

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS (“QIBs”) AS DEFINED IN RULE 144A (“RULE 144A”) UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR (2) OUTSIDE OF THE UNITED STATES WITHIN THE MEANING AND IN COMPLIANCE WITH REGULATION S (“REGULATION S”) UNDER THE U.S. SECURITIES ACT (AND ONLY TO INVESTORS WHO, IF RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE “EEA”), ARE QUALIFIED INVESTORS UNDER REGULATION (EU) 2017/2019 (AS AMENDED, THE “PROSPECTUS REGULATION”) OR, IF RESIDENT IN THE UNITED KINGDOM, ARE QUALIFIED INVESTORS UNDER REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE “UK PROSPECTUS REGULATION”).

IMPORTANT: You must read the following before continuing. The following applies to the attached offering circular (the “Offering Circular”) following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from Vestel Elektronik Sanayi ve Ticaret A.Ş. (the “Issuer” or “Vestel Electronics”), each of Vestel Ticaret A.Ş. (“Vestel Trade”) and Vestel Mobilite Sanayi ve Ticaret A.Ş. (“Vestel Mobility” and Vestel Trade and Vestel Mobility, together, the “Original Guarantors”), J.P. Morgan Securities plc, Merrill Lynch International and Emirates NBD Bank PJSC (the “Joint Bookrunners”) as a result of such access. The Offering Circular has been prepared in connection with the proposed offering and sale of the securities described therein. You acknowledge that the delivery of the Offering Circular is confidential and is solely for your information and intended for you only, and you agree you will not distribute, forward, reproduce (in whole or in part), disclose or publish the Offering Circular to any other person, in particular to any U.S. address.

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THERE WILL BE NO PUBLIC OFFERING OF SUCH SECURITIES IN THE UNITED STATES.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES.

In the United Kingdom this Offering Circular is for distribution only to persons who (i) are outside the United Kingdom; (ii) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”); (iii) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) in connection with the issue or sale of any Securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as (“Relevant Persons”)). This Offering Circular is directed only at Relevant Persons and must not be acted or relied upon by persons who are not Relevant Persons. Any investment or investment activity to which the Offering Circular relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Prohibition of sales to EEA retail investors: The securities described in the attached Offering Circular (the “Notes”) are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The attached Offering Circular has been prepared on the basis that any offer of the Notes described in the attached Offering Circular in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from a requirement to publish a prospectus for offers of such securities. The attached Offering Circular is not a prospectus for the purposes of the Prospectus Regulation.

UK MiFIR product governance / Professional investors and ECPs only target market—Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market

for the Notes is only eligible counterparties, as defined in the COBS, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”) (“UK MiFIR”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Distributor should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Prohibition of sales to UK retail investors—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “United Kingdom” or the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The attached Offering Circular has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from a requirement to publish a prospectus for offers of Notes. The attached Offering Circular is not a prospectus for the purpose of the UK Prospectus Regulation.

THE OFFERING OF THE NOTES HAS BEEN AUTHORISED BY THE CMB ON 18 APRIL 2024 THROUGH THE APPROVAL OF THE ISSUANCE CERTIFICATE (İHRAÇ BELGESİ) ONLY FOR THE PURPOSE OF THE SALE OF THE NOTES OUTSIDE OF TÜRKİYE IN ACCORDANCE WITH ARTICLE 11 OF THE CAPITAL MARKETS LAW, ARTICLE 15(b) OF DECREE 32 AND THE COMMUNIQUE ON DEBT INSTRUMENTS. THE NOTES (OR BENEFICIAL INTERESTS THEREIN) MUST BE OFFERED OR SOLD OUTSIDE OF TÜRKİYE AND THE CMB HAS APPROVED THE ISSUANCE CERTIFICATE (İHRAÇ BELGESİ); PROVIDED THAT, FOLLOWING THE PRIMARY SALE OF THE NOTES, NO TRANSACTION THAT MAY BE DEEMED AS A SALE OF THE NOTES (OR BENEFICIAL INTERESTS THEREIN) IN TÜRKİYE BY WAY OF PRIVATE PLACEMENT OR PUBLIC OFFERING MAY BE ENGAGED IN.

NOTWITHSTANDING THE FOREGOING, IN ACCORDANCE WITH ARTICLE 15(d)(ii) OF DECREE 32, RESIDENTS OF TÜRKİYE MAY PURCHASE OR SELL NOTES DENOMINATED IN A CURRENCY OTHER THAN TURKISH LIRA (OR BENEFICIAL INTERESTS THEREIN) IN OFFSHORE TRANSACTIONS ON AN UNSOLICITED (REVERSE INQUIRY) BASIS, PROVIDED THAT SUCH PURCHASE OR SALE IS MADE IN THE FINANCIAL MARKETS OUTSIDE OF TÜRKİYE THROUGH LICENSED BANKS AUTHORISED BY THE BRSA AND/OR LICENSED BROKERAGE INSTITUTIONS AUTHORISED PURSUANT TO THE CMB REGULATIONS AND THE PURCHASE PRICE IS TRANSFERRED THROUGH SUCH LICENSED BANKS. AS SUCH, TURKISH RESIDENTS SHOULD USE SUCH BANKS OR LICENSED BROKERAGE INSTITUTIONS WHILE PURCHASING THE NOTES (OR BENEFICIAL INTERESTS THEREIN) AND TRANSFER THE PURCHASE PRICE THROUGH SUCH LICENSED BANKS.

ANY DIRECTED SELLING EFFORTS WITHIN TÜRKİYE IN CONNECTION WITH THE NOTES ARE STRICTLY PROHIBITED. UNDER NO CIRCUMSTANCES, NO FORM OF GENERAL SOLICITATION OR GENERAL ADVERTISING IN CONNECTION WITH ANY OFFER AND SALE OF THE NOTES IN TÜRKİYE IS PERMITTED AND NO DISCLOSURE IN TÜRKİYE IN RELATION TO THE ISSUER, THE NOTES OR THE OFFERING CIRCULAR MAY BE MADE WITHOUT THE PRIOR CONSENT OF THE ISSUER, SAVE AS MAY BE REQUIRED BY APPLICABLE LAW, COURT ORDER OR REGULATION.

CONFIRMATION OF YOUR REPRESENTATION: By accepting this e-mail and accessing the attached Offering Circular you will be deemed to represent to the Issuer, the Guarantors and the Joint Bookrunners that: (1) you have understood and agree to the terms set out herein; (2) you and any customers you represent are (a) in the United States and a QIB that is acquiring securities for their own account or for the account or benefit of another QIB and that the e-mail address to which, pursuant to your request, the Offering Circular has been delivered by electronic transmission is utilised by a QIB or (b) acting on behalf of, or are, an institutional investor that is outside the United States and that the e-mail address to which, pursuant to your request, the Offering Circular has been delivered by electronic transmission is not located in the United States; (3) if you are located in the United Kingdom, you and any customers you represent are Relevant Persons (as defined herein) and must not be a retail investor; (4) if you are located in any member state of the EEA, you and any customers you represent must not be a retail investor; (5) the securities acquired in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public; (6) if you are outside the United States, the United Kingdom and any member state of the EEA (and the e-mail addresses that you gave the Group and to which this document has been delivered are not located in such jurisdictions) you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located; and (7) you are a person to whom the Offering Circular may be delivered in accordance with the restrictions set out in “Transfer Restrictions” in the Offering Circular.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the Securities Act pursuant to Rule 144A thereunder.

The Offering Circular has been made available to you in electronic form. You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in

accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Offering Circular to any other person.

None of the Joint Bookrunners or any of their affiliates, directors, officers, employees, representatives and agents or any other person controlling the Joint Bookrunners or any of their affiliates accepts any responsibility for the contents of the attached document or for any statement made or purported to be made by them, or on their behalf, in connection with the Group or the offer. The Joint Bookrunners and each of their affiliates accordingly disclaim all and any liability whatsoever, whether arising in tort, contract or otherwise which they might have in respect of such document or any such statement. No representation or warranty, express or implied, is made by the Joint Bookrunners or any of their affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in the Offering Circular.

The materials relating to the offering of the securities described in the attached Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law to persons other than the specified categories of institutional buyers described above and to whom it is directed. Access has been limited so that it will not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described in the Offering Circular.

No action has been or will be taken in any jurisdiction by the Joint Bookrunners, the Issuer or the Guarantors that would or is intended to permit a public offering of such securities, or possession or distribution of the attached Offering Circular or any other offering or publicity material relating to such securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and one or more of the Joint Bookrunners is/are or any affiliate of one or more of the Joint Bookrunners is/are a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Bookrunner(s) or such affiliate(s) on behalf of the Issuer and the Guarantors in such jurisdiction. Under no circumstances shall the Offering Circular constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

The attached Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantors and the Joint Bookrunners, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners. If you receive the Offering Circular by e-mail, you should not reply to the e-mail. Any reply via e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive the Offering Circular by e-mail, your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. By accessing the Offering Circular, you consent to its delivery in electronic form (and any amendments or supplements thereto by electronic transmission).

This Offering Circular is being distributed for information purposes only and is subject to completion and amendment (which may be material) without notice. This Offering Circular shall not, and is not intended to, constitute or contain any offer of invitation to sell or the solicitation of any offer to buy and may not be used as, or in connection with any offer or invitation to sell or a solicitation of any offer to buy any of the Notes.



Vestel Elektronik Sanayi ve Ticaret A.Ş.

(incorporated in and operating under the laws of the Republic of Türkiye)

Legal entity identifier (LEI): 789000X20IT3ANQEL70

(unconditionally and irrevocably guaranteed by certain subsidiaries of Vestel Elektronik Sanayi ve Ticaret A.Ş.)

U.S.\$450,000,000 9.750 per cent. Senior Guaranteed Notes due 2029

Issue Price: 99.516%

Vestel Elektronik Sanayi ve Ticaret A.Ş. (the “**Issuer**” or “**Vestel Electronics**”), a company incorporated and operating under the laws of the Republic of Türkiye with registration number 193621, is offering U.S.\$450,000,000 9.750 per cent. Senior Guaranteed Notes due 2029 (the “**Notes**”) (the “**Offering**”). Each of the Vestel Ticaret A.Ş. (“**Vestel Trade**”) and Vestel Mobilite Sanayi ve Ticaret A.Ş. (“**Vestel Mobility**”) (Vestel Trade and Vestel Mobility, together, the “**Original Guarantors**”) together with any other Subsidiary (as defined below) appointed as a guarantor under and as further described in the Trust Deed, but excluding any entity released as a guarantor in accordance with the terms and conditions of the Notes (the “**Conditions**”) are together referred to as the “**Guarantors**” and each a “**Guarantor**” will, pursuant to the guarantee contained in the trust deed to be dated on or about 15 May 2024 (the “**Issue Date**”) between the Issuer, the Original Guarantors and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”) (the “**Trust Deed**”), fully, unconditionally and irrevocably, jointly and severally with every other Guarantor, to the maximum extent permitted by law but subject to the limitations and restrictions set out in the Trust Deed, guarantee the due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed (the “**Guarantee**”) as a guarantee of third person’s obligations (*üçüncü kişinin fiilini üstlenme*) stipulated under Article 128 of the Turkish Code of Obligations, and not a surety (*kefalet*).

The Notes will be constituted by the Trust Deed. The Notes and the Guarantee constitute direct, unconditional, unsubordinated and (subject to the Conditions) unsecured obligations of the Issuer and the Guarantors respectively and will rank *pari passu* in right of payment, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer and the Guarantors respectively, save for such exceptions as may be provided by mandatory provisions of legislation in the jurisdiction of the Issuer or the relevant Guarantor (as applicable) which are applicable to it. The Notes and Guarantee will be effectively subordinated to any existing and future secured indebtedness of each of the Issuer and the Guarantors that is secured by property and assets that does not also secure the Notes and the Guarantee, as applicable, to the extent of the value of the property and assets securing such indebtedness. The Notes and the Guarantee will be structurally subordinated to all existing and future indebtedness and other liabilities of any current or future subsidiaries of the Issuer that do not provide a Guarantee in respect of the Notes.

Interest on the Notes will be payable semi-annually in arrear in equal instalments on 15 November and 15 May in each year beginning on 15 November 2024. Payments on the Notes and under the Guarantee will be made without deduction for or on account of taxes of certain jurisdictions to the extent described under Condition 9 (*Taxation*). The Notes will mature on 15 May 2029 at their principal amount together with accrued and unpaid interest (if any).

The Issuer may redeem all or part of the Notes by paying the redemption prices set forth in this Offering Circular. The Issuer may on one or more occasions, at its option, redeem the Notes in whole or in part at any time at a redemption price equal to 100 per cent. of their aggregate principal amount, plus accrued and unpaid interest, but excluding, the date fixed for redemption, if any, plus the relevant “make-whole” premium. If the Issuer undergoes a change of control, it may be required to make an offer to purchase the Notes at a price of 101 per cent. of their principal amount, plus accrued and unpaid interest (but excluding) the Redemption Date, if any. In the event of certain developments affecting taxation, the Issuer may redeem all, but not some only, of the Notes at a redemption price equal to 100 per cent. of their principal amount, plus accrued and unpaid interest to (but excluding) the date fixed for redemption. In addition, at any time prior to 15 May 2026, the Issuer may on one or more occasions redeem up to 35 per cent. of the aggregate principal amount of the Notes at a redemption price equal to 109.750 per cent. of the principal amount of the Notes redeemed plus accrued and unpaid interest to the date of redemption with the net cash proceeds of an equity offering, provided that at least 60 per cent. of the original aggregate principal amount of the Notes originally issued remains outstanding immediately thereafter and the redemption occurs within 180 days of the date of the closing of such equity offering.

There is currently no established trading market for the Notes and there is no assurance that a trading market in the Notes will develop or be maintained. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for the Notes to be admitted to the official list of Euronext Dublin (the “**Official List**”) and to trading on its Global Exchange Market (the “**GEM**”), which is the exchange regulated market of Euronext Dublin. The GEM is not a regulated market for the purposes of Directive 2014/65/EU (“**MiFID II**”). This Offering Circular constitutes the listing particulars in respect of the Notes to be admitted to the Official List and to trading on the GEM of Euronext Dublin and has been approved by Euronext Dublin. References in this Offering Circular to the Notes being “listed” (and all related references) will mean that the Notes have been admitted to the Official List and have been admitted to trading on the GEM. This

Offering Circular does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This Offering Circular has not been approved or reviewed by any regulator which is a competent authority under the Prospectus Regulation.

The Notes may not be sold outside Türkiye before the issuance is approved by the Capital Markets Board of Türkiye (the “**CMB**”) in its capacity as competent authority under the Capital Markets Law of the Republic of Türkiye, Law No. 6362 dated 6 December 2012 (the “**Capital Markets Law**”) for the issuance and sale of the Notes by the Issuer outside Türkiye. Application was made to the CMB and the issuance certificate (*ihraç belgesi*) relating to the Notes was approved by the CMB on 18 April 2024, and a written approval of the CMB relating to the Notes (which may be in the form of a tranche issuance certificate (*tertip ihraç belgesi*) or in any other form required under the applicable legislation) will be required to be obtained from the CMB on or before the Issue Date. The withholding tax rate on interest payments in respect of bonds issued by Türkiye resident corporations outside of Türkiye varies depending on the maturity of such bonds as specified under decrees numbered 2010/1182 published on 29 December 2010 and numbered 2011/1854 published on 29 June 2011, and Presidential Decree No. 842 published on 21 March 2019 (the “**Tax Decrees**”). Pursuant to the Tax Decrees the withholding tax rate on interest is 0 per cent. with respect to bonds with a maturity of three years or more. Accordingly, the withholding tax rate on interest on the Notes will be 0 per cent. See “*Taxation—Certain Turkish Tax Considerations*”.

The Issuer expects the Notes to be rated “B+” by Fitch Ratings Limited (“**Fitch**”) and “B3” by Moody’s France SAS (“**Moody’s**”). As at the date of this Offering Circular, Moody’s is established in the European Union (the “**EU**”) and is included in the list of credit rating agencies registered in accordance with Regulation (EC) No. 1060/2009 on Credit Rating Agencies as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”). Fitch is not established or registered in the EU under the CRA Regulation, but credit ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited, which is established in the EU and included in the list of registered credit rating agencies published by the ESMA. This list is available on the ESMA website (<http://www.esma.europa.eu/page/list-registered-and-certified-CRAs>) (last updated 27 March 2023). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Investing in the Notes involves a high degree of risk. See “*Risk Factors*” beginning on page 26.

NEITHER THE NOTES NOR THE GUARANTEE HAVE BEEN, NOR WILL THEY BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE NOTES ARE BEING OFFERED AND SOLD (I) IN THE UNITED STATES ONLY TO QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN, AND IN RELIANCE ON, RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) OR ON ANOTHER EXEMPTION FROM THE REQUIREMENTS OF THE SECURITIES ACT AND (II) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”). THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER “Subscription and Sale”.

The Notes will be issued in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Notes offered and sold in reliance on Regulation S (the “**Regulation S Notes**”) will upon issue be represented by a single global note certificate (the “**Regulation S Global Note**”) in registered form, which will be deposited with a common depositary (the “**Common Depositary**”), and registered in the name of a nominee of the Common Depositary for, Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) on or about the Issue Date for the accounts of their respective accountholders. The Notes offered and sold in reliance on Rule 144A (the “**Rule 144A Notes**”) will be evidenced by a global note certificate (the “**Rule 144A Global Note**”) and, together with the Regulation S Global Note, the “**Global Notes**”), which will be registered in the name of a nominee of, and deposited with a custodian for, The Depository Trust Company (the “**DTC**”, and together with Euroclear and Clearstream, Luxembourg, the “**Clearing Systems**”). Ownership interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg (as applicable) and their respective participants.

Joint Global Coordinators and Joint Bookrunners

BofA Securities

J.P. Morgan

Joint Bookrunner

Emirates NBD Capital

The date of this Offering Circular is 13 May 2024.

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IMPORTANT NOTICES

Each of the Issuer and the Guarantors accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer and the Guarantors, having taken all reasonable care to ensure that such is the case, the information in this Offering Circular is in accordance with the facts and this Offering Circular makes no omission likely to affect its import.

None of J.P. Morgan Securities plc, Merrill Lynch International and Emirates NBD Bank PJSC (together, the “**Joint Bookrunners**”) nor any of their respective directors, affiliates, advisers or agents makes any representation or warranty, express or implied with respect to the accuracy or completeness of the information contained in this Offering Circular. No responsibility is accepted by the Joint Bookrunners or any of their respective directors, affiliates, advisers or agents for any act or omission of the Issuer, the Guarantors or any other person (other than the relevant Joint Bookrunner) in connection with the issue and offering of the Notes. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantors during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. Nothing contained in this Offering Circular is, is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Joint Bookrunners or any of their respective directors, affiliates, advisers or agents in any respect. The contents of this Offering Circular are not, are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

No person is authorised to give any information or make any representation not contained in this Offering Circular in connection with the issue and offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the Guarantors, the Joint Bookrunners, the Trustee or any of their respective directors, affiliates, advisers or agents. The delivery of this Offering Circular does not and shall not under any circumstances imply that there has been no change in the business and affairs of the Issuer, the Guarantors or the Group (as defined below) since the date hereof or that the information herein is correct as of any time subsequent to its date.

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy the Notes by any person in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of this Offering Circular and the offer or sale of the Notes in certain jurisdictions is restricted by law. This Offering Circular may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorised or is unlawful. In particular, this Offering Circular does not constitute an offer of securities to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Notes. Consequently, this Offering Circular is being distributed only to, and is directed at (i) persons who have professional experience in matters relating to investments and fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Order**”), (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order and (iii) those persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or be caused to be communicated (all such persons together being referred to as “**relevant persons**”). Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents. Persons into whose possession this Offering Circular may come are required by the Issuer, the Guarantors and the Joint Bookrunners to inform themselves about and to observe such restrictions. Further information with regard to restrictions on offers, sales and deliveries of the Notes and the distribution of this Offering Circular and other offering material relating to the Notes is set out under “*Subscription and Sale*” and “*Transfer Restrictions*”.

The Notes and the Guarantee have not been and will not be registered under the Securities Act or under the securities laws of any State of the United States or any other U.S. jurisdiction. Each investor, by purchasing a Note (or a beneficial interest therein), agrees that the Notes (or beneficial interests therein) may only be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions therefrom described under “*Transfer Restrictions*”. Each investor also will be deemed to

have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer that is not made in accordance with the transfer restrictions may subject the transferor and transferee to certain liabilities under applicable securities laws.

This Offering Circular has been prepared solely for use in connection with the Offering. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised, and any other disclosure of any of its contents, without the prior written consent of the Issuer, the Guarantors and the Joint Bookrunners is prohibited. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

The Issuer has obtained the CMB Approval dated 18 April 2024 and numbered 20/561 (the “**CMB Approval**”) required for the issuance of the Notes. In addition, the required tranche issuance certificate (*tertip ihraç belgesi*) relating to the Notes is expected to be obtained from the CMB on or prior to the Issue Date.

Pursuant to the CMB Approval, the Offering has been authorised by the CMB only for the purpose of the sale of the Notes outside of Türkiye in accordance with Article 15(b) of Decree 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, “**Decree 32**”), the Capital Markets Law No. 6362 and Communiqué Serial VII, No 128.8 on Debt Instruments (the “**Communiqué on Debt Instruments**”).

In addition, the Notes (or beneficial interests therein) may only be offered or sold outside of Türkiye in accordance with the CMB Approval. Under the CMB Approval, the CMB has authorised the offering, sale and issue of any Notes on the condition that no sale or offering of Notes (or beneficial interests therein) may be made by way of public offering or private placement in Türkiye. Pursuant to Article 15(d)(ii) of Decree 32, residents of Türkiye may purchase or sell Notes denominated in a currency other than Turkish Lira (or beneficial interests therein) in offshore transactions on an unsolicited (reverse inquiry) basis, provided that such purchase or sale is made in the financial markets outside of Türkiye through licensed banks authorised by the Banking Regulation and Supervision Agency (the “**BRSA**”) and/or licensed brokerage institutions authorised pursuant to the CMB regulations and the purchase price is transferred through licensed banks authorised under the BRSA regulations.

Pursuant to the Communiqué on Debt Instruments, the Issuer is required to notify the Central Securities Depository (*Merkezi Kayıt Kuruluşu A.Ş.*) (the “**CSD**”), within three Business Days from the Issue Date, of the amount, issue date, ISIN, term commencement date, maturity date, interest rate, name of the custodian, currency of the Notes and the country of issuance. In case of any change to this information, including early redemption, the Issuer is required to notify the CSD, within three Business Day from the date of the relevant change.

Each of the Issuer and the Guarantors confirms that any information from third party sources has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The language of the Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

NOTICE TO U.S. INVESTORS

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

For the Offering, the Issuer, the Guarantors and the Joint Bookrunners are relying upon exemptions from registration under the Securities Act for offers and sales of securities which do not involve a public offering, including Rule 144A. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the provision of Section 5 of the Securities Act provided by Rule 144A. The Notes are subject to restrictions on transferability and resale. Purchasers of the Notes may not transfer or resell the Notes except as permitted under the Securities Act and applicable U.S. State securities laws. See *"Transfer Restrictions"*.

The Notes have not been approved or disapproved by the SEC or any other securities commission or regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

Unless otherwise specified or the context requires, references to **"dollars"**, **"U.S. dollars"**, **"USD"**, **"\$"** and **"U.S.\$"** are to United States dollars, references to **"euro"**, **"Euro"**, **"EUR"** and **"€"** are to the lawful currency of the Member States of the European Union that have adopted the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union and references to **"Turkish lira"**, **"TRY"**, **"TL"** and **"TRL"** are to the lawful currency of Türkiye.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK PRIIPS REGULATION / PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”), and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive (as defined below), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by the PRIIPs Regulation (as defined below) as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended (“**MiFID II**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

SINGAPORE SFA PRODUCT CLASSIFICATION

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner in each case upon the request of such holder, beneficial owner, prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

STABILISATION

In connection with the Offering, the Issuer may appoint a stabilisation manager which may (or may appoint persons acting on its behalf to) over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the stabilising manager (or persons acting on behalf of the stabilising manager) in accordance with all applicable laws and rules.

SUITABILITY OF INVESTMENT

Neither this Offering Circular nor any other information supplied in connection with the Offering (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantors or any of the Joint Bookrunners that any recipient of this Offering Circular or any other information supplied in connection with the offer or sale of the Notes should purchase the Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Issuer and the Guarantors and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors that may be relevant to it in connection with such investment. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and profit payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets in which they participate; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

None of the Issuer, the Guarantors, the Joint Bookrunners or any of their respective representatives is making any representation to any offeree or purchaser of the Notes (or beneficial interests therein) regarding the legality of any investment by such offeree or purchaser under applicable legal investment or similar laws. **Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of an investment in the Notes.**

In connection with the Offering, the Joint Bookrunners are acting exclusively for the Issuer and no one else. Accordingly, in connection with the Offering, the Joint Bookrunners will not be responsible to anyone other than the Issuer for providing the protections (regulatory or otherwise) afforded to their clients or for the giving of advice in relation to the Offering.

INDUSTRY AND MARKET DATA

This Offering Circular contains historical and forward-looking market and industry data, which have been obtained from industry publications, market research and other publicly available information. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that there can be no assurance as to the accuracy and completeness of such information. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Offering Circular. None of the Issuer, the Guarantors or the Joint Bookrunners represents that this information is accurate. The Group accepts responsibility for the accurate reproduction of this information and confirm that no facts have been omitted that would render the reproduced information inaccurate or misleading.

The Group cannot assure Noteholders that any of the assumptions underlying any statements regarding the energy market are accurate or correctly reflect the Group's position in the industry. Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, the market statistics included in this Offering Circular should be viewed with caution and no representation or warranty is given by any person, including the Group or the Joint Bookrunners, as to their accuracy.

Certain statements in this Offering Circular are not based on published statistical data or information obtained from independent third parties, but are based solely on the Group's experience, the Group's estimates, and the Group's own investigation of market conditions at the time of this Offering Circular. The Group cannot assure Noteholders that any of these studies or estimates are accurate, and none of the Group's internal surveys or information have been verified by any independent sources. Whilst the Group is not aware of any misstatements regarding the Group's estimates presented herein, the Group's estimates involve risks, assumptions and uncertainties and are subject to change based on various factors, including those discussed under the headings "*Forward-Looking Statements*" and "*Risk Factors*" in this Offering Circular.

FORWARD LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”, within the meaning of the U.S. securities laws and certain other jurisdictions, based on the Issuer and its subsidiaries taken as a whole (the “**Group**”), current expectations and projections about future events, including statements under the headings “*Industry and Market Data*”, “*Summary*”, “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Business*” and other sections.

All statements other than statements of historical facts included in this Offering Circular, including, without limitation, statements regarding the Group’s future financial position, risks and uncertainties related to the Group’s business, strategy, capital expenditures, projected costs and the Group’s plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, including those identified under the “*Risk Factors*” section in this Offering Circular. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including without limitation:

- The Group’s business, financial condition, results of operations and prospects are significantly affected by global economic, geopolitical, and political conditions
- The Group’s business, financial condition, results of operations and prospects are significantly affected by economic, geopolitical, and political conditions in Türkiye
- Climate change and efforts to ensure sustainability may adversely affect the Group’s business
- The Group operates in highly competitive markets and the Group’s failure to maintain its competitive position may adversely affect its business, financial condition, and results of operations
- The Group’s profit margins and financial results may be adversely affected due to disruptions, performance issues or cost increases in the supply of raw materials and components for its products
- The Group’s success depends on the effective management of its sourcing and inventory, the failure of which could have a material adverse effect on its business
- The Group’s success and/or ability to meet its targets is dependent on its ability to innovate, research & develop and successfully respond to consumer demands and/or competition
- The Group’s failure to diversify its export markets and achieve growth in emerging markets may negatively affect its business
- The success of the Group depends on the Group’s ability to identify and respond to new and changing consumer preferences and trends, effectively market and distribute its products and maintain customer satisfaction
- The Group may not be able to manage its growth and expansion effectively or quickly enough in its e-commerce operations, or effectively scale and adapt its existing technologies and infrastructure
- The deterioration of the Group’s reputation or the reputation of the ‘Vestel’ brand or any other of its brands, could have a material impact on its financial results
- The Group’s production facilities are concentrated in a single location, which is within an earthquake zone, and any material loss or unplanned shut down of such facilities due to natural disasters or other reasons, could adversely affect its business
- The Group is subject to risks related to exchange rates and foreign currencies
- Significant volatility or disruption in the global financial markets may adversely affect the availability and cost of funding of the Group

- The Group may face risks related to interest rates

Words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “intend”, “may”, “might”, “plan”, “possible”, “project”, “should”, “suggest”, “target”, “will”, “would” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. Although the Group believes that the expectations reflected in such forward-looking statements are reasonable, the Group can give no assurance that such expectations will prove to be correct.

The Group cautions prospective purchasers of the Notes that forward-looking statements are not guarantees of future performance and that the Group’s actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if the Group’s results of operations, financial condition and liquidity, and the development of the industry in which the Group operates, are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statement that the Group makes in this Offering Circular speaks only as of the date on which it is made, and the Group undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Moreover, the Group operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for the Group to predict all such risk factors, nor can the Group assesses the impact of all such risk factors on the Group’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective purchasers of the Notes should not place undue reliance on forward-looking statements as a prediction of actual results. The Group urges prospective purchasers of the Notes to read the sections of this Offering Circular entitled “*Industry and Market Data*”, “*Overview*”, “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Business*” for a more complete discussion of the factors that could affect the Group’s future performance and the markets in which the Group operates.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Fiscal Periods and Dates

This Offering Circular presents financial information of the Group as of and for the years ended 31 December 2023, 2022 and 2021.

TFRS Financial Statements

As the Issuer is listed at Borsa İstanbul, the Issuer has an obligation to prepare consolidated financial statements in accordance with the Turkish Accounting Standards (“**TAS**”) and Turkish Financial Reporting Standards (“**TFRS**”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (*Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu*) (“**POAASA**”).

In accordance with the resolution of the POAASA, the Group did not apply TAS 29 - Financial Reporting in Hyperinflationary Economies for its consolidated financial statements as of and for the period ended 31 December 2021 and 31 December 2022, which are disclosed to the public as per Turkish regulations. On 23 November 2023, the POAASA decided that all companies applying the TFRS (including the Group) shall mandatorily apply TAS 29 - Financial Reporting in Hyperinflationary Economies for the first time during the preparation and publication of the financial statements as of and for the year ended 31 December 2023.

The Group’s financial information as of and for the year ended 31 December 2021, included as comparable financial information in the Group’s consolidated financial statements as of and for the year ended 31 December 2022, excludes the application of TAS 29 - Financial Reporting in Hyperinflationary Economies (in accordance with the applicable regulations at the time of the preparation of such financial statements). This Offering Circular includes, the Financial Statements (as defined below) prepared in accordance with the International Financial Reporting Standards (“**IFRS**”), issued by the International Accounting Standards Board (“**IASB**”), including the International Accounting Standards 29 - Financial Reporting in Hyperinflationary Economies (“**IAS 29**”) which has been consistently applied across all years presented in this Offering Circular. Application of IAS 29 has had a substantial impact on the reported results of operation, cash flows, and financial position of the Group, and, accordingly, results disclosed prior to the application of the standard should not be used as a comparator. See also “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”.

