Center sp. z o.o.	--	--	100,0%	66,5%
Vestel Electronics Shanghai Trading Co. Ltd (3)	100,0%	63,7%	100,0%	66,5%
Vestel Electronics Gulf DMC (3)	100,0%	63,7%	100,0%	66,5%
Vestel Electronica SRL (3)	100,0%	63,7%	100,0%	66,5%
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.	100,0%	100,0%	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%	81,9%	100,0%	83,3%

⁽¹⁾ Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 5.000.000 Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. shares on 19 February 2021, 4.000.000 on 12 April 2021 and 5.000.000 on 2 September, 2021 on Borsa İstanbul. Following the transaction, amounting to TL 279.926 TL proceeded, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 82.53%.

⁽²⁾ Vestel Benelux BV and Holland BV are merged under "Vestel Holland BV" as of 31 December 2020.

⁽³⁾ Included in consolidated financial statements as of 31 December 2020.

⁽⁴⁾ Vestel UK Limited, which is based in the UK and wholly-owned by Vestel Ticaret AŞ, transferred all its assets, liabilities and operations to Vestel Holland B.V. UK Branch Office, which is established in the UK by Vestel Holland B.V., another wholly-owned subsidiary of Vestel Ticaret. The transfer took place as of 1 October 2021.

⁽⁵⁾ Vestel Poland sp. z.o.o. and Vestel Polska Technology Center sp. z o.o. are merged under "Vestel Poland sp. z.o.o." as of 2 November 2021.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(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 2021 and 31 December 2020:

Associates	31.12.2021	31.12.2020
Dorad Energy Ltd.	25,00	25,00
Ezotech Electric Ltd. (Ezotech) ⁽²⁾	42,15	42,15
Solad Energy Ltd.	42,15	42,15
Adnit Real Estate Limited ⁽³⁾	42,15	42,15
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. ⁽⁴⁾	23,00	19,00

⁽¹⁾ Since Vestel Savunma and Aydın Yazılım has net liability position as of 31 December 2021, carrying value of those investment in associate accounted for by equity method is resulted as nil in the consolidated balance sheets.

⁽²⁾ Ezotech Electric Ltd has 100% shares of Ashdod Energy Ltd. ("Ashdod") and Ramat Negev Energy Ltd. ("Ramat Negev").

⁽³⁾ Zorlu Enerji has taken over 42,15% of Adnit's shares in 2019, Adnit's capital is 10.000 NIS.

⁽⁴⁾ Within the framework of Turkey's Automobile Project, following the work undertaken by the Joint Initiative Group, to which Group's controlling shareholder, Zorlu Holding A.Ş. was a party, Vestel Elektronik Sanayi ve Ticaret A.Ş. decided has participated with a 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which is planned to be established to produce mainly electric passenger cars and carry out supporting activities. In this respect, the Shareholders Agreement and Articles of Association have been signed on 31 May 2018. Establishment of the new Groups completed on 28 June 2018.

Within the scope of the decision taken at the Annual General Meeting of TOGG which was held on 31 May 2021, the Group's stake in TOGG has reached 23%.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Group recognizes revenue in accordance with IFRS 15 "Revenue from contracts with customers" standard by applying the following five step model:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of transaction price in the contract,
- Allocation of price to performance obligations,
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can identify each party's rights regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance,
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

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 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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 December 2021 the Group accounted for its power plants, lands, buildings and machinery and equipment under a revaluation model using the fair value method. The accumulated depreciation of the buildings, plant, machinery and equipment's are netted off with the cost and the net value is increased to the valued amount.

Property, plant and equipment except for land, land improvements, buildings and machinery and equipment acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements, buildings and machinery and equipment are credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

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.

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.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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

As a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

The right of use asset is initially recognized at cost comprising. 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 asses for any impairment.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(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:

- a) fixed payments, including in-substance fixed payments;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) the exercise price under a purchase option that the Group is reasonably certain to exercise,
- d) lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) increasing the carrying amount to reflect interest on lease liability
- b) reducing the carrying amount to reflect the lease payments made and

remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Government grants

Government grants, including non-monetary grants at fair value, are recognized in consolidated financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received. Incentives for research and development activities are recognized in consolidated financial statements when they are authorized by the related institutions.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Group uses moving weighted average method for costing.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Impairment

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognized in the consolidated statement of comprehensive income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

Related parties

A related party is a person or entity that is related to reporting entity, the entity that is preparing its financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity,
- (ii) has significant influence over the reporting entity,
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
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Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Borrowing cost

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs of qualifying assets are not added to the cost of those assets for the period during which construction to get them ready for their intended use or sale is suspended. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. Other borrowing costs are expensed in the period in which they are incurred and reported in “financing expense”.

Bank borrowings

Interest-bearing bank loans and overdrafts are recognized at fair value at initial recognition which equate to the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Deposits received

Accounting policy for deposit received from electricity distribution segment

The Group receives deposits from the customers on behalf of the Turkish Electricity Distribution Corporation (“TEDAŞ”) during subscription and these deposits are determined by the tariffs and methods announced by EMRA and they are recognized over their fair value at the time when they are received from the customers. In accordance with the decision of EMRA about “The Rules and Regulation related to the Update of Guarantee Payments in Electricity Market”, the Group updates the deposits in accordance with the methods identified by EMRA and deposits are refunded to subscribers over their indexed values, where index is periodically updated by EMRA, upon termination of subscription of customers. Besides, in accordance with “the Transfer of Operating Right” (“TOR”) agreement signed with TEDAŞ, the Group has to follow the deposits received from the subscribers and the refunded deposits and to pay the net balance to TEDAŞ in the year of 2036 that is the end of the license period. The Group reflects the net of deposits received from and refunded to the subscribers in its consolidated financial statements (note 29).

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 (note30).

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Current and deferred income taxes

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Employee termination benefits

Under Turkish labour law, the Group and its Turkish subsidiaries are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Warranty and assembly expenses provision

Warranty expenses include repair and maintenance expenses of products sold and labor and material costs of authorized services for products under the scope of warranty terms without any charge to the customers. Based on estimations using past statistical information, warranty expense provision is recognized for the products sold with warranty terms in the period, for possible repair and maintenance expenses to be incurred during the warranty period.

Based on estimations using past statistical information, assembly expenses provision is recognized for products sold during the period but not yet installed in the sites of the end customers, against the cost of free of charge installments.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Financial instruments

Financial assets

The Group classifies its financial assets into the following specified categories: financial assets as at fair value through profit or loss, loans, receivables and financial assets measured at fair value through other comprehensive income.. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. The Group’s financial assets carried at amortized cost comprise “trade receivables”, “other assets” and “cash and cash equivalents” in the statement of financial position.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Group and its expectations for the future indications.

(b) Financial assets carried at fair value

Assets that are held by the Group for collection of contractual cash flows and for selling the financial assets are measured at their fair value. Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

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.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Derivative financial instruments

The Group holds derivative financial instruments which mainly consist of interest rate swap instruments and forward foreign exchange contracts.

Derivative financial instruments held for trading are recognized initially at fair value; attributable transaction costs are recognised in statement of consolidated income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognised in the statement of consolidated income as part of finance income and costs.

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method to set an allowance for unearned interest. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method to set an allowance for unearned interest.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognised in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Segment reporting

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategical decisions.

The Group management evaluates the operational results at industrial and geographical level. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand; deposits with banks and other financial institutions with the original maturity of three months or less.

Provision for environmental obligations

Estimated environmental obligations, comprising rehabilitation and mine closure arising from development activities are based on the Group's environmental management plans in compliance with current technological, environmental and local regulatory requirements. The net present values of expected rehabilitation and mine closure cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using pre-tax rates that reflect current market assessments of the time value of money and where appropriate the risk specific to liability.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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 2021, the consolidated short term assets of the Group amounted to TL 33.925.330 thousand (31.12.2020 – TL 21.765.126 thousand) and the consolidated current liabilities to TL 68.269.479 thousand (31.12.2020 – TL 44.531.594 thousand); the consolidated net loss for the year ending as of the same date was TL 19.122.713 thousand (31.12.2020 – loss TL 6.112.822 thousand). The net loss of TL 19.122.713 thousand resulted entirely from net losses on foreign exchange amounting to TL 20.549.905 thousand.