The Group’s consolidated financial statements prepared in accordance with the TFRS, are not included in this Offering Circular.

IFRS Financial Statements

Unless otherwise stated, the financial information relating to the Group included in the Offering Circular is from:

- (i) the Group’s audited consolidated financial statements as of and for the year ended 31 December 2023, including the notes thereto and the accompanying independent auditor’s report thereon, also including the financial information as of and for the year ended 31 December 2022, with amounts expressed in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated therein (the “**2023 Financial Statements**”), and
- (ii) the Group’s audited consolidated financial statements as of and for the years ended 31 December 2022 and 2021, including the notes thereto and the accompanying independent auditor’s reports thereon, with amounts expressed in terms of the purchasing power of TL as of 31 December 2022 unless otherwise stated therein (the “**2022 and 2021 Financial Statements**”, together with the 2023 Financial Statements, the “**Financial Statements**”).

The Financial Statements relate to the Issuer and its consolidated subsidiaries taken as a whole (which includes the Guarantors).

The Financial Statements have been presented in TL and prepared in accordance with the IFRS, issued by the IASB. In making an investment decision, prospective investors must rely on their own examination of the information regarding the Group, the terms of the Offering and the financial and other information in this Offering Circular.

Since the cumulative three-year inflation rate has risen to above 100 per cent. as of March 2022, based on the Turkish nation-wide consumer price indices announced by the Turkish Statistical Institute (“TÜİK”), Türkiye should be considered a hyperinflationary economy under IAS 29 starting from 30 April 2022.

IAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Financial statements for a prior period are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented (i) the financial information as of and for the years ended 31 December 2022 and 2023 included in the 2023 Financial Statements on the purchasing power basis as of 31 December 2023 and (ii) the financial information as of and for the years ended 31 December 2021 and 2022 included in the 2022 and 2021 Financial Statements on the purchasing power basis as of 31 December 2022.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (“CPI”) of Türkiye published by TÜİK.

As of 31 December 2023, the indices and adjustment coefficients used in the adjustment of the 2023 Financial Statements are as follows:

Date	Index	Coefficient of Correction	Three-Year Compound Inflation Rate (%)
31 December 2023	1,859.38	1.00000	268
31 December 2022	1,128.45	1.64773	156
31 December 2021	686.95	2.70672	74

As of 31 December 2022, the indices and adjustment coefficients used in the adjustment of the 2022 and 2021 Financial Statements are as follows:

Date	Index	Coefficient of Correction
31 December 2022	1,128.45	1.00000
31 December 2021	686.95	1.64270
31 December 2020	504.81	2.23540

As different coefficients have been used in calculating the financial information set out in the 2023 Financial Statements and the 2022 and 2021 Financial Statements, (i) the financial information set out in the 2022 and 2021 Financial Statements as of and for the year ended 31 December 2021 may not be comparable with the (ii) financial information as of and for the years ended 31 December 2023 included in the 2023 Financial Statements.

For further information on the effects of hyperinflation adjustment, please see “*Management’s Discussions and Analysis of Financial Condition and Results of Operations—Factors Affecting the Results of Our Operations*”.

The 2022 and 2021 Financial Statements have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., independent auditors, as stated in their independent auditor’s report appearing herein. KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is an independent certified public accountant in Türkiye, authorised by the Public Oversight, Accounting and Auditing Standards Authority to conduct independent audits of companies in Türkiye. It is located at Adalet Mahallesi Manas Bulvarı, No: 39 Folkart Towers, B Kule, Kat: 35 35530, Bayraklı/Izmir, Türkiye.

The 2023 Financial Statements have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., independent auditors, as stated in their independent auditor's report appearing herein. PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is an independent certified public accountant in Türkiye, authorised by the Public Oversight, Accounting and Auditing Standards Authority to conduct independent audits of companies in Türkiye. It is located at Kılıçlı Paşa Mah. Meclis-i Mebusan Cad. No: 8, Galataport İstanbul D Blok, Beyoğlu/İstanbul, Türkiye.

Non-IFRS Financial Measures

This Offering Circular contains certain financial measures and ratios, including Adjusted EBITDA, Adjusted EBITDA Margin, Net Debt, Net Leverage Ratio, Interest Coverage Ratio, which are not required by, or presented in accordance with, IFRS (the “**Non-IFRS Measures**”).

The Group presents these Non-IFRS Measures because they are measures the Group's management uses to assess operating performance, and the Group believes that they and similar measures are widely used in its industry as a means of evaluating a company's operating performance and financing structure, and because the Group believes they provide a helpful comparison on a meaningful and consistent basis period over period. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS standards or other generally accepted accounting principles. The Non-IFRS Measures are not measurements of the Group's performance or liquidity under IFRS and should not be considered as alternatives to operating profit or profit from continuing operations or any other performance measures derived in accordance with IFRS or as alternatives to cash flow from operating, investing or financing activities. The Group defines these Non-IFRS Measures as follows:

- “**Adjusted EBITDA**” as computed based on profit for the period and adding back share of net profit of associates accounted for using the equity method, finance income, finance costs, tax (expense) income, continuing operations, other income from operating activities, other expenses from operating activities, monetary gain and depreciation and amortisation expenses. Other income from operating activities and other expenses from operating activities as stated in the consolidated statement of profit or loss statement are excluded from the calculation of the Adjusted EBITDA.

Other income from operating activities represents overdue interest charges, foreign exchange gains arising from trading activities, reversal of provisions and other income. Other expenses from operating activities represents interest expense on term purchases, foreign exchange expenses arising from trading activities, provision expenses and other expenses; and

- “**Adjusted EBITDA Margin**” consists of Adjusted EBITDA for the periods presented divided by revenue for the same period;
- “**Net Debt**” consists of short-term bank loans, short-term portion of long-term bank loans, short-term portion of long-term lease liabilities, short-term issued debt instruments, long-term bank loans, long-term issued debt instruments and long-term lease liabilities minus cash and cash equivalents;
- “**Net Leverage Ratio**” consists of Net Debt as of the dates indicated divided by Adjusted EBITDA for the relevant period; and
- “**Interest Coverage Ratio**” consists of Adjusted EBITDA for the periods presented divided by interest expense for the same period.

Adjusted EBITDA, Net Debt, Adjusted EBITDA Margin, Net Leverage Ratio and Interest Coverage Ratio may be defined differently from the corresponding terms under the Trust Deed.

Although Adjusted EBITDA is not typically a measure of operating income, operating performance or liquidity under IFRS, it is presented in this Offering Circular because the Group considers Adjusted EBITDA as an operational indicator that measures operational performance of its assets, and because it is an indicator widely used by analysts, investors, credit rating agencies and other stakeholders. Adjusted EBITDA should not, however, be considered in isolation or as a substitute for income from operations as determined in accordance

with IFRS, or for cash flows from operating activities as determined in accordance with IFRS or as an indicator of operating performance.

OVERVIEW

This overview of the Offering must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole. This overview is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Circular. For a more complete understanding of the Notes and the Guarantee, please refer to the sections of this Offering Circular entitled “Terms and Conditions of the Notes”.

Unless otherwise indicated, the capitalised terms used in this overview of the terms of the Notes but not defined herein have the meanings ascribed to them in the Terms and Conditions.

Overview of the Group and its Business

The Issuer is a joint stock company established and operating under the laws of Türkiye and a part of the ‘Vestel Group’, which is ultimately controlled by the Zorlu family members, namely, Ahmet Nazif Zorlu, Olgun Zorlu, Selen Zorlu Melik, Fatma Şehenaz Çapkinoğlu, Zülal Zorlu, Şule Zorlu, Şehminur Aydın and Mehmet Emre Zorlu (together, the “**Zorlu Family**”). The Issuer was founded on 4 March 1983, as a television (“**TV**”) manufacturer and acquired by Zorlu Holding A.Ş. and its subsidiaries (the “**Zorlu Group**”) in 1994. The shares of the Issuer have been traded on Borsa İstanbul under the ticker “VESTL” since 1990. The Issuer leads the development and manufacturing of the consumer electronics product segment, including, to a certain extent, mobility electronics. Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (“**Vestel White Goods**”), a subsidiary of the Issuer, is responsible for the development and manufacturing of major domestic appliances (“**MDA**”) and certain other products within the household appliances product segment. Vestel White Goods is also a public company, and its shares are being traded in Borsa İstanbul under the ticker ‘VESBE’ since 2006. Vestel Mobility, another member of the Group, is active in the field of producing electric vehicle chargers, automotive electronics and battery solutions. The Issuer realises its international and domestic marketing activities and sales through its subsidiary Vestel Trade.

The Group aims to provide a balanced product offering, focused on several key product segments under its main business units. The Group operates in the areas of (a) household appliances (64 per cent. of the Group’s revenue in the year ended 31 December 2023) and (b) consumer and mobility electronics (36 per cent. of the Group’s revenue for the year ended 31 December 2023). The Group’s total revenue and Adjusted EBITDA for the year ended 31 December 2023 was TRY 112,215,734 thousand and TRY 10,406,253 thousand, respectively.

Household Appliances: The Group offers user-friendly, energy and water efficient, environmentally friendly, innovative and digital products and services that respond to customer needs under its well-established brand, Vestel, with an annual household appliances production capacity of 15.6 million units as of the end of 2023, which increased by another 500,000 units as of the beginning of April 2024. The Group’s products include products for consumers comprising primarily MDAs (*including refrigerators, deep freezers, washing machines, dishwashers, cooking appliances and tumble dryers, air-conditioners, water heaters and vaccine storage cabinets*) and small domestic appliances (“**SDA**”), which are outsourced mainly from Türkiye and Asia (*including kitchen appliances and accessories, such as microwave ovens, blenders and coffee makers, irons, air purifiers and personal care products, such as hair dryers, hair stylers and scales*). For the year ended 31 December 2023, the Group generated revenue of TRY 72 billion from household appliances, representing 64 per cent. of its total revenue.

Consumer Electronics and Mobility Electronics: The Group designs and manufactures TV sets, digital display solutions, set top boxes and telco products for its own sales and also to certain other major brands around the world, with an annual TV production capacity of 10 million units as of the date of this Offering Circular. The Group’s consumer electronics segment mainly includes semi and fully integrated TV production (*including OLED TV, borderless TV, elite UHD TV, UHD TV, smart TV and LED TV*), visual solutions (*including digital signage solutions, interactive flat whiteboard and hospitality solutions*), and set-up boxes. The Group also entered into the mobility electronics business in 2013 and realised its first product sales in 2017. The Group produces electric vehicle charging units (both AC and DC types), in-vehicle display systems and electronic control units (“**ECUs**”) and electronic cards (“**EMS**”) for the automotive sector, battery packs for e-bikes, portable TVs, vacuum cleaners and energy storage systems for telecom base stations, houses, commercial / industrial

applications. The Group believes that mobility electronics offers strong growth potential in the medium to long term. For the year ended 31 December 2023, the Group generated revenue of TRY 40 billion from consumer and mobility electronics, representing 36 per cent. of its total revenue.

The Group is confident in its brand portfolio in terms of the brand value and success of certain key brands and in terms of the variety of the brands at their use. As of the date of this Offering Circular, Group owns a total of 30 brands and holds a license for five different brands.

As of the date of this Offering Circular, the Group operates with global footprint, conducting sales operations across more than 160 countries. As of 31 December 2023, in Türkiye alone, the Vestel brand was sold at 1,363 exclusive stores, in addition to being distributed through multiple channels such as mass merchandisers, department stores and technology chains. Further, the Group was selling the Regal brand through a total of 1,235 sales points in Türkiye, as of 31 December 2023. Additionally, the Group leverages a portfolio of 35 esteemed owned and licensed brands, strategically deployed in sales initiatives both domestically and internationally.

The Group mainly carries out its production activities at Vestel City, which is located on a total area of 1.3 million square meters in Manisa Organized Industrial Zone in Türkiye with its production plants and auxiliary buildings covering an indoor area of 897 thousand square meters as of the date of this Offering Circular. In addition to the Vestel City, one of the Europe's largest industrial manufacturing complexes in a single location, the Group has another manufacturing site located in the Aegean Free Zone in İzmir. As of 31 December 2023, the Group employed a total of 19,304 individuals, with 97 per cent. of such employees based in Türkiye and the remainder based abroad. As of the same date, approximately 71 per cent. of the Group's employees in Türkiye and 0.50 per cent. of its employees outside Türkiye are members of trade unions.

The Group is committed to integrating sustainability into all aspects of its operations and ensuring that its approach to sustainability aligns with its long-term business objectives. The Group recognises that its activities have an impact on the environment in which it operates and its stakeholders and it is committed to reducing negative impacts. The Group's primary objectives are to create social and environmental benefits through accessible and smart products that make life easier and to ensure sustainable and environment-friendly growth with technology and people-oriented transformation in its business operations.

Key Strengths

The Group believes that it benefits from several key competitive advantages in respect of its operations and its markets, which are summarised below.

Leading market positions across core products and geographies with broad brand portfolio

One of the dominant strengths of the Group lies in its leading market positions across core products and sales regions, backed by a wide variety of brand offerings that has allowed it to establish considerable shares in critical markets, particularly for both the TV and MDA sectors. The combination of the Group's local and international presence, extensive retail network and after-sales capabilities in the domestic market and a diverse range of well-known brands have been instrumental in building the Group's strong market positioning.

The Group has established a strong presence in the domestic and international markets, particularly in the TV and MDA sectors, through its leading market positions across core products and geographies. This has been achieved by the strengths and strategies inherent in the Group's established operations and corporate identity, as well as accurate strategies being implemented in a bespoke manner considering the fragmented nature of the Group's markets, wide product range and different sales channels. See “– Our Operations – Product Segments.”

The Group's success is bolstered by its ability to leverage its broad brand portfolio of 35 owned and licensed brands in Türkiye and globally, which include five well-known licensed brands such as Toshiba, JVC, Sharp, Daewoo and Telefunken. The Group has positioned 'Vestel' as its flagship brand in Türkiye, and 'Vestel' brand has been ranked third in Türkiye by Brand Finance Türkiye 2023 with a brand value of USD 927 million. The Group also generates considerable domestic revenue from its other brands, which include Vestel-owned

brands, such as Regal, SEG, Finlux, Vestfrost, Techwood, Windsor and three well-known licensed brands, Telefunken, Daewoo and Toshiba. In the European and non-European markets, the Group also utilises its wide range of brands in different product segments and sales channels catering to various price points. For further information, please see “– Key Brands”.

The chart below represents the market rankings of the Group in the Türkiye and European markets for TV and household appliances product segments for the year ended 31 December 2023.

	Türkiye		Europe
	Manufacturing ¹	Units Sold ²	Units Sold ³
TV	#1	#2	#3
Household Appliances	#2	#3	#4

The Group’s success can also be attributed to its extensive presence in over 160 countries, which has allowed it to capture a significant share of the global market. This has been strengthened by the Group’s on-the ground presence through strategic subsidiaries and sales offices in key countries. The Group’s global footprint is further supported by its organisational structure at the top management level, allowing particular focus on three main regions (being (i) EMEA and Americas, (ii) Türkiye, Central Asia, Iran, Iraq, Syria, North Cyprus and (iii) Asia Pacific), through separate general directorates.

Furthermore, the Group has established a strong presence with 1,363 exclusive Vestel sales points only in Türkiye, and various other sales points spanning across 160 countries abroad, ensuring its products are easily accessible to customers, including other key consumer electronics and household appliances sellers, distributors and retailers and end consumers, worldwide.

Diversified and well-balanced revenue streams across product segments and end-markets

One of the primary strengths of the Group is its highly diversified business model catering to an impressive range of business opportunities in its markets. This model has been instrumental in establishing the Group as a formidable presence in both the consumer electronics and household appliances market. This diversification extends across multiple profit centres, showcasing the Group’s resilience and adaptability. The breadth of this diversification is evident not only in the Group’s extensive product range but also in its expansive geographic footprint, strategic brand positioning, activity in a variety of sales channels and organic growth in multiple markets through various methods of penetration.

The charts below describe the breakdown of the Group’s revenue for the year ended 31 December 2023 in terms of its sales across various markets and the contribution from its product segments.

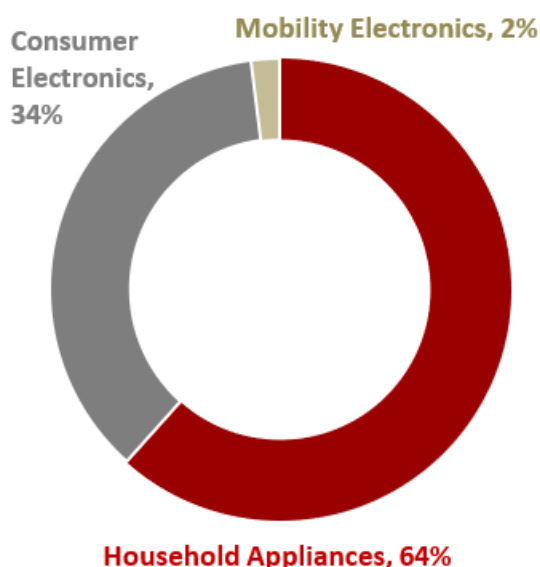
¹ According to data of ECİD (for TV) and TÜRKBEŞD (for household appliances).

² Company information based on information acquired from a global market research company.

³ This ranking has been calculated by the Group by using the data of a global market research company for the competitors’ unit sales in Europe and using the Group’s own data for the Group’s unit sales in Europe.

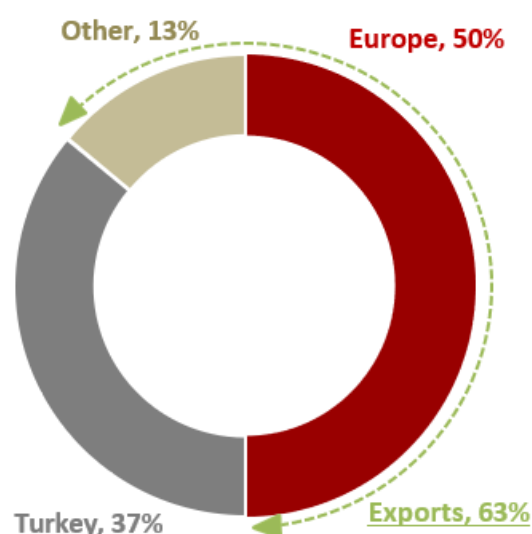
BY PRODUCT

% of total revenue



BY GEOGRAPHY

% of total revenue



The extensive product range offered by the Group caters to diverse consumer needs and preferences, spanning across consumer electronics, household appliances and mobility electronics segments. This breadth allows the Group to capture market share across various product categories and capitalise on evolving consumer trends. The Group's extended reach covers numerous markets worldwide with a wide variety of sales locations. This global presence not only mitigates risks associated with regional economic fluctuations but also enables the Group to capitalise on growth opportunities in different regions. Additionally, the strategic positioning of its brands enhances market visibility and consumer loyalty, further bolstering its competitive edge.

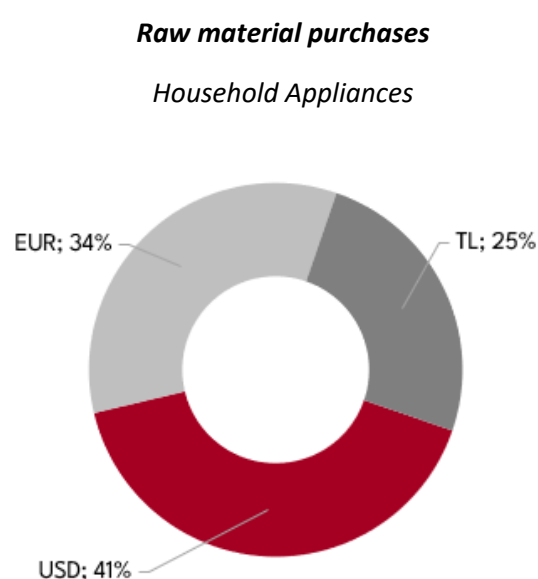
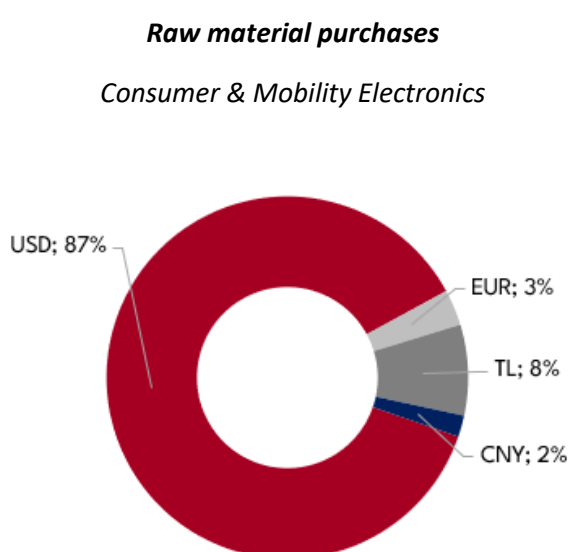
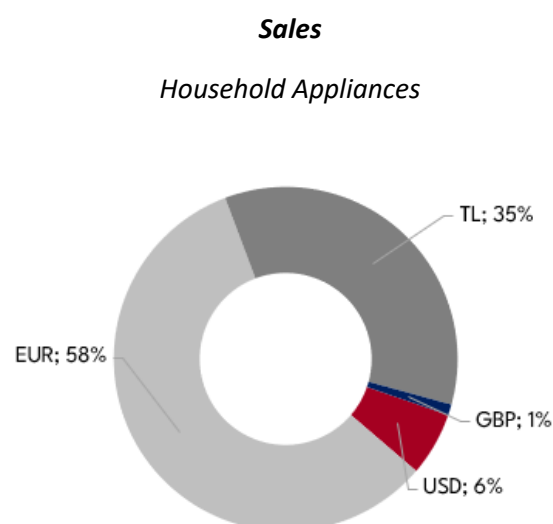
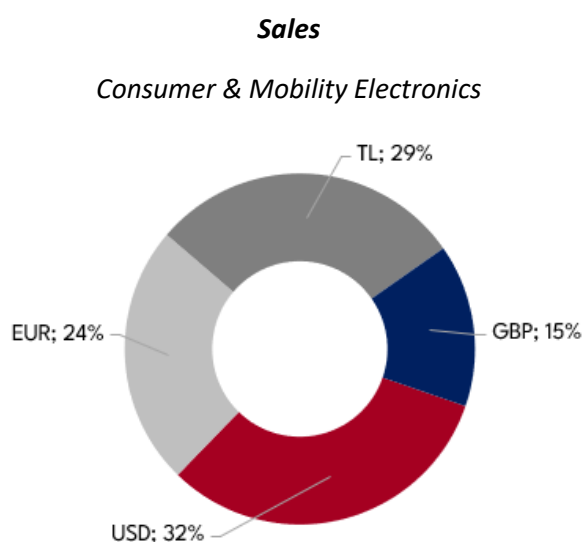
In addition, the peak demand seasons for the consumer electronics and household appliances markets are different from each other, with the cooling category experiencing high demand from April to August in Europe, whilst the laundry category sees increased demand from August to November. However, the Group also believes that, as a strong market player in both of these product segments, it enjoys a well-balanced revenue stream on a consolidated basis. Similarly, the product range of the Group is designed to cater to various climatic conditions occurring at the same time across different regions of the world, ranging from the coldest parts of Canada to the warmest parts of South Africa, ensuring that the Group is well-positioned to maintain a stable revenue inflow.

Furthermore, the Group's diversified sales channels, including retail, e-commerce and distribution partnerships, ensure broad market coverage and accessibility to consumers. This omni-channel approach not only maximises market penetration but also optimises the Group's revenue streams.

Moreover, the Group's commitment to organic growth is evident through its strategic initiatives to penetrate new markets and expand its presence in existing ones. This could involve various methods such as product innovation, marketing campaigns, or strategic partnerships, fostering sustainable growth and market leadership.

The Group's broad market exposure not only widens its customer base but also serves as a protective measure against currency fluctuations and decreases the Group's vulnerability in the face of adverse conditions arising in domestic or specific export markets, thereby safeguarding its profitability and stability.

The charts below describe the breakdown of the Group's sales and raw material purchases for the year ended 31 December 2023, in each case, in terms of currency.



Despite facing competition mainly from the Far East in the European market, the Group's strong presence in wide sales channels networks and healthily-balanced customer portfolio (which includes ODM sales to A brands and private label as well as sales through its owned and licensed brands) facilitates the Group's efforts of minimising any challenges that may arise due to its competition.

Overall, the Group's comprehensive diversification strategy not only enhances its resilience to market dynamics but also positions it as a formidable player capable of seizing opportunities across a wide array of sectors and regions.

Export-driven, ODM business model with tailored sales strategies in domestic and international markets

Export-driven business

Driven by its export-oriented approach, the Group has successfully extended its reach into multiple countries, with a significant portion of its revenue originating from exports. The European market sales have a considerable share in the Group's export revenues and the Group has established itself as a well-positioned player in the European market. Amongst other capabilities and advantages described in this Offering Circular, the Group benefits from the advantage of its exports into Europe not being subject to the 14 per cent. customs duty for TV sets, compared to its Asian competitors.

The share of the Group's gross revenue generated from domestic sales and export sales for the year ended 31 December 2023, in the household appliances and consumer electronics segments, are described in the following chart.

	Year ended 31 December 2023		
	Türkiye	Europe	Other
	(per cent.)		
Household Appliances	25	27	12
Consumer Electronics	10	23	1
Mobility Electronics	2	0	0
Total	37	50	13

Whilst Europe is the Group's main export market as of the date of this Offering Circular, the Group's sales in other export markets are growing and are contributing an increasing share to the Group's export revenue. In the years ended 31 December 2021, 2022 and 2023, the share of non-European export markets in the Group's total export-driven revenues were 9 per cent., 19 per cent. and 20 per cent., respectively. The Group believes that its presence and positive trajectory in non-European export markets present exciting growth opportunities to the Group given that such markets are relatively more open to the expansion of the business compared to Europe, being an established and mature market, and caters to the Group's strategy of diversification in terms of geography. Illustrative of this, the Group has also experienced strong growth in non-European regions, including Central Asia and Turkic Republics, Sub-Saharan Africa, North and South America, Middle East and North Africa ("MENA") region and emerging Asia, as part of its market diversification strategy.

The Group benefits from various cost advantages in export markets, particularly in Europe, driving increased profitability. It maintains high-quality production standards at competitive costs, ensuring customer satisfaction and loyalty whilst maximizing profits. Proximity to Europe and to the İzmir port grants logistical efficiencies, including lower transportation costs and shorter delivery times compared to its East Asian competitors, enhancing customer service. Leveraging its global sourcing power in white goods, allows the Group to negotiate favourable terms with suppliers, reducing input costs. Diversification of the supply chain post-pandemic mitigates risks and strengthens competitiveness.

The Group's export-focused business strategy has allowed it to achieve a dominant position in Türkiye as the largest exporter of consumer electronics products consecutively for the last 25 years, according to the data of the Electrical and Electronics Exporters' Association (TET – Elektrik ve Elektronik İhracatçıları Birliği).

Furthermore, the Group benefits from its ability to make longer-term sales agreements in its export markets for MDA business, ranging typically from six to 12 months, which give the Group a better visibility both in terms of sales prices and sales volumes. The Group's adeptness at navigating diverse markets positions it favourably, fostering resilience and stability in its financial performance.

The Group also believes that it has an advantageous position in export markets, especially Europe, compared to East Asian manufacturers since the customers have started to demonstrate a tendency to prefer closer manufacturers such as the Group due to the major supply chain disruptions experienced during COVID-19.

Diversification in sales strategies

The Group's success is further underscored by its implementation of tailored strategies in both domestic and international markets. The Group has historically seen substantial benefit from its design and implementation of distinct and winning strategies, built on versatility and bespoke structuring to address the features and characteristics of different markets and the fragmentation thereof.

International

In its export markets, the Group has developed three different brand and sales strategies to conquer all selling angles and making strategic use of its established skillset, which are, namely, (1) A-brand sales, (2) private label sales and (3) sales under owned and licensed brands.

Internationally, the Group primarily operates as an original design manufacturer (“ODM”) for other manufacturers, retail chains and distributors. Under the ODM business model, Vestel caters to (i) A-brand manufacturers, which are leading TV, white goods and other consumer electronics and household appliances manufacturers and (ii) distributors and retailers of consumer electronics and household appliances for their trade brands. The Group has a strong global customer base under its ODM business model, with more than 600 recurring customers across both the domestic and international market as of the date of this Offering Circular.

In addition to providing ODM services, the Group also sells products under its owned and licensed brands (such as Vestel, Regal, Finlux, Toshiba, Sharp, Telefunken, JVC and Daewoo) in Europe and other export markets. These include the Group’s engagement in branded sales through the brands developed by the Group, local brands it has acquired in the past and certain global brands it licenses.

The shares of A-brand, private label and owned / licensed brand sales within the Group’s revenue generated from white goods and TV set sales in export markets for the year ended 31 December 2023, are described in the following chart.

	Year ended 31 December 2023		
	White Goods Sales (Export)	TV Set Sales (Export) (per cent.)	Overall
Owned & licensed brands	23	53	34
Private label.....	57	34	48
A-brands.....	20	13	18

The ODM business model offers numerous benefits, making it a compelling choice across industries. It significantly reduces working capital requirements by operating on a production-to-order basis, minimizing the need for large inventories. This frees up capital for strategic initiatives like research and development (“R&D”) and marketing. Additionally, the model provides flexibility to adapt to market shifts swiftly, optimizing sales channels and capitalising on emerging opportunities whilst mitigating risks. Enhanced revenue visibility is another advantage, as the Group can accurately forecast revenue streams and make informed decisions. This proactive approach enables efficient resource management and facilitates growth and expansion. Overall, the ODM model positions the Group for sustained success in competitive markets worldwide, empowering it to navigate uncertainties and seize growth opportunities confidently.

For further information on the Group’s sales methods, strategies and channels, please see “– Sales, Marketing and Distribution”.

Türkiye

The Group’s domestic sales strategy centres on its extensive dealership network, with a focus on its flagship brand, “Vestel”, in the consumer electronics and household appliances market in Türkiye. With 1,363 strategically located exclusive sales points, including a mix of dealerships and Group-owned stores, in addition to being distributed through multiple channels such as mass merchandisers, department stores and technology chains, the network plays a pivotal role in the Group’s leading market position.

Key advantages of the dealership network include enhanced customer proximity, which drives customer traffic and sales volume, alongside reduced operational costs and flexible payment options which fosters wider customer appeal and brand loyalty. Additionally, real-time monitoring of sales and customer behaviour provides valuable insights for dynamic marketing strategies, whilst maintaining consistent brand images across outlets reinforces customer trust and satisfaction.

Ultimately, the Group’s dealership network acts as a vital conduit for market penetration, customer engagement, and brand visibility, sustaining its leadership in the consumer electronics and market position in the household appliances sector.

In complement to the dealership network, the Group employs an omni-channel approach, encompassing offline outlets like hypermarkets, technical superstores, household stores and online platforms (leading online

marketplaces), to maximise market reach. Strategic brand portfolio management ensures optimal market positioning, minimising internal competition and maximising sales potential.

The chart below reflects the share of sales channels in the Group's revenue generated from sales in Türkiye for the year ended 31 December 2023.

	Year ended 31 December 2023
	(per cent.)
Dealers	52.5
Retail chains	18.9
Vestel stores	6.8
Online	5.7
Department stores	4.0
Other	12.1

Furthermore, the following chart reflects the breakdown of distribution channels in the distribution of the Group's products to end-customers (by the Group and/or the Group's customers selling to end-customers) in the year ended 31 December 2023.

	Year ended 31 December 2023 ⁴	
	White Goods	TV Sets
	(per cent.)	
Dealers	74	55
Mass merchandisers	16	26
Department stores	11	11
Technology retailers	-	8

The Group values its commitment to customer satisfaction as one of the pillars of its market strength, which is evident through its competitive service and aftermarket network of 366 exclusive service points, six central service centres and three refurbish and repair centres catering to all the brands and products offered by the company in Türkiye, bolstering customer loyalty.

Strong competitive advantages through attractive product positioning and strategic manufacturing capabilities

The Group has established strong market positions through its attractively positioned product portfolio and core capabilities being exercised strategically. By virtue of its competitive advantages over the sector and competitors, the Group has a proven track record of leading market placement across Europe and Türkiye even under challenging circumstances.

The Group has demonstrated its ability to outperform the market even during market correction periods, showcasing its resilience and adaptability. The charts below reflect the unit sales growth data for TV and household appliances product segments for the European market in general and the Group, for the years ended 31 December 2022 and 2023.

	Unit Sales Growth			
	(per cent.)			
	EU24 Market ⁵		the Group ⁶	
	2022	2023	2022	2023
TV Sets	(7)	(12)	(6)	6
MDA 6	(7)	(6)	5	(5)

This has been achieved through a combination of factors, including the Group's scalable production model, production power, advantages arising from the nature of the ODM business, and the Group's facilities' proximity to its markets, as well as a strong focus on innovation through R&D and new technology.

⁴ Company information based on information acquired from a global market research company.

⁵ Company information based on information acquired from a global market research company.

⁶ According to the Group's own data.

- *Scalable Production Model:* The Group has a scalable production model, which allows for flexible adjustment of output levels to meet fluctuating demand without significant cost increases or disruptions. The Group has the suitable and adaptable infrastructure to operate under this model and utilises standardised processes, automation, and technology integration. Particularly, in addition to its standard mass production capability, this model provides the Group with the ability to produce tailored and customer-specific products in smaller quantities and the Group believes that the latter offering is not available in the services of its international competitors (especially those based in China). The Group's scalable production model creates flexibility, allowing it to adapt to changing market conditions and customer demands and enables the Group to efficiently produce a wide range of products, ensuring that it remains competitive in its markets.
- *Production Capability:* The Group carries out the vast majority of its production activities at Vestel City, one of the largest single-location production facilities in Europe, built on an area of 1.3 million m². This state-of-the-art facility allows the Group to maintain high production standards and efficiently manage its operations. See “– Production and Facilities – Facilities”.
- *ODM Model:* The Group's ODM business model allows it to avoid direct competition with its customers' brands in Europe and this has enabled the Group to establish strong relationships with leading brands and maintain a competitive edge in this market. The Group's presence in the European market under both the ODM model and its owned and licensed brand sales, combined with its strong scale of brands, makes it possible for the Group to generate revenue from multiple streams without having to commit to a single sales method due to branding conflicts.
- *Location of Manufacturing Facilities:* The Group's manufacturing facilities are located in Türkiye, providing close proximity to the European market and therefore advantageous transportation costs and delivery times compared to Asian competitors. This strategic location allows the Group to efficiently serve its European customer base and maintain a competitive advantage.
- *Innovation:* The Group places a strong emphasis on innovation through its R&D strategy, ensuring that it remains at the forefront of technological advancements in the industry. This focus on innovation has allowed the Group to develop new products and services that meet the evolving needs of its customers.

Leveraging the foregoing capabilities and its intensive know-how on electronics manufacturing and sales, the Group has also identified an exciting opportunity in mobility electronics, which is highly profitable with an attractive margin profile.

The Group believes that its business is highly profitable with attractive margin profiles, due to the cost-competitive and qualified production, strong and strategic branding, and successful R&D strategy that it has implemented. By capitalising on these opportunities, the Group is well-positioned to continue its growth and success in the European market and other markets with its existing and growing businesses.

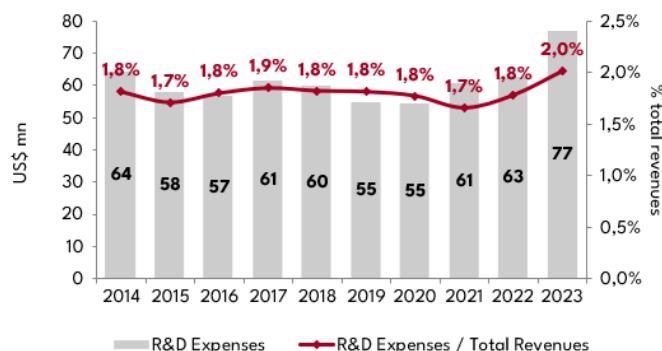
Strong R&D and technological leadership

The Group, as a pioneer technology company both in Türkiye and on the global stage, has consistently showcased its prowess in R&D and technological innovation. This achievement stems from its unwavering dedication to fostering innovation, investing in state-of-the-art technology, and cultivating a highly proficient workforce allocated to R&D and innovation. This strategic focus has fortified the Group's position in its markets and propelled growth across various sectors. The Group employs more than 1,800 engineers globally to support the Group's R&D efforts and has established eight R&D centres.

Central to the Group's success is its steadfast commitment to R&D expenditure. Throughout its history, the Group has earmarked a substantial portion of its sales revenue for R&D endeavours, ensuring it remains at the

forefront of technological progress. This investment has yielded a robust portfolio of ground-breaking products and solutions tailored to meet evolving customer demands.

The graph below indicates R&D spending made by the Group in the years ended 31 December 2021, 2022 and 2023, as a percentage of the total sales made by the Group in each respective period. This information provides insight into the Group's consistent investment in R&D relative to its revenue, highlighting its dedication to innovation and technological advancement.



(*) Figures pertaining to 2023 are subject to the IAS 29 application, whilst the others are not.

Moreover, the Group's adeptness at identifying and capitalising on market trends underscores its R&D capabilities. By discerning emerging market needs and crafting products that resonate with consumers, the Group has sustained a competitive advantage. This customer-centric approach has facilitated global expansion and solidified the Group's foothold in diverse sectors such as consumer electronics and automotive industries. The Group has historically built an established track record for identifying, developing and marketing the best fit for the key markets in which it operates.

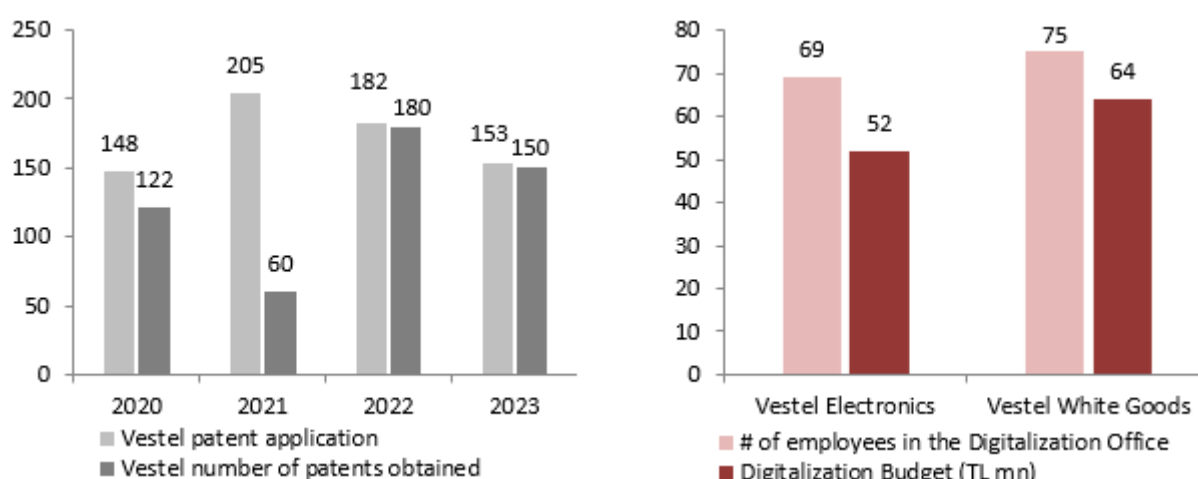
The Group has also established its presence as a true first-mover in its sector with a wide variety of first-of-its-kind innovative product launches and partnerships, such as offering the first Smart TV compatible with the new pan European DVB-I standard in Italy, being the first TV manufacturer for Freely TV in UK, launching an exciting new line-up of Powered by TiVo™ Smart TVs and being the first Turkish manufacturer that have OLED, MiniLED and QLED production at the same time. The Group is also the first and, as of the date of this Offering Circular, sole Turkish company holding a standard-essential patent, which is a patent for AVC standard.

As a frontrunner in technology, the Group is committed to embracing digital transformation. It aims to pioneer Industry 4.0 standards by transforming Vestel City, thereby augmenting its automation, digitisation, R&D and technological capabilities. This initiative is poised to streamline product development and manufacturing processes, further enhancing the Group's competitive edge.

The Group's accomplished team of R&D professionals also plays a pivotal role in its success. From software engineers to designers and researchers, these experts tirelessly innovate to address customer needs. The in-house software operating system for TV products not only offers flexibility and control but also generates additional revenue streams, exemplifying the Group's multifaceted approach.

Maintaining stringent quality standards is paramount for the Group. Its R&D test and measurement setups are regularly updated to conduct in-house smart TV approvals, ensuring compliance with industry benchmarks. Adhering to calibration schedules as per ISO 17025 standards guarantees product quality and sustains competitiveness. The Group's rigorous quality assurance processes, facilitated by a unified testing and issue tracking system, foster seamless collaboration across teams. This integrated approach cultivates a robust quality management system subject to annual audits by accreditation agencies. To foster efficiency and continuous enhancement, the Group also meticulously monitors all activities through an integrated system. Leveraging data from diverse sources, including field tests and customer feedback, enables the company to pinpoint areas for improvement and refine its product offerings.

The following graphs also demonstrate the Group's strong R&D and innovation abilities and its commitment of internal resources towards these initiatives.



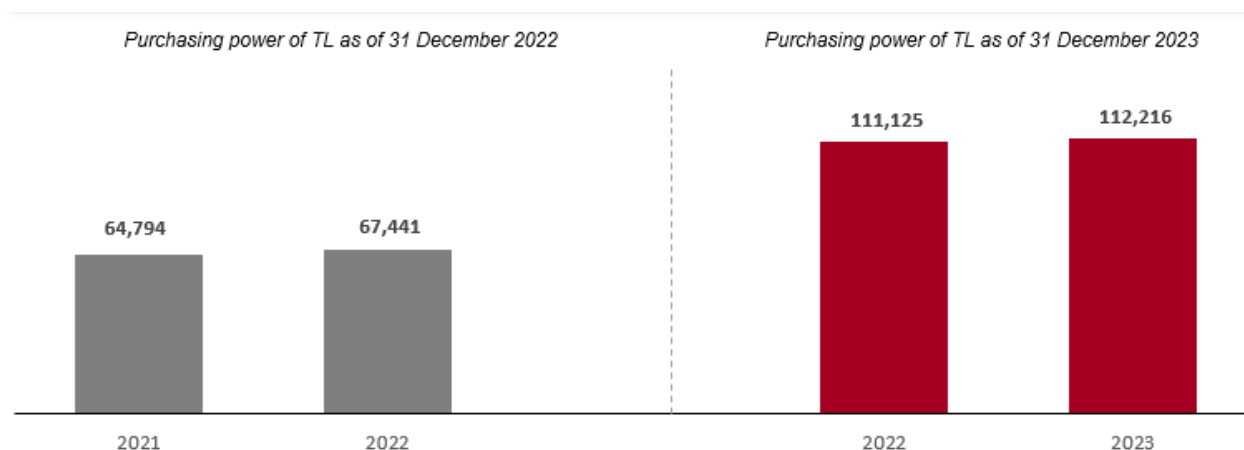
In summary, the Group's prominence in R&D and technological leadership is the outcome of its unwavering commitment to innovation, investment in cutting-edge technology, and a skilled workforce. By adeptly aligning with market demands, maintaining quality and compliance and embracing digital transformation, the Group sustains its competitive edge and propels significant growth. Positioned to capitalise on emerging opportunities and expand its global footprint, the Group remains a leading force in the technology sector.

Track record of resilient operation, profitable growth and cash generation

The Group's track record underscores a remarkable blend of resilience, profitable growth, and strong cash generation across key performance metrics.

Notably, its consistent upward trajectory in revenue over successive periods serves as a testament to its adept market positioning, effective customer engagement strategies, and product innovation. The following graph illustrates the Group's revenue amounts and year-to-year growth of revenue for the years ended 31 December 2021, 2022 and 2023.

Revenue (TL millions)

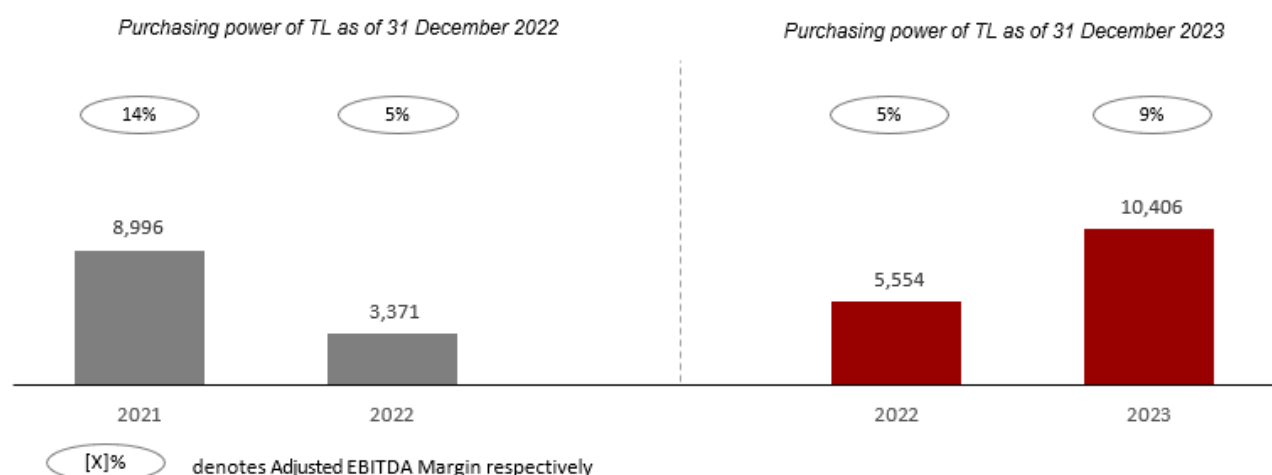


In addition to its revenue performance, the Group has recorded strong profitability, tracked through its gross margins, which is the share of its gross profit in its revenue. The table below shows the Group's gross margin levels for the years ended 31 December 2022 and 2023, broken down on a product segment basis.

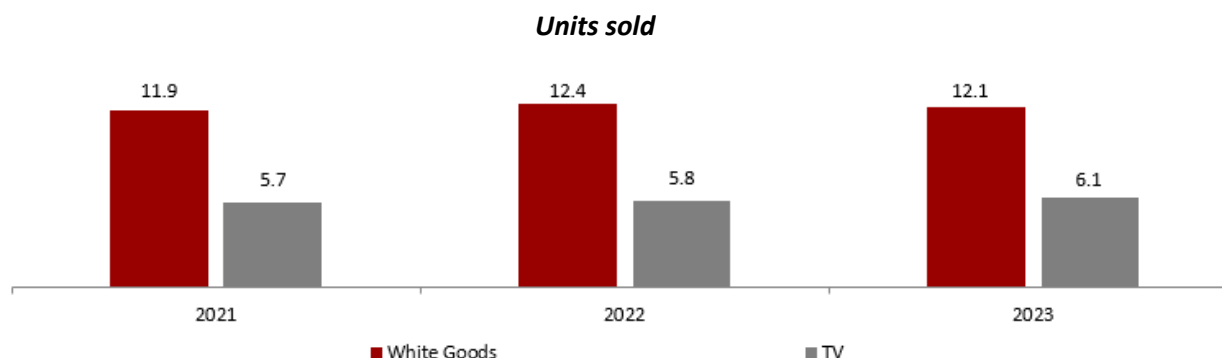
	Year ended 31 December 2022	Year ended 31 December 2023
	(per cent.)	(per cent.)
Household Appliances	18	28
Consumer and Mobility Electronics.	15	12

Moreover, the sustained growth in the Group's Adjusted EBITDA reflects the Group's operational efficiency, cost management initiatives and adeptness in capitalising on revenue opportunities whilst mitigating risks. The following graph demonstrates the Group's Adjusted EBITDA and Adjusted EBITDA Margin levels and year-to-year growth of Adjusted EBITDA for the years ended 31 December 2021, 2022 and 2023.

Adjusted EBITDA (TL millions) and Adjusted EBITDA Margin (%)



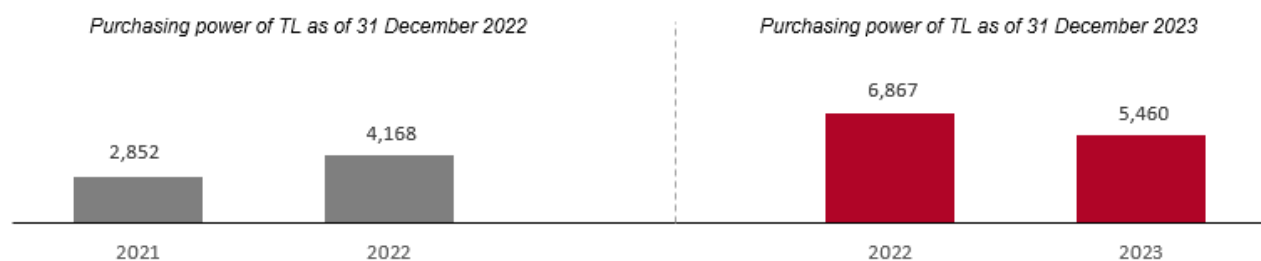
The Group's successful performance is also evident in its steady and gradual unit growth observed over the last 3 years. The following chart illustrates the Group's unit sales in the white goods and TV product segments in the years ended 31 December 2021, 2022 and 2023.



Concurrently, its prudent capital expenditure (CAPEX) management illustrates a balanced approach to investments, ensuring optimal utilisation of resources to drive business expansion and enhance competitive capabilities without compromising financial health. The following graph shows the Group's CAPEX⁷ levels for the years ended 31 December 2021, 2022 and 2023.

CAPEX (TL millions)

⁷ Refers to the line item of "Purchase of Property, Plant, Equipment and Intangible Assets" under "Consolidated Statements of Cash Flow" in the Financial Statements.



Furthermore, the positive change in the Group's net working capital between the years ended 31 December 2022 and 2023 indicates the Group's effective management of its working capital resources to support business operations and growth. The following graph shows the Group's changes in working capital for the years ended 31 December 2021, 2022 and 2023.

Changes in Working Capital (TL millions)



Robust balance sheet supported by prudent financial policy

The Group has a highly resilient financial profile, strengthened by a successful track record of profitable growth and substantial cash flow generation. This resilience is anchored in a meticulously crafted financial policy designed to safeguard the Group's financial stability whilst facilitating strategic expansion. The Group believes that the following components delineate this robust financial framework.

To start with, the Group seeks to maintain moderate leverage levels, calibrated to align with its cash flow generation. This prudent approach ensures that the company can sustain a favourable financial standing while channelling resources into avenues for growth and innovation. In this context, the Group adheres to a forward-looking financial policy that mandates the Net Leverage Ratios to be below 2.5x in the short term and 2.0x in the long term. This disciplined strategy and target set cultivates resilience, positioning the Group favourably for sustained growth and market resilience. The Group's financial stability is also supported by a conservative dividend policy, illustrative of its commitment to financial prudence, which solidifies the Group's financial foundations.

The Group also has a healthy and improving Interest Coverage Ratio, which signifies the Group's high performance in managing debt obligations, its financial health and capacity for future growth. This is also expected to improve by virtue of the Offering. Particularly from the year ended 31 December 2022 to the year ended 31 December 2023, the Group has seen a 0.6x improvement in the Interest Coverage Ratio despite the increases in market interest rates.

	Year ended 31 December		
	2021	2022	2023
Interest Coverage Ratio (x)	3.8	1.3	1.9

Whilst the Group faces exposure to foreign currency and exchange risks on its balance sheet, its risk management strategy is strategically designed at mitigating such vulnerabilities. The Group benefits from its significant foreign currency export revenues and prudent hedging policies, which act as effective mitigants against currency fluctuations, preserving the Group's financial stability amidst volatile market conditions. The Group's strong foreign currency income is further stabilised by its diverse revenue base spanning Europe and other international markets. This diversification strategy bolsters financial stability and further supports the Group's ability to weather currency fluctuations.

The Group has an established hedging policy to mitigate potential foreign exchange risks arising from any net foreign exchange positions on its balance sheet. The Group's finance and accounting departments track this position daily and publish foreign exchange balance sheet positions regularly. In addition to intercompany loans used for natural hedging, the Group also make use of financial derivative instruments, as necessary.

The Group benefits from favourable currency dynamics with hard currency revenue and a large portion of debt denominated in Turkish Lira, which has a positive impact on the Group's balance sheet when the Turkish Lira depreciates.

The chart below shows, in each case, by currency, the Group's bank loans as of 31 December 2021, 2022 and 2023 and the Group's revenue for the years ended 31 December 2021, 2022 and 2023.

	Bank loans			Revenue		
	31 December			Year ended 31 December		
	2021	2022	2023	2021	2022	2023
EUR.....	10	9	16	48	48	42
USD.....	39	27	43	21	18	14
TRY	41	63	38	25	31	37
Other	-	1	2	7	4	7

Furthermore, upon the consummation of the Offering, the Group expects to reach a currency breakdown of capitalisation as follows: USD (67 per cent.), EUR (10 per cent.), TRY (21 per cent.) and other (2 per cent.).

The Group's manageable capital expenditure intensity levels and free cash flow generation reinforce its capacity to reinvest in strategic initiatives whilst maintaining financial strength. Similarly, the Group shows a strong cash position on its balance sheet and has access to available credit lines, which enables the Group to maintain financial flexibility and navigate unforeseen contingencies and pursue growth initiatives with confidence. The Group believes that it has strong relationships with banks in Türkiye, particularly the export supporter Türkiye İhracat Kredi Bankası A.Ş. ("**Turkish Eximbank**"), affording it access to additional financing avenues, reinforcing its financial agility and capacity to seize opportunities.

Furthermore, the Offering represents a pivotal move for the Group, notably enhancing the average maturity of its debt portfolio from 0.84 years to 3.28 years and aligning with its strategic objective of bolstering long-term debt proportions. By extending the maturity profile, the Group not only strengthens its financial stability but also gains leverage in optimising interest expenses over the foreseeable future. Furthermore, this initiative gives the Group access to new funding sources, adding to the existing repertoire of bank lenders and local bonds. Such diversification not only fortifies the Group's financial resilience but also affords greater flexibility in navigating varying market conditions and economic landscapes. The following table demonstrates the composition of the Group's financial indebtedness as of 31 December 2023 and the changes expected to occur in such composition upon the consummation of the Offering.

	31 December 2023	Post-Offering
	<i>(per cent.)</i>	
Investment loan (Central Bank incentivized).....	5	5
Bank loans	84	40
Turkish (local) bonds	11	10
Notes offered hereby	-	45

While the Group's indebtedness composition as of 31 December 2023 comprises 91 per cent. short-term and 9 per cent. long term debts, the Group is expected to reach a funding mix of 49 per cent. short-term and 51 per cent. long-term indebtedness upon the consummation of the Offering. The Group targets to achieve a funding mix of 33 per cent. short-term and 67 per cent. long-term indebtedness, in the long-term.

Strategy

The Group's main strategic objectives revolve around enhancing its leading positions both domestically and internationally and expanding its existing business segments in markets where it sees growth potential.

Additionally, the Group aims to expand its mobility electronics business with an extensive array of innovative and energy-efficient products, strategically leveraging its in-depth expertise in electronics and various relevant markets in Türkiye and across the globe. The Group also plans to strengthen its presence in digital channels.

To realise these goals, the Group is committed to executing the following pivotal strategies.

- ***Cultivating growth of existing business in export markets***

The Group intends to put emphasis on continuing its growth with its existing business model in export markets. In this respect, the Group intends to focus on maximizing its market share and potential in the markets it has a substantial share in, such as Europe, whilst also penetrating markets it does not have a leading share or does not yet exist. To achieve this, the Group has already restructured its sales organization into a geography-based structure, with a chief commercial officer for each of (i) EMEA and Americas, (ii) Türkiye, Central Asia, Iran, Iraq, Syria, North Cyprus and (iii) Asia Pacific. The Group will consider pursuing both organic and inorganic opportunities to reach exponential growth in existing businesses. With the production costs rising in Europe, the Group expects to remain as a premium ODM partner for A-brands and private label distributors / retailers in Europe, which will be key in implementing this strategy. Additionally, the Group aims to expand its business for A-brands considering the increasing outsourcing trend from A-brands in the white goods.

The Group also plans to expand its branded business (i.e., sales made under the Group's owned and licensed brands) in export markets. The Group contemplates promoting its brands, enhancing brand awareness, strengthening its product portfolio and increasing its marketing and after-sales support for its own brands in selected export markets especially in the countries and regions (such as Gulf and East Europe where the Group has its own subsidiaries) as well as expanding distribution channels and strengthening partnerships with retailers and distributors to execute this expansion strategy.

The Group is actively pursuing strategic partnerships with significant stakeholders within the consumer electronics and household appliances sectors.

The Group is continuously identifying new growth opportunities within its existing markets by maximizing its existing and new businesses' expansion potential therein. In this respect, the Group is exploring potential in the home appliances and consumer electronics industries in its existing markets to further expand its market presence.

- ***Expanding in mobility electronics as an exciting new business area with significant growth potential***

The Group aims to become a major player in the mobility electronics industry by exploring organic and inorganic growth opportunities. The Group is currently in discussions with global consultants to determine its strategies in the following four areas within the mobility electronics industry:

- Electric vehicle (EV) components, including cockpit electronics, electric / electronics (ECU – TCU) and EV Powertrain units;
- Battery solutions, including energy storage systems (ESS) and micro mobility (such as e-bikes);
- EV chargers, including AC and DC chargers; and
- Other potential areas such as PV inverters and EV battery packs.

The Group is actively seeking strategic alliances with key parties in the mobility business. Most recently, a non-binding memorandum of understanding, valid for a period of three months with an option to be extended for another three months if the parties agree, has been executed on 12 March 2024 between Vestel Mobility and Huizhou Desay ESS Co., Ltd., a company based in China and indirectly wholly owned by Shenzhen Desay Battery Technology Co., Ltd. This memorandum and understanding relates to a potential cooperation in the field of storing renewable energy with lithium battery systems in Türkiye and in other markets where competitive advantage can be achieved. The

cooperation is expected to also encompass the design, assembly, manufacturing and sales of energy storage systems and will contribute to the Group's sustainability goals and efforts.

- ***Diversifying product offerings and increasing online presence***

The Group also intends to diversify its product offerings in its existing segments by introducing new products to its markets and also expanding its range of outsourced products. This is expected to create cross-selling opportunities and increase revenues and profitability for the Group.

The Group plans to develop business-to-consumer ("**B2C**") and business-to-business ("**B2B**") channels and partner with strategic e-commerce platforms and retailers. This is expected to enable the Group to reach a wider customer base and increase its online presence.

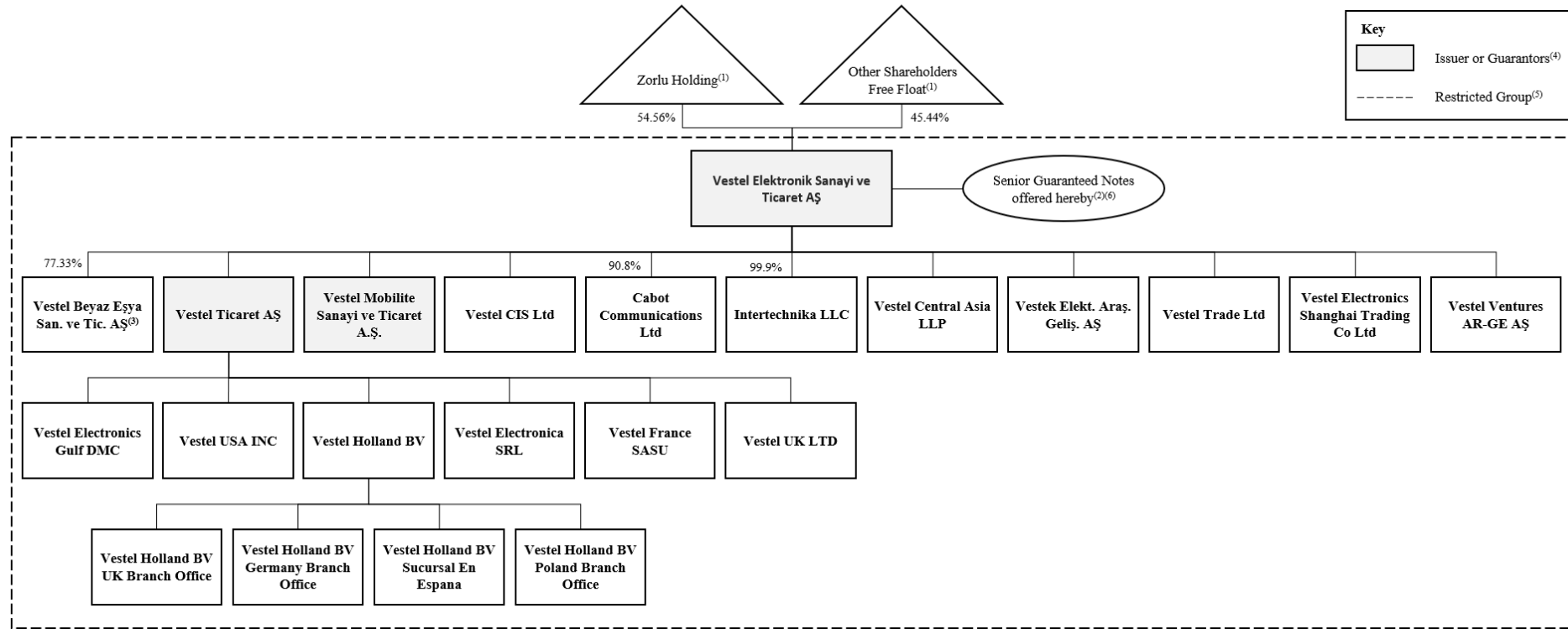
The Group is currently implementing a brand growth project aimed towards achieving sustainable and continuous growth in various performance indicators of the Group by ensuring the growth of the Vestel brands and other brands owned by the Group. This project is built on three main pillars, being, (i) branded growth, (ii) growth in ODM business and (iii) growth in the product portfolio. Specifically, in terms of branded growth, the Group is strategizing to target branded growth in various specific markets in the TV and white goods product segments. In respect of growth of its ODM business, the Group is also aiming to expand its ODM services to certain markets in which it sees potential for growth and expansion in the TV and white goods business. Lastly, the Group is also planning to achieve growth with outsourced products and new products, such as air conditioners, coffee machines, vacuum cleaners, stove hoods, side-by-side refrigerators and deep freezers with specific target markets designated for each product or product group. Given that Europe is a relatively maturing market for the Group's business, the Group believes that its specific strategy to expand towards emerging markets with existing and new products (including outsourced products) will be key to its ability to maintain continued growth and profitability.