The consolidated shareholders' equity of the Group as of 31 December 2021 gave a positive balance of TL 15.230.382 thousand (31.12.2020 – TL 7.897.611 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 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The segment results for the periods ended 31.12.2021 and 31.12.2020 are as follows:

	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Intersegment elimination	Total
01.01.- 31.12.2021								
External revenue	11.892.164	6.472.556	472.430	32.484.772	1.034.662	144.764	--	52.501.348
Intersegment revenue	507.677	8.262	188.119	21.063	5.186	940.772	(1.671.079)	--
	12.399.841	6.480.818	660.549	32.505.835	1.039.848	1.085.536	(1.671.079)	52.501.348
Cost of sales (-)	(10.460.524)	(3.565.524)	(178.670)	(23.607.243)	(562.452)	(983.888)	--	(39.358.301)
Gross profit	1.939.317	2.915.294	481.879	8.898.592	477.396	101.648	(1.671.079)	13.143.047
Other segment items included in the income statement:								
Depreciation expense	791.661	437.937	5.005	1.157.378	112.627	189.479	--	2.694.087
Amortization charge	74.654	13.315	1.500	170.723	638	2.904	--	263.734
	866.315	451.252	6.505	1.328.101	113.265	192.383	--	2.957.821

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	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 2021

(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:

31.12.2021	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current assets							
Cash and cash equivalents	1.204.888	120.553	1.048.615	2.089.144	265.397	53.244	4.781.841
Investment securities	302.629	--	844.091	1.710	--	--	1.148.430
Trade receivables	2.647.319	1.101.728	1.102	6.663.380	85.036	19.431	10.517.996
Receivables from finance sector operations	--	--	--	--	--	10.563	10.563
Other receivables	313.081	71.821	14.416	1.461.021	264	62.735	1.923.338
Receivables from service concession arrangements	694.125	--	--	--	--	--	694.125
Inventories	265.565	1.587.319	68	9.528.703	1.099.674	472.712	12.954.041
Prepaid expenses	79.507	43.621	1.080	605.977	15.562	64.688	810.435
Current income tax assets	9.555	15	--	7.987	44	1	17.602
Derivative financial instruments	57.115	588	--	288.768	22.790	--	369.261
Other current assets	194.800	42.915	212.054	219.341	331	28.257	697.698
Total current assets	5.768.584	2.968.560	2.121.426	20.866.031	1.489.098	711.631	33.925.330
Non-current assets							
Trade receivables	51.481	29.667	--	468	--	--	81.616
Other receivables	644.893	169	2.001.330	4.146.366	2.926	2.996	6.798.680
Investment in associate	1.181.148	--	--	666.525	--	--	1.847.673
Investment securities	296	3.714	19.010.247	56.484	11	--	19.070.752
Receivables from service concession arrangements	3.331.766	--	--	--	--	--	3.331.766
Mining assets	--	--	--	--	--	283.440	283.440
Contract assets	19.377	--	--	--	--	--	19.377
Property, plant and equipment	23.943.282	7.489.070	1.036.854	11.732.474	14.568.981	4.352.570	63.123.231
Intangible assets	1.504.103	121.382	208.132	1.107.011	7.072	12.362	2.960.062
Right of assets	162.309	65.680	7.028	179.618	1.122	1.916	417.673
Prepaid expenses	623.286	111.629	57	370.611	81	4.764	1.110.428
Other non-current assets	11.069	4	--	9.590	--	112.499	133.162
Deferred tax assets	889.096	12.235	--	901.526	--	705.178	2.508.035
Total non-current assets	32.362.106	7.833.550	22.263.648	19.170.673	14.580.193	5.475.725	101.685.895
Total assets	38.130.690	10.802.110	24.385.074	40.036.704	16.069.291	6.187.356	135.611.225

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2021	Energy	Textile	Holding	White goods and electronics	Real estate	Other	Total
Current liabilities							
Short term financial liabilities	5.827.870	9.095.315	4.723.623	11.071.904	8.708.413	613.748	40.040.873
Trade payables	2.266.613	1.036.019	419.120	16.023.737	52.983	329.621	20.128.093
Payables from finance sector operations	--	--	--	--	--	170.842	170.842
Employee benefit obligations	18.969	42.145	11.527	230.218	10.184	7.941	320.984
Other payables	1.576.094	7.871	848.447	10.752	250.329	581	2.694.074
Deferred income	143.188	424.173	1.032	414.938	53.646	6.105	1.043.082
Derivative financial instruments	109.531	1.603	--	531.887	2.495	--	645.516
Taxation on income	5.758	--	525.868	--	--	263	531.889
Provision for expenses	16.353	14.342	6.864	1.289.920	42.513	42.459	1.412.451
Other liabilities	195.252	19.259	6.929	1.033.889	19.909	6.437	1.281.675
Total current liabilities	10.159.628	10.640.727	6.543.410	30.607.245	9.140.472	1.177.997	68.269.479
Non-current liabilities							
Long term financial liabilities	18.383.609	1.724.942	6.467.083	1.045.221	10.407.090	3.819.312	41.847.257
Trade payables	--	--	--	181.003	--	--	181.003
Other payables	--	--	4.542.467	--	--	474	4.542.941
Derivative financial instruments	162.574	--	--	--	90.747	--	253.321
Deferred income	--	--	--	2.435	--	--	2.435
Long term provisions	70.478	172.080	9.759	480.670	7.978	30.989	771.954
Other non-current liabilities	17	2	--	--	--	--	19
Deferred tax liability	1.417.149	1.034.064	50.517	1.418.397	592.307	--	4.512.434
Total non-current liabilities	20.033.827	2.931.088	11.069.826	3.127.726	11.098.122	3.850.775	52.111.364
Total liabilities	30.193.455	13.571.815	17.613.236	33.734.971	20.238.594	5.028.772	120.380.843
01.01.- 31.12.2021							
Capital expenditure	741.260	126.791	4.963	1.741.388	46.501	202.970	2.863.873

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(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 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	155.948	731.370	21	4.061.469	1.286.783	238.869	6.474.460
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	144.284	11.357	154.974	125.179	29.383	1.637	466.814
Total current assets	3.534.730	1.517.163	901.830	13.681.936	1.559.452	570.015	21.765.126
Non-current assets							
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
Contract assets	79.639	--	--	--	--	--	79.639
Property, plant and equipment	13.655.455	3.849.895	506.101	5.916.287	9.587.609	2.411.923	35.927.270
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	19.833.196	4.054.627	13.533.544	9.880.663	9.597.894	3.251.994	60.151.918
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 2021

(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							
liabilities	4.668.795	6.441.287	6.195.418	6.980.987	2.629.950	274.653	27.191.090
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	1.030.942	34.971	2.028.887	71.923	127.411	51	3.294.185
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
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							
liabilities	10.169.730	755.114	2.114.899	1.833.675	8.857.322	2.207.957	25.938.697
Trade payables	--	3.000	--	61.787	--	--	64.787
Other payables	29.747	--	295.126	--	--	253	325.126
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 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Geographical Segments	01.01.- 31.12.2021	01.01.- 31.12.2020
Revenue		
Turkey	21.132.673	15.090.674
Europe	27.279.481	18.408.390
Other countries	4.089.194	2.072.527
	52.501.348	35.571.591

5. CASH AND CASH EQUIVALENTS

	31.12.2021	31.12.2020
Cash in hand	3.199	1.974
Demand deposit at banks	2.419.292	3.665.776
Time deposit at banks	2.164.895	1.186.903
Blocked deposit	43.949	71.780
Other	150.506	78.281
Cash and cash equivalents	4.781.841	5.004.714
Bank overdrafts (-)	(165.978)	(119.773)
Cash and cash equivalents presented in cash flow statement	4.615.863	4.884.941

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group holds a 25% voting and equity interest in Dorad Energy Ltd. (“Dorad”), 42,15% voting and equity interest Ezotech Ltd. (“Ezotech”) and 42,15% voting and equity interest Solad Energy Ltd. (Solad), 42,15% voting and equity interest, Adnit Real Estate Ltd. (“Adnit”), 23% voting and equity interest Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.. These investments are accounted for under the equity method.

	01.01.- 31.12.2021	01.01.- 31.12.2020
Investments in associate	1.847.673	796.495
Share of gain loss of associates	119.121	(15.942)

Within the framework of Turkey’s Automobile Project, following the work undertaken by the Joint Initiative Group, to which Group’s controlling shareholder, Zorlu Holding A.Ş. was a party, Vestel Elektronik Sanayi ve Ticaret A.Ş. decided has participated with a 19% share in “Türkiye’nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.”, which is planned to be established to produce mainly electric passenger cars and carry out supporting activities. In this respect, the Shareholders Agreement and Articles of Association have been signed on 31 May 2018. Establishment of the new company is completed on 28 June 2018.

Within the scope of the decision taken at the Annual General Meeting of TOGG which was held on 31 May 2021, the Group’s stake in TOGG has reached 23%.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

7. INVESTMENT SECURITIES

	31.12.2021	31.12.2020
Current		
Investment securities held to maturity	1.148.354	264.681
Other	76	38.504
	1.148.430	303.185

Investment securities held to maturity

Investment securities held to maturity are investments in fixed rate debt securities. Group monitors its interest rate and other market price risks to which it is exposed primarily through sensitivity analysis. Group accepts a degree of interest and other market price risk as long as the effects of various changes in rates and prices, as calculated using its sensitivity analysis model, remain within prescribed ranges.

The cost of other marketable securities, government bonds and private sector bonds, together with accrued interests were approximately equal to their market value.

	31.12.2021	31.12.2020
Non-current financial assets available-for-sale		
Financial assets held to maturity	19.001.710	11.611.159
Unconsolidated investments	64.769	65.809
Other investments	4.273	4.320
	19.070.752	11.681.288

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(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	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
Non-consolidated subsidiaries on the grounds of materiality					
Hometeks Tekstil Ürünleri Sanayi ve Ticaret A.Ş.	Turkey	100%	100%	7.000	7.000
Vestel Ventures Arge A.Ş.	Turkey	100%	100%	56.273	57.081
Other				1.496	1.728
				64.769	65.809
Financial assets measured at fair value through other comprehensive income:					
Sichuan Zorluteks Yinhua Co. Limited	China	10%	10%	3.123	3.123
Other				1.150	1.197
				4.273	4.320
Financial assets held to maturity				19.001.710	11.611.159
				19.070.752	11.681.288

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 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

8. TRADE RECEIVABLES

	31.12.2021	31.12.2020
Current		
Trade receivables		
- Third parties	9.578.102	7.516.613
- Related parties, note 34	887.709	314.815
Notes receivable		
- Third parties	651.849	336.905
	11.117.660	8.168.333
Unearned interest on receivables (-)		
- Third parties	(29.351)	(35.215)
Allowance for doubtful receivables (-)	(570.313)	(552.353)
	10.517.996	7.580.765
Non-current		
Trade receivables		
- Third parties	51.481	43.287
Notes receivable		
- Third parties	30.256	29.578
	81.737	72.865
Unearned interest on receivables (-)		
- Third parties	(121)	(120)
	81.616	72.745
Movement in the allowance for doubtful receivables is as follows:		
	01.01.-	01.01.-
	31.12.2021	31.12.2020
Opening balance, 01.01	552.353	472.434
Charge for the year	68.526	103.259
Doubtful receivables written-off	(53.422)	(25.467)
Amounts utilized during the year (-)	(32.515)	(9.621)
Translation differences	35.371	11.748
Ending balance, 31.12	570.313	552.353

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

9. RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31.12.2021	31.12.2020
Current		
Domestic factoring receivable	10.563	207.349
	10.563	207.349

The Group had received guarantees amounting to TL 2.972.909 (2020: TL 2.767.831) as collateral for receivables from sector operations.

10. PREPAID EXPENSES AND DEFERRED INCOME

	31.12.2021	31.12.2020
Current		
Prepaid expenses	218.041	194.945
Advances given to third parties	592.136	166.108
Advances given to related parties, note 34	258	20
	810.435	361.073
Non-current		
Prepaid expenses	724.164	334.956
Advances given	386.264	63.343
	1.110.428	398.299
Deferred income		
Advances received from third parties	866.687	351.546
Advances received from related parties, note 34	266	44
Other	176.129	130.366
	1.043.082	481.956

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

11. DERIVATIVE FINANCIAL INSTRUMENTS

	31.12.2021			31.12.2020		
	Contract amount	Fair values		Contract amount	Fair values	
Asset		Liability	Asset		Liability	
Held for hedging						
Interest rate swaps	14.252.973	--	362.852	7.091.079	--	406.025
Currency forwards	239.581	297.995	42.589	4.880.962	6.444	189.708
Cross currency swaps	63.737	--	2.495	1.099.974	7.694	53.608
Held for trading						
Currency forwards	196.316	71.266	490.901	7.042.013	105.345	156.798
	14.752.607	369.261	898.837	20.114.028	119.483	806.139

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 2021, The Group has forward foreign currency purchase contract that amounts to 505.836 thousand EUR, 916.185 thousand USD, 94.967 thousand GBP, 26.510 thousand PLN, 10.508 thousand RON and 2.143.288 TL against forward foreign currency sales contract that amounts to 975.552 thousand EUR, 431.496 thousand USD, 993.900 thousand RUB, 106.292 thousand GBP, 18.031 thousand RON, 65.490 thousand PLN, 9.447 thousand SEK and 1.771.590 TL.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

12. OTHER RECEIVABLES

	31.12.2021	31.12.2020
Current		
Due from related parties, note 34	864.866	204.720
VAT receivables	602.667	350.304
Deposits and guarantees given	142.934	142.792
Due from personnel	3.822	2.823
Other receivables	309.049	191.157
	1.923.338	891.796

13. RECEIVABLES FROM SERVICE CONCESSION ARRANGEMENT

Short-term	694.125	349.605
Long-term	3.331.766	2.534.191
	4.025.891	2.883.796

The receivables of service concession arrangements are made up of the investment’s value that is not repurchased through the tariff.

As at 31 December 2021, TL 3.059.373 of the receivables from service concession arrangement is related to OEDAŞ (31 December 2020: TL 2.139.255) and TL 966.518 is related to Gazdaş and Trakya (31 December 2020: TL 744.541).

The maturity analysis of the receivables from service concession arrangement is as follows:

Up to 1 year	694.125	349.605
Up to 1-3 year	1.388.250	699.210
Up to 3-5 year	1.388.250	699.210
More than 5 years	555.266	1.135.771
	4.025.891	2.883.796

The movements of the receivables from service concession arrangement for electricity and gas distribution companies are as follows:

	01.01 31.12.2021	01.01 31.12.2020
Opening balance	2.883.796	2.308.845
Gross investments	604.625	593.554
Subscriber connection fee	(61.813)	(45.367)
Net investment	542.812	548.187
Collections (-)	(577.543)	(310.312)
Indexation differences	1.176.826	337.076
Closing balance	4.025.891	2.883.796

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

14. OTHER ASSETS

	31.12.2021	31.12.2020
Current		
VAT receivable	367.071	287.102
Income accruals	179.602	99.187
Other	151.025	80.525
	697.698	466.814
Non-current		
VAT receivable	112.438	107.107
Other	20.724	22.874
	133.162	129.981

15. CONTRACT ASSETS

Other contract assets ⁽¹⁾	19.377	79.639
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⁽¹⁾ A contract asset consist of investment expenditures related to ongoing investments. An entity presents the contract as a contract asset - excluding amounts presented as receivables from service concession arrangements - when it performs its performance related to ongoing investments before the submission of relevant investment expenditures as a part of Regulatory Asset Base for the approval of the grantor.

16. INVENTORIES

Raw and auxiliary materials	5.264.652	2.413.985
Work in process	530.228	404.134
Finished goods and merchandise	7.048.575	3.630.400
Other	222.132	102.290
	13.065.587	6.550.809
Provision for diminution in value of inventories (-)	(111.546)	(76.349)
	12.954.041	6.474.460

Movement in the diminution in value of inventories is as follows:

	01.01.-	01.01.-31.12.2020
	31.12.2021	31.12.2020
Opening balance, 01.01	76.349	67.638
Charge for the year	25.856	11.798
Amounts utilized during the year (-)	(18.286)	(13.701)
Translation difference	27.627	10.614
Ending balance, 31.12	111.546	76.349

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

17. PROPERTY, PLANT AND EQUIPMENT

	01.01.2021	Additions	Disposals	Merger effect of Passtel	Translation differences	Revaluation of property, plant and equipment	Transfer	31.12.2021
Cost								
Land and buildings	16.389.703	10.665	(9.297)	254.666	914.481	9.574.568	(586.988)	26.547.798
Machinery and equipment	16.532.619	1.079.889	(132.523)	145	3.683.147	13.011.917	(2.879.193)	31.296.001
Motor vehicles	48.584	16.368	(61.629)	--	6.730	--	(62)	9.991
Leasehold improvements	238.395	20.317	(7.945)	--	4.750	--	5.988	261.505
Furniture and fixtures	1.021.973	93.279	(7.906)	1	31.019	--	12.740	1.151.106
Construction in progress	2.749.233	1.060.015	--	--	1.774.866	--	(494.725)	5.089.389
	36.980.507	2.280.533	(219.300)	254.812	6.414.993	22.586.485	(3.942.240)	64.355.790
Accumulated depreciation (-)								
Land and buildings	--	344.405	(429)	--	309.207	--	(653.183)	--
Machinery and equipment	--	1.961.608	(94.966)	145	1.409.713	--	(3.276.500)	--
Motor vehicles	54.956	9.760	(28.832)	--	557	--	--	36.441
Leasehold improvements	220.635	33.385	(7.076)	--	2.859	--	--	249.803
Furniture and fixtures	777.646	146.949	(6.075)	1	27.794	--	--	946.315
	1.053.237	2.496.107	(137.378)	146	1.750.130	--	(3.929.683)	1.232.559
Net book value	35.927.270							63.123.231

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	01.01.2020	Additions	Disposals	Merger effect of Intermar	Translation differences	Revaluation of property, plant and equipment	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	2.655.192	859.772	--	1.549	93.509	--	(860.789)	2.749.233
	28.581.333	1.567.543	(479.185)	14.454	861.506	9.711.354	(3.276.498)	36.980.507
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	26.198.961							35.927.270

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

The Group’s policy is to trace all material and significant fixed asset additions under construction in progress and transfer to the related fixed asset accounts when the construction process is completed. As of 31.12.2021 “Construction in Progress” account for new investments in tangible fixed assets amounted to TL 5.089.389 (2020: TL 2.749.233) which was broken down as follows:

	31.12.2021	31.12.2020
Energy segment	4.541.527	2.530.486
Textile segment	50.838	1.897
Holding segment	100.342	96.450
White goods segment	82.132	38.064
Other segment	314.550	82.336
	5.089.389	2.749.233

Energy segment

- Construction of one 340 MW energy power plants by Rosmiks LLC in Russia amounting to TL 3.689.261 (2020: TL 2.051.250).
- Investments in other investments amounting to TL 852.266 (2020: TL 479.236)

Textile segment

- Investments by Korteks and Zorluteks for modernization of textile factories in Lüleburgaz and Bursa totalling TL 50.838 (2020: TL 1.897).

Holding segment

- Investments by Zorlu Holding in Zincirlikuyu/Istanbul relates to construction of building amounting to TL 100.342 (2020: TL 96.450)

White goods segment

- Investments by Vestel Group of companies relate to modernization of white goods production facilities in Manisa amounting to TL 82.132 (2020: TL 38.064).