Summary Corporate Structure

The Issuer is part of the 'Vestel Group', which is ultimately controlled by the Zorlu Family. The Issuer leads the development and manufacturing of the consumer electronics product segment, including, to a certain extent, mobility electronics. Vestel White Goods, a subsidiary of the Issuer, is responsible for the development and manufacturing of MDAs and certain other products within the household appliances product segment. Vestel White Goods is also a public company and its shares are being traded in Borsa Istanbul under the ticker 'VESBE' since 2006. Vestel Mobility, another member of the Group, is active in the field of producing electric vehicle chargers, automotive electronics and battery solutions. The Issuer realises its international and domestic marketing activities and sales through Vestel Trade, a subsidiary of the Issuer.

In the global market, the Group also engages in branded sales through the local brands it has acquired and the global brands it licenses in addition to ODM-based sales. The Group has acquired entities and/or assets in Europe, including Finlux and Luxor in Finland, Vestfrost in Denmark, Newpol in Spain, Electra, Servis and White Knight in the UK and Atlantic in Italy.

The following diagram summarises the corporate structure of the Issuer and its subsidiaries as of the date of this Offering Circular.



Notes:

- (1) For a description of the Group's shareholding structure, see "*Ownership*". The Issuer is listed on the on the Borsa Istanbul stock exchange.
- (2) The Issuer is offering U.S.\$450 million of Senior Guaranteed Notes in this Offering. The proceeds of the Offering will be used to refinance certain indebtedness of the Group and fund capital expenditures. See "*Use of Proceeds*".
- (3) Vestel White Goods' remaining shares (22.67 per cent.) are publicly held. Vestel White Goods is listed on the Borsa Istanbul stock exchange.
- (4) Vestel Trade and Vestel Mobility will guarantee the Notes. As of and for the year ended December 31, 2023, the Issuer and Guarantors represented 72 per cent. of the Group's total assets, 48 per cent. of the Group's net assets and 36 per cent. of the Group's Adjusted EBITDA (each on a consolidated basis after intercompany eliminations).
- (5) The Trust Deed governing the Notes contains covenants that limit the ability of the Issuer and certain of its subsidiaries from taking certain corporate actions, like incurring indebtedness or paying dividends or other distributions. See "*Terms and Conditions of the Notes*". Subsidiaries subject to these restrictions are referred to herein and in the Trust Deed as "**Restricted Subsidiaries**". The Issuer and the Restricted Subsidiaries are referred to herein as the "**Restricted Group**".
- (6) Upon consummation of the Offering and the application of the proceeds therefrom, the Group's outstanding indebtedness will be: Group (TL 33,541 million (U.S.\$ 1,139 million)), Issuer and Guarantors (TL 29,931 million (U.S.\$ 1,017 million)), and non-Guarantor Restricted Subsidiaries (TL 3,610 million (U.S.\$ 123 million)). For presentational purposes, the foregoing amounts presented in U.S. dollars have been translated into U.S. dollars from the corresponding Turkish Lira amounts, at an exchange rate as of 31 December 2023 of \$1.00 to TL 29.4382, which is the Central Bank's buying rate on 31 December 2023.

Overview of the Offering

Issuer	Vestel Elektronik Sanayi ve Ticaret A.Ş.
Legal Entity Identifier (LEI) of the Issuer .	789000X20ITI3ANQEL70
Guarantors	Vestel Ticaret A.Ş. and Vestel Mobilite Sanayi ve Ticaret A.Ş. (together, the “ Guarantors ”). Each Guarantor is a wholly owned Subsidiary of the Issuer.
Joint Global Coordinators	J.P. Morgan Securities plc and Merrill Lynch International
Joint Bookrunners	J.P. Morgan Securities plc, Merrill Lynch International and Emirates NBD Bank PJSC
Notes	U.S.\$450,000,000 9.750 per cent. Senior Guaranteed Notes due 2029
Issue Date	15 May 2024
Issue Price	99.516 per cent.
Maturity Date	15 May 2029
Interest Rate and Payment Dates	The Notes will bear interest from and including the Issue Date at a rate of 9.750 per cent. per annum payable semi-annually in arrear in equal instalments on 15 November and 15 May in each year, beginning on 15 November 2024.
Form and Denomination	The Notes will be issued in registered form in minimum denominations of U.S.\$200,000 and any integral multiple of U.S.\$1,000 in excess thereof. Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Regulation S Global Note in registered form, without interest coupons attached, which will be delivered to a Common Depositary, and registered in the name of a nominee of the Common Depositary for, Euroclear and Clearstream, Luxembourg. Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Rule 144A Global Note, in registered form, without interest coupons attached, which will be deposited with the Custodian and registered in the name of Cede & Co. as nominee for DTC. Except in limited circumstances, individual certificates for the Notes will not be issued in exchange for beneficial interests in the Global Notes. See “<i>Terms and Conditions</i>” and “<i>The Global Notes</i>”.
Ranking of the Notes and the Guarantee	The Notes will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 5.2 (<i>Limitation on Liens</i>)) unsecured obligations of the Issuer which shall at all times rank <i>pari passu</i> in right of payment, without any preference amongst themselves, and at least equally with all other existing and future outstanding unsubordinated and unsecured obligations of the Issuer, save only for such obligations as may be provided by mandatory provisions of legislation in the jurisdiction of the Issuer which are applicable to it.

In respect of each Guarantor, the Guarantee to be granted by such Guarantor will constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 5.2 (*Limitation on Liens*)) unsecured obligations of such Guarantor. The payment obligations of each Guarantor under its Guarantee shall at all times rank *pari passu*, without any preference amongst themselves and (subject as provided in Condition 5.2 (*Limitation on Liens*)) at least equally in right of payment with all outstanding unsecured and unsubordinated obligations of such Guarantor, present and future, save for such exceptions as may be provided by mandatory provisions of legislation in the jurisdiction of the relevant Guarantor which are applicable to it.

The Notes and Guarantee will be effectively subordinated to any existing and future secured indebtedness of each of the Issuer and the Guarantors that is secured by property and assets that do not also secure the Notes and the Guarantee, as applicable, to the extent of the value of the property and assets securing such indebtedness. The Notes and the Guarantee will be structurally subordinated to all existing and future indebtedness and other liabilities of any current or future subsidiaries of the Issuer that do not provide Guarantee in respect of the Notes.

Any Guarantee by a Guarantor may be limited by applicable law or subject to certain defences that may limit its validity and enforceability. For more information, see “*Certain Insolvency and Enforceability Considerations*”.

**Redemption at the Option of the Issuer
(Equity Offering).....**

At any time prior to 15 May 2026, the Issuer may on any one or more occasions, redeem up to 35 per cent. of the aggregate principal amount of the Notes at a redemption price equal to 109.750 per cent. of the principal amount of the Notes redeemed, plus accrued and unpaid interest to the date of redemption, with the net cash proceeds of an equity offering, provided that at least 60 per cent. of the aggregate principal amount of the Notes originally issued remains outstanding immediately after the occurrence of such redemption; and the redemption occurs within 180 days of the date of the closing of such equity offering.

**Redemption at the Option of the Issuer
(Premium)**

The Issuer may redeem all or a portion of the Notes at a redemption price equal to 100 per cent. of the principal amount of the Notes plus any interest accrued and unpaid to (but excluding) the date fixed for redemption, plus the following applicable premium:

Applicable Period

From (and including) the Issue Date to (but
excluding) 15 May 2026

From (and including) 15 May 2026 to (but
excluding) 15 May 2027

**Applicable
Premium**

the Make-
Whole Premium
U.S.\$1,048.75
per U.S.\$1,000
of outstanding

		principal amount of Notes
	From (and including) 15 May 2027 to (but excluding) 15 May 2028	U.S.\$1,024.38 per U.S.\$1,000 of outstanding principal amount of Notes
	From (and including) 15 May 2028 to (but excluding) the Maturity Date	Nil
Redemption for Taxation Reasons	The Issuer may redeem the Notes, in whole but not in part, at their principal amount plus accrued interest to (but excluding) the date fixed for redemption, in the event of certain changes affecting taxation in any Relevant Jurisdiction. See Condition 8.2 (<i>Redemption for Taxation Reasons</i>).	
Redemption at the Option of Noteholders (Change of Control)	Upon the occurrence of a Change of Control Event, the Issuer shall, at the option of the holder of any Note, redeem such Note on the Redemption Date at 101 per cent. of its principal amount together with any interest accrued to (but excluding) the Redemption Date. See Condition 8.5 (<i>Redemption at the Option of Noteholders (Change of Control)</i>).	
Events of Default.....	The Notes will be subject to certain Events of Default including (amongst others): (i) non-payment of principal or premium due in respect of the Notes or default in the payment of interest or any additional amounts due under the Notes and the default continues for a period of 30 days in the case of interest; or (ii) the Issuer or any Guarantor does not perform or comply with its obligations set out in Condition 5.2 (<i>Limitation on Liens</i>) or Condition 5.7 (<i>Mergers and Similar Transactions</i>); or (iii) failure by the Issuer or any Guarantor to perform or observe certain of its other obligations under the Notes, the Trust Deed or the Agency Agreement; or (iv) cross-acceleration by the Issuer or any Guarantor or any of the Issuer's other Material Subsidiaries (exceeding U.S.\$35 million (or its equivalent in any other currency)); or (v) one or more final non-appealable judgments or orders or arbitration awards is rendered or granted against the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries (exceeding U.S.\$35 million (or its equivalent in any other currency)); or (vi) a distress, attachment, execution or other legal process is enforced against any material part of the	

property, assets or revenues of the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries; or

- (vii) any lien created or assumed by the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries (in each case where the value of the underlying asset or the obligation secured by it exceeds U.S.\$35 million) becomes enforceable and any step is taken to enforce it and is not discharged within 60 days; or
- (viii) if the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries is subject to liquidation, insolvency or other similar proceedings save in connection with a Permitted Reorganisation or except as a result of a disposal permitted under Condition 5.6 (*Asset Sales*), or a transaction permitted by Condition 5.7 (*Mergers and Similar Transactions*); or
- (ix) if an order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries and save in connection with a Permitted Reorganisation or except as a result of a disposal permitted under Condition 5.6 (*Asset Sales*) or a transaction permitted by Condition 5.7 (*Mergers and Similar Transactions*); or
- (x) if any event occurs which under the laws of the Republic of Türkiye or any applicable jurisdiction has an analogous effect to any of the events mentioned above; or
- (xi) any Guarantee is not (or is claimed by the Issuer or the relevant Guarantor not to be) in full force and effect; or
- (xii) any action, condition or thing at any time required to be taken, fulfilled or done in order to enable the Issuer and each Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Guarantees or the Trust Deed or Agency Agreement is not taken, fulfilled or done; or it is or will become unlawful for the Issuer or, as the case may be, any Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed or Agency Agreement as a result of any change in law or regulation in any Relevant Jurisdiction or any ruling of any court in any Relevant Jurisdiction whose decision is final and unappealable or for any reason such obligations cease to be in full force and effect,

in each case subject to customary exceptions and cure periods (as applicable).

Withholding Tax.....

All payments of principal, premium and interest in respect of the Notes made by or on behalf of the Issuer or under or pursuant to a Guarantee by or on behalf of a Guarantor shall be made free and clear of, and without withholding or deduction for, any taxes, imposts, duties, assessments or governmental charges (including any penalties, interest and additions to tax related thereto) of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction ("**Taxes**"), unless such withholding or deduction is required by law. Subject to certain limited exceptions, in that event, the Issuer or, as the case may be, the relevant Guarantor, will pay such additional amounts as will result in the receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them if no such withholding or deduction had been required. See Condition 9 (*Taxation*).

Under current Turkish law, withholding tax at the rate of 0 per cent. applies on interest on notes with a maturity of three years and more. See "*Taxation—Certain Turkish Tax Considerations*".

Certain Covenants.....

The Issuer and the Guarantors will agree to certain covenants, including:

- (i) limiting the Issuer's or any of the Issuer's Restricted Subsidiaries' ability to secure any Indebtedness by any Lien, other than a Permitted Lien upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer or any of the Issuer's Restricted Subsidiaries;
- (ii) limiting the Issuer's or any of the Issuer's Restricted Subsidiaries' ability to, directly or indirectly, incur any Indebtedness;
- (iii) limiting the Issuer's or any of the Issuer's Restricted Subsidiaries' ability to make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- (iv) limiting the Issuer's or any of the Issuer's Restricted Subsidiaries' ability to enter into certain transactions with affiliates involving aggregate consideration carried out on a single occasion or during 12 consecutive months in excess of U.S.\$5 million;
- (v) requiring the Issuer to publish on its website its audited and unaudited consolidated financial statements together with the review report of the Auditors thereon (if any);
- (vi) limiting the Issuer's or any of the Issuer's Restricted Subsidiaries' ability to effect a merger or consolidation

of, or sell, all or substantially all of their assets taken as a whole;

- (vii) limiting the Issuer's or any of the Issuer's Restricted Subsidiaries' ability to sell, lease or transfer certain assets;
- (viii) limiting the Issuer's or any of the Issuer's Restricted Subsidiaries' ability to guarantee (whether directly or indirectly) any Indebtedness; and
- (ix) requiring the Issuer's Restricted Subsidiaries that are not a Guarantor to guarantee the Notes under certain circumstances as described under Condition 5.8 (*Additional Guarantees and Limitations on Guarantees*).

See Condition 5 (*Covenants*) for further information, including the important limitations and exceptions that relate to each covenant.

Use of Proceeds..... The proceeds of the issue of the Notes will be used by the Issuer to refinance existing indebtedness and funding of the Group's certain capital expenditures. See "*Use of Proceeds*".

Listing and Clearing..... Application has been made to Euronext Dublin for the Notes to be admitted to listing on the Official List and to trading on GEM.

The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg with the following ISIN, Common Code and CUSIP:

Rule 144A Notes:

ISIN: US92548MAA53

Common Code: 282312271

CUSIP: 92548M AA5

Regulation S Notes

ISIN: XS2817919587

Common Code: 281791958

Ratings..... The Notes are expected to be assigned a rating of "B+" by Fitch and "B3" by Moody's.

A credit rating is not a recommendation to buy, sell or hold the Notes (or the beneficial interests therein). Ratings may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation.

Selling Restrictions..... The offering and sale of Notes is subject to applicable laws and regulations including, without limitation, those of the United States, the United Kingdom, the EEA, Türkiye, the Dubai

International Financial Centre, Hong Kong, Singapore and Switzerland. See “*Subscription and Sale*”.

Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act or any State securities laws and beneficial interests therein may not be offered or sold within the United States except to QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Interests in the Rule 144A Notes will be subject to certain restrictions on transfer. See “<i>Transfer Restrictions</i>”. Interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg, in the case of Regulation S Notes, and by DTC and its direct and indirect participants, in the case of Rule 144A Notes.
Governing Law	The Notes, the Guarantee, the Trust Deed, the Agency Agreement and any non-contractual obligations arising out of or in connection with any of them, are governed by, and will be construed in accordance with, English law.
Trustee	BNY Mellon Corporate Trustee Services Limited
Principal Paying Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch
Listing Agent	Walkers Listing Services Limited
Risk Factors	An investment in the Notes involves a high degree of risk. See “ <i>Risk Factors</i> ” for a description of certain of the risks investors should carefully consider before investing in the Notes.

Summary Financial and Other Information

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended 31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands, except otherwise stated)			
Revenue.....	64,793,641	67,441,264	111,124,940	112,215,734
Cost of Sales.....	(49,059,763)	(55,977,193)	(92,235,255)	(87,243,106)
Gross Profit.....	15,733,878	11,464,071	18,889,685	24,972,628
General Administrative Expenses.....	(1,327,179)	(1,469,440)	(2,421,239)	(2,838,815)
Marketing Expenses.....	(6,921,853)	(7,893,101)	(13,005,692)	(14,094,334)
Research and Development Expense.....	(1,018,298)	(1,023,546)	(1,686,526)	(1,939,046)
Other Income from Operating Activities.....	6,078,943	3,536,352	5,826,950	2,104,711
Other Expenses from Operating Activities.....	(12,694,719)	(9,389,457)	(15,471,283)	(15,900,432)
(Loss) / Profit from Operating Activities.....	(149,228)	(4,775,121)	(7,868,105)	(7,695,288)
Share of Net Profit of Associates Accounted for Using the Equity Method.....	148,168	990,102	1,631,419	880,583
(Loss) / Profit before Financing Income.....	(1,060)	(3,785,019)	(6,236,686)	(6,814,705)
Finance Income.....	15,519,798	12,175,958	20,062,681	18,431,136
Finance Costs.....	(14,397,608)	(11,766,554)	(19,388,094)	(18,340,172)
Monetary Gain / (Loss).....	3,289,435	3,582,033	5,902,220	9,738,769
Profit before Income Tax.....	4,410,565	206,418	340,121	3,015,028
Tax (Expense) Income, Continuing Operations.....	491,416	(90,206)	(148,635)	(683,869)
Current Tax Expense.....	(22,775)	(23,437)	(38,618)	(322,063)
Deferred Tax Income / (Loss).....	514,191	(66,769)	(110,017)	(361,806)
Profit for the Period.....	4,901,981	116,212	191,486	2,331,159
Profit / (loss), attributable to				
Non-controlling Interests.....	502,207	183,781	302,821	881,534
Owners of Parent.....	4,399,774	(67,569)	(111,335)	1,449,625
Earnings per share with a Kr 1 of Par Value (TL).....	0.1312	(0.0020)	(0.0033)	0.0432
Other Comprehensive Income that will not be Reclassified to Profit or Loss.....	1,135,725	(623,255)	(1,026,955)	7,099,878
Gains (Losses) on Revaluation of Property, Plant and Equipment.....	1,339,514	236,248	389,273	8,873,580
Gains (Losses) on Remeasurements of Defined Benefit Plans.....	(227,960)	(700,471)	(1,154,187)	(442,684)
Gains (Losses) on Remeasurements of Defined Benefit Plans of Associates Accounted by Using Equity Method.....	112,530	4,047	6,669	(185,417)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss.....	(88,359)	(163,079)	(268,710)	(1,145,601)
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment.....	(133,951)	(303,173)	(499,547)	(1,329,160)
Taxes Relating to Remeasurements of Defined Benefit Plans.....	45,592	140,094	230,837	183,559
Other Comprehensive Income that will be Reclassified to Profit or Loss.....	685,646	(1,350,192)	(2,224,749)	453,076
Foreign Exchange Differences on Translation.....	333,342	(1,066,803)	(1,757,801)	614,139
Gains (Losses) on Remeasuring or Reclassification Adjustments on Financial Assets Through Other Comprehensive Income.....	(17,602)	43,130	71,067	(28,797)
Gains (Losses) on Cash Flow Hedges.....	395,288	(434,675)	(716,226)	68,612
Gains (Losses) on Exchange Differences on Translation of Investments Accounted by Using Equity Method.....	50,156	29,847	49,179	(185,417)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss.....	(75,538)	78,309	129,032	(15,461)
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Financial Assets Through Other Comprehensive Income.....	3,520	(8,626)	(14,213)	7,199
Taxes Relating to Cash Flow Hedges.....	(79,058)	86,935	143,245	(22,660)
Other Comprehensive Income.....	1,821,371	(1,973,447)	(3,251,704)	7,552,954
Total Comprehensive Income.....	6,723,352	(1,857,235)	(3,060,218)	9,884,113

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

Consolidated Statements of Financial Positions (Balance Sheets)

	31 December			
	2021*	2022*	2022**	2023**
ASSETS				
Current assets:				
Cash and Cash Equivalents.....	3,431,827	1,552,411	2,557,953	2,294,683
Financial Assets.....	2,810	40,153	66,162	35,331
Trade Receivables.....	10,963,815	10,973,910	18,082,032	17,825,902
- Trade Receivables Due from Related Parties.....	23,215	40,856	67,305	456,542
- Trade Receivables Due from Third Parties.....	10,940,600	10,933,054	18,014,727	17,369,360
Other Receivables.....	2,400,014	2,520,423	4,152,974	2,255,571
- Other Receivables Due from Related Parties.....	1,393,458	1,352,246	2,228,135	889,313
- Other Receivables Due from Third Parties.....	1,006,556	1,168,177	1,924,839	1,366,258
Derivative Financial Instruments.....	474,358	107,224	176,676	187,106
Inventories.....	17,143,925	13,689,041	22,555,833	23,510,954
Prepaid Expenses.....	1,004,865	798,224	1,315,256	1,523,914
- Prepayments to Related Parties.....	-	198,203	326,585	-
- Prepayments to Third Parties.....	1,004,865	600,021	988,671	1,523,914
Current Tax Assets.....	13,120	34,222	56,388	13,878

Other Current Assets	353,742	157,767	259,960	457,449
- Other Current Assets Due from Third Parties	353,742	157,767	259,960	457,449
Total Current Assets	35,788,476	29,873,375	49,223,234	48,104,788
Non-current assets:				
Financial Assets ⁽¹⁾	220,408	263,538	434,238	289,257
Associates Accounted by Using the Equity Method ⁽²⁾	2,560,282	3,109,319	5,123,316	5,857,271
Trade Receivables	768	67	111	821
- Trade Receivables Due from Third Parties	768	67	111	821
Other Receivables	17,813,322	16,451,742	27,108,015	28,801,484
- Other Receivables Due from Related Parties	17,606,057	16,418,157	27,052,676	28,767,776
- Other Receivables Due from Third Parties	207,265	33,585	55,339	33,708
Property, Plant and Equipment	13,824,480	15,208,565	25,059,592	34,641,411
Right of Use Assets	408,323	600,420	989,329	1,231,084
Intangible Assets	1,868,707	1,995,500	3,288,045	3,913,790
Prepaid Expenses	649,582	530,931	874,830	2,340,924
- Prepayments to Related Parties	-	-	-	1,982,111
- Prepayments to Third Parties	649,582	530,931	874,830	358,813
Deferred Tax Asset	1,335,165	-	-	-
Other Non-current Assets	15,752	-	-	-
Total Non-Current Assets	38,696,789	38,160,082	62,877,476	77,076,042
Total Assets	74,485,265	68,033,457	112,100,710	125,180,830
LIABILITIES				
Current liabilities:				
Short Term Borrowings	8,308,044	18,947,562	31,220,451	24,062,917
- Short Term Borrowings from Related Parties	18,765	10,676	17,591	-
- Lease Liabilities	18,765	10,676	17,591	-
- Short Term Borrowings from Third Parties	8,289,279	18,936,886	31,202,860	24,062,917
- Bank Loans	7,137,338	17,668,289	29,112,556	20,281,985
- Lease Liabilities	104,202	129,393	213,204	230,962
- Issued Debt Instruments	1,047,739	1,139,204	1,877,100	3,549,970
Current Portion of Long Term Borrowings	9,879,729	1,396,941	2,301,781	2,824,663
- Current Portion of Long Term Borrowings From Bank Loans	9,879,729	1,396,941	2,301,781	2,824,663
Other Financial Liabilities	-	-	-	1,259,701
Trade Payables	26,326,813	21,581,477	35,560,430	41,965,774
- Trade Payables to Related Parties	108,432	44,064	72,605	112,528
- Trade Payables to Third Parties	26,218,381	21,537,413	35,487,825	41,853,246
Payables Related to Employee Benefits	459,139	453,969	748,018	912,453
Other Payables	17,663	2,791	4,598	14,166
- Other Payables to Third Parties	17,663	2,791	4,598	14,166
Derivative Financial Liabilities	873,729	595,569	981,337	626,360
Deferred Revenue	680,065	1,252,820	2,064,309	1,073,173
- Deferred Revenue from Related Parties	-	-	-	4,022
- Deferred Revenue from Third Parties	680,065	1,252,820	2,064,309	1,069,151
Current Tax Liabilities	-	-	-	15,668
Current Provisions	2,037,986	1,560,005	2,570,464	2,972,156
- Other Current Provisions	2,037,986	1,560,005	2,570,464	2,972,156
Other Current Liabilities	1,699,914	1,217,998	2,006,927	2,410,560
- Other Current Liabilities to Third Parties	1,699,914	1,217,998	2,006,927	2,410,560
Total Current Liabilities	50,283,082	47,009,132	77,458,315	78,137,591
Non-Current Liabilities:				
Long Term Borrowings	1,716,983	1,091,203	1,798,009	2,532,241
- Long Term Borrowings from Related Parties	17,537	-	-	-
- Lease Liabilities	17,537	-	-	-
- Long Term Borrowings from Third Parties	1,699,446	1,091,203	1,798,009	2,532,241
- Bank Loans	1,032,394	693,877	1,143,322	1,867,476
- Lease Liabilities	231,738	397,326	654,687	664,765
- Issued Debt Instruments	435,314	-	-	-
Other Financial Liabilities	-	-	-	257,015
Trade Payables	297,333	182,877	301,331	178,174
- Trade Payables to Third Parties	297,333	182,877	301,331	178,174
Non-current Provisions	789,596	1,391,686	2,293,122	1,930,013
- Non-current Provisions for Employee Benefits	636,088	1,240,006	2,043,194	1,580,853
- Other Non-current Provisions	153,508	151,680	249,928	349,160
Deferred Tax Liabilities	1,406,232	9,905	16,320	1,272,751
Other Non-current Liabilities	4,000	3,877	6,389	12,836
- Other Non-current Liabilities to Third Parties	4,000	3,877	6,389	12,836
Total Non-current Liabilities	4,214,144	2,679,548	4,415,171	6,183,030
Total Liabilities	54,497,226	49,688,680	81,873,486	84,320,621
EQUITY				
Equity Attributable to Owners of Parent	18,322,225	16,613,680	27,374,845	36,044,256
Share Capital ⁽³⁾	335,456	335,456	335,456	335,456
Adjustments to Share Capital ⁽⁴⁾	9,283,822	9,283,822	15,514,508	15,514,508
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss	1,762,589	1,024,401	1,687,936	7,755,669
- Revaluation of Property, Plant and Equipment ⁽⁵⁾	1,907,218	1,673,170	2,756,931	9,041,079
- Gains (Losses) on Remeasurement of Defined Benefit Plans	(144,629)	(648,769)	(1,068,995)	(1,285,410)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss	1,983,406	637,257	1,050,027	1,505,072
- Exchange Differences on Translation	1,753,554	716,598	1,180,759	1,609,481
- Gains (Losses) on Cash Flow Hedges ⁽⁶⁾	218,373	(129,367)	(213,162)	(165,241)
- Financial Assets Measured of Fair Value through Other Comprehensive Income ⁽⁷⁾	11,479	50,026	82,430	60,832
Restricted Reserves Appropriated from Profits ⁽⁸⁾	766,974	760,558	1,253,194	1,253,194
- Legal Reserves ⁽⁸⁾	766,974	760,558	1,253,194	1,253,194

Retained Earnings	(209,796)	4,639,755	7,645,059	8,230,732
Current Period Net Profit (or Loss)	4,399,774	(67,569)	(111,335)	1,449,625
Non-controlling Interests	1,665,814	1,731,097	2,852,379	4,815,953
Total Equity	19,988,039	18,344,777	30,227,224	40,860,209
Total Liabilities and Equity	74,485,265	68,033,457	112,100,710	125,180,830

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

- (1) This line item is referred to as "Financial Investments" in the 2022 and 2021 Financial Statements.
- (2) This line item is referred to as "Investments in subsidiaries, joint ventures" in the 2022 and 2021 Financial Statements.
- (3) This line item is referred to as "Issued Capital" in the 2022 and 2021 Financial Statements.
- (4) This line item is referred to as "Adjustments on Capital" in the 2022 and 2021 Financial Statements.
- (5) This line item is referred to as "Increases (Decreases) on Revaluation of Property, Plant and Equipment" in the 2022 and 2021 Financial Statements.
- (6) This line item is presented as a sub-item of the line item of "Gains (Losses) on Hedge" in the 2022 and 2021 Financial Statements.
- (7) This line item is presented as a sub-item of the line item of "Gains (Losses) on Revaluation and Reclassification" in the 2022 and 2021 Financial Statements.
- (8) This line item is referred to as "Reserves" in the 2022 and 2021 Financial Statements.

Summary Statement of Cash Flow

	Year ended 31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands)			
Cash Flows From (Used In) Operating Activities	8,233,361	(2,427,483)	(3,999,835)	7,060,960
Cash Flows From (Used In) Investing Activities	(3,315,188)	(4,524,261)	(7,454,754)	(7,705,365)
Cash Flows From (Used In) Financing Activities	(4,640,520)	6,415,026	10,570,226	1,386,691
Net Increase (Decrease) In Cash and Cash Equivalents	277,653	(536,718)	(884,363)	742,286
Effect of Monetary Gain / (Loss) on Cash and Cash Equivalents	(4,262,241)	(1,589,812)	(2,619,580)	(1,092,103)
Net increase (decrease) in cash and cash equivalents	(3,677,553)	(1,879,402)	(3,096,743)	(263,256)
Cash and cash equivalents at the beginning of the period	7,109,344	3,431,791	5,654,660	2,557,917
Cash and cash equivalents at the end of the period	3,431,791	1,552,389	2,557,917	2,294,661

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

Other Financial and Operational Information

The table below sets forth the Group's other financial and operational data which the Group's management believes is useful in understanding the performance of the Group's business as of the dates and for the periods indicated. See "Presentation of Financial and Other Information—Presentation of Alternative Performance Measures".

	Year ended 31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands, except ratios)			
Adjusted EBITDA	8,995,807	3,370,503	5,553,680	10,406,253
Adjusted EBITDA Margin (%)	13.9%	5.0%	5.0%	9.3%
	31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands, except ratios)			
Net Debt	16,436,627	19,872,619	32,744,697	27,125,138
Net Leverage Ratio (x)	1.8	5.9	5.9	2.6
Interest Coverage Ratio (x)	3.8	1.3	1.3	1.9

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

Adjusted EBITDA

The following table shows the reconciliation Adjusted EBITDA to profit for the periods specified.

	Year ended 31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands)			
Profit for the period	4,901,981	116,212	191,486	2,331,159
add back:				
Depreciation and amortization expenses.....	(2,529,259)	(2,292,519)	(3,777,452)	(4,305,820)
Share of Net Profit of Associates Accounted for Using the Equity Method.....	148,168	990,102	1,631,419	880,583
Finance income	15,519,798	12,175,958	20,062,681	18,431,136
Finance costs	(14,397,608)	(11,766,554)	(19,388,094)	(18,340,172)
Tax (Expense) Income, Continuing Operations...	491,416	(90,206)	(148,635)	(683,869)
Other income from operating activities ⁽¹⁾	6,078,943	3,536,352	5,826,950	2,104,711
Other expenses from operating activities ⁽²⁾	(12,694,719)	(9,389,457)	(15,471,283)	(15,900,432)
Monetary Gain	3,289,435	3,582,033	5,902,220	9,738,769
Adjusted EBITDA⁽³⁾	8,995,807	3,370,503	5,553,680	10,406,253

- (1) Represents overdue interest charges, foreign exchange gains arising from trading activities, reversal of provisions, and other income. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Presentation of Operating Results—Other Income From Operating Activities".
- (2) Represents interest expense on term purchases, foreign exchange expenses arising from trading activities, provision expenses and other expenses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Presentation of Operating Results—Other Expenses From Operating Activities".
- (3) "Adjusted EBITDA" is defined as profit for the period and adding back share of net profit of associates accounted for using the equity method, finance income, finance costs, tax (Expense) income, continuing operations, other income from operating activities, other expenses from operating activities, monetary gain and depreciation and amortisation expenses. Other income from operating activities and other expenses from operating activities as stated in the consolidated statement of profit or loss statement are excluded from the calculation of the Adjusted EBITDA.