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

18. INTANGIBLE ASSET

	01.01.2021	Additions	Disposals	Merger effect of Passtel	Translation differences	Transfer	31.12.2021
Cost							
Goodwill	824.291	--	--	--	--	--	824.291
Wind energy production rights	90.472	--	--	--	--	--	90.472
Development cost	1.435.077	418.784	(61.314)	--	8.014	--	1.800.561
Concessional service agreements	918.126	--	--	--	--	--	918.126
Customer service	348.812	--	--	--	--	--	348.812
Rights	241.577	76.794	(8.019)	3	10.340	(2.118)	318.577
Other intangible assets	199.656	28.176	(1.667)	28	9.716	1.279	237.188
	4.058.011	523.754	(71.000)	31	28.070	(839)	4.538.027
Accumulated depreciation (-)							
Development cost	797.533	166.431	(860)	--	3.536	--	966.640
Concessional service agreements	136.352	--	--	--	--	--	136.352
Customer service	51.802	--	--	--	--	--	51.802
Rights	201.664	80.356	(8.006)	3	9.539	(2.265)	281.291
Other intangible assets	123.858	16.947	(1.657)	24	2.708	--	141.880
	1.311.209	263.734	(10.523)	27	15.783	(2.265)	1.577.965
Net book value	2.746.802						2.960.062

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	01.01.2020	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 Concessional	1.203.535	265.026	(36.120)	--	--	1.222	1.414	1.435.077
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 Concessional	657.541	139.374	--	--	--	618	--	797.533
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

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

19. RIGHT OF USE ASSETS

	01.01.2021	Additions	Disposals	Transfer	31.12.2021
Cost					
Land and buildings	385.860	199.204	(10.190)	--	574.874
Machinery and equipment	79.776	4.529	(1.827)	--	82.478
Motor vehicles	71.696	117.259	(7.224)	--	181.731
	537.332	320.992	(19.241)	--	839.083
Accumulated depreciation (-)					
Buildings	155.133	129.467	(8.498)	--	276.102
Machinery and equipment	35.834	22.406	(356)	--	57.884
Motor vehicles	53.230	40.510	(6.316)	--	87.424
	244.197	192.383	(15.170)	--	421.410
Net book value	293.135				417.673
	01.01.2020	Additions	Disposals	Transfer	31.12.2020
Cost					
Land and 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

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

20. BORROWINGS

	Foreign currency		TL equivalent	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Current				
-USD ('000)	1.959.041	1.774.685	25.423.455	13.027.075
-EUR ('000)	332.508	479.898	4.881.982	4.322.873
-TL	6.797.661	6.331.749	6.797.661	6.331.749
-CHF ('000)	--	238.790	--	1.978.160
-PKR ('000)	219.608	201.130	15.871	9.143
-NIS ('000)	347	--	1.451	--
Issued bonds				
-TL	2.431.863	1.047.963	2.431.863	1.047.963
Other securities				
-TL	165.978	119.773	165.978	119.773
Finance leases				
-TL	164.298	153.590	164.298	153.590
-USD ('000)	8.730	22.382	113.294	164.295
-EUR ('000)	3.055	4.037	44.854	36.365
-PKR ('000)	2.296	2.296	166	104
			40.040.873	27.191.090
Non-current				
-USD ('000)	1.933.675	2.348.458	25.094.267	17.238.855
-EUR ('000)	688.884	587.226	10.114.402	5.289.673
-TL	1.914.212	2.857.817	1.914.212	2.857.817
-NIS ('000)	5.400	6.133	22.581	14.036
-PKR ('000)	110.195	308.532	7.964	14.026
-RUB ('000)	102.277	--	17.697	--
Issued bonds				
-TL	531.887	99.222	531.887	99.222
-USD ('000)	265.521	--	3.445.799	--
Finance leases				
-TL	348.583	188.931	348.582	188.931
-USD ('000)	18.684	20.127	242.471	147.741
-EUR ('000)	7.241	9.727	106.315	87.620
-PKR ('000)	14.943	17.059	1.080	776
			41.847.257	25.938.697

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Korteks Mensucat Sanayi ve Ticaret A.Ş. has completed sale transaction of the discounted bills;

- With fixed interest rate and principal and interest paid at maturity which have a due date of 268 days and a nominal value of TL 40.080 on 29 June 2021,
- With fixed interest rate and principal and interest paid at maturity which have a due date of 280 days and a nominal value of TL 48.160 on 2 September 2021,
- With fixed interest rate and principal and interest paid at maturity which have a due date of 377 days and a nominal value of TL 59.740 on 2 December 2021,
- With coupon paid quarterly, floating interest rate and principal paid at maturity which have a due date of 378 days and a nominal value of TL 119.890 on 20 January 2021,
- With coupon paid quarterly, floating interest rate and principal paid at maturity which have a due date of 386 days and a nominal value of TL 36.880 on 3 March 2021,
- With coupon paid quarterly, floating interest rate and principal paid at maturity which have a due date of 398 days and a nominal value of TL 69.150 on 7 May 2021,
- With coupon paid quarterly, fixed interest rate and principal paid at maturity which have a due date of 442 days and a nominal value of TL 72.910 on 29 June 2021,
- With coupon paid quarterly, floating interest rate and principal paid at maturity which have a due date of 385 days and a nominal value of TL 169.200 on 7 October 2021,
- With coupon paid quarterly, floating interest rate and principal paid at maturity which have a due date of 728 days and a nominal value of TL 40.620 on 2 December 2021.

Zorlu Enerji Elektrik Üretim A.Ş. has completed sale transaction of the floating interest rate bonds, with coupon paid quarterly and the principal paid at maturity;

- With a due date of 392 days and a nominal value of TL 52.160 on 16 December 2020,
 - With a due date of 370 days and a nominal value of TL 22.300 on 7 January 2021,
 - With a due date of 377 days and a nominal value of TL 154.940 on 12 February 2021,
 - With a due date of 377 days and a nominal value of TL 49.080 on 26 March 2021,
 - With a due date of 370 days and a nominal value of TL 84.470 on 22 April 2021,
 - With a due date of 448 days and a nominal value of TL 243.320 on 11 November 2021,
 - With a due date of 420 days and a nominal value of TL 111.370 on 19 August 2021,
 - With a due date of 427 days and a nominal value of TL 110.270 on 23 September 2021,
 - With a due date of 385 days and a nominal value of TL 103.860 on 3 June 2021,
 - With a due date of 420 days and a nominal value of TL 38.140 on 9 July 2021.
-

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Zorlu Enerji Elektrik Üretim A.Ş. has completed sale transaction of the discounted bonds;

- With fixed interest rate and principal and interest paid at maturity which have a due date of 223 days and a nominal value of TL 22.200 on 3 June 2021,
- With fixed interest rate and principal and interest paid at maturity which have a due date of 272 days and a nominal value of TL 12.270 on 9 July 2021,
- With fixed interest rate and principal and interest paid at maturity which have a due date of 272 days and a nominal value of TL 76.460 on 19 August 2021,
- With fixed interest rate and principal and interest paid at maturity which have a due date of 237 days and a nominal value of TL 56.140 on 23 September 2021,
- With fixed interest rate and principal and interest paid at maturity which have a due date of 295 days and a nominal value of TL 55.400 on 11 November 2021.

Vestel Elektronik Sanayi ve Ticaret A.Ş. has completed sale transaction of the floating interest rate bonds, with coupon paid quarterly and the principal paid at maturity;

- with a due date of 372 days and a nominal value of TL 50.066 on 9 July 2020,
- with a due date of 383 days and a nominal value of TL 400.000 on 19 February 2021
- with a due date of 367 days and a nominal value of TL 165.000 on 30 July 2021
- with a due date of 728 days and a nominal value of TL 50.380 on 9 July 2020

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. has completed sale transaction of the floating interest rate bonds, with coupon paid quarterly and the principal paid at maturity with a due date of 728 days and a nominal value of TL 265.000 on 9 June 2021.

Zorlu Faktoring A.Ş. has completed sale transaction of the fixed interest rate bonds, with coupon paid every 28 days and the principal paid at maturity;

- with a due date of 196 days and a nominal value of TL 35.000 on 14 July 2021,
- with a due date of 196 days and a nominal value of TL 20.000 on 25 August 2021,
- with a due date of 196 days and a nominal value of TL 25.000 on 15 September 2021,
- with a due date of 196 days and a nominal value of TL 28.000 on 8 October 2021,
- with a due date of 196 days and a nominal value of TL 21.780 on 2 December 2021,

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(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)	RUB (‘000)	NIS (‘000)	TL	TL equivalent
31.12.2021							
Due in one year	1.959.041	332.508	219.608	--	347	9.395.502	39.718.261
One to two years	736.895	183.988	110.195	102.277	367	1.107.634	13.399.251
Two to three years	509.513	233.587	--	--	387	331.448	10.374.866
Three to four years	205.470	56.339	--	--	410	303.906	3.799.294
Four to five years	313.861	48.647	--	--	432	251.681	5.040.868
Over five years	433.457	166.323	--	--	3.804	451.430	8.534.530
	4.158.237	1.021.392	329.803	102.277	5.747	11.841.601	80.867.070
	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	--	7.499.485	26.836.736
One to two years	1.006.585	156.979	199.887	--	--	1.493.264	10.305.238
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	4.453.612
	4.123.143	1.067.124	509.662	238.790	6.133	10.456.524	52.350.365

21. PAYABLES FROM FINANCE SECTOR OPERATIONS

	31.12.2021	31.12.2020
Current		
Borrowings received ⁽¹⁾	130.815	146.100
Finance bonds	40.027	41.593
	170.842	187.693

⁽¹⁾ The Group has a total of five separate bonds, which were issued within the scope of the bond issuance planning within the period and not yet redeemed as of the end of 2021. All bonds issued have fixed interest rates. On the maturity date, the principal amount paid for the bond will be paid back to the investor. The total interest accrual of the bills amounting to TL 129.780 (31 December 2020: TL 144.990) is TL 1.035 (31 December 2020: TL 1.110).