Adjusted EBITDA Margin

The following table shows the calculation of Adjusted EBITDA margin for the periods specified.

	Year ended 31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands, except ratios)			
Adjusted EBITDA	8,995,807	3,370,503	5,553,680	10,406,253
Revenue	64,793,641	67,441,264	111,124,940	112,215,734
Adjusted EBITDA Margin⁽¹⁾ (%)	13.9%	5.0%	5.0%	9.3%

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

- (31) "Adjusted EBITDA Margin" is defined as Adjusted EBITDA for the periods presented divided by revenue for the same period.

Net Debt

The following table shows a reconciliation of Net Debt as of the dates indicated.

	31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands)			
Short Term Bank Loans.....	7,137,338	17,668,289	29,112,556	20,281,985
Short Term Portion of Long Term Lease Liabilities	104,202	129,393	213,204	230,962
Short Term Issued Debt Instruments	1,047,739	1,139,204	1,877,100	3,549,970
Short Term Portion of Long Term Bank Loans...	9,879,729	1,396,941	2,301,781	2,824,663
Long Term Bank Loans.....	1,032,394	693,877	1,143,322	1,867,476
Long Term Lease Liabilities.....	231,738	397,326	654,687	664,765

Long Term Issued Debt Instruments	435,314	-	-	-
minus				
Cash and cash equivalents	3,431,827	1,552,411	2,557,953	2,294,683
Net Debt⁽¹⁾	16,436,627	19,872,619	32,744,697	27,125,138

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

(31) “**Net Debt**” is defined as short-term bank loans, short-term portion of long-term bank loans, short-term portion of long-term lease liabilities, short-term issued debt instruments, long-term bank loans, long-term issued debt instruments and long-term lease liabilities minus cash and cash equivalents.

Net Leverage Ratio

The following table shows a reconciliation of Net Leverage Ratio as of the dates indicated.

	31 December			
	2021*	2022*	2022**	2023**
		(TL in thousands, except ratios)		
Net Debt	16,436,627	19,872,619	32,744,697	27,125,138
Adjusted EBITDA	8,995,807	3,370,503	5,553,680	10,406,253
Net Leverage Ratio⁽¹⁾ (x)	1.8	5.9	5.9	2.6

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

(31) “**Net Leverage Ratio**” is defined as Net Debt as of the dates indicated divided by Adjusted EBITDA for the relevant period.

Interest Coverage Ratio

The following table shows a reconciliation of Interest Coverage Ratio as of the dates indicated.

	31 December			
	2021*	2022*	2022**	2023**
		(TL in thousands, except ratios)		
Adjusted EBITDA	8,995,807	3,370,503	5,553,680	10,406,253
Interest Expense	2,380,116	2,620,252	4,317,466	5,578,036
Interest Coverage Ratio⁽¹⁾ (x)	3.8	1.3	1.3	1.9

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

(31) “**Interest Coverage Ratio**” is defined as Adjusted EBITDA for the periods presented divided by interest expense for the same period.

As Adjusted Financial Information ⁽¹⁾

	31 December 2023
	(TL in millions, except ratios)
Total Debt	33,541.2
Net Debt	27,419.5
	Year ended 31 December 2023
	(TL in millions, except ratios)
Adjusted EBITDA	10,406.3
Leverage Ratio ⁽²⁾	3.2x
Net Leverage Ratio	2.6x

(1) As adjusted to reflect the issuance of the Notes and the application of the proceeds thereof.

(2) "Leverage Ratio" is defined as Total Debt divided by Adjusted EBITA

RISK FACTORS

In purchasing Notes, investors assume the risk that the Group may be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Group becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors, as the Group may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of future events which the Group does not have knowledge of as at the date of this Offering Circular. The Group has identified in this Offering Circular a number of factors which could materially adversely affect its business and ability to make payments due on the Notes.

In addition, factors identified by the Group which are material for the purpose of assessing the market risks associated with the Notes are described below.

Prospective investors should note that the Group's business is significantly impacted by the condition of the Turkish economy. The category of risk factors within the section entitled "Risks Related to Türkiye" describes the material risks relating to Türkiye that the Group's management has identified as potentially having a material impact on the Group, including those impacting materially on its business, financial condition and results of operations and thus on its ability to make payments due in respect of the Notes. In addition to the macroeconomic conditions relating to Türkiye, the Group's business, financial condition and results of operations, and its ability to make payments due in respect of the Notes, are also subject to significant risks specific to the Group, including the ones discussed in the category of risk factors entitled "Risks Related to the Group and its Business" below. Prospective investors in the Notes should also consider risks relating to the structure of, and market for, the Notes, the material ones of which that have been identified by the Group's management are described in the category of risk factors entitled "Risks Related to the Notes".

It is important to note that the exposure of the Group's business to a market downturn in Türkiye or the other markets in which it operates, or any other risks, may exacerbate or trigger other risks that the Group faces. As such, the below risks should be understood in the context that more than one may apply concurrently and compound any adverse effects on the Group's business, financial condition or results of operations.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision. Capitalised terms used but not defined herein have the meanings given to them elsewhere in this Offering Circular.

Risks Related to the Group and its Business

Risks relating to macroeconomic conditions and environment

The Group's business, financial condition, results of operations and prospects are significantly affected by global economic, geopolitical, and political conditions.

The Group's commercial presence spans more than 160 countries with 35 owned and licensed brands in Türkiye and abroad, and its procurement and distribution network depend on supplies, transportation partners and distributors in various countries. The Group's success depends, in part, on its ability to manage continued economic uncertainty, especially in its most significant geographical markets such as Europe and Türkiye, as well as any political or economic disruption in other important markets and its primary sourcing regions, including the East Asia.

The ongoing global economic uncertainty, driven by factors such as high inflation, volatile commodity prices, the Russia-Ukraine conflict, climate change impacts, and post-COVID-19 repercussions, is negatively affecting the Group's external markets. Slow or negative growth is seen in certain European and emerging markets. If this uncertainty persists or markets fail to recover, it could harm the Group's business, finances, and operations. More recently, trade transactions and supply chains have been affected by various events arising in different parts of the world, such as the Israel-Hamas conflict affecting the stability in certain critical routes used for maritime shipping and changing dynamics and tension levels between various countries, as well as the attacks on vessels in the Red Sea area reducing the traffic through the Suez Canal. The ongoing

consequences of the foregoing events and any other conflicts or other problems arising in critical locations may have adverse effects on trade, logistics and macroeconomic conditions.

Concerns over inflation in countries like the United States (“U.S.”), European Union (“EU”) members, and the United Kingdom (“UK”) have led to tighter monetary policies. Further monetary tightening or central bank actions may worsen global economic conditions, particularly for those relying on external financing. This could lead to reduced demand for the Group’s products, increased borrowing costs, difficulty accessing capital markets, and financial strain on customers and suppliers.

Global demand for the Group’s products is influenced by various economic factors like GDP growth, disposable income, and consumer confidence. Deteriorating economic conditions could shift consumer preferences to lower-cost options, impacting sales and profitability. International sales pose additional risks such as trade disputes, regulatory changes, and political instability in regions relevant to the Group’s sale and supply chain, including but not limited to Europe, East Asia, Middle East and Africa.

The Group’s success depends on managing global economic uncertainty and international market disruptions effectively. These risks could significantly affect business operations, financial stability, liquidity, and credit risks with local customers and financial institutions. For further discussion on risks relating to the Group’s international business, please see “— *The Group may be adversely affected due to risks arising from its engagement in international business and the international aspects of its supply chain and distribution network*”.

The Group’s business, financial condition, results of operations and prospects are significantly affected by economic, geopolitical, and political conditions in Türkiye.

In each of the years ended 31 December 2021, 2022 and 2023, sales made in Türkiye represented the 25 per cent., 31 per cent. and 37 per cent. of the gross revenue of the Group, respectively, and the Group’s single production facility and headquarters are located in Türkiye. Therefore, the Group is significantly influenced by the economic situation in Türkiye. The Turkish economy faces numerous challenges, deriving from both global economic volatility and domestic issues such as geopolitical tensions and political uncertainties. Challenges include slowing growth, high unemployment, a substantial current account deficit, inflation, fluctuating exchange rates and commodity prices, energy supply availability, consumer confidence, access to global credit, and geopolitical tensions.

The persistently high inflation rates pose significant hurdles for Türkiye’s economy. High inflation erodes consumer purchasing power, potentially leading to decreased demand for goods and services. Moreover, high inflation expectations prompt consumers to expedite purchases, temporarily boosting demand. The Group faces increasing costs due to Türkiye’s high inflation rates. Although the Group aims to pass on these cost increases to consumers, any delays or inability to do so could negatively impact operating margins and profits.

Prior to the 2023 general elections in Türkiye, the Central Bank of the Republic of Türkiye (*Türkiye Cumhuriyet Merkez Bankası*) (the “**Central Bank**”) has made notable interest rate reductions starting from the later months of 2021 and particularly in the latter half of 2022. This approach followed the unconventional economic theory that lower interest rates would help to reduce inflation. For instance, the Central Bank reduced the one-week repo auction rate from 19 per cent. in August 2021 to 14 per cent. by the end of 2021. These cuts continued even as inflation accelerated, which diverged from traditional economic policy where rates are raised to combat inflation. The decision to lower interest rates amid high inflation led to significant consequences for the Turkish economy. Inflation soared, reaching heights that had not been seen in decades, severely affecting the cost of living and purchasing power of the Turkish populace. The Turkish lira also experienced substantial depreciation against major currencies, leading to increased costs of imports, further fuelling inflationary pressures. These interest rate cuts enabled both consumers and businesses to access loans at rates below both actual and anticipated inflation rates. As a result of this monetary expansion and increased credit availability, domestic consumer demand surged in the recent years, contributing to elevated inflation levels driven by the monetary expansion and robust market demand. Domestic consumption remains strong, with expectations of sustained high inflation rates. Despite Türkiye’s dynamic market and historical tendency for

high growth, the decrease in previously advanced demand may potentially temper the trajectory of domestic growth in the future.

In response to persistent high inflation and economic pressures, there were signs of policy adjustments in 2023, after the general election in May. The Central Bank indicated a potential shift towards more conventional policies, which include stabilizing and increasing interest rates to better anchor inflation expectations and stabilise the currency. The Central Bank has also attempted to refine its communication strategies to provide clearer forward guidance on the future path of monetary policy. This includes signalling potential future policy actions to help manage market expectations and improve the effectiveness of monetary policy. Efforts to combat inflation through monetary policy measures, such as raising policy and credit interest rates, are resulting in increased interest expenses for companies utilizing loans. Market participants anticipate the commencement of interest rate reductions by the conclusion of 2024. However, there remains a risk of prolonged high-interest periods, which could result in continued elevated interest expenses for the Group beyond initial expectations.

Given the Group's substantial presence in Türkiye, any adverse developments in the economic or political landscape could have a significant negative impact on the Group's business, financial health, and operational results. For a more detailed discussion on how Türkiye's economic conditions affect the Group, refer to the section titled "*— Risks Related to Türkiye*".

Climate change and efforts to ensure sustainability may adversely affect the Group's business.

There is growing concern that the gradual rise in global average temperatures, caused by increased levels of carbon dioxide and other greenhouse gases in the atmosphere, will lead to significant shifts in weather patterns worldwide, along with more frequent and severe extreme weather events and natural disasters. Climate change could worsen water scarcity and deteriorate water quality in affected regions, potentially impacting the Group's access to water for its operations. Communities in regions where the Group operates may face physical risks, potentially leading to decreased demand for the Group's products due to disruptions in the local, regional, or global economy.

The Group itself may directly feel the effects of water scarcity or other adverse environmental conditions resulting from climate change, especially in its production processes. Moreover, the Group's reliance on various raw materials and components from global suppliers exposes it to the risk of material unavailability or increased costs due to climate change-related impacts on extraction processes and supply chain operations, including extreme weather events, temperature fluctuations, water shortages, fires, floods or other natural disasters. Additionally, reliance on single-source suppliers for certain proprietary components poses a risk if these suppliers cease or interrupt production.

Insurance coverage for such disruptions may be insufficient or unavailable. Compliance with sustainability-related regulations, such as emissions trading systems and eco-efficiency regulations, could result in increased costs for the Group, particularly given its significant revenue generation from Europe. The Group may also face additional costs related to regulations aimed at reducing plastic pollution and increasing the use of recycled materials, potentially encountering quality and durability issues with recycled materials. The plastics recycling infrastructure in Türkiye is inadequate, which also constitutes an additional challenge for the Group's efforts to increase the use of recycled material.

Moreover, rising temperatures may lead to increased product failures and deterioration, negatively impacting the Group's reputation and exposing it to product liability consequences.

Consequently, both physical impacts such as adverse weather conditions and policy transitions related to climate change regulations pose significant risks to the Group.

Risks relating to the Group's business

The Group operates in highly competitive markets and the Group's failure to maintain its competitive position may adversely affect its business, financial condition, and results of operations.

The markets in which the Group's products are offered are competitive, with significant pressure to lower prices, especially during economic downturns, shifts in consumer preferences, and potential decreases in consumer demand. Intense price competition, particularly within the consumer electronics sector, is characterised by rapid product turnover and a focus on competitive pricing and technological innovation. The Group is in competition with substantial market players with significant financial resources, capable of responding to market dynamics and expanding their presence.

Many of the Group's markets exhibit fragmentation, with both local and international competitors vying for market share in each region. Any alteration in the competitive landscape, such as changes in the number of competitors, their investment activities, or other market dynamics, could lead to decreased product sales, diminished market share, and revenue decline for the Group. There is also a possibility of future consolidation amongst the Group's competitors, which may potentially intensify competition and impact the Group's global and Türkiye market positioning. The emergence of new competitors or heightened competition from existing ones may significantly and adversely affect the Group's business, financial conditions, and operational results.

There can be no assurance that the Group's competitors will not in the future engage in more extensive development efforts, launch more successful promotional campaigns for their product offerings, adopt more aggressive pricing policies to the Group's detriment or make more attractive offers to its existing and potential customers. The Group cannot guarantee its ability to compete effectively in its domestic and export markets or that it will be capable of maintaining or further increasing current market shares.

Failure to adapt to changes in competitors' pricing strategies, increased availability of lower-priced alternatives, or the introduction of new competing products may result in customer loss and market share erosion for the Group, and place constraints on the Group's pricing flexibility. These factors pose material risks to the Group's business, financial condition and results of operations.

Moreover, the rapid growth of new distribution channels, particularly in e-commerce, may contribute to consumer price deflation, impacting the Group's relationships with retail customers and posing additional challenges in maintaining favourable pricing in face of cost fluctuations. Failure to effectively adapt to evolving distribution channels and e-commerce trends may disadvantage the Group against the rising number of online shoppers, potentially adversely affecting its business, financial condition and results of operations. Competitors' effective advertising campaigns could dampen demand for the Group's products, with some competitors willing to sacrifice profit margins to remain competitive, leading to market share loss or reduced sales for the Group. Such competitive pressures could compel the Group to lower prices, thereby impacting margins negatively. If the Group's product offerings fail to remain competitive, its sales, operational results, and financial position could be materially and adversely affected.

One of the Group's competitive advantages in the European market is significantly influenced by its access to the EU Customs Union. In the event that Türkiye loses its access to the EU Customs Union, the Group may face several challenges that could negatively impact its operations and financial performance. One of the most significant consequences of the foregoing would be the loss of the Group's status as its exports to Europe not being subject to the 14 per cent. customs duty for TV sales. This customs duty has been a key factor in the Group's competitiveness with other companies, allowing it to offer an attractive pricing and maintain a strong market position. Without this advantage, the Issuer may find it increasingly difficult to compete with East Asian low-cost manufacturers, which could lead to a decline in its market share and revenue.

The Group's profit margins and financial results may be adversely affected due to disruptions, performance issues or cost increases in the supply of raw materials and components for its products.

As of the date of this Offering Circular, the Group utilises a diverse array of raw materials and components procured directly from suppliers. The primary raw materials and components essential for manufacturing the

Group's products, including metal sheets, various metals, cells, panels, plastics, and electronic and mechanic components, are obtained from either on a global or regional basis by the Group. In this context, the Group's operational and financial success depends on its ability to identify and develop relationships with qualified suppliers, the terms and conditions upon which it purchases products from its suppliers, including applicable exchange rates, transport costs and other costs, its suppliers' willingness to extend credit to it to finance its inventory purchases, its ability to import outsourced products and its suppliers' ability to manufacture and deliver outsourced products according to the Group's standards of quality on a timely and efficient basis.

The prices of these raw materials are susceptible to fluctuations influenced by supply and demand dynamics, energy costs, transportation expenses, government regulations, duties and tariffs, currency exchange rates, price controls, overall economic conditions, political matters affecting transportation and supply capacities and unforeseen circumstances. For each of the years ended 31 December 2021, 2022 and 2023, cost of components and raw materials represented 87 per cent., 88 per cent. and 86 per cent., respectively, of the Group's cost of sales.

Historically, the costs of these raw materials and components have exhibited significant fluctuations and the prices of raw materials are heavily influenced by commodity price trends beyond the Group's control. In particular, with the onset of the COVID-19 pandemic, there was a notable surge in raw material prices. The shortage in raw material supply during this period failed to meet the sudden spike in demand, resulting in escalating prices. Average market prices for both metal and plastic raw materials have also demonstrated significant rising trends during the peak of the economic effects of the pandemic. Any similar events or circumstances having regional or global effects may result in similar or higher results in the cost of the Group's sales and due to such reasons or any other reasons, there may be continued increases in prices for commodities used in the Group's production process. Additionally, the Group may face pricing pressure if its costs rise due to the need to comply with new laws or regulations.

The Group's ability to sustain or enhance margins depends on its capacity to pass on any cost increases to its customers. Whilst the Group has been able to reflect cost increases to its prices in the domestic market during the inflationary environment, it cannot provide assurance that it will be able to do so in all cases, given the various market conditions and the competitive environment in which it operates. Failure to do so, whether due to competitive pressures or other factors, or encountering delays in passing on these costs, could have a material adverse impact on the Group's business, financial position, and operational results.

Moreover, should any of the Group's primary suppliers fail to meet their contractual obligations or if the Group experiences disruptions in their business relations with its principal suppliers (or, with multiple service providers within a short period of time) or if the Group's suppliers fail to adhere to the Group's business standards, it could disrupt the Group's production processes, thus negatively impacting the Group's sales. Furthermore, the Group's ability to obtain necessary materials and components from these suppliers may be hindered by various factors, including suppliers' financial condition or insolvency, labour disruptions applicable to suppliers, sanctions becoming applicable to suppliers, political concerns relating to the suppliers' or products' country of origin, or other impediments to suppliers' performance. Furthermore, in instances where suppliers fail to comply with health, safety, environmental regulations, or ethical standards, the Group may opt to terminate its relationships with them.

Whilst the Group's working relationship with one or more of its suppliers may terminate or be suspended due to any of the foregoing reasons or other reasons not currently foreseen, finding timely replacements on favourable terms may prove challenging, potentially leading to significant disruptions in the Group's supply chain and materially affecting its business, financial condition and results of operations.

Furthermore, the Group relies on certain modes of transportation, mostly being marine transportation, for its raw materials and components and any disruptions in the Group's supply chain logistics, such as a decrease in international container availability, unavailability of certain critical passage points or routes, strikes, or other work stoppages, could have adverse effects on the Group's production. Factors like high demand, driver shortages in key markets, increasing container prices and limited vessel capacity can contribute to rising logistics costs. A significant disruption in the supply of these materials for any reason could result in decreased

production and shipping levels for the Group, thereby materially increasing the Group's operating costs and consequently reducing its profit margins.

The Group also faces significant risks in its sourcing and procurement processes, primarily due to the distance between certain suppliers based in Asia and the Group's manufacturing facilities. This geographical separation heightens vulnerability to supply chain disruptions stemming from natural disasters, geopolitical tensions, political instability, regulatory changes and transportation issues, potentially leading to production delays and impacting customer satisfaction and revenue. Moreover, the Group's exposure to fluctuations in shipping and freight costs are of higher significance for this part of its procurement, which can have an exponential effect on procurement expenses and erode profit margins if not effectively managed through negotiation or alternative sourcing strategies.

The Group typically enters into contracts for the supply of certain raw materials and components with a term of one year. However, the industry practice for the pricing of certain materials such as cells, which constitute a considerable portion of the Group's procurement costs in the consumer electronics sector, fluctuate on a more frequent basis and the Group remains subject to a higher level of exposure to fluctuations (such as, on a monthly basis) in those material costs. Future prices or availability of raw materials and components required for the production or packaging of its products cannot be accurately predicted. Furthermore, there is no guarantee that the Group's supply of raw materials and components will be renewed on terms favourable for the Group or renewed at all.

On a separate note, failure to detect any deficiencies in products received from suppliers may expose the Group to liability consequences arising from inherent faults in the products sold. These faults, stemming from deficiencies in raw materials and components provided by the Group's suppliers, could result in costs, damage to the Group's reputation, brand and customer relationships, thereby materially affecting its business, financial position and operational results.

The Group's success depends on the effective management of its sourcing and inventory, the failure of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The effective management of procurement of raw materials and components and inventory is critical for the Group's operations and financial performance. However, the Group's ability to carry out such management is particularly challenged due to its heavy reliance on sourcing a significant portion of its raw materials and components from non-EU regions (especially the East Asia) for its products under the consumer electronics segment, where lead times can be lengthy, which, as of the date of this Offering Circular, typically range from one to two months. This dependency on distant suppliers and extended lead times exposes the Group to several potential risks. Lengthy lead times necessitate careful inventory management to avoid overstocking or stockouts. Balancing inventory levels to meet demand whilst minimizing carrying costs requires accurate demand forecasting, efficient procurement planning and effective communication with suppliers. Inadequate inventory management may result in excess inventory tying up capital or shortages disrupting production schedules. Whilst the Group continuously assesses and updates its supply chain resilience and explores alternative sourcing options, the Group's procurement alternatives are very limited for certain raw materials and components, such as cells being imported from a few dominant industry leaders based in the East Asia for the purposes of its consumer electronics production.

In order to carry out its purchasing and inventory management, the Group conducts a thorough analysis to forecast demand for upcoming sales and establish its procurement and production plans. This process also relies on certain software that analyses data from previous sale periods. However, the software's purchasing suggestions require personal input from the Group's sales and procurement teams to account for various revenue-affecting factors not considered by the software. Failure to accurately forecast demand may result in ineffective purchasing plans, leading to either excessive or insufficient purchases and adversely impacting profitability.

Furthermore, the success of the Group also hinges on the effective management of its product inventory in respect of its sales under its owned and licensed brands in Türkiye.

Moreover, the Group implements comprehensive ongoing management of its inventory from past periods and handles remaining inventory from previous sale periods. Effective inventory management is crucial for achieving sales targets, improving profitability, managing cash flow and optimizing gross profit and discount rates. Inefficient inventory management may result in missed sales targets, suboptimal discount rates and consequently, a failure to maintain or increase profitability and optimise gross profit. Additionally, irregular increases in storage and logistics costs due to excess inventory could significantly impact the Group's business, financial condition, operational results and future prospects.

The Group's success and/or ability to meet its targets is dependent on its ability to innovate, research & develop and successfully respond to consumer demands and/or competition.

The Group views research & development ("R&D") and innovation to be some of the key determinants of the short-, medium- and long-term success of the production and trade cycle in today's world. Failure to respond proactively and agilely to the rapid technological changes in the world, customer demand and regulatory changes in the countries of operation is a significant risk for the Group. The Group's R&D and innovation infrastructure is critical for the Group's ability to respond quickly to changing and increasing customer and market expectations in parallel with digitalization.

The Group's ability to maintain its market standing and achieve its business goals relies, in part, on effectively developing, introducing and promoting new products and enhancements to the Group's equipment and manufacturing processes. The success of innovation and product advancement hinges on the ability to accurately predict customer acceptance, secure and uphold necessary intellectual property protections and avoid infringing upon the intellectual property rights of others. With rapid technological progress and easy replication of technology, new products and services tend to standardise quickly, intensifying competition and perpetuating price erosion. If the technologies and trends focused on by the Group do not match the sector and user expectations or are not mature enough, or if the technologies and trends shift to different areas, this may result in the Group's failure to develop a product range in line with consumer demands.

The Group's R&D and innovation capabilities are also heavily dependent on its status as an attractive option for skilled human resources in new business areas, given the sector-focused innovation requirements of the Group's business and the continuity of its R&D and innovation teams. In Türkiye, various factors contribute to the challenge of securing skilled workers, including the limited availability of such personnel, escalating wage expectations amongst skilled labourers in recent times, the trend of skilled workers migrating abroad and the comparatively greater difficulty in recruiting staff for positions in İzmir or Manisa compared to İstanbul. Not being able to recruit and maintain top talent for R&D can jeopardise the Group's R&D capabilities, competitiveness, ability to adapt to market changes and innovation capacity.

Similarly, the level of financial resources allocated to R&D and innovation expenditures by the Group and the alignment of the Group's organizational structure with the relevant business needs and trends, affect the Group's success in R&D and innovation areas. In terms of external factors, the Group's R&D and innovation capacity may be negatively affected by the decline in the share allocated for TÜBİTAK funding mechanisms and the decrease in Türkiye's share in EU project incentives.

Innovating and developing products are pivotal in enhancing margins and facilitating revenue growth across all the Group's product categories. Particularly in the Turkish market, where household energy costs are high, innovation in energy efficiency within the household appliances, consumer electronics and mobility electronics segments holds significant importance for the Group, aligning with consumer and governmental emphasis on energy-efficient products. Additionally, consumer demand for improved environmental performance, reduced water usage and noise mitigation drive product development efforts. However, introducing new products demands substantial management resources and substantial financial commitments to R&D, with no guarantee of success.

Consequently, the Group's success relies heavily on its ability to foresee and address evolving customer preferences and demands through continuous and timely development of new products and services, as well as enhancements to existing ones. Failure to swiftly yield anticipated innovation / R&D or meet market demands may diminish the Group's innovative reputation, sales and profits and may result in the Group's

failure to maintain its competitiveness in the market, challenges in entering new markets and weakening in its bargaining powers.

The foregoing risks may negatively impact the Group's prospects, business, financial conditions and operational results.

The Group's failure to diversify its export markets and achieve growth in emerging markets may negatively affect its business, financial condition, results of operations and prospects.

The Group recognises a potential need to diversify its markets away from Europe, which represented 13 per cent. of its total sales in the year ended 31 December 2023, in order to maintain continued growth and profitability. The European consumer electronics and household appliances market has experienced contractions in the past years and it is believed that the market is nearing saturation. As a result, the Group may need to seek growth opportunities in emerging markets.

However, there are risks associated with diversifying into emerging markets. The Company may not be able to successfully identify such markets to grow in, or be successful in penetrating, growing or achieving substantial revenue from those markets. Additionally, the Company may face challenges in adapting its products and services to the unique needs and preferences of consumers in these emerging markets. Furthermore, the Company may encounter political, economic and social instability in these markets, which could hinder its ability to establish a strong presence and generate sustainable revenue.

Whilst diversification of markets away from Europe is a potential strategy for the Group to maintain success and grow revenue, the failure to do so may be detrimental for its long-term success and negatively impact the Group's prospects, business, financial conditions and operational results.

The success of the Group depends on the Group's ability to identify and respond to new and changing consumer preferences and trends, effectively market and distribute its products and maintain customer satisfaction.

The Group distributes its products through a network of importers, distributors, direct retail channels, online sales platforms both as vendors and marketplaces in various markets in Türkiye and worldwide. Any underperformance from these partners of the Group could negatively impact the Group's sales and operational outcomes, potentially causing significant harm to its business, financial condition and results of operations. Maintaining an extensive distribution network requires substantial working capital, resources and supervision efforts and there is no guarantee that the Group will successfully sustain and enhance sales strategies and distribution channels that effectively respond to customer preferences or regulatory changes in key markets.

Industry trends and consumer preferences are constantly changing and in order to maintain its position in the market, the Group is required to keep pace. In this context, the Group is also required to effectively utilise tools such as data analytics, customer relationship management and big data within the framework of applicable law and any failure to do so efficiently, may serve to the detriment of the Group's marketing and sales capabilities. The Group dedicates considerable resources to follow the industry trends and understand the needs of its customer base. However, it may fail to do that successfully and its investments may not provide the Group with the expected return. If the Group fails to anticipate, identify or promptly react to current and upcoming customer preferences, such as socially beneficial products, it might miss significant sales opportunities, its revenue may decrease and its brand and reputation may be affected, which could result in an unsuccessful sale performance and could have a material adverse effect on its business, financial condition, results of operations and prospects.

Furthermore, the use of the customer information within the Group's marketing communication activities are also subject to laws and regulations regarding e-commerce transactions, which restricts the Group's ability to use the customer information. Any violation of such restrictions could lead the Group to face customer complaints and claims. Such complaints may be time consuming and may incur costs and could have a material

adverse effect on the Group's business, financial condition, results of operations and prospects, as well as its reputation, brand and customer relationships.

The Group believes that a satisfied customer base is also critical for its operations. Therefore, the Group conducts a wide selection of customer relationship management activities targeted to maintain customer satisfaction, to maintain its existing customers, as well as to attract new customers. However, in the future, the Group may not be able to maintain its activities and factors that ensure the quality of its customer service and improve the customer perception of its brands. As a result, the Group's customers might not be satisfied with the service quality they receive and the Group's sales volume could deteriorate as a consequence. If the Group is not able to satisfy its existing customers or fail to anticipate market trends and meet existing or new customers' expectations, the Group may not be able to maintain its customer base and attract new customers which, in turn, may lead to a decrease in the Group's customer base and may have an adverse effect on the Group's success. In such case, the Group may also need to invest in more marketing and advertising activities, which may lead it to incur costs and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Failure to maintain robust customer preference identification techniques, marketing methods and distribution networks may lead to reduced sales, market share and could adversely affect the financial condition and operational results of the relevant sale revenues of the Group and the Group in general.

The Group may not be able to manage its growth and expansion effectively or quickly enough in its e-commerce operations, or effectively scale and adapt its existing technologies and infrastructure.

For each of the years ended 31 December 2021, 2022 and 2023, the revenue generated from the Group's Türkiye e-commerce channels represented 6.2 per cent., 5.6 per cent. and 5.7 per cent., of the Group's domestic revenue, respectively. The Group cannot give assurance that it will be able to maintain past growth rates in its e-commerce sales going forward.

If the Group is not able to effectively manage its inventory relating to its e-commerce channels or adapt its infrastructure for the sustainable development of its e-commerce operations or maintain, it may not be able continue to grow the revenue it generates from e-commerce channels or it could experience a decrease in such revenue. If the Group fails to sustain the growth of its e-commerce channel, keep up with best practices for e-commerce, invest in the e-commerce channel aspect of its business on terms favourable to the Group or match the fast changing needs of the e-commerce market, the Group may face additional costs and its e-commerce revenues may slow down, which could adversely affect the Group's business, financial condition, results of operations and prospects.

Furthermore, the Group's e-commerce operations are subject to various laws and regulations, which include provisions favouring and designed to protect the rights of customers. For instance, the Turkish e-commerce legislation sets out various obligations applicable to e-commerce service providers, based on their net transaction volume and the number of their transactions over their platforms. In general, the provisions of such legislation compel e-commerce service providers to provide sufficient information to consumers during electronic commerce transactions and sets forth the obligations of service providers regarding commercial communication. Before concluding an e-commerce contract, the Group is subject to the obligation to provide the consumer with (i) up-to-date introductory information regarding the Group, (ii) information on the technical steps that must be taken for the conclusion of the contract; (iii) information on whether, after execution, the contract will be kept by the service provider and whether the consumer will have access to the contract and under what terms and (iv) confidentiality rules applicable to the transaction. Any non-compliance with these regulations may result in customer complaints and administrative fines against the Group, which could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The deterioration of the Group's reputation or the reputation of the 'Vestel' brand or any other of its brands, could have a material impact on its financial results.

The success of the Group's business depends on the image and reputation of the Group and the owned or licensed brands used by the Group. In the years ended 31 December 2021, 2022 and 2023, sales made under

the 'Vestel' brand represented the 64 per cent., 64 per cent. and 65 per cent. of the Group's revenue from sales in Türkiye, respectively. Therefore, the Group is particularly vulnerable to any deterioration in the image or reputation of the 'Vestel' brand.

The value of these brands is dependent on, amongst other factors, the quality and reputation of the Group's products and sale points, the successful execution of the Group's marketing and communication strategies and the Group's customer relationship management. There can be no assurances that the Group will be able to maintain the image or reputation of itself or the brands used by it and the images and reputations thereof could deteriorate due to any development adversely affecting the factors above and / or due to reasons outside of the Group's control.

The Group also devotes significant time and resources to initiatives geared towards protecting and preserving its reputation. Costs associated with brand maintenance and improvement can be significant and could have an adverse impact on the Group's results if they do not produce the desired outcomes.

The Group's results could also be negatively impacted if one of its brands suffers substantial damage to its reputation due to a significant product recall or product-related litigation. In addition, given the association of its individual products with its overall brand, an issue with one of its products could negatively affect the reputation of its other products, or the Group as a whole, which could have an adverse impact on its results of operations and financial condition.

The fact that social media became a widespread communication platform in society and is heavily influential on customer behaviour, also brings higher public scrutiny and the risk of viral circulation of negative feedback, which could potentially damage the Group's reputation, image and brand.

Any incident that might deteriorate the value of the 'Vestel' brand or any other brand used by the Group's, or the customer perception thereof, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, as well as the Group's reputation.

The Group has entered into license agreements for the production, distribution and / or sale of some of its products under such licensed brands.

The Group derives a portion of its revenue from its sales made under brands that are licensed from third parties. In the year ended 31 December 2023 nine of the Group's brands accounted for approximately 54 per cent. of the Group's total revenue for the same period, whilst five of such nine brands are not directly owned by the Group but are instead used through licencing agreements. These agreements are subject to periodic renewal and renegotiation in the ordinary course of business.

There are several risks associated with this dependency on licensed brands. Firstly, there is the risk that these licenses may not be renewed on terms that are as favourable as the current terms, or at all. If the Group is unable to renew these licenses (at all or on similar or more favourable terms) and / or the relevant licencing agreement(s) are terminated or cease to be in force for any other reason, this could result in a substantial loss of revenue, which would adversely affect our profitability and financial condition, particularly if the Group experiences this for more than one licensed brand at or around the same time and / or if the Group fails to make another licencing agreement with another licensor for an equivalent brand to be used in the Group's sales. Additionally, the Group's business could be adversely affected if the licensors of these brands fail to maintain the brand reputation or if these brands become less popular amongst the relevant consumers.

Moreover, the Group's operational flexibility is constrained by the terms of these licenses, which typically include various obligations and usage restrictions. Non-compliance with these terms could result in financial penalties or the termination of the licenses, further impacting the Group's business operations and financial performance.

The loss of these licenses or a significant deterioration in the terms of these licenses upon renewal could have a material adverse effect on our business, results of operations and financial condition.

The Group may not successfully manage the risks associated with expanding its operations in certain product segments, integrating newly acquired businesses or product lines or participating in joint venture projects or it may not be able to realize expected benefits and synergies from such endeavours.

The Group has identified the mobility electronics segment as a key growth area in the short to mid-term and is planning to allocate resources and efforts towards the expansion of its production and sales in that segment. Expanding in the mobility electronics sector presents several risk factors for the Group to consider and manage. Intense competition characterizes this sector, with both established brands and innovative start-ups competing for market share, making it challenging to carve out a significant presence. The rapid pace of technological advancements in mobility electronics also underscores the need for continuous innovation to avoid product obsolescence and stay ahead of competitors. Whilst the Group's existing risks applicable across its operations such as those relating to supply chain and legal and regulatory framework, will remain relevant for its activities under the mobility electronics segment, the significance of such risks on the Group may vary due to nuances or different characteristics arising from the nature of the mobility electronics sector, such as legislation specifically applicable to mobility electronics and sector-specific supplier or customer dynamics.

The Group may, in the future, make various strategic acquisition, partnership and expansion investments and expenditures in order to bolster its revenue and profit, expand its product lines, enter into new markets or strengthen its position in existing ones and venture into new fields of activity. Entering into acquisitions and expansion projects presents inherent risks stemming from various uncertainties. These uncertainties include challenges in identifying suitable targets and effectively integrating their people, operations, technologies and products. Additionally, substantial costs are incurred in connection with such transactions, encompassing acquisition expenses, administrative costs and integration expenses. These costs may require additional indebtedness or equity issuance for financing, which may not be available on favourable terms or at all. Moreover, there is no guarantee of successful integration of acquired businesses into existing operations or their performance meeting expectations post-integration. Disposing of non-core assets may also prove costlier than anticipated, potentially impacting the Group's revenue and operational results.

Furthermore, the Group's ability to execute acquisitions or investments is subject to numerous risks. These risks include challenges in acquiring or investing in businesses or operations on favourable terms and increased competition for such targets, potentially leading to decreased availability or higher costs. Execution of acquisitions may face hurdles due to legal, financial and antitrust factors, amongst others. Moreover, the Group may lack the financial resources or be unable to secure necessary financing on acceptable terms, hindering its ability to pursue such transactions effectively. Similarly, there is no guarantee that the Group will be able to obtain expected benefits from any joint ventures or similar partnerships.

Ultimately, the Group's ability to successfully undertake acquisitions, investments and business integrations remains uncertain. These transactions involve assuming various known and unknown liabilities and failure to achieve strategic objectives, planned revenue improvements, synergies and cost savings could adversely impact the Group's financial condition and operational results. Therefore, despite potential benefits, the Group must navigate these risks prudently to safeguard its long-term sustainability and growth objectives.

The Group may be adversely affected due to risks arising from its engagement in international business and the international aspects of its supply chain and distribution network.

The Group's commercial presence expands across more than 160 countries with 35 owned and licensed brands in Türkiye and abroad and its procurement and distribution network depend on supplies, transportation partners and distributors in various countries. In each of the years ended 31 December 2021, 2022 and 2023, exports and sales made in countries other than Türkiye represented the 75 per cent., 69 per cent. and 63 per cent. of the Group's revenue, respectively. Due to this international nature of its operations in multiple critical aspects, the Group's success depends on economic, political and social conditions in the Group's principal international markets. Any political tension including trade disputes, such as, between the U.S. and China, or trade conditions and arrangements between the UK and the EU, or media coverage indicating potential trade conflicts, or international armed conflicts, could have an adverse impact on the Group's business, financial condition and results of operations. Particularly, the Group may face difficulties in managing its supply chain

in case regional or global conflicts affect routes being used by the Group's suppliers to deliver raw materials and components to the Group.

The Group's international operations are exposed to various risks, including political and economic instability stemming from factors such as international conflicts, terrorist attacks or natural disasters. Other risks include underdeveloped infrastructure, limitations on fund transfers, import / export duties, transportation costs and fluctuations in customs and tariffs. Changes in foreign labour laws and regulations may affect the Group's hiring and retention processes, whilst compliance with foreign laws and obtaining distribution and support pose challenges. Additionally, the Group faces risks related to adverse tax consequences, changes in tax laws and enforcement by tax authorities. Discriminatory fiscal policies, trade barriers, sanctions and similar restrictions implemented by governments and / or other authorities (on members of the Group, its suppliers or its customers) could further impact the Group's sales, manufacturing and product supply. These may lead to adverse effects on the Group's financial condition and operational results. Please also see *"Failure to comply with sanctions laws, anti-terrorist financing laws, anti-money laundering laws and similar laws associated with the Group's activities in regions where the Group operates, could subject the Group to penalties and other adverse consequences."*

The Group's business is heavily reliant on its information technology infrastructure and disruptions or outages in, or any potential cyber-attacks to, information technology systems, networks, processes or service providers could adversely affect the Group's operations.

The Group relies on the efficient and uninterrupted operation of its information technology (IT) infrastructure, which includes complex and sophisticated computer, telecommunication, supervisory control, data processing, data acquisition and data monitoring systems as well as mobile devices. The Group may be subject to IT failures in and disruptions to, such systems and networks, which are used throughout the Group's business, including at its highly automated production facility. These may be caused by issues with system updates, natural disasters, malicious cyber-attacks, human error, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic breaches or similar events or disruptions. Disruptions to the Group's IT systems, could severely disrupt the Group's administrative, industrial, commercial and financial control systems, including through a loss of operational capacity and critical data, including customers' personal and confidential information. The Group's information technology networks may also be negatively affected by telecommunication failures, natural disasters or other catastrophic events.

A critical material disruption could adversely affect the Group's ability to manufacture or sell and cause the Group to incur significant expense to repair security breaches or system damage. Furthermore, in the ordinary course of its business, the Group collects and stores certain private information on its IT systems, such as names, telephone numbers, addresses, credit card numbers, identity numbers of its customers. Therefore, it is subject to Turkish data protection laws and regulations thereunder. Any failure or interruption in, or breach of, security of the IT or back-up systems it uses, including cyber security incidents such as data breaches, intrusions, know-how and data privacy infringements and leakage, could lead to delays or platform or software shutdowns, causing loss or misuse of critical data or the unauthorized disclosure or use of its customers' private information, which could also result in legal actions, such as criminal proceedings, compensation claims or imposition of administrative fines. The same may also result in significant reputational damages to the Group.

Because the techniques used to disrupt services and systems are rapidly changing, the Group may not be able to detect such attacks prior to their occurrence and may be unable to proactively implement preventative measures.

Furthermore, the Group's cyber-security insurance coverage may not be adequate to protect the Group against any related losses. For any of the foregoing reasons, a disruption in its IT infrastructure could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's production facilities are concentrated in a single location, which is within an earthquake zone and any material loss or unplanned shut down of such facilities due to natural disasters or other reasons, could adversely affect its business, financial condition and results of operations.

Nearly all of the Group's production facilities are located in Vestel City, located within an organized industrial zone in Manisa, Türkiye. Significant interruptions to operations could occur if the Manisa facility experiences a major accident or is compelled to stop or reduce production due to unforeseen circumstances, such as prolonged power outages, industrial accidents, or IT issues.

Moreover, Manisa falls within earthquake risk zone. Whilst the Group's production activities have not historically been affected by natural disasters (including the earthquake in a neighbouring city, İzmir, in a magnitude of 6.9 in 2020), there is no guarantee that any future earthquake will not affect the Group's production facilities and if that happens, material damages to the Group's production facilities would severely impact the Group's business and operational results.

There is no guarantee that, in the event of substantial damage to the Group's production facilities, alternative facilities could be arranged quickly or without incurring substantial additional expenses. Although the Group has obtained insurance in amounts it believes to be reasonable for natural disasters, there can be no assurance that such insurances will be sufficient to cover all losses and damages to be incurred by the Group in the event that the foregoing risks materialize. Additionally, any natural disaster or event affecting access to the labour market in or around Manisa would have a significant adverse effect on the Group's business, financial condition and operational results.

The Group may be subject to the risk of warranty expenses, product liability actions and / or product recalls.

The Group's value chain comprises all the steps in its operations, from R&D, through production, marketing and sales. Operational failures in its value chain processes could result in quality problems or potential product, labour safety, regulatory or environmental risks. Such risks are particularly present in relation to the Group's production facilities, which have a high degree of organizational and technological complexity. Unforeseen product quality problems in the development and production of new and existing products could result in loss of market share and significantly higher warranty expenses. Whilst there is a provision in the Group's financial statements to cover warranty expenses, there can be no guarantee that it will be adequate to cover all future contingencies.

In the ordinary course of its business, the Group may be named as a defendant in lawsuits involving product liability claims and therefore faces exposure to product liability claims in cases such as one of its products being alleged to have resulted in property damage, personal injury or other adverse effects. In any such proceeding, plaintiffs may seek to recover large and sometimes unspecified amounts of damages and the matters may remain unresolved for several years. In the event that any of its products prove to be defective, the Group may need to recall and / or redesign such products. Any such matters could have adverse effects on its business, results of operations and financial condition if the Group is unable to successfully defend against or settle these matters or if its insurance coverage is insufficient to satisfy any judgments against the Group or settlements relating to these matters.

Under laws in many countries regulating consumer products, the Group may be forced to recall or repurchase some of its products under certain circumstances. Any repurchase or recall of the Group's products could be costly for the Group and could damage its reputation. If the Group is required to remove, or if it voluntarily removes, its products from the market, its reputation can be damaged and the Group may end up with large quantities of inventory that cannot be sold. Accordingly, product recalls may also have a material adverse effect on the Group's business, results of operations and financial condition.

In particular, product recalls or product liability claims challenging the safety of its products may result in a decline in sales for a particular product, particularly if those claims or recalls cause customers to question the safety or reliability of its products.

Although the Group has obtained insurance in amounts it believes to be reasonable for product recall and liability matters, which may occur in the normal course of business, there can be no assurance that such insurances will be sufficient to cover all losses and damages to be incurred by the Group in the event that the foregoing risks materialize.

The Group is subject to risks related to ethical misconduct or breaches of applicable laws by its employees, suppliers, contractors, agents or other third parties.

There can be no assurance that all of the Group's employees, suppliers, contractors, agents, joint venture partners or other third parties involved in its activities will not take actions in violation of the Group's compliance policies or of applicable law. Any incidents of ethical misconduct or non-compliance with applicable laws and regulations, including anti-corruption, sanctions, anti-money laundering or other applicable laws, by the Group's employees, suppliers, contractors, agents or other third parties may cause the Group to be subject to significant fines, prevent it from participating in certain projects or may lead to other consequences, including, but not limited to, the termination of existing contracts. Pursuant to certain laws applicable to the Group, the Group may be jointly and severally liable for any failure by its subcontractors to comply with health and safety laws and regulations applicable to their employees and for any failure by its subcontractors to pay the salaries of their employees or applicable social security charges. Furthermore, the Group may also be, in certain instances, jointly and severally liable for any damages or losses of third parties, caused by the Group's subcontractors.

Although in the past the Group has ceased sourcing from existing suppliers in instances where the Group suspected non-compliance with its policies and procedures and may do so again in the future, the Group may nonetheless be negatively affected by damage to its reputation as a result of any non-compliance or suspected non-compliance by its suppliers with applicable laws, rules or procedures. Any such non-compliance by its employees, suppliers, agents or other third parties could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group has obtained insurance for potential liability arising from third parties' actions, which may occur in the normal course of business, there can be no assurance that such insurances will be sufficient to cover all losses and damages to be incurred by the Group in the event that the foregoing risks materialize.

The Group's insurance may not be sufficient to cover all potential losses and it is not possible to insure against all potential risks, whether in the context of a catastrophic event, product liability claims, product recalls or otherwise.

The Group attempts to maintain adequate insurance for the Group's assets, including all risk insurance, comprehensive machinery insurance (which covers losses for things such as mechanical failure, earthquakes, business interruption, loss of profits), third-party liability insurance, employer's liability insurance, terrorism insurance and directors' and officers' liability insurance, but the Group may be unable to procure adequate insurance coverage. This could be either due to market conditions or to its own claims' history.

In addition, should insurance premium levels increase, the Group may not be able to maintain insurance coverage comparable to that currently in effect or may only be able to do so at a significantly higher cost. An increase in insurance premium cost may have a material adverse effect on the business, financial condition, results of operations and future growth prospects for the Group. The Group believes that current insurance market presents challenging conditions restricting companies' abilities to obtain desired coverages at reasonable pricing. Whilst the Group believes that it was not yet materially affected by such conditions, it may suffer from those effects in the future in case such market conditions continue or worsen.

The occurrence of any uninsured losses or liabilities or any losses or liabilities in excess of the Group's insured limits could damage its reputation and cause a substantial loss of operating capacity and have a material adverse effect on the Group's business, financial condition and results of operations.

The business of the Group is dependent on the Group's continued compliance with applicable laws and regulations, which are subject to constant change and relate to multiple jurisdictions due to its operations in Türkiye and abroad.

The Group's business is subject to a variety of Turkish and foreign laws and regulations, including but not limited to the laws and regulations governing consumer protection, e-commerce, commercial electronic communications, customs, cyber security, data protection, environmental protection, labour relationships and workplace health and safety. If the laws and regulations governing the Group's business become more restrictive, the Group may incur additional costs to ensure its compliance or be required to adapt its working principles to new limitations on how it operates, which could disrupt the Group's operations and have a material adverse effect on the Group's business, financials, results of operations and prospects.

In particular, the Group is subject to a wide range of laws and regulations pertaining to environmental, occupational health and safety and labour practices, both domestically and internationally. These regulations encompass various aspects such as air and water pollution control, hazardous substances management, energy efficiency standards, waste management and worker safety. The compliance obligations of the Group in this sense include, amongst others, Turkish and EU-driven environmental regulations and various countries' climate change or environmental, social and governance related policies such as carbon disclosure and emissions reduction targets. The global focus on environmental initiatives and the evolving regulatory landscape pose challenges and uncertainties for the Group. Adapting to evolving regulatory landscapes and consumer expectations is crucial for the Group to mitigate risks, uphold its reputation and ensure sustainable operations in the face of changing compliance obligations. The Group may incur significant costs in complying with such legislation and regulations, which requires it to implement preventative or remedial measures. Costs of complying with these requirements could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

If the Group fails or is unable to comply with applicable laws and regulations, it may be subject to complaints, administrative fines, legal actions or penalties, which could expose the Group to additional compliance costs and damage its reputation. Any of the issues described above could lead to increased cost from legal action, compliance and / or abatement and reparation, which in turn could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group's business, including its production activities, is dependent on obtaining and maintaining certain standard permits and authorizations, on the basis of the laws and regulations of Türkiye, particularly those relating to workplace opening and workplace health & safety. If the Group fails to ensure compliance with applicable permit and authorization requirements, it could face fines and sanctions by regulatory authorities or the termination of the relevant permits and authorizations necessary to conduct the Group's business.

The Issuer and one of its non-Guarantor subsidiaries, Vestel White Goods, are publicly listed companies and subject to capital markets legislation and the Capital Market Board's regulatory regime.

The Issuer and one of its non-Guarantor subsidiaries, Vestel White Goods, are public companies listed on Borsa İstanbul. Publicly listed companies in Türkiye are subject to regulatory obligations established by the CMB with respect to major corporate governance and operational issues, including the structure of the board of directors, handling of material transactions such as major asset purchases or divestitures, related party transactions, dividend distributions, reorganizations such as mergers and acquisitions, disclosure obligations and market abuse regulations. Any change to the CMB's existing regulatory regime or in the interpretation or enforcement of existing rules or regulations, the adoption of new rules or regulations, or any failure to comply with such rules or regulations, may have a material and adverse effect on the Issuer and Vestel White Goods and, in turn, on the Group's business, financial condition and / or results of operations.

The Group may become party to disputes and legal and regulatory actions, investigations, reviews, or proceedings in connection with its activities.

The Group becomes involved in legal proceedings and subject to legal claims in Türkiye and other jurisdictions in the ordinary course of its business, such as employee claims filed by current and former employees,

intellectual property claims filed by third parties against the Group, enforcement and debt collection proceedings, product liability and warranty claims filed by customers, tax disputes and investigations and other commercial disputes. Furthermore, from time to time, the Group may be subject to various compensation claims, both pecuniary and non-pecuniary and criminal charges relating to workplace accidents. Legal proceedings, including regulatory actions, may seek to recover very large indeterminate amounts or limit the Group's operations and the possibility that they may arise and their magnitude may remain unknown for substantial periods of time. A substantial legal liability or adverse regulatory outcome and the substantial cost to defend the litigation or regulatory proceedings may have an adverse effect on the Group's business, operating results, financial condition, cash flows and reputation.

As a result, the Group and its management may be exposed to liability and an adverse result from any such legal proceedings could have a material adverse effect on the Group's business, financial condition and its reputation. In addition, the Group may face civil liabilities or fines in the ordinary course of business as a result of injury or damages suffered by its employees or third parties, which may require the Group to make compensation payments in accordance with applicable laws, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects, as well as the Group's reputation.

Failure to comply with sanctions laws, anti-terrorist financing laws, anti-money laundering laws and similar laws associated with the Group's activities in regions where the Group operates, could subject the Group to penalties and other adverse consequences.

The Group has implemented policies and procedures designed to allow it to comply with anti-money laundering laws and economic sanctions laws and regulations ("**Sanctions**") and prevent the Group from doing business in countries or with persons or entities designated on lists promulgated by the United States Office of Foreign Assets Control ("**OFAC**") and equivalent international authorities. These sanctions can have significant financial and reputational consequences for the Group, including fines, penalties and damage to its brand image. The Group utilizes the services of vendors, such as screening tools, in implementing such policies and procedures. In the event that the Group engages in any conduct, intentionally or which violates any applicable Sanctions, or otherwise constitutes activity that is prohibited by such laws, including through the fault of any vendor, the Group may be subject to fines, penalties, lawsuits and enforcement actions, additional compliance requirements, increased regulatory scrutiny of the Group's business, restriction of the Group's operations, or damage to the Group's reputation or brand.

Law enforcement and regulators continue to scrutinize compliance with these obligations, which may require the Group to further revise or expand its compliance programme. In addition, whilst the Group has significant focus on maintaining full compliance, any policies and procedures that the Group implements to comply with Sanctions may not be completely effective, including in preventing the Group from doing business with sanctioned persons or jurisdictions subject to comprehensive sanctions. Whilst the Group is committed to complying with all applicable laws and regulations relating to Sanctions, the complexity and constantly evolving nature of international trade regulations make it challenging to ensure such compliance. Additionally, the Group's extensive global supply chain and distribution network may expose it to potential risks associated with third-party non-compliance.

The Group has sales activities in Russia, Ukraine and Belarus. The Group's sales made in the (i) Russia and Belarus regions and (ii) the Ukraine region in the year ended 31 December 2023 represented, 1.5 per cent. and 0.4 per cent., respectively, of its revenue in the same period. While the Group, as of the date of this Offering Circular and to its knowledge, is in compliance with the applicable Sanctions, its operations in Russia, Ukraine and Belarus make it susceptible to increased regulatory scrutiny and it is possible that the Group may inadvertently and without the Group's knowledge do business with individuals or entities that have been designated by OFAC or are located in a jurisdiction subject to comprehensive sanctions or an embargo by the U.S.. As a result, such services may not be in compliance with the economic sanctions regulations administered by OFAC and equivalent international authorities.

Consequences for failing to comply with applicable rules and regulations could include fines, criminal and civil lawsuits, forfeiture of significant assets, or other enforcement actions. The Group could also be required to

make changes to its business practices or compliance programme as a result of regulatory scrutiny. In addition, any perceived or actual breach of compliance by the Group, its customers, or its vendors with respect to applicable laws, rules and regulations could have a significant impact on the Group's reputation and could cause the Group to lose existing customers, prevent the Group from obtaining new customers, require the Group to expend significant funds to remedy problems caused by violations and to avert further violations, adversely affect the Group's relationship with its partner banks and other commercial counterparties and expose the Group to legal risk and potential liability, all of which may adversely affect the Group's business, operating results and financial condition.

The Group is dependent on key personnel and failure to attract, develop and retain skilled personnel with the required capabilities, including management professionals and technical staff, could result in adverse effects on the Group.

The success of the Group's business depends on the services provided by and experience of, management, executive officers and other key employees, including its in-house technical personnel who are responsible for the operation and maintenance of the Group's production facilities. In addition, a significant proportion of the Group's knowledge base has been internally developed and is therefore difficult to replace from external sources. The Group's senior management team has retention-related performance objectives, demonstrating the importance that the Group places on retaining its key employees and this knowledge base. However, there is substantial competition for qualified employees in the Group's industry who have specific technical or industry expertise, as well as competition for senior management team members who can effectively lead a large organization such as the Group's. The Group's efforts to retain and motivate its key personnel as well as to recruit qualified and experienced new personnel may require it to offer higher compensation and other benefits, resulting in an increase in operating costs. The loss of key personnel, especially to a competitor, or any failure to recruit, train, motivate and retain key personnel and qualified employees (particularly where required for the maintenance or the expansion of the Group's activities), could result in the loss of the Group's knowledge base and leadership capabilities and adversely affect the Group's ability to maintain its operations or expand its operations, either of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Deteriorating labour relations, strikes and staff shortages may adversely affect the Group's businesses, results of operations, prospects and financial condition.

As of 31 December 2023, the Group had 19,304 employees worldwide, with approximately 97 per cent. thereof being based in Türkiye. As of the same date, approximately 71 per cent. of the Group's employees in Türkiye and 0.5 per cent. The Group believes that it has good relations with its employees and unions and has not experienced any material work stoppages, strikes or labour unrest, whilst it cannot guarantee such status to be maintained at all times in the future.

The Issuer, Vestel Mobility and Vestel White Goods have entered into collective bargaining agreements for the first time since the establishment of the Group covering all of the Group's employees in Türkiye. The first period of the collective bargaining agreements came into effect on 1 January 2024 and are set to expire on 31 December 2025. In addition, in the course of its business, the Group may also become subject to additional collective bargaining agreements. These agreements may be on terms that are less favourable than those included in the Group's current individual employment agreements and that are more employee-friendly in terms of fringe benefits. Accordingly, the initial exposure to collective bargaining agreements and unionisation, whether on terms more or less favourable for the Group than its existing employment agreements, could adversely affect the operation of the Group's business and increase the financial burden on the Group, including through increased labour expenses. Along with the engagement with labour unions, the Group may experience strikes, work stoppages or other industrial actions in the future. Whilst the Group intends to comply with all collective bargaining agreements to which it is subject, there can be no assurance that it will be able to do so and any non-compliance could subject the Group to disruptions in its operations and materially and adversely affect its results of operations and financial condition. In addition, according to the Ministry of Labor statistics in Türkiye, it is seen that employees within the scope of a trade union strike at a very low rate. For example, in 2020, the number of employees covered by trade unions in Türkiye was

2,069,476 and the total number of employees participated in a strike was 542 (corresponding to a rate of 0.026 per cent.). In 2021, the number of employees covered by trade unions in Türkiye was 2,189,645 and the total number of employees participated in a strike was 517 (corresponding to a rate of 0.024 per cent.).

The financial information presented in the Offering Circular is the audited consolidated financial information of the Group, which includes both Guarantor and non-Guarantor subsidiaries.

As of the date of this Offering Circular, the Guarantors do not publicise individual audited financial statements. Going forward, the Group plans to continue reporting on a consolidated basis and not to publicise audited solo financial statements for the Guarantor subsidiaries. The financial information presented in the Offering Circular is the audited consolidated financial information of the Group, which includes, the Issuer as well as the Guarantors and non-Guarantor subsidiaries. Accordingly, it may be of limited use in assessing the financial position of the Guarantors on a solo basis.

As the Group members who are not Guarantors represent more than 25 per cent. of the Adjusted EBITDA and net assets of the Group, the consolidated financial information may be of limited use in assessing the financial position of the Guarantors on a solo basis.

The application of TAS 29 may adversely impact the financial results to be reported by the Group and comparability of historical results.

On 23 November 2023, the POAASA announced that entities reporting under TFRS, including the Issuer, should begin implementing the TAS 29 standard in their financial statements and adjusting their financial statements for inflation, from periods ending on and after 31 December 2023, subject to alternative timelines being set by applicable regulatory and auditing entities such as the CMB, with adjustments also applied to all periods presented in the financial statements. The Issuer has applied TAS 29 – Financial Reporting in Hyperinflationary Economies for the first time during the preparation and publication of its financial statements for the Group (on a consolidated basis) as of and for the year ended 31 December 2023 in accordance with the TFRS, which was published in accordance with the Turkish regulations. On the basis of the current position of the POAASA, the Group anticipates applying TAS 29 for its reporting periods ending after 31 December 2023. The impact of such application was reflected in the Group's TFRS-based consolidated financial statements from the year ended 31 December 2023 including adjustment and reclassification of the comparative periods ended 31 December 2022. The Noteholders should be aware of the potential impact on the comparability of historical financial results due to the implementation of TAS 29, which requires restatement of prior reporting period figures based on the newly effective purchasing power of the Turkish lira when preparing financial statements for subsequent reporting periods. Whilst TAS 29 aims to provide more meaningful and comparable information in hyperinflationary economies, the restatement process may introduce complexities and uncertainties, making it challenging for the Noteholders to accurately assess trends and performance. It is crucial for investors to exercise caution and diligence to understand the implications of TAS 29 on historical financial data.

The Group closely monitors the application of TAS 29 but cannot predict its impact on such financial statements, which may have a material adverse effect on the Group's business, financial condition and / or results of operations.

The application of TAS 29 to the Group's reported numbers also introduces an element of unpredictability that may impact the Group's compliance with the covenants set out in this Offering Circular, potentially leading to fluctuations or variances in financial metrics compared to previous reporting periods.

The Group may be adversely affected by changes to tax legislation or its interpretation, increases in effective tax rates or tax audits.

The Group is subject to taxation in its operations and its effective tax rate may be affected by changes in laws or the interpretation of laws, including those laws relating to tax incentives and support, tax laws relating to the utilization of capital allowances, net operating losses and tax loss or credit carry forwards and changes in

management's assessment of certain matters, such as the ability to realize deferred tax assets. The Group may also be subject to the imposition of new taxes or increases in current tax levels.

The Group's effective tax rate in any given financial year reflects a variety of factors that may not be present in the succeeding financial year or years. An increase in its effective tax rate in future periods could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The increased effective tax rate applicable to Group or any further increase in tax rates, may result in the Group to incur increased taxation expenses, which in turn may negatively affect the Group's results of operations.

The Group may also be subject to tax audits which may expose it to additional tax liabilities and compliance costs. Therefore, audits by the tax authorities could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group may not be able to adequately establish and protect its intellectual property rights.