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Zorlu Faktoring A.Ş. has completed sale transaction of the fixed interest rate bonds, with coupon paid every 28 days and the principal paid at maturity;

- with a due date of 196 days and a nominal value of TL 35.000 on 14 July 2021,
- with a due date of 196 days and a nominal value of TL 20.000 on 25 August 2021,
- with a due date of 196 days and a nominal value of TL 25.000 on 15 September 2021,
- with a due date of 196 days and a nominal value of TL 28.000 on 8 October 2021,
- with a due date of 196 days and a nominal value of TL 21.780 on 2 December 2021.

22. TRADE PAYABLES

	31.12.2021	31.12.2020
Current		
Trade payables		
- Third parties	19.392.954	10.560.787
- Related parties, note 34	552.263	110.899
Notes payables		
- Third parties	175.248	93.773
Other	31.889	20.667
	20.152.354	10.786.126
Unearned interest on payables (-)		
- Third parties	(24.261)	(6.473)
	20.128.093	10.779.653
Non-current		
Third parties	181.003	64.787
23. OTHER LIABILITIES		
Current		
Taxes payable	700.863	337.782
Other	580.812	367.552
	1.281.675	705.334
Non-current		
Deposits and guarantees received	19	19

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

24. PROVISION FOR EXPENSES

Current		
Legal claims	107.235	72.000
Warranty provisions	477.020	315.313
Provision for employee benefits	75.010	49.036
Other provisions	753.186	405.905
	1.412.451	842.254
Non-current		
Warranty provisions	93.449	72.501
Provision for employee benefits (Note 26)	661.955	429.964
Other provisions	16.550	15.257
	771.954	517.722

Movement of provisions is as follows:

	01.01.-31.12.2021	01.01.-31.12.2020
Opening balance, 01.01	930.012	811.546
Additions	594.900	211.041
Disposals (-)	(2.462)	(92.575)
Ending balance, 31.12	1.522.450	930.012

25. TAXATION ON INCOME

a. Current taxation

Turkish tax legislation does not allow for the submission of tax returns over consolidated financial statements prepared by the parent company, which include its affiliates and subsidiaries. Accordingly, tax considerations reflected in these consolidated financial statements have calculated separately for each of the companies in the scope of the consolidation.

"The Law On Collection Procedure of Public Receivables" which has been published on the Official Gazette numbered 31462 and dated 22 April 2021, Article 11 of "the Law on the Amendment of Some Laws" and the provisional article 13 which has been added to the Law No 5520 Corporate Tax, the income tax rate will be applied as 25% for the corporate earnings related to the 2021 taxation period and 23% for the corporate earnings related to the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. In accordance with that, deferred tax assets and liabilities in the consolidated financial statements as of 31 December 2021 are calculated at a tax rate of 23% for the portion of temporary differences that will have tax 2022 and 20% for temporary differences that will have tax effect in 2023 and after.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

A reconciliation of the Group's tax provision on the financial position is as follows:

	31.12.2021	31.12.2020
Corporation tax payable	534.408	324.890
Prepaid tax (-)	(2.519)	(4.122)
	531.889	320.768
Deferred tax assets	2.508.035	1.508.957
Deferred tax liabilities	(4.512.434)	(2.269.807)
	(2.004.399)	(760.850)

b. Deferred taxation

The Group recognizes deferred tax assets and liabilities based upon temporary differences between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes.

The composition of cumulative temporary differences and the related deferred tax assets/liabilities in respect of items for which deferred tax has been provided at the balance sheet dates using the expected future tax rates were as follows:

	Deferred tax assets		Deferred tax liabilities		Net	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Tangible and intangible assets	931.917	471.502	5.786.756	2.569.594	(4.854.839)	(2.098.092)
Receivables from service concession arrangements	--	--	824.022	576.759	(824.022)	(576.759)
Employee termination benefits	132.501	85.964	--	--	132.501	85.964
Provision for diminution in value of inventories	29.171	18.973	--	7	29.171	18.966
Provision for doubtful receivables	54.505	45.584	36.071	779	18.434	44.805
Taxable losses carried forward	1.679.747	812.976	1.391	--	1.678.356	812.976
Investment allowance	1.067.910	611.050	--	--	1.067.910	611.050
Unearned interests, net	--	--	3.386	1.103	(3.386)	(1.103)
Derivatives	272.539	160.296	--	23.147	272.539	137.149
Warranty expense	14.203	17.859	118	--	14.085	17.859
Other	585.291	344.323	120.439	157.988	464.852	186.335
	4.767.784	2.568.527	6.772.183	3.329.377	(2.004.399)	(760.850)
Net-off (-)	(2.259.749)	(1.059.570)	(2.259.749)	(1.059.570)	--	--
Net deferred tax assets/ (liabilities)	2.508.035	1.508.957	4.512.434	2.269.807	(2.004.399)	(760.850)

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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 8.284,51 as of 31.12.2021 (2020: TL 7.117,17) on historical cost basis.

The Group has no other obligation for employee termination other than the retirement pay above.

Movement of reserve for retirement pay is given below:

	31.12.2021	31.12.2020
Opening balance, 01.01	429.964	299.235
Service cost	40.076	51.612
Actuarial gain/loss	162.173	81.446
Interest expense	78.124	35.341
Repayments (-)	(49.386)	(37.596)
Translation difference	1.004	(74)
Ending balance, 31.12	661.955	429.964

Number of personnel employed at years end:

White goods and electronics	19.119	18.864
Textile	5.809	5.708
Energy	2.437	2.362
Holding	311	319
Other	825	793
	28.501	28.046

27. EQUITY

a) Share capital

As of 31.12.2021, 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Zorlu Family	100%	100%	3.325.000	3.325.000

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

b) Adjustment to share capital (“inflation adjustment of share capital”)

Adjustment to share capital is the difference between restated share capital and historical share capital.

	31.12.2021	31.12.2020
Adjustment to share capital	446.109	446.109

c) Revaluation reserve

Increases of carrying amounts as a result of revaluations recognized directly in the equity are followed in the headings below;

Revaluation gains	28.384.293	13.376.542
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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	(5.835.866)	(3.114.230)
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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 Group’s share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Group’s share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted.

Legal reserves	28.331	233.945
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28. GENERAL RESERVES

General reserves comprise legal reserves and retained earnings.

Under the Turkish Commercial Code, the Group is required to create the following legal reserves from appropriations of earnings, which are available for distribution only in the event of liquidation or losses:

- First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid up share capital.
- Second legal reserve, apportioned at the rate of at least 10% of distributions in excess of 5% of issued share capital, without limit. It may be used to absorb losses.

General reserves	(18.209.329)	(13.370.198)
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Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

29. COMMITMENTS AND CONTINGENCIES

Contingent assets

	31.12.2021	31.12.2020
a. Obtained from customers and suppliers		
Letters of guarantee	4.159.446	6.225.559
Checks and notes	1.395.798	1.145.470
Mortgaged and guarantees received	5.231.955	1.443.078
	10.787.199	8.814.107

Contingent liabilities

a. Letters of guarantee, checks and notes given

On behalf of incorporated body	7.655.281	8.510.719
On behalf of consolidated subsidiaries	123.995.556	66.001.733
On behalf of other Zorlu Group of companies	297.909	289.467
On behalf of third parties	580.979	165.270
	132.529.725	74.967.189

Details concerning the guarantees, pledges and mortgages that the Company and its subsidiaries gave within the scope of project finance loans and on behalf of their legal entities are given below:

Zorlu Doğal Elektrik Üretimi A.Ş.

On 27 October 2015, a loan agreement amounting to USD 815 million (USD 785 million in cash and USD 30 million guarantee limit) and having a 14 year term was signed on 27 October 2015 between Zorlu Doğal, Akbank TAŞ, Türkiye Garanti Bankası AŞ, Türkiye İş Bankası AŞ and Türkiye Sınai Kalkınma Bankası AŞ for the refinancing of Zorlu Doğal's debts and to finance the investment in the 1st unit of Kızıldere III geothermal power plant, which is planned to be constructed in Denizli. In addition to the said loan agreement, an account pledge, share pledge, assignment of receivables and assignment of shareholder receivables agreement were signed. Also, Zorlu Doğal signed a loan agreement amounting to USD 190 million with the European Bank for Reconstruction and Development ("EBRD"), Akbank TAŞ, Türkiye İş Bankası AŞ and Türkiye Sınai Kalkınma Bankası AŞ on 6 April 2017 for the purpose of financing the second unit (65,5 MW) of the Kızıldere III Geothermal Energy Plant. In addition to the loan contract, they also signed contracts for an account pledge, a share pledge, the transfer of receivables and stakeholder receivables transfers. Enerji Piyasaları İşletme AŞ's ("EPIAŞ") receivable transfer amount cap in the scope of the transfer of receivables agreement is TL 9,500,000. Since EPIAŞ's receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Group note, Zorlu Holding AŞ and Zorlu Enerji are guarantors for Zorlu Doğal's loan amounting to USD 975 million. The bank loans in respect of Tranche C has been prepaid early on 8 June 2021 with the proceeds of the Eurobond issuance. As at 31 December 2021, the outstanding loan amount after payments and with all adjustments related to reporting is amounting USD 705 million and TL 31 million.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Zorlu Jeotermal

The outstanding project financing loan of Zorlu Jeotermal amounts to USD 79 million has been paid early on 13 July 2021 with the proceeds of Eurobond issuance. On 16 July 2021, assignment of EPIAŞ receivables, assignments of receivables, account pledge, share pledge, assignment of receivables under the subordinated loan agreement, guarantees and on 29 July 2021, mortgage agreement and commercial enterprise pledge for the project financing of Zorlu Jeotermal have been released after the bank loan has been prepaid early.