The Group depends on the recognition and legal and effective use of a number of certain innovations (including processes, machines, manufactures) and the 'Vestel' brand, as well as -other brands that it owns or licenses, for the successful operation of its business. Such recognition and usage ability is, in turn, dependent on the protection of the Group's trademarks, patents, domain names and other proprietary rights. As of 31 December 2023, the Group had 1,448 registered trademarks and 714 patents with the Turkish Patent and Trademark Office ("TPTO") and 418 domain names registered in the Group's name.

The Group has also submitted patent applications in various jurisdictions to safeguard certain innovations, product features and processes. However, it cannot be guaranteed that the patent applications will be granted by relevant patent offices. Additionally, its intellectual property (IP) rights might face challenges such as opposition invalidation, design-around by others, or insufficient scope or strength to offer meaningful protection or commercial advantage.

The Group relies on a mix of national, foreign and multinational patent, trademark and trade secret laws, alongside licenses, confidentiality agreements and other contractual arrangements to establish and safeguard its IP rights. Despite these measures, third parties may still infringe or misappropriate the Group's IP, potentially leading to litigation for enforcement or defence. Moreover, costly and time-consuming proceedings may arise if competitors or collaborators file similar patent or trademark applications.

The costs associated with protecting IP rights, including litigation expenses, could be significant. Additionally, disputes amongst third parties or independent technological advancements by competitors may weaken or invalidate the Group's IP rights.

Disclosure of trade secrets or breaches of confidentiality agreements could enable competitors to utilize the Group's proprietary information, undermining its competitive position and customer base. Moreover, IP protection may vary in foreign countries where the Group operates, potentially reducing its competitive edge.

Furthermore, certain technology used in the Group's products, particularly in consumer electronics, is subject to non-exclusive licenses from third parties, making it accessible to competitors. If the Group fails to establish and adequately protect its IP rights, it could significantly and negatively impact its business, financial condition and operational results.

If the Group is unable to successfully protect its intellectual property rights, domain names and trademarks, there is a risk of unauthorized use by third parties, potentially leading to diminished returns on investments in these rights and damage to brand recognition and reputation. Consequently, this could significantly impact the Group's business, financial status, operational results and future prospects.

Moreover, the Group may encounter challenges in preventing third-party counterfeiting of its products and subsequent marketing efforts. Such infringements on the Group's intellectual property rights could lead to reputation dilution and diminished brand value, negatively impacting its business, financial condition,

operational results and future prospects. It is imperative for the Group to address these risks effectively to safeguard its intellectual property assets and maintain a strong market position.

The Group is controlled by Zorlu Holding A.Ş., whose interests may not be aligned with the interests of the Group and / or the Noteholders.

The Issuer is controlled by Zorlu Holding A.Ş. (“**Zorlu Holding**”), which, as of the date of this Offering Circular, hold 54.56 per cent. of the Issuer’s share capital and which as a result has the power to elect all the Issuer’s directors. See “*Ownership*.” Therefore, Zorlu Holding has, directly or indirectly, the power, amongst other things, to affect the Group’s legal and capital structure and its day-to-day operations, as well as the ability to elect and change the Group’s management and to approve other changes to its operations. The interests of the Group’s principal shareholder could conflict with the interests of the holders of the Notes, particularly if the Group encounters financial difficulties or is unable to pay the Group’s debts when due. The Group’s principal shareholder controls certain other related party non-group entities with which the Group conducts a significant amount of business. See “*Related Party Transactions*.”

Zorlu Holding could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in its judgment, could enhance their equity investments, although such transactions might involve risks to the Noteholders.

Furthermore, Zorlu Holding provided a share pledge over the Issuer’s shares representing 36.52 per cent. of the Issuer’s share capital in favour of its and its subsidiaries’ (other than the Group) creditors. If an event of default occurs under the relevant financing arrangements, Zorlu Holding may be forced to dispose its shares in the Issuer, which could result in a change of control of the Issuer.

If the interests of the Group’s principal shareholder conflict with the Group’s interests or the interests of the holders of the Notes, or if the Group’s principal shareholder engages in activities or pursue strategic objectives that conflict with the Group’s interests or the interest of the holders of the Notes, the Group as well as any holders of the Notes could be disadvantaged.

The Group has entered, into and will continue to enter into, related party transactions which are material to the Group’s business and conflicts of interest with the related parties may arise in the future.

In the ordinary course of business, the Group has engaged in and intend to continue to engage in, transactions with its related parties. Please see “*Related Party Transactions*” and the relevant notes of the Financial Statements for further details.

The Group conducts these arrangements and transactions, taken as a whole, in accordance with the applicable regulations and on an arm’s length basis to accommodate the Group’s respective interests in a manner that is fair and beneficial to both parties. However, although the Group does not view these transactions to be of material nature, because of the scope of the various relationships between the Group and its related parties, the Group cannot provide assurance that each of the agreements and transactions, if considered separately, has been or will be affected on terms no less favourable to the Group or the related party than could have been obtained from unaffiliated third parties. The tax authorities may conduct audits on the Group’s related party transactions and could allege that its related party transactions are not on an arm’s length basis. Furthermore, related party transactions may involve conflicts of interests which may be detrimental to the Group. Therefore, any such issues relating to the Group’s related party transactions, individually or in the aggregate, could have a material adverse effect on the Group’s business, financial condition and results of operations.

The Competition Authority may undertake investigations against the Group for violations of the Law No. 4054 on the Protection of Competition (the “Competition Law”).

Members of the Group may be subject in the ordinary course of its business to investigations by the Competition Authority. In the event that a violation continues, the Competition Authority may impose additional fines. Adverse decisions in proceedings or investigations in the future could have an adverse effect on the Group’s business, financial condition, results of operations and prospects.

Further, the Group have many exclusive and non-exclusive brand license agreements (such as distribution and production agreements). After determining whether the relevant agreements fall within the scope of Article 4 of the Competition Law and examining whether they are eligible for block exemption provided under the law, an individual exemption may be needed to avoid a competition infringement within the scope of Article 4 of the Competition Law. In the assessment made within the scope of Article 4 of the Law, the purpose and / or effect of the agreement to restrict competition is examined and it is evaluated whether the agreement is a horizontal cooperation agreement between competitor or potential competitor undertakings. Facilitating the exchange of information between the parties to the agreements may be cited as an example of competition concerns. If the agreement does not have any anticompetitive purpose or effect, the agreement is granted with a negative clearance. If it is determined that the agreement has an anticompetitive purpose and / or effect, an exemption assessment is made, taking into account the competitive benefits and anticompetitive effects that will arise as a result of the agreement. The Competition Authority may initiate full-fledged investigations and if it is determined that the relevant agreements constitute horizontal cooperation; violate Article 4 of Law No. 4054; and cannot benefit from exemptions, the Competition Authority may impose administrative fines on the Group. Adverse decisions in proceedings or investigations in the future could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks Related to Türkiye

Türkiye is generally considered by international investors to be an emerging market. In general, a higher degree of risk is involved when investing in the securities of issuers who have operations primarily in emerging markets, such as Türkiye, than investing in the securities of issuers with substantial operations in developed markets like the U.S. and member states of the EU or other similar jurisdictions. Summarised below are a number of risks relating to operating in Türkiye. Additional risks and uncertainties relating to Türkiye that do not currently exist or of which the Group is unaware may also become important factors that could have a material adverse effect on the business, financial condition and results of operations of the Group. As with the debt securities of many emerging market issuers, the market risk of the Notes may be subject to significant fluctuation, which may not necessarily be related to the financial performance of the Company.

As a substantial amount of the Group's revenue is derived from its sales in Türkiye, the Group is particularly exposed to risks related to Türkiye, including those relating to its economy and political environment.

Political developments in Türkiye may negatively affect the Turkish economy, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Negative changes in Türkiye's government and political environment, including the failure of the Turkish government to devise or implement appropriate economic programmes, may adversely affect the stability of the Turkish economy and, in turn, the Group's business, financial condition or results of operations and prospects. Unstable coalition governments have been common and in the more than 90 years since its formation Türkiye has had numerous short-lived governments, with political disagreements frequently resulting in early elections.

The Turkish military establishment has historically been an important factor in Turkish government and politics, intervening in the political process in 1960, 1971, 1980 and most recently in July 2016, when the Turkish government was subject to a failed coup attempt by a group within the Turkish army. The Turkish government, together with the Turkish security forces (including the Turkish army) took control of the situation in a short period of time and the ruling government remained in control. As a result of this failed coup attempt, the government of Türkiye imposed a nationwide state of emergency that lasted until July 2018. Any further negative changes in the political environment of Türkiye may affect the stability of the Turkish economy or its institutions.

Following the coup attempt, on 16 April 2017, a majority of Turkish voters approved a referendum amending certain articles of the Turkish Constitution, including replacing the existing parliamentary system of government with an executive presidency. Türkiye had been a parliamentary democracy since its formation in 1923, during which period Türkiye had sixty-six governments, until the implementation of the new executive presidential system in 2018. The executive presidential system concentrates significant power in the office of

the president, including the ability to appoint and dismiss ministers, vice presidents, high level diplomats and public officers and allows the winner of a presidential election to assume control of the government. In the most recent presidential election, which consisted of a first round held on 14 May 2023 and a second round held on 28 May 2023, President Erdoğan was re-elected for another five-year term in the presidential election with approximately 52.18 per cent. of the vote, whilst in the parliamentary elections, the People's Alliance (an electoral alliance between the Justice and Development Party (Adalet ve Kalkınma Partisi, the "AKP"), the Nationalist Movement Party (the "MHP") and the New Welfare Party (the "YRP")) secured a majority with 323 seats out of 600 (with the AKP winning 268 seats, MHP winning 50 seats and YRP winning five seats). The next Turkish general election is scheduled to take place in May 2028, although a snap election could be called earlier.

As illustrated by these events, significant uncertainty remains regarding the economic agenda of the government and whether reform plans will be accomplished, all of which could significantly impact investors' perceptions of Türkiye and its future growth.

Following the 2023 presidential elections, with the appointment of Hafize Gaye Erkan as the new Central Bank chief, the Central Bank has started to increase the policy rates. Fatih Karahan replaced Hafize Gaye Erkan as the Central Bank governor in an unexpected change on 3 February 2024. The Central Bank announced on 4 February 2024 that it would continue its efforts targeted at disinflation and reaffirmed that it would maintain monetary tightness until inflation falls to levels consistent with its targets. Whilst inflationary environment and pressures of depreciation of Turkish Lira against U.S. Dollar on Turkish economy persist, the new administration started taking and is expected to continue to take several steps and reforms towards providing economic stability. There can be no assurance that the steps and reform taken by the new administration would provide economic stability and that there will be no further adverse macroeconomic developments. There is also a risk that in response to the current adverse macroeconomic environment in Türkiye, the rating agencies could take further negative rating action with respect to the Turkish sovereign credit rating.

Political developments have in the past had a negative effect on investors' perceptions of Türkiye and on the strength of the Turkish economy and have resulted in downgrades by the ratings agencies.

Illustrative of this, S&P Global Ratings Europe Limited ("S&P") initially lowered Türkiye's sovereign rating outlook from "Stable" to "Negative" in March 2023, citing monetary policy and foreign currency positions, but in October 2023, S&P raised the outlook back to "Stable" following the return to more orthodox monetary policies following the 2023 elections. In September 2023, Fitch similarly changed Türkiye's rating outlook from "Negative" to "Stable" citing a decrease in uncertainty with the normalisation of monetary policy. On 12 January 2024, Moody's revised the outlook on Türkiye's sovereign credit rating from "Stable" to "Positive". Following this change, on 17 January 2024, the rating agency revised the outlook on the Group's long-term foreign currency deposit, long-term local currency deposit and senior unsecured debt from "Stable" to "Positive", affirming the rating "B3". Changes in ratings and outlook may materially affect the ability of the Group to obtain financing and may result in an increase in the Group's borrowing costs, as the Group's credit ratings are correlated to Türkiye's credit ratings. If new political developments emerge that further contribute to political instability in Türkiye, the ratings agencies could take further rating action against the Turkish sovereign credit rating, which could have a material adverse impact on the value of the Notes. In addition, the events surrounding any future political developments could contribute to the volatility of Turkish financial markets or have an adverse effect on investors' perception of Türkiye, including Türkiye's ability to adopt macroeconomic reforms, support economic growth and manage domestic social conditions, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

Changes in government policies, regulations, or leadership resulting from the results of the regional elections held in Türkiye on 31 March 2024 could also impact the economic and business environment, potentially affecting the Group's financial performance and market conditions. Specifically, the election may lead to shifts in regional economic policies, tax regulations, or government priorities that could influence the Group's industry and operations. The introduction of new policies or changes to existing ones may result in increased compliance costs, regulatory challenges, or alterations to the competitive landscape.

Actual or perceived political instability in Türkiye or adverse political developments could have a negative impact on the Turkish economy (including the value of the Turkish Lira, international investors' willingness to invest in Türkiye and domestic demand), the Group's business and / or condition (financial or otherwise) and the value or market price of the Notes.

Türkiye is subject to internal and external unrest, geo-political risks based on its relationships with other countries and international organisations and the threat of future terrorist acts, which could adversely affect the Turkish economy and the Group's business, financial condition, results of operations or prospects.

Türkiye is in a region that has been subject to ongoing political and security concerns. Political uncertainty within Türkiye and in certain neighbouring countries, such as Iran, Iraq, Armenia, Syria, Georgia, the Republic of Cyprus, Egypt and Ukraine has historically been one of the potential risks associated with an investment in Turkish securities. Türkiye has also experienced increasingly turbulent relations with the U.S., Russia, members of the EU, Iran and other countries bordering Türkiye in recent years.

Risks from events affecting Türkiye's relationship with Syria, Afghanistan and Iraq

Since December 2010, political instability has increased markedly in a number of countries in the Middle East and North Africa region, such as Syria, Afghanistan, Iraq, Egypt, Libya, Tunisia, Jordan, Bahrain and Yemen. Tensions have also increased between a number of Middle Eastern states, notably Iran and Saudi Arabia. Unrest in these countries (as well as global tensions with Iran and between Russia and Ukraine) have had and may continue to have political implications in Türkiye or otherwise have a negative impact on Turkish economy, including through both financial markets and the real economy.

Political instability in the Middle East was recently exemplified by the internal conflict in Syria and Iraq and tension between Iran and Israel. Also in late 2021, Afghanistan experienced a takeover by the Taliban, a militant group, following the U.S.' announcement of withdrawal from the country. This development led to a fresh wave of migration towards the EU and Türkiye. Despite assurances from Turkish high-ranking government officials that Türkiye wouldn't bear the brunt of another migration wave akin to the one resulting from conflicts in Syria in recent years, the situation in Afghanistan prompted a notable influx of Afghan refugees into Türkiye. The future dynamics of Türkiye's relationship with the Taliban remain uncertain, given the intricate geopolitical landscape surrounding Afghanistan.

In 2014, the Islamic State of Iraq and the Levant ("ISIL") and aligned forces began a major offensive in northern Iraq against the Iraqi government, capturing several cities and other territory in this region and oil fields in eastern Syria. In August and September 2014, a U.S. led coalition began an anti-ISIL aerial campaign in northern Iraq and Syria. At the end of July 2015, Türkiye joined the U.S.-led coalition and initiated air strikes against ISIL in Syria and against the Syrian Democratic Forces which Türkiye views as linked to the Kurdistan Workers' Party (PKK), in northern Iraq. Türkiye has conducted a number of cross-border operations in Iraq and Syria targeting organisations deemed to be terrorist organisations in order to prevent terrorist activities against Türkiye. The Turkish Army suffered casualties in an airstrike on 27 February 2020. Turkish officials reported that the strike had been carried out by Syrian government forces. As a response, Türkiye launched a major operation named Operation Spring Shield on 1 March 2020 against the Syrian regime. Given the continuing hostilities in Syria and the number of parties involved, it is very difficult to predict the impact of the continuing tensions on the geopolitical stability in the broader region, including Türkiye and any potential resulting adverse effect on the Turkish economy. As a result of any further events in northern Syria (including continued operations of Türkiye), tensions with international stakeholders could further increase and Türkiye may face increased economic and / or security risks, if terrorists seek to retaliate for increased military actions, or if the U.S. or European countries take restrictive or punitive actions against Türkiye, Turkish economy or Turkish institutions. Such restrictive or punitive actions, escalating diplomatic and political tensions with the U.S. or other countries and / or other political circumstances (and related actions, rumours and / or uncertainties) might have a material adverse effect on the Group's business, financial condition and / or results of operations and / or on the market price of the Notes.

The ongoing conflict in Syria has been the subject of significant international attention and its impact and resolution are difficult to predict. Given Türkiye's proximity to the conflict zone, Türkiye continues to deploy

troops near the Syrian border and conducted several military operations in Syria. Although the government of Türkiye maintained that the 2019 offensive was undertaken in full compliance with international law, EU countries signed an agreement to limit arms exports to Türkiye on 14 October 2019. On the same day, the U.S. announced sanctions on Türkiye's Ministry of National Defence, the Ministry of Energy and Natural Resources and three senior government officials (Minister of National Defence Hulusi Akar, Minister of Energy and Natural Resources Fatih Dönmez and Interior Minister Süleyman Soylu).

Whilst Türkiye has entered into separate agreements with the U.S. and Russia that aim to achieve multi-party agreement on a "safe-zone" in northern Syria in an effort to enhance Türkiye's border security, the parties may disagree about the implementation of these agreements or the parties' adherence to their terms, which may lead to further tensions or other actions that negatively impact Türkiye or its economy or may have political repercussions within Türkiye or on its relationship with the U.S., Russia, Syria, Iran or other countries.

Risks from events affecting Türkiye's relationship with Azerbaijan, Armenia and the Nagorno-Karabakh conflict

In October 2020, conflict broke out between Armenia and Azerbaijan over the disputed territory of Nagorno-Karabakh. Türkiye has supported the efforts by Azerbaijan, which at the time put it in conflict with Russian interests. Active conflict subsided following a Russia-brokered peace accord; however, following the weakening of Russia's regional presence as a result of Russia diverting its military and peacekeeping forces to the war in Ukraine, tensions increased again in 2022-2023. On 19 September 2023, following weeks of increasing tensions between the countries, Azerbaijan began a military operation in Nagorno-Karabakh region, the full scale, duration and impact of which remains unclear. A large-scale military conflict between Armenia and Azerbaijan could result in a direct or indirect involvement of Türkiye and / or Iran as these countries seek to protect their own regional interests from spill-over effects. Any future impact of this ongoing conflict on Türkiye remains unclear at the date of this Offering Circular.

Risks from events affecting Türkiye's relationship with Russia and the war in Ukraine

Heightened tensions between Türkiye and Russia over Syria or events in Ukraine could materially negatively affect the Turkish economy, including through any negative impact on Türkiye's tourism revenues or its access to Russian energy supplies. Russia has become Türkiye's second largest trading partner and the largest supplier of natural gas to Türkiye. Any further disruption to the relationship with Russia might have a material adverse effect on the Turkish economy. In late 2015, Russian fighter jets started air strikes in Syria in support of the Syrian government. On 24 November 2015, Türkiye shot down a Russian military aircraft near the Syrian border claiming a violation of Türkiye's airspace, which has resulted in deterioration in the relationship between Türkiye and Russia and led to Russia implementing certain sanctions against Türkiye.

Most recently, Russia's invasion of Ukraine on 24 February 2022 has triggered significant geopolitical tension. As a result, the U.S., the United Kingdom, the EU and other jurisdictions have imposed significant and broad economic and other sanctions upon Russia, parts of Russian-controlled Ukraine and various designated entities and individuals, including those that have contributed military and other supplies to Ukraine. Amongst other things, the sanctions include restrictions on the import of Russian oil and transactions with the Central Bank of Russia and sanctions on a number of Russian banks. Certain countries have frozen the assets of the Russian central bank and the U.S. barred U.S. agents and other financial intermediaries from processing Russian debt payments, making it harder for Russia to repay its international debts. Furthermore, some Russian banks were removed from the international financial messaging system, SWIFT and many international companies have suspended or limited their businesses in Russia. This has already had and likely will continue to have, a material impact on (a) global economic and market conditions, including increasing inflation (particularly for food, energy and shipping costs), contributing to volatility in interest and exchange rates and exacerbating already difficult global supply chain challenges (including through limitations on imports to and exports from Russia) and (b) geopolitical relationships and militarisation. According to the International Monetary Fund's April 2022 World Economic Outlook report, the direct impact of the war on Ukraine and sanctions on Russia is expected to slow global economic growth and increase inflation, with projections that Ukraine and Russia will experience drops in GDP of 35 per cent. and 8.5 per cent., respectively and growth for the EU being reduced to 2.9 per cent. from a pre-war prediction of 4 per cent. Projections for

global growth in 2022 were also reduced to 3.6 per cent. from January 2022's prediction of 4.4 per cent. It is also possible that this war could lead to further military conflicts, particularly involving Eastern Europe and extension or escalations in the conflict could lead to additional sanctions being imposed on Russia, thereby leading to more economic disruption. The global economic and political environment and the impact of the sanctions imposed on Russia to the global economy remain highly uncertain.

Following the imposition of sanctions against Russia, thousands of Russians and Ukrainians have fled to Türkiye to stay, invest and hold assets since Türkiye has not been imposing any sanctions on Russia except the closure of the Bosphorus and Dardanelles straits to warships as required by the Montreux Convention. Türkiye has not been following the wave of sanctions imposed by many countries and Türkiye's policy stance with respect to sanctions cannot be predicted with certainty.

Türkiye's Ministry of Foreign Affairs has, in the past, issued press releases indicating Türkiye's opposition to Russia's actions and noting Türkiye's continuing support for the political unity, sovereignty and territorial integrity of Ukraine. Several rounds of peace negotiations have been carried out to date without success, including with the participation of Türkiye as mediator. Türkiye's role as a North Atlantic Treaty Organisation ("NATO") member and as host to ceasefire negotiations between Ukrainian and Russian negotiators may materially affect Türkiye's global diplomatic position as well as its economy and financial condition.

In 2023, Türkiye received 6.3 million and 0.8 million tourists from Russia and Ukraine, respectively, representing 14.5 per cent. of all international tourists during the year. The total exports to these two countries were U.S.\$14.4 billion in 2023, whereas imports were U.S.\$49.3 billion, representing 5.6 per cent. and 13.6 per cent. of Türkiye's exports and imports, respectively, during the year. Whilst Türkiye may be able shift its imports and exports to other regions, there can be no assurance that it will be able to do so and exports to and imports from Russia and Ukraine as a result of the war in Ukraine may have a significant effect on the Turkish economy, including on its balance of payments and inflation.

In addition, as Türkiye is a net energy importer, higher global oil and natural gas prices might result in higher energy costs for consumers and companies. For example, in March 2022, Brent crude oil prices increased to the highest level since 2008 and prices might increase further as a result of the conflict in Ukraine and related sanctions, particularly if Russian energy supplies are subjected to additional sanctions. These increases in the current account deficit, particularly when combined with monetary tightening in developed economies, may contribute to further depreciation pressure on the Turkish Lira, which could result in further increased inflation in Türkiye. Global energy prices surged after the start of the conflict. Although in the beginning of 2023, the surge in energy prices had slightly eased, the ongoing war and the subsequent sanctions may result in further disruption to energy supplies and regional and global trade flows and the impact of the war remains unclear and dependent on global and regional economic and political developments.

Furthermore, in response to Russia's military actions in Ukraine, Sweden and Finland were seeking to join NATO. Türkiye has agreed to their accession, subject to certain conditions, including the extradition to Türkiye of certain residents of those countries believed by Türkiye to have committed crimes in or against Türkiye. The Turkish Parliament approved Finland's and Sweden's bids to join NATO and the laws approving such requests have been published in the Official Gazette. Finland became a NATO member state on 4 April 2023. More recently, on 7 March 2024, Sweden became a NATO member state. In the event of a change in Türkiye's position with respect to the accession of other EU countries, its relationships with other NATO member countries could deteriorate.

Although the Turkish government has indicated that it would seek to maintain functioning relationships with all parties, any of the factors described above may affect Türkiye's relationships with its neighbours, have political implications in Türkiye or otherwise have a negative impact on the Turkish economy, including through both financial markets and the real economy. There can be no assurance that such disturbances will not have political repercussions within Türkiye. In addition, Türkiye's policy stance may increase its tension with other NATO members, including the U.S. Such disturbances may also have a negative impact on the Turkish economy or trade patterns, hampering the Group's growth.

Risks from events affecting Türkiye's relationship with the U.S. and / or NATO

With respect to the U.S. and NATO, various past events have impacted the relationship. For example:

- In December 2017, Türkiye entered into an agreement with Russia for the purchase of S-400 missile defence systems independent of NATO, prompting the U.S. to threaten possible sanctions against Türkiye unless Türkiye cancelled the purchase. In July 2019, Türkiye accepted the first shipment of the S-400 missile defence system and as a result, the U.S. suspended Türkiye's subcontracting work on the F-35 fighter programme. In December 2020, the U.S. also imposed sanctions pursuant to Section 231 of the Countering America's Adversaries Through Sanctions Act ("**CAATSA**") on Türkiye's Presidency of Defence Industries ("**SSB**") for procuring the S-400 system from JSC Rosoboronexport, Russia's main arms export entity. These sanctions include a ban on all U.S. export licenses and authorisations to SSB. At the same time, the U.S. imposed full asset blocking sanctions and visa restrictions on SSB's president and three other SSB officers. Discussions between the U.S. and Türkiye pertaining to the sale to Türkiye of F-16 fighter jets continue and it remains unclear how they will be resolved, including given the context of Russia's war against Ukraine. In the week of 2 November 2018, certain U.S. sanctions on Iranian financial and energy sectors and on certain other imports from Iran, were re-imposed. Nevertheless, the U.S. granted Türkiye a partial exemption allowing it to import limited amounts of oil from Iran for six months. The U.S. government did not renew this exemption after the end of the allotted six-month period. As a result, Türkiye stopped purchasing Iranian oil as of July 2019. It remains uncertain whether Türkiye will be able to continue to comply with such U.S. sanctions against Iran.
- On 29 October 2019, in response to the recent operations in northern Syria, the U.S. House of Representatives passed a bill with a majority of 403 votes to 16, envisaging potential sanctions on Türkiye, on a state-controlled bank, Türkiye Halk Bankası A.Ş. and on any foreign financial institution that the U.S. State Department determines to have knowingly facilitated significant transactions for the Turkish Armed Forces or Türkiye's defence industry related to Operation Peace Spring which encompassed airstrikes in northern Syria launched by the Turkish Air Force on 9 October 2019; however, such bill has not yet been introduced in the Senate and does not have legal force as of the date of this Offering Circular. Relations between the two countries remained strained on various topics, including the conviction of an executive of Türkiye Halk Bankası A.Ş. (who was released in July 2019 after serving his sentence). As of the date of this Offering Circular, the final outcome in relation to the judicial process, including any appeal and whether any sanction, fine or penalty will be imposed by the OFAC or any other U.S. regulatory body on Türkiye Halk Bankası A.Ş. or any other Turkish bank or person in connection with those matters, as well as the possible reaction of the financial markets to any such events or speculation regarding such events, is unknown. If any sanctions were imposed, depending on the nature and reach of such sanctions, it could have a material adverse effect on the market price of the Notes, as well as potentially impair the ability of certain investors to hold or transfer the Notes and / or the ability for payments to be made into and through the clearing systems.

Geopolitical tensions with the U.S. and / or NATO, if they are not resolved, as well as Türkiye's continued trading relationships with Iran and Russia amid heightening tensions between these countries on the one hand and NATO on the other hand, could contribute to a worsening of Türkiye's economic relationship with the U.S. and Europe as well as risk the imposition of additional sanctions against Türkiye. Any such sanctions could have a material adverse effect on the Turkish economy and the market price of the Notes and could potentially impair the ability of some investors to hold or transfer the Notes or receive payments made into and processed through the clearing systems.

Actual or perceived political instability in Türkiye, escalating diplomatic and political tensions with the U.S. or other countries and / or other political circumstances (and related actions, rumours and / or uncertainties) might have a material adverse effect on the Group's business, financial condition or results of operations or on the market price of the Notes.

Risks from events affecting Türkiye's relationship with the European Union

Türkiye has had a long-term relationship with the EU since it signed an association agreement with the EU in 1963 and a supplementary agreement, which provided for a transitional second stage of Türkiye's integration into the EU, in 1970.

On 17 December 2004, the EU commenced accession negotiations with Türkiye and affirmed that Türkiye's candidacy to join the EU would be judged by the same 28 criteria (or "**Chapters**") applied to other candidates whereby Türkiye would be required to implement a range of political, legislative and economic reforms. Despite Türkiye's implementation of various of these reforms, the relationship between Türkiye and the EU has become strained. Since 2016, accession negotiations have stalled. On February 2019, a European parliament committee voted to suspend the accession talks. Türkiye's accession negotiations have therefore effectively come to a standstill.

In recent years, several important natural gas reserves have been discovered in the eastern Mediterranean Sea. Both the Republic of Cyprus, an EU member state but not legally recognised by Türkiye and the Turkish Republic of Northern Cyprus, not legally recognized by the EU and supported by Türkiye, lay claim to gas in these waters and launched drilling activities. On 15 July 2019, the EU adopted certain measures against Türkiye, including a reduction of certain funding (including loans from the European Investment Bank), a suspension of high-level communication and a suspension of the negotiation for a comprehensive air transport agreement and on 11 November 2019, the EU adopted a framework for imposing sanctions on individuals or entities responsible for, or involved in, these drilling activities. In February 2020, the EU instituted sanctions against two executives of the Turkish drilling company (by Council Decision of 8 November 2022, the EU extended these sanctions until 12 November 2023). In July 2020, Türkiye deployed a vessel to the Eastern Mediterranean which led to further disputes over oil and gas exploration in these waters. As a result, certain members of the EU, including Greece and the Republic of Cyprus, have encouraged the EU to impose sanctions against Türkiye. The Republic of Cyprus are in the process of constructing a liquefied natural gas terminal at Vassiliko Port, which is set to be completed by the end of 2024. The territorial disputes between the Republic of Cyprus, Türkiye and the Turkish Republic of Northern Cyprus over these natural gas reserves remain ongoing.

In addition, Türkiye entered into an agreement with the EU in March 2016 in an attempt to establish control over the irregular transit of refugees from Türkiye to the EU, many of whom came from Syria. This agreement has not yet been fully implemented and Turkish officials have stated that they believe the EU has not yet fulfilled its undertakings under the agreement. Following the European Council of 24-25 June 2021, which asked for the continuation EU support to refugees and host communities in Türkiye for 2021-2023, the European Commission proposed in July 2021 an additional €3 billion as part of a wider €5.7 billion package to support refugees in the region. An initial €860 million of this additional envelope was already adopted in 2021, with the remainder to be committed in 2023.

Türkiye is amongst the countries that have taken a significant number of Syrian refugees, which had a large social and economic impact on the country and its relationship with the EU. In addition, the withdrawal of US and NATO forces from Afghanistan in 2021 has exacerbated the flow of refugees from Afghanistan to Türkiye. Potential social and economic implications of the recent Afghan conflict and influx of Afghan, Syrian or other refugees into Türkiye may impact Türkiye's economy or its relationship with the EU.