Zorlu Jeotermal is the guarantor for the USD 300 million of 9% bonds issued by Zorlu Yenilenebilir. On 30 July 2021 account pledge, share pledge and on 6 August 2021 assignment of EPIAŞ receivables and assignment of trade receivables agreements are signed by Zorlu Jeotermal as the collateral for the eurobond issuance. EPIAŞ receivable transfer amount cap in the scope of the assignment of EPIAŞ receivables is TL 6,000,000. Since EPIAŞ’s receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Group note.

Rotor:

The bank loan amounts to EUR 26 million has been prepaid early on 15 June 2021 with the proceeds of the Eurobond issuance. On 14 July 2021, mortgage agreement, commercial enterprise pledge, share pledge, account pledge, assignment of receivables and assignment of insurance receivables agreements and guarantees for the project financing of Rotor have been released after the bank loan has been paid early.

Rotor Elektrik Üretim is the guarantor for the USD 300 million of 9% bonds issued by Zorlu Yenilenebilir. On 30 July 2021 account pledge, share pledge and on 6 August 2021 assignment of EPIAŞ receivables and assignment of trade receivables agreements are signed by Rotor as the collateral for the Eurobond issuance. EPIAŞ receivable transfer amount cap in the scope of the assignment of EPIAŞ receivables is TL 6,000,000. Since EPIAŞ’s receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Group note.

Zorlu Yenilenebilir:

Zorlu Yenilenebilir issued USD 300 million of 9% senior secured bonds guaranteed on a senior basis by Zorlu Jeotermal and Rotor with maturity due 1 June 2026. The bonds are listed on the Global Exchange Market of Euronext Dublin on 1 June 2021. The proceeds of the issuance is used for repayment of certain existing financial indebtedness as well as existing shareholder loans, funding new investments and general corporate purposes. On 31 July 2021, offshore account pledge, on 30 July 2021 account pledge, share pledge agreements and on 6 August 2021 assignment of trade receivables agreements are signed by Zorlu Yenilenebilir as the collateral for the Eurobond issuance. As at 31 December 2021, the outstanding bond amount after payments and with all adjustments related to reporting is amounting USD 291 million.

Zorlu Enerji Pakistan Ltd.

As at 26 October 2011, Zorlu Enerji Pakistan Ltd. subsidiary of Zorlu Enerji, signed a long term loan agreement with International Finance Corporation (“IFC”), the Asian Development Bank (“ADB”), Eco Trade and Development Bank (“ECO”) and local consortium leader Habib Bank Limited (“HBL”) amounting USD111million with a maturity of up to 12 years for financing of its wind energy power plant with a capacity of 56.4 MW in Pakistan/Jhimpir established in Jhimpir, the Sindh region of Pakistan. In addition to the loan agreement, account pledge, share pledge, transfer of insurance receivables, title deed pledge, assignment of project rights and mortgage establishment agreements on fixed assets have been signed. A mortgage amounting to USD 118,625 thousand and PKR 1,875 million has been established on the fixed assets of Zorlu Enerji Pakistan. Zorlu Holding is a guarantor for Zorlu Enerji Pakistan’s aforementioned loan agreement. The outstanding balance after payments and with all adjustments related to reporting is amounting to USD 16 million and PKR 330 million.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Zorlu Enerji Elektrik Üretim A.Ş.

Since Yatırım Varlık Kiralama AŞ is the issuer and Zorlu Enerji is the beneficiary of the funds in the sukuk transaction, which amounts to TL 61,4 million and was issued on 30 July 2021, amounts to TL 62 million and was issued on 17 September 2021 and also amounts to TL 34 million and was issued on 27 October 2021, Zorlu Enerji and Zorlu Holding became the guarantor of Yatırım Varlık Kiralama AŞ.

As per the sale of the Lüleburgaz steam generator of Zorlu Enerji, a sell and lease-back financial leasing agreement was signed between Şeker Finansal Kiralama AŞ and Zorlu Enerji on 24 August 2017. Zorlu Holding is guarantor for the financial leasing liabilities of Zorlu Enerji resulted from sell and lease back agreement signed for the sale of steam generator. The receivables of Zorlu Enerji arising from the steam agreement with Zorluteks Tekstil Tic. ve San. AŞ ("Zorluteks") were transferred to Şeker Finansal Kiralama AŞ in the scope of financial leasing transactions.

Zorlu Enerji has become a guarantor to provide the limit of Bank Mizrani for Adnit which is a 42.15% subsidiary of Zorlu Enerji.

Gazdaş

On 29 June 2015, a loan agreement with a term of 12 years for the amount of USD 102 million was signed with Akbank and Yapı ve Kredi Bankası for use in the expansion investments to be made by Gazdaş in the scope of natural gas distribution licence expansion in the Gaziantep region. In this agreement, Zorlu Holding is a guarantor, and Trakya and Gazdaş are guarantors for each other. In addition to the loan agreement, an account pledge agreement, transfer of consecutive receivables and a share collateral agreement, a licence transfer contract and an account pledge agreement worth TL 529,650 thousand were signed. The outstanding balance after payments and with all adjustments related to reporting is amounting to USD 42 million.

Trakya

On 29 June 2015, a loan agreement with a term of 12 years for the amount of USD 114 million was signed with Akbank and Yapı ve Kredi Bankası for use in the expansion investments to be made by Trakya in the scope of natural gas distribution licence expansion in the Gaziantep region. In this agreement, Zorlu Holding is a guarantor, and Trakya and Gazdaş are guarantors for each other. In addition to the loan agreement, an account pledge agreement, transfer of consecutive receivables and a share collateral agreement, a licence transfer contract and an account pledge agreement worth TL 431,000 thousand were signed. The outstanding balance after payments and with all adjustments related to reporting is amounting to USD 43 million.

OEDAŞ

OEDAŞ, the European Bank for Reconstruction and Development ("EBRD"), the International Finance Corporation ("IFC"), Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V. ("FMO") and Denizbank AŞ signed project financing agreements. In addition to the loan agreement, agreements for receivable transfer, account pledge, transfer of consecutive receivables and share collateral amounting to TL147,743 thousand were signed. Zorlu Enerji, Zorlu Holding and Zorlu Osmangazi were co-signers as the guarantors for OEDAŞ's loan in the amount of TL 1,746 million, which was provided from EBRD, IFC, FMO and Denizbank. And also, TL52,126 thousand and TL1,150,050 thousand shares pledge agreements were signed for OEPSAŞ and Zorlu Osmangazi, respectively. The outstanding balance after payments and with all adjustments related to reporting is amounting to USD 1,487 million.

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

ZJ Strong

ZJ Strong and Bank of Palestine signed for 2 MW capacity solar power plant project financing agreements amounted NIS 5 million on 28 August 2019 and with the additional contract signed amounted NIS on 4 June 2020, in total, it will provide resources up to 6 million NIS. The Company has signed a 13-year loan agreement with a nine-month grace period. In addition to the loan agreement, the account pledge agreement has been signed.

Zorlu Enerji, together with JDECO (Jerusalem District Electricity Company), which is a 25% shareholder, has vouched for this loan provided by ZJ Strong as a guarantor. The outstanding balance after payments and with all adjustments related to reporting is amounting to NIS 5,75 million.

Electricity purchase and sale commitments

Zorlu Elektrik Toptan

Zorlu Elektrik Toptan has committed to purchase 219,000 MWh related to 2022. Sales commitments of 157,440 MWh, within the scope of electricity energy purchase agreements with energy companies in 2021, it has committed to take and all of the energy undertaken has been taken. In relation to electricity purchase and sale operations and in the scope of the risk sharing agreements signed with energy firms in 2021, it carried out 178,560 MWh of transactions in 2021 and no committed to carry out of transactions in 2022.

Zorlu Enerji

Zorlu Enerji has committed to purchase 52,080 MWh related to 2022. Sales commitments of 230,640 MWh, within the scope of electricity energy purchase agreements with energy companies in 2021, it has committed to take and all of the energy undertaken has been taken. In relation to electricity purchase and sale operations and in the scope of the risk sharing agreements no signed with energy firms in 2021 and no committed to carry out of transactions in 2022.

OEDAŞ

OEDAŞ has no any energy selling commitment regarding other energy companies for the year 2021. Within scope of electricity selling agreements, OEDAŞ committed to buy 719,538 MWh energy for 2021 and has bought 679,608 MWh of energy buying commitment.

OEPSAŞ

OEPSAŞ has no any energy selling commitment regarding other energy companies as at 31 December 2021. Within scope of buying commitment among energy companies, the Company committed to buy 1,065,707 MWh energy for 2021 and fulfilled all energy buying commitment as at 31 December 2021. The Company has no any energy buying commitment for 2022.

Natural purchase and sale commitments

Trakya

Trakya has committed to purchase 668.9 million Sm³ gas according to contract with Botaş related to 2021. Actual consumption is 777.8 million Sm³.

Gazdaş

Gazdaş has committed to purchase 450.8 million Sm³ gas according to contract with Botaş related to 2021. Actual consumption is 443.49 million Sm³.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

30. NATURE OF EXPENSES

Nature of expenses consists of cost of sales, selling, general and administrative expenses.

	01.01.- 31.12.2021	01.01.- 31.12.2020
Direct materials and merchandise expenses	32.556.454	20.955.726
Changes in inventories	(337.297)	172.196
Personnel expenses	3.673.230	2.706.946
Depreciation and amortisation expense	2.885.222	1.834.852
Freight and freight insurance	1.254.334	677.026
Warranty expenses	583.036	459.078
Repair and maintenance expenses	488.138	297.589
Advertising expenses	427.793	271.751
Energy expenses	471.100	165.512
Outsourcing expenses	332.570	271.331
Export commissions	280.603	202.812
Energy transmission line distribution expenses	197.598	243.373
Office expenses	157.326	127.025
Exhibition expenses	32.051	25.256
Other	2.293.944	2.555.929
	45.296.102	30.966.402

31. OTHER EXPENSE

	01.01.- 31.12.2021	01.01.- 31.12.2020
Losses arising from merger ⁽¹⁾	363.000	--
Indexation of deposits received	188.828	99.157
Provision expense	103.352	102.348
Depreciation of service concession arrangements	64.667	64.844
Loss on sale of property, plant and equipment	36.386	19.156
Idle capacity depreciation expenses	7.932	19.868
Other	190.801	193.248
Other expense	954.966	498.621

⁽¹⁾ Pursuant to the Board of Directors decision of Zorlu Holding A.Ş. (Zorlu Holding) dated 26.08.2021, this amount is arisen from the purchase of the shares of Passtel Gıda ve İhtiyaç Maddeleri Pazarlama İnşaat Mühendislik Turizm Sanayi ve Ticaret A.Ş. (Passtel) for 383.000 TL, whose capital is 20.000 TL. Zorlu Holding and Passtel merged on 30.11.2021.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

32. FINANCING INCOME

Foreign exchange gain	9.827.774	4.747.068
Interest income	1.177.072	1.270.278
Other financial incomes	78.187	755

Financing income	11.083.033	6.018.101
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33. FINANCING EXPENSE

Foreign exchange loss	30.377.679	11.195.994
Interest expense	7.083.200	4.543.490
Loss on derivative financial instruments	967.462	267.597
Bank commission expenses	319.043	250.928
Other financial expenses	252.998	386.416

Financing expense	39.000.382	16.644.425
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34. RELATED PARTY DISCLOSURE

The significant balances with related parties at period end are shown below:

31.12.2021	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
Current						
Ezom Ltd.	481.354	--	--	--	--	--
Zorlu Usa Inc.	201.336	--	--	--	--	--
Arzum Tekstil Pazarlama ve Ticaret Ltd.	7.511	--	--	--	--	--
Hometeks Tekstil Ürünleri Sanayi ve Ticaret A.Ş.	2.327	847	--	9.993	--	--
Ashdod Energy Ltd.	9.034	--	--	--	--	--
Zorlu Gayrimenkul Otelcilik İnşaat Taahhüt ve Turizm A.Ş.	22	--	--	402.466	--	--
Ramat Negev Energy Ltd.	94.427	--	--	--	--	--
Zorlu Tesis Yönetim A.Ş.	3.956	--	204	7.006	--	--
Zorlu O/M Pakistan Ltd.	16.737	--	--	--	--	--
Zorlu Family	39	129	--	--	62	1.038.340
Vestel Savunma Sanayi A.Ş.	62.933	457.981	--	62.538	--	--
Vestel Ventures Ar-Ge A.Ş.	43	390.294	--	1	--	1
Other	7.990	15.615	54	70.259	204	282
	887.709	864.866	258	552.263	266	1.038.623

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

31.12.2021	Trade receivables	Other receivables	Prepaid expenses	Trade payables	Deferred income	Other payables
Non-current						
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.	--	1.957.011	--	--	--	--
Vestel Savunma Sanayi A.Ş.	--	4.020.205	--	--	--	3.833.907
Ezotech Electric Ltd.	--	449.193	--	--	--	--
Other	--	86.920	--	--	--	378.506
	--	6.513.329	--	--	--	4.212.413
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	33.183	10.810	20	80.696	14	3.957
	314.815	204.720	20	110.899	44	2.213.517

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

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	--	--	--	--
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
	--	3.742.717	--	--	--	36.864

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 exposure to credit risk is limited to the carrying amount of financial assets recognized at the balance sheet date.

Credit risk concerns the risk that a loss will be suffered by a party due to the reason that the other party to the transaction is unable to meet its obligations.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group management considers that all the financial assets shown above under paragraph liquidity risk that are not impaired for each of the reporting dates under review are of good credit quality.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(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:

31.12.2021	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	887.709	7.696.339	7.378.195	1.343.823	10.563	4.628.136	369.261	153.705
B. Financial assets with renegotiated conditions	--	--	--	--	--	--	--	--
C. Carrying amount of assets that are overdue but not impaired	--	2.015.378	--	--	--	--	--	--
- Carrying amount secured with collateral	--	(217.463)	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	186	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	570.005	--	--	--	--	--	--
- Impairment (-)	--	(570.313)	--	--	--	--	--	--
- Carrying amount secured with collateral	--	(308)	--	--	--	--	--	--
	887.709	9.711.903	7.378.195	1.343.823	10.563	4.628.136	369.261	153.705

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

31.12.2020	Receivables				Factoring receivables	Bank amounts	Derivative instruments	Other
	Trade receivables Related Parties	Third parties	Other receivables 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	314.815	6.269.697	3.947.437	803.910	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	--	119.461	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	671.814	--	97.654	--	--	--	--
- Impairment (-)	--	(552.353)	--	(97.654)	--	--	--	--
- Carrying amount secured with collateral	--	(119.461)	--	--	--	--	--	--
	314.815	7.338.695	3.947.437	803.910	207.349	4.924.459	119.483	80.255

While measuring the maximum credit risk exposed, guarantees which increase the credibility of the Group are not taken into consideration.

Foreign currency risk

The majority of the Group’s transactions are carried out in Euros and US Dollars. Exposure to currency exchange rates arise from the Group’s bank loans and due to related parties, which are primarily denominated in US Dollars and Euros.

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group manages its currency exposure risk by organizing a balanced distribution between its foreign currency assets and commitments and by matching off the liabilities and receivables and its net currency position.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

The net currency position of the Group as of 31.12.2021 and 31.12.2020 are shown below:

2021	USD	EUR	GBP	Other currencies TL equivalent	Total TL equivalent
Cash and cash equivalents	188.608	67.576	11.695	58.043	3.701.987
Investment securities	115.317	--	--	--	1.496.526
Trade receivables and other assets	671.448	285.229	4.847	752.455	13.738.584
Total foreign currency assets	975.373	352.805	16.542	810.498	18.937.097
Trade payables and other liabilities	1.457.624	188.636	2.122	16.071	21.739.032
Current borrowings	1.967.771	335.563	--	17.488	30.481.073
Non-current borrowings	2.217.880	696.125	--	49.321	39.052.576
Total foreign currency liabilities	5.643.275	1.220.324	2.122	82.880	91.272.681
Derivatives					
Assets	916.185	505.836	94.967	115.805	21.089.891
Liabilities	(431.496)	(975.552)	(106.292)	(448.150)	(22.226.351)
	484.689	(469.716)	(11.325)	(332.345)	(1.136.460)
Net foreign currency position	(4.183.213)	(1.337.235)	3.095	395.273	(73.472.044)
Import	1.747.795	287.369	92	11.276	17.574.288
Export	908.885	1.533.972	4.395	2.070.599	28.254.447

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

2020	USD	EUR	GBP	CHF	Other currencies TL equivalent	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 receivables and other assets	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 payables and other liabilities	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						
Assets	1.092.627	535.570	44.323	--	40.359	13.325.890
Liabilities	(563.558)	(970.789)	(78.192)	(250.139)	(232.775)	(15.964.045)
	529.069	(435.219)	(33.869)	(250.139)	(192.416)	(2.638.155)
Net foreign currency position	(3.820.658)	(1.344.085)	(16.043)	(488.419)	2.248.913	(42.109.645)
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

On basis of the above an increase of 10% in the foreign exchange rates against the Turkish Lira as of 31 December 2021 will amount to a loss of TL 7.347.210 (31 December 2020: TL 4.209.561) and a decrease will amount to profit of the same amount.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Interest rate risk

Interest rate risk arises because changes in interest rates may affect profitability as disclosed in financial statements.

The Group is subject to interest rate risk as a result of differences in balancing off the dates or timing differences related to assets and liabilities maturing or to be subjected to price revision. The Group manages its interest rate risk by applying risk management strategies whereby its strives to balance off the dates of changes in interest rates related to assets and liabilities.

The Group's interest rate position is as follows:

	31.12.2021	31.12.2020
Fixed interest rate financial instruments		
Financial assets-time deposits		
- <i>Time deposits</i>	2.164.895	1.186.903
Financial liabilities		
- <i>Borrowings</i>	35.359.285	36.363.829
- <i>Finance lease liabilities</i>	1.021.060	779.421
- <i>Payables of factoring sector operations</i>	170.842	187.693
Variable interest rate financial instruments		
Financial liabilities		
- <i>Borrowings</i>	45.507.785	15.986.537

Liquidity risk

Liquidity risk comprises the risk that the Group becomes unable to find its payment requirements.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30 day projection. Long-term liquidity needs for a 180 day and 360 day lookout period are identified monthly.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

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:

31.12.2021	Book value	Total cash out flow	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years
Contractual maturities						
Bank loans	74.457.521	92.903.057	14.396.972	27.314.147	43.264.894	7.927.044
Bond issued	6.409.549	6.121.044	1.956.206	129.442	354.535	3.680.861
Finance sector operations	170.842	170.842	88.137	82.705	--	--
Financial lease liabilities	1.021.060	1.314.918	234.262	621.987	458.669	--
	82.058.972	100.509.861	16.675.577	28.148.281	44.078.098	11.607.905
Expected maturities						
Trade payables	20.309.096	20.922.009	10.210.225	10.707.870	3.914	--
Other payables	7.237.015	7.237.015	1.834.875	859.199	4.542.941	--
Other liabilities	1.281.694	1.281.694	246.841	1.034.834	19	--
	28.827.805	29.440.718	12.291.941	12.601.903	4.546.874	--
Derivative cash inflow		17.269.187	9.187.670	3.405.939	4.675.578	--
Derivative cash outflow		(17.385.510)	(8.998.930)	(3.548.428)	(4.811.011)	(27.141)
Derivative financial liabilities		(116.323)	188.740	(142.489)	(135.433)	(27.141)

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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	51.083.408	57.327.143	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	--
Finance sector operations	187.693	187.693	127.858	59.835	--	--
Financial lease liabilities	779.421	956.046	60.745	299.757	472.562	122.982
	53.317.480	59.774.896	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)

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.