Tensions have increased between Türkiye and France, including due to differing interests in the conflict in Libya and terrorist attacks in France, which have led to the Turkish President calling for a boycott of French goods and France to withdraw its ambassador from Türkiye. In October 2020, both France and Greece asked the EU to consider suspending the bloc's customs union agreement with Türkiye and, on 26 November 2020, the European Parliament passed a non-binding resolution calling for sanctions on Türkiye. On 11 December 2020, EU leaders agreed to impose sanctions against unspecified individuals and entities involved in activities related to the disputed waters, with the identity of these individuals and sanctions to be named shortly thereafter and noted that further sanctions might be imposed in early 2021; however, in March 2021, EU leaders decided to postpone these plans in light of increased diplomatic activity. Any decision by the EU to

abolish the customs union with Türkiye, end Türkiye's EU accession bid or impose additional sanctions on Türkiye might result in (or contribute to) a deterioration of the relationship between Türkiye and the EU and have material negative impacts on Türkiye's economy.

More recently, tension between Türkiye and Greece has further increased due to a number of violations by Greek military aircrafts of Türkiye's airspace over the Aegean Sea. The relations between Türkiye and Greece have strained, which has resulted in air force patrols and interception missions, mostly in disputed airspace around Greek islands near Türkiye's coastline.

Any decision by the EU to finally end Türkiye's EU accession bid or to impose additional sanctions on Türkiye, Turkish individuals or Turkish entities may further strain or result in (or contribute to) a further deterioration in the relationship between Türkiye and the EU or certain of its member states. There can be no assurance that the EU or Türkiye will resume an open approach to Türkiye's EU membership and, if so, that Türkiye will be able to meet the criteria required to become an EU member state which could adversely affect the Group's business, financial condition and results of operations.

The above-mentioned events and other political circumstances and any similar events in the future, including deterioration of the relations between Türkiye and Greece due to the matter of eastern Mediterranean natural gas reserves, violation of airspace and any prospective actions which might be taken by the EU in response to Türkiye's aforementioned activities in the eastern Mediterranean, including the maritime agreement made between the Government of National Accord and Türkiye in relation to their continental shelves and the seismic searches conducted, or northern Syria, may: (a) result in the volatility of Turkish financial markets, have an adverse effect on investors' perception of Türkiye or have an adverse effect on Türkiye's ability to support economic growth and manage domestic social conditions, (b) result in (or contribute to) a deterioration of the relationship between Türkiye and the EU, certain members of the EU, the U.S., Russia or other countries, or (c) have an adverse impact on the Turkish economy or Turkish institutions, any of which in turn may have a material adverse effect on the Group's business, financial condition and results of operations or on the market price of an investment in the Notes.

Risks from events affecting Türkiye's relationship with Israel and Palestine

On 7 October 2023, Hamas launched an attack on a number of Israeli cities, killing a significant number of members of the Israeli defence forces and civilians. In response, the government of Israel declared war, mobilised Israeli defence forces and began a large-scale military operation against Hamas militants within Israel and in the Gaza Strip. The scale, duration and impact of this conflict on the region and any global effects are currently unclear and cannot be predicted with any certainty. A wider regional conflict could have a material adverse impact on the Turkish economy and may be significant, which in turn may materially and adversely affect the Group's business, financial condition and / or results of operations

Risks from events in the Red Sea affecting Türkiye's commercial activities

In early 2024, Houthi attacks against shipping in the Red Sea have, in addition to increased tension, resulted in delays and additional costs for shipping, which might lead to increases in import prices for Türkiye and thus might contribute to inflation and / or the current account deficit.

Risks relating to domestic terrorism

Türkiye has also experienced problems with domestic terrorist and ethnic separatist groups as well as other political unrest within its territory. In particular, Türkiye has been in conflict for many years with the People's Congress of Kurdistan, formerly known as the PKK (an organisation that is listed as a terrorist organisation by various states and organisations including Türkiye, the EU and the U.S.).

Türkiye has from time to time been the subject of terrorist attacks, including bombings in recent years in its tourist and commercial centres in İstanbul, Ankara and various coastal towns and (especially in the southeast of Türkiye) attacks against its armed forces. On 13 November 2022, six people were killed and 81 others were injured by a terrorist attack in İstanbul. If additional attacks occur in the future, Türkiye's capital markets, levels of tourism in Türkiye and foreign investment in Türkiye, amongst other things, may suffer, or may suffer

further. Such circumstances have had and could continue to have a material adverse effect on the Turkish economy or the Group's business, financial condition and results of operations.

Türkiye's economy may be impacted by adverse events in other emerging markets and other global markets.

Emerging markets such as Türkiye are subject to a greater risk of being perceived negatively by investors based upon external events (for example, volatility in the emerging markets, monetary policies in the U.S. and the Eurozone, continued violence in Syria and Iraq or a slowdown in China's growth) than more developed markets are and financial turmoil in any emerging market (or global markets generally) could have a "contagion" effect and disrupt the business environment in Türkiye. Moreover, financial turmoil in one or more emerging markets tends to adversely affect stock prices and the prices for debt securities in all emerging market countries as investors move their money to countries that are perceived to be more stable and economically developed. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Türkiye and adversely affect the Turkish economy. As a result, investors' interest in the Notes (and thus their price) may be subject to fluctuations that may not necessarily be related to economic conditions in Türkiye or the financial performance of the Group.

Whilst the impact of the global financial crisis of 2008 on Türkiye was relatively limited, Türkiye has been adversely affected by such contagion effects on a number of occasions in the past. The Turkish Lira depreciated by 43.4 per cent., 30.6 per cent. and 36.5 per cent against the U.S. dollar, in the years ended 31 December 2021, 2022 and 2023, respectively. Due to the volatility in financial markets and the rise in risk premiums, the Turkish Lira depreciated to a new low, reaching TL 29.4382 to U.S.\$1 on 31 December 2023. Similar developments can be expected to affect the Turkish economy in the future, which might, in turn, have an adverse impact on the prices of obligations of Turkish capital markets issuances, including the Notes.

The Group's performance will continue to be influenced by conditions in the global economy. The outlook for the global economy over the near to medium term remains challenging, which also affects prospects for stabilization and improvement of economic and financial condition in Türkiye. In addition, if the EU economies suffer any growth setback because of the UK's departure from the EU (following the Brexit vote in 2016) and the tension between Russia and Ukraine, that would have an adverse impact on Türkiye's exports to the EU and on the country's growth performance.

Investors' interest in Türkiye may be negatively affected by events in other emerging markets or the global economy in general, which could have a material adverse effect on the Group's business, financial condition and / or results of operations.

Türkiye's economy has been undergoing a significant transformation and remains subject to ongoing structural and macroeconomic risks.

In the recent past, the Turkish economy has from time-to-time experienced severe macroeconomic imbalances, including significant current account deficits and a considerable level of unemployment. In addition, the Turkish economy remains vulnerable to both external and internal shocks, including changes in the economic policies of the U.S., the EU and other major economies, volatility in oil prices, changing investor sentiment, outbreaks of disease (e.g. SARS and COVID-19) and natural events such as earthquakes. In recent years, Turkish economic policy has undergone several changes in direction.

Since the mid-1980s, the Turkish economy has moved from a highly protected state-directed system to a market-oriented free enterprise system. Reforms have, amongst other things, largely removed price controls and reduced subsidies, reduced the role of the public sector in the economy, emphasized growth in the industrial and service sectors, liberalized foreign trade, reduced tariffs, promoted export growth, eased capital transfer and exchange controls, encouraged foreign investment, strengthened the independence of the Central Bank, led to full convertibility of the Turkish Lira by accepting Article VIII of the International Monetary Fund's (the "IMF") Articles of Agreement and overhauled the tax system.

However, the Turkish economy has also experienced a succession of financial crises and severe macroeconomic imbalances. These include substantial budget deficits, significant current account deficits,

high rates of inflation and high real rates of interest. These factors have resulted in a substantial depreciation of the Turkish Lira against major foreign currencies. As of 31 December 2023, general government gross debt stock was TL 7,543.7 billion. The general government gross debt to GDP ratio has remained relatively stable and was 41.5 per cent., 30.3 per cent. and 28.7 per cent. as of 31 December 2021, 2022 and 2023, respectively.

In 2001, Türkiye implemented a macroeconomic programme, backed by a USD 19.0 billion stand-by agreement with the IMF. The Turkish government signed a further three year stand-by agreement with the IMF in 2005. After having successfully completed the two stand-by arrangements with the IMF, Türkiye paid the last instalment to the IMF in May 2013 and is currently not liable for further payments. Although there were negotiations on the conditions of a new stand-by agreement between Türkiye and the IMF in 2009, these negotiations were unsuccessful and the Turkish government has refrained from signing a new agreement with the IMF, citing disagreement over Issues such as funding for local government.

In March 2019, the U.S. announced that imports from Türkiye and India would no longer be eligible for tariff relief under the “*Generalised System of Preferences*” programme, which programme seeks to promote economic growth in countries identified as developing countries. In Türkiye’s case, the U.S. cited Türkiye’s rapid economic development since its entry into the programme and that it thus no longer qualified to benefit from these tariff preferences. Regulatory changes such as these reflect increasing challenges faced by some exporters, which might have a material adverse effect on Türkiye’s economy and / or the financial condition or one or more industries within Türkiye.

The size of Türkiye’s current account deficit or adverse changes in its balance of payments position (including the availability of external financing for Türkiye) could lead to exchange rate adjustments and higher inflation. Türkiye had a current account surplus of 1.1 per cent. of GDP for 2019. The account balance turned to a deficit in the second quarter of 2020 and the deficit was 3.8 per cent. of GDP as of 31 December 2020, on a 12-month rolling basis, primarily because of the decrease in services revenue due to the conditions stemming from the COVID-19 pandemic and the increase in trade deficit. In 2021, the current account balance started to improve gradually due increased exports and export prices with the return of global demand. However, the current account deficit increased to 4.1 per cent. of GDP as of 31 December 2023, on a 12-month rolling basis, primarily due to geopolitical factors, including the conflict in Ukraine and related higher energy prices.

The current account deficit still remains a significant concern for policy makers and may be subject to further intervention. Should the Central Bank adopt any additional measures to limit any increase in the current account deficit, such measures would likely reduce economic growth and, in turn, have a material adverse effect on the Group’s business, financial condition and / or results of operations.

On 30 December 2022, the Central Bank released its 2023 Monetary Policy and Liraization Strategy Report. In this report, the medium-term inflation target of 5 per cent. set jointly with the Turkish government has been maintained and the Central Bank stated that the monetary policy will be formulated to bring inflation to the medium-term target gradually. On 26 January 2023, the Central Bank released its first Inflation Report of 2023. In this report, the Central Bank stated that consumer inflation as at year-end 2022 was 64.3 per cent. and projected that inflation would be 33 per cent. at the end of 2024. On 6 September 2023, the Turkish government announced the Medium Term Programme for the 2024-2026 period. In the 2024-2026 Medium Term Programme, the CPI inflation target is 65 per cent. by the end of 2023, 33 per cent. by the end of 2024, 15.2 per cent. by the end of 2025 and 8.5 per cent. by the end of 2026. There can be no assurance that these targets will be reached, that the Turkish government will continue to implement its current and proposed economic and fiscal policies successfully or that the economic growth achieved in recent years will continue considering external and internal circumstances, including the Central Bank’s efforts to curtail inflation and simplify monetary policy whilst maintaining a lower funding rate, the current account deficit and macroeconomic and political factors, such as changes in oil prices and uncertainty related with conflicts in neighbouring and nearby countries (See “— *Conflict and uncertainty within Türkiye or in neighbouring and nearby countries may have a material adverse effect on the Group’s business, financial condition, results of operations or prospects*”) Furthermore, the failure of the Turkish government to implement its proposed economic and financial policies, including those set forth in Türkiye’s Economic Reform Agenda and the 2024-2026 Medium Term Programme, may also adversely affect the Turkish economy and Türkiye’s credit quality.

The Monetary Policy Committee of the Central Bank (“MPC”) had previously decided, on 25 January 2024, to raise the policy rate (one-week repo auction rate) from 42.5 per cent. to 45 per cent. and announced that the new level would be maintained until inflation expectations converge with its projections, subject to any change in the inflation outlook and later on 22 February 2024, to maintain the policy rate at the same level. On 6 March 2024, the Central Bank announced additional measures to tighten monetary policy, including tighter limits under the Central Bank’s growth-based securities maintenance practice. The Central Bank also stated that it is considering additional reserve requirements based on loan growth. On 7 March 2024, it introduced such new additional reserve requirements based on loan growth. Future negative developments in the Turkish economy and failure to achieve growth targets could impair the Group’s business strategies and have a material adverse effect on the Group’s business, financial condition and results of operations. On 21 March 2024, the MPC decided to raise the policy rate (one-week repo auction rate) from 45 per cent. to 50 per cent.

Future policies by the CBRT and the BRSA are subject to a number of uncertainties and Turkish economy, inflation rates and foreign exchange rates may continue to experience difficult and volatile conditions in the future. The impact of these circumstances, including changes in the exchange rates of the Turkish Lira, could have a material adverse effect on the Group, including through borrower defaults, increased NPLs, reduced loan volumes and reduced earnings, the revaluation of assets and liabilities (including increases in the Turkish Lira-equivalent value of the Group’s obligations in other currencies), a decline in capital and / or rapid changes in the economic and legal environment.

Furthermore, Turkish economy is vulnerable to external shocks, such as the monetary policy tightening of the U.S. Federal Reserve, the Bank of Japan and / or the ECB, which in 2022 have resulted in significant outflows of investor funds from the emerging markets and due to rising interest rates and widening credit spreads. Continued increases in market interest rates, particularly if they are more accelerated than expected, may have an adverse impact on Türkiye, including on Türkiye’s external financing needs and may reduce the availability of and / or increase the cost of funding to Turkish corporates.

Any of these developments might cause Türkiye’s economy to experience macro-economic imbalances, which might impair the Group’s business strategies and / or have a material adverse effect on the Group’s business, financial condition and / or results of operations.

Türkiye’s economy is subject to inflation and risks relating to its current account deficit.

Türkiye has a current account deficit which has increased significantly recently, owing in part to increased imports and energy costs. Türkiye’s current account deficit for 2021, 2022 and 2023 was approximately U.S.\$7.4 billion (0.9 per cent. of GDP), U.S.\$49.1 billion (5.4 per cent. of GDP) and U.S.\$45.5 billion (4.1 per cent. of GDP), respectively. The size of Türkiye’s current account deficit or adverse changes in its balance of payments position (including the availability of external financing for Türkiye) could lead to exchange rate adjustments and higher inflation, which could have a material adverse effect on the Group’s business, financial condition and / or results of operations.

Türkiye is an energy-dependent country and any geopolitical development concerning energy security could have a material impact on Türkiye’s current account balance. If geopolitical tensions escalate in the Middle East and lead to further concerns around global energy supply, such as any events prejudicing the oil trade in the Strait of Hormuz or any country which is a major global oil supplier (such as Saudi Arabia) or any prospective sanctions imposed by the U.S. and / or the EU on Russia; oil prices may increase and this may entail a higher current account deficit for Türkiye. A higher current account deficit may have an adverse effect on the overall performance of the Turkish economy and thus may have a material adverse effect on the Group’s business, financial condition and / or results of operations.

A widening current account deficit may result in an increase in the levels of borrowing by Türkiye, a decline in the Central Bank’s reserves to finance the current account deficit and / or depreciation of the Turkish Lira, which could have inflationary consequences. Although prior policies have had some success in reducing inflation from its formerly high levels, inflation has increased again in recent years and such policies may not be successful in the future, especially given Türkiye’s substantial current account deficit and global liquidity conditions. Since 2021, Türkiye has experienced high levels of inflation reaching 11.8 per cent., 14.6 per cent.,

36.1 per cent., 64.3 per cent. and 64.8 per cent. as of 31 December 2019, 2020, 2021, 2022 and 2023 respectively, mainly due to the pass-through effect from the depreciation of the Turkish Lira and rising food and other prices. On 8 February 2024, the Central Bank published an inflation report indicating an inflation forecast of 36 per cent., 14 per cent. and 9 per cent. at the end of 2024, 2025 and 2026, respectively. Inflationary pressures and any further depreciation of the Turkish Lira may continue to result in Turkish inflation significantly exceeding the Central Bank's inflation target, which could cause the Central Bank to tighten its monetary policy, which could in turn have a further adverse effect on the Turkish economy. If the level of inflation in Türkiye fluctuate or increase significantly (for any reason), then the Group's costs may increase and, if not accompanied by an increase in interest rates, then its operating and net margins may decrease. Inflationary pressures may also curtail the Group's ability to access foreign financial markets and may lead to further government intervention in the economy, including the introduction of Turkish government policies that may adversely affect the overall performance of the Turkish economy. The various impacts of inflation thus may have a material adverse effect on the Group's business, financial condition and / or results of operations.

The value of the Turkish Lira fluctuates against other currencies.

Although the Group's international operations provide it with a natural hedge (enabling the Group to offset its foreign exchange losses due to foreign currency denominated cost of sales items) against fluctuations in exchange rates between the Turkish Lira and other currencies, the Group's operational expenses are exposed to fluctuations in exchange rates between the Turkish Lira and other currencies. See "*—The Group is subject to risks related to exchange rates and foreign currencies.*" Accordingly, fluctuations in exchange rates can have a significant effect on the Group's results and financial condition. In particular, any significant depreciation of the Turkish Lira against the U.S. Dollar or other major currencies might also have a negative effect on the Group's ability to repay any debt denominated in currencies other than the Turkish Lira or impair the financial condition of any of the Group's business that have not appropriately managed their foreign currency exposure.

The Turkish Lira has demonstrated a significant degree of volatility in recent years, with particularly sharp depreciation, which has increased the foreign currency risk for the Group. In particular, the value of the Turkish Lira depreciated against major currencies in the recent years due to factors including increased risk perception in global markets regarding the market's expectation of the U.S. Federal Reserve's increase of the U.S. federal funds rate and investors' perception of the Turkish political and economic environment. See "*—Political developments in Türkiye may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.*"

The Central Bank closely monitors the U.S. Federal Reserve's actions and has historically taken action to maintain price and financial stability. The U.S. Federal Reserve held the federal funds rate at around zero from March 2020 through the first quarter of 2022. From March 2022 through November 2023, in order to cope with rising inflation, it raised the federal funds rate range to 5.25 to 5.5 per cent. The Turkish Lira and certain other emerging market currencies may depreciate against the U.S. dollar if the U.S. Federal Reserve does not ease monetary policy to the degree expected by the financial markets. The exchange rate increased to TL 32.2854 to 1 U.S. dollar as of 31 March 2024 compared to TL 29.4382 to 1 U.S. dollar as of 31 December 2023. Over the year ended 31 December 2023, Turkish Lira depreciated against the U.S. dollar by 36,5 per cent. (from TL 18.7 to 1 U.S. dollar to TL 29.4 to 1 U.S. dollar)). Further significant depreciation of the Turkish Lira against the US dollar or other major currencies may adversely affect the financial condition of Türkiye as a whole and may have a material adverse effect on the Group's business, financial condition and / or results of operations.

Earthquakes, natural disasters and other catastrophic events could damage the Group's facilities and harm the Turkish economy in general.

Almost all of Türkiye is classified in a high risk earthquake zone by seismologists. Almost 45 per cent. of Türkiye's population and most of its economic resources are located in a first-degree earthquake risk zone. Türkiye has experienced a large number of earthquakes in recent years, some of which have been quite significant in magnitude. In 1999, separate earthquakes measuring 7.5 and 7.2 on the Richter scale struck an

area near the city of İzmit and the city of Düzce, respectively, resulting in the loss of thousands of lives and the destruction of many buildings. These earthquakes resulted in substantial financial costs to Türkiye. In October 2011, the eastern part of the country was struck by an earthquake measuring 7.2 on the Richter scale, causing property damage and the loss of several lives. Other earthquakes have also subsequently occurred in Türkiye, including one measuring 5.3 on the Richter scale (on 6 February 2017 in Ayvacık, North Aegean Coast of Türkiye), one measuring 5.5 on the Richter scale (on 2 March 2017 in Adıyaman Samsat District, southeastern region of Türkiye), one measuring 5.8 on the Richter scale (on 26 September 2019 in the southwest of İstanbul) and one measuring 6.8 on the Richter scale (on 24 January 2020 in Elazığ (eastern province of Türkiye)).

Most recently, on 6 February 2023, two earthquakes with a magnitude of 7.7 and 7.6 (respectively) on the Richter scale occurred in Kahramanmaraş, which caused catastrophic loss of life and destruction of many buildings, affecting more than 13 million people across 11 provinces, including Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kilis, Malatya, Osmaniye, Şanlıurfa and Elazığ. The Turkish Government declared a Level 4 state of emergency, which included a call for international assistance as well as the mobilisation of all national forces. In addition, to address the financial repercussions of recent earthquakes, the Turkish government has, amongst other measures, put in place additional taxes with the enactment of the Law on Additional Motor Vehicle Tax for Compensation of Economic Losses Caused by the Earthquake on 6 February 2023 and Amendments to Certain Laws and Decree Law No. 375 (Law No. 7456) on 14 July 2023, which includes provisions that raise corporate income tax rates, introduce a one-time additional motor vehicle tax and make other adjustments to tax exemptions for property transfers, investment funds and partial spin-off transactions. Furthermore, large earthquake loans from the World Bank and European Bank for Reconstruction and Development to Türkiye have helped to minimise the impacts of the earthquakes on the Turkish economy. The earthquakes did not have an impact on the Group's facilities.

In the event of major earthquakes or other natural disasters, effects from the direct impact of such events on the Group and its employees, including any resulting interruption in production or loss of inventory, as well as measures that could be taken by the Turkish government (such as the imposition of taxes to raise revenue for rebuilding), may have a material adverse effect on the Group. There can be no assurance that Türkiye would recover from the negative economic impact of a major earthquake or other natural disaster, or that the recent GDP growth rate would be sustainable. A severe earthquake or other natural disaster could negatively impact the Turkish economy, which could adversely affect the Group's business, financial condition and / or results of operations.

Changes in Turkish tax laws may have an adverse impact on the taxes applicable to the Group.

The Turkish Government may introduce tax changes that may affect the Group and its customers. These changes include changes in prevailing tax rates and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes.

For instance, amendments to the Corporate Income Tax Law (Law 5520) were introduced, which provide that the corporation tax rate in Türkiye for 2024 is (a) 30 per cent. for banks, financial leasing, factoring and financing companies, e-money and payment services institutions, authorised foreign exchange currency-related entities, asset management companies, securities intermediaries and other capital markets institutions, insurance and reinsurance companies and pension companies; and (b) 25 per cent. for other corporate entities.

In addition, as of 7 July 2023 VAT rates applicable on certain deliveries have been increased. The general VAT rate has increased to 20 per cent. from 18 per cent. whilst the reduced VAT increased to 10 per cent. from 8 per cent. Further, on 12 March 2023 a supplementary, one-off tax of 5 per cent. or 10 per cent. for corporate taxpayers was implemented. The supplementary tax is payable on the deductions and exemptions claimed on 2022 annual corporate tax returns and on the tax bases is subject to a reduced tax rate.

Some of these changes may result in increases in the Group's tax payments, which could adversely affect profitability and increase the prices of its services, restrict its ability to do business in its existing and new markets and cause its financial results to suffer. There can be no assurance that the Group will be able to

maintain its projected cash flow and profitability following increases in Turkish taxes applicable to the Group and its operations.

Turkish disclosure standards differ in certain significant respects from those in more developed markets, leading to a relatively limited amount of information being available.

The Issuer is a public company listed on Borsa İstanbul and is subject to public disclosure rules set forth by the CMB. The accounting, financial, corporate governance and other disclosure standards applicable to public companies in Türkiye are less exhaustive than those in the EU, the U.S. or in other jurisdictions with major capital markets. There is less publicly available information on businesses in Türkiye than is regularly published by similar businesses in the EU, the U.S. or in other similar markets and any information that is published might only be presented in Turkish. Certain disclosure rules and limited corporate governance standards have been adopted, but their interpretation and application are still evolving. Many aspects of laws and regulations in Türkiye relating to public companies and the capital markets have not yet been subject to judicial or regulatory interpretation or review and are therefore still subject to certain uncertainties with respect to their applications. As a result, investors might not have access to the same depth of disclosure relating to the Group as they would for investments in companies in the U.S., the EU and other similar markets.

The Financial Action Task Force may call upon its members to take measures against Türkiye

Due to Türkiye's strong commitment to collaborating with the Financial Action Task Force ("**FATF**") to address deficiencies in combating terrorism financing, Türkiye enacted the Law on Prevention of Financing of Terrorism Law No. 6415 on 7 February 2013 (the "**Terrorism Law**"). This legislation aimed to make substantial progress in criminalising terrorist financing and establishing a robust legal framework for identifying and freezing terrorist assets by 22 February 2013. Failure to meet these objectives could prompt the FATF to instruct its members to implement countermeasures proportional to the risks associated with Türkiye, potentially leading to additional transaction scrutiny between banks in member states and those in Türkiye. The Terrorism Law broadened the scope of terrorist financing offences outlined in Turkish anti-terrorism laws, strictly prohibiting such activities and imposing imprisonment penalties. Moreover, it facilitates compliance with United Nations Security Council resolutions, particularly regarding entities or individuals subject to sanctions and imposes penalties, including imprisonment, on individuals involved in terrorism financing and asset freezing activities.

The Terrorism Law is aimed to meet FATF requirements by adequately criminalising terrorist financing and establishing a legal framework for identifying and freezing terrorist assets before 22 February 2013. Failure to comply could result in the FATF instructing its members to impose countermeasures proportionate to the risks associated with Türkiye. The Terrorism Law significantly broadened the scope of terrorist financing offences, imposing strict prohibitions and imprisonment penalties. Furthermore, it facilitates compliance with United Nations Security Council resolutions related to sanctions and imposes penalties, including imprisonment, on individuals involved in terrorism financing and asset freezing activities.

The FATF issued its 15th follow-up report in October 2014 assessing Türkiye's progress in addressing deficiencies in combating the financing of terrorism. The report acknowledged Türkiye's sufficient steps towards technical compliance with core and key FATF recommendations, leading to its removal from the follow-up process related to terrorism financing deficiencies. Subsequently, on 31 December 2020, Law No. 7262, aimed at preventing the financing of proliferation of weapons of mass destruction, came into effect. This law seeks to align with United Nations Security Council resolutions and relevant FATF recommendations, enhancing Türkiye's legal and institutional capabilities in combating terrorism financing and money laundering. However, in 2019, FATF cautioned Türkiye about significant shortcomings, particularly regarding asset freezing measures related to terrorism and weapons proliferation. Since then, Türkiye has been under enhanced scrutiny. In October 2021, FATF downgraded Türkiye, along with Mali and Jordan, to its increased monitoring list, colloquially known as the "grey list". Türkiye submitted a report to FATF in 2022 detailing actions taken to bolster its AML / CFT framework, leading to revisions in the country's rating on three FATF recommendations. By 2023, FATF reported Türkiye's positive strides in enhancing its AML / CFT regime, indicating compliance with 12 recommendations, substantial compliance with 22 and partial compliance with four, whilst two recommendations remained non-compliant. However, the FATF may demand additional

measures for full compliance, which could adversely affect the Group's business, financial condition and prospects. As of October 2023, Türkiye is still on the grey list, although has only one recommendation remaining rated "partially compliant" and no recommendations rated non-compliant. Nevertheless, any lasting perception of transactions involving Türkiye as being a higher risk jurisdiction may adversely impact investor's willingness to invest in Türkiye and / or engage with Turkish banks or may subject transactions in Türkiye to heightened due diligence at additional cost, either of which could have a material effect on the Group's business, financial condition and / or results of operations.

Risks Related to the Group's Financial Position

The Group is subject to risks related to exchange rates and foreign currencies.

The Group carries out international sales and incurs certain expenses in currencies other than its reporting currency, the Turkish Lira. As the Group's international operations expand, it anticipates an increase in revenues and expenses in other currencies, potentially heightening its exposure to foreign currency risks.

Significant fluctuations in foreign currency values can impact the Group's cost of goods sold and operating margins, potentially resulting in exchange losses or materially affecting its business, financial condition and operational results. Currency exchange rate fluctuations can also influence sales, purchases and loans to subsidiaries, as well as transactions with customers, suppliers and creditors denominated in foreign currencies. Misalignment between sales and expenses' currencies, particularly concerning the Euro against the Turkish Lira, can affect the Group's operating outcomes. Furthermore, while currently the Group's sales in non-European export markets are primarily denominated in Euros and U.S. dollars, if the Group expands into other regions where revenue is primarily in local currencies but costs are exposed to major foreign currencies, fluctuations in these currencies against the Turkish Lira, Euro and others may negatively impact operational results. Unexpectedly significant fluctuations in foreign currencies, including the Euro, could adversely affect the Group's financial condition.

The Group sources raw materials and components from over 70 countries, exposing it to fluctuations in results of operations if other relevant currencies appreciate against the Turkish Lira. In recent years, emerging market currencies, especially against the EUR and USD, have devalued due to a high-interest-rate environment, making access to foreign currency liquidity challenging. Consequently, emerging market central banks have increased monitoring of capital movements and foreign currency demand, implementing new regulations to curb speculative actions.

The deceleration in demand from Europe, currently the Group's primary export market, coupled with the escalation in commodity prices driven by geopolitical shifts and the actual strengthening of the Turkish Lira, had an adverse impact on the Group's profitability in 2022. Looking ahead, Türkiye is anticipated to embark on a four-year period without elections, accompanied by expectations of stabilization and a return to conventional monetary policies. Consequently, the Group has a low anticipation of diminished profitability attributed to the real appreciation of the Turkish Lira, potentially influenced by policy measures. Whilst the Group perceives this scenario as unlikely, there still remains a risk that potential government-imposed foreign exchange controls on the Turkish Lira could exert negative pressure on profitability.

The Group exhibits a significant proportion of hard currencies in both sales and costs, with USD comprising a larger share in costs and EUR having a higher portion in sales, primarily due to the Group's substantial sale activities in the European market. Consequently, similar to many export-oriented entities in Türkiye, the Group faces exposure to EUR/USD fluctuations in its operating activities. While conducting transactions in hard currencies naturally hedges against currency risks and despite the Group's practice of annually managing these risks through derivative transactions aligned with budgetary considerations, variations in the residual foreign exchange (FX) position may occur due to factors such as the currency composition of loans and the differing maturity profiles of sales and purchases, depending on the alignment of purchase and sales rates.

Although the Group employs derivative financial instruments to manage currency exposure and may undertake additional hedging transactions in the future, the availability and effectiveness of these measures may be limited. The Group may face challenges in successfully hedging exposure to currency fluctuations and

implementing customer pricing or other measures to mitigate their impact, potentially leading to adverse effects on operational results. Furthermore, the use of these hedging instruments could lead to increased liquidity or refinancing risks for the Group, as the liability of the Group may increase, as compared to a non-hedging scenario, depending on market conditions.

Significant volatility or disruption in the global financial markets may adversely affect the availability and cost of funding of the Group.

In order to operate and to grow its business, including, from time to time, the roll-over of its short-term indebtedness, the Group needs, from time to time, to acquire financing via credit or capital markets. In recent years, the Turkish financial markets have experienced extreme volatility and disruption and the Group's ability to arrange financing will depend on factors beyond its control, including economic conditions, regulatory developments and availability of financing. In addition, any downgrade of Türkiye's credit ratings may negatively affect the Group's ability to raise funds. The global financial markets have, in recent