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Capital risk management

The Group’s capital management objectives are:

- ensure the Group’s ability to continue as a going concern; and
- to provide an adequate return to shareholders,

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its total of current and non current borrowings (net debt) less cash and cash equivalents as presented on the face of the consolidated balance sheet.

The Group sets the amounts of capital in proportion to its overall financing structure i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid the shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group’s net debt to overall or financing ratio developed as follows:

	31.12.2021	31.12.2020
Total borrowings, note 20	81.888.130	53.129.787
Less: Cash and cash equivalents, note 5	(4.781.841)	(5.004.714)
Less: Investment securities	(1.496.380)	(846.303)
Net debt	75.609.909	47.278.770
Total equity	15.230.382	7.897.611
Overall financing	90.840.291	55.176.381
Net debt to overall financing ratio	83%	86%

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

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.

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

Notes to Consolidated Financial Statements for the Year Ended 31 December 2021

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

Fair value hierarchy table as at 31 December 2021 is as follows:

Assets at fair value in the financial position	Level 1	Level 2	Level 3
Investment securities (note 7)	--	69.042	--
Derivative financial instruments (note 11)	--	369.261	--
Land and buildings (note 17)	--	--	26.547.798
Machinery and equipment (note 17)	--	--	31.296.001
Liability at fair value in the financial position	Level 1	Level 2	Level 3
Derivative financial instruments (dipnot 11)	--	898.837	--

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)	--	--	16.389.703
Machinery and equipment (note 17)	--	--	16.532.619
Liability at fair value in the financial position	Level 1	Level 2	Level 3
Derivative financial instruments (note 11)	--	806.139	--

36. POST BALANCE SHEET EVENTS

After the Russian Federation troops launched a military operation in Ukraine and occupied Ukraine on February 24, 2022, many countries announced their sanctions against the Russian Federation and Belarusian administration, their companies, financial institutions and some natural persons who are citizens of these countries. As a result, uncertainties have emerged regarding the Group’s operations in Russia and the region. Considering the size of the Group’s operations in these countries within the Group’s activities, this situation is not expected to have a significant impact on the consolidated financial statements. Since the course of the crisis is uncertain as of the report date, the effects of possible global developments on the Group’s operations cannot be reasonably estimated.

As per the material event disclosure dated 3 January 2022, Rotor aims to establish a “Combined Renewable Electricity Generation Facility (Main Source GPP + Auxiliary Source SPP)” to generate electricity from solar energy in integration with the Gökçedağ wind power plant, which has an installed capacity of 135 MWm/135 MWe and license capacity of 150,6 MWm/150,6 MWe in Osmaniye Bahçe. In this context, an application was made to the Energy Market Regulatory Authority to amend the current electricity generation license capacity of the power plant to 160,209 MWm/150,6 MWe.

As per the material disclosure dated 11 January 2022, with the aim of expanding our activities including the sale, installation and operation of electric vehicle charging stations in Turkey to the European Union and surrounding countries and to operate within this scope in the relevant countries through our subsidiaries, a new company with the title of “Zorlu Energy Solutions (ZES) EOOD “ was established in Bulgaria under 100% direct ownership of ZES N.V., a wholly-owned subsidiary of our Company established in the Netherlands.

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(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

As per the material disclosure dated 21 January 2022, with the aim of expanding our activities including the sale, installation and operation of electric vehicle charging stations in Turkey to the European Union and surrounding countries and to operate within this scope in the relevant countries through our subsidiaries, a new company with the title of "Zorlu Energy Solutions (ZES) I.K.E." was established in Greece under 100% direct ownership of ZES N.V., a wholly-owned subsidiary of our Company established in the Netherlands.

As per the material event disclosures dated 17 February 2022, with the aim of creating synergy in its Israeli operations and supporting its strategic and profitable growth, Zorlu Enerji Elektrik Üretim AŞ established a new company in Israel titled "Zador Israel Ltd." with a 100% shareholding. The company was founded with an initial capital of NIS 1 and has been incorporated and registered with the Israeli Trade Registry on February 16, 2022.

As per the material event disclosures dated 13 January 2022 and 21 February 2022, EMRA has approved the application of Zorlu Jeotermal to amend the pre-license of its Alaşehir 3 geothermal power plant project, for reducing the project's installed capacity from 50MWm/50MWe to 10MWm/10MWe for the purpose of effective management of the geothermal resource and reservoir.

As per the material event disclosures dated 13 January 2022 and 17 February 2022, the term of the pre-license for Kızıldere 4 geothermal power plant project, which is planned to be developed in Denizli and Aydın by Zorlu Doğal has been extended for twenty-three months with the approval of EMRA.

As per the material disclosure dated 21.02.2022, with the aim of expanding our activities including the sale, installation and operation of electric vehicle charging stations in Turkey to the European Union and surrounding countries and to operate within this scope in the relevant countries through our subsidiaries, a new company with the title of "ZES Spolka Z.O.O." was established in Poland under 100% direct ownership of ZES N.V. a wholly - owned subsidiary of our Company established in the Netherlands.

The merger with all assets and liabilities of Zorlu Trade as a whole, by taking over by Zorlu Toptan by applying the "Combination in the Facilitated Procedure" method, was registered with the Eskişehir Trade Registry on 28 February 2022. As a result of said merger transaction, Zorlu Trade is dissolved.

As per the material event disclosures dated 3 March 2022, Zorlu Doğal, will establish a solar power plant to be integrated to its existing Kızıldere 1 GPP (installed capacity: 15 MWm/15 MWe) in Sarayköy, Denizli, as a result of which, the facility will operate as a Hybrid Renewable Power Plant and generate electricity from both geothermal and solar energy (Main Source: Geothermal + Auxiliary Source: Solar). Accordingly, the Company applied to EMRA to amend the generation license of the Kızıldere 1 GPP to 15.99 MWm/15 MWe.

OEDAŞ signed Project Finance Agreements with the European Bank for Reconstruction and Development ("EBRD"), International Finance Corporation ("IFC"), Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V. ("FMO"), Asian Infrastructure Investment Bank ("AIIB") and Denizbank AŞ for a TL-denominated loan up to a total amount of USD 375 million on 7 March 2022. The afore-mentioned loan will be used to finance the electricity distribution investments to be undertaken by OEDAŞ during the fourth tariff implementation period (2021-2025), which was announced by the EMRA.

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 168 days and a nominal value of TL 68.110 on 2 February 2022 and with a due date of 174 days and a nominal value of TL 71.870 on 24 March 2022.

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Korteks Mensucat Sanayi ve Ticaret A.Ş. has completed sale transaction of the vairable rate bonds, with couponpaid monthly and the principal paid the maturity, which have a due date of 393 days and a nominal value of TL 77.050 on 2 February 2022, with a due date of 385 days and a nominal value of TL 23.540 on 24 February 2022 and with a due date of 406 days and a nominal value of TL 49.460 on 24 March 2022.

Korteks Mensucat Sanayi ve Ticaret A.Ş. has completed sale transaction of the vairable rate bonds, with couponpaid quarterly and the principal paid the maturity, which have a due date of 386 days and a nominal value of TL 25.000 on 27 April 2022.

Zorlu Enerji has completed sale transaction of the fixed rate bonds, with the principal-paid at maturity, which have a due date of 162 days and a nominal value of TL 88.060 on 12 January 2022, with a due date of 217 days and a nominal value of TL 107.309 on 24 February 2022, with a due date of 217days and a nominal value of TL 92.480 on 7 April 2022 and with a due date of 197 days and a nominal value of TL 37.980 on 27 April 2022.

Zorlu Enerji has completed sale transaction of the vairable rate bonds, with couponpaid quarterly and the principal paid the maturity, which have a due date of 366 days and a nominal value of TL 54.300 on 12 January 2022, with a due date of 385 days and a nominal value of TL 99.750 on 24 February 2022, with a due date of 406 days and a nominal value of TL 42.810 on 7 April 2022 and with a due date of 386 days and a nominal value of TL 38.460 on 27 April 2022.

Zorlu Faktoring has completed sale transaction of the fixed rate bonds, with the principal-paid at maturity, which have a due date of 182 days and a nominal value of TL 20.000 on 9 March 2022, with a due date of 182 days and a nominal value of TL 25.000 on 30 March 2022 and with a due date of 182 days and a nominal value of TL 35.000 on 26 January 2022.

Contact Information



Levent 199, Büyükdere Cad. No. 199 34394 Şişli-İstanbul



Tel: +90 (212) 456 20 00

Fax: +90 (212) 422 00 49



www.zorlu.com.tr

For Information: kurumsaliletisimvesurdurulebilirlik@zorlu.com



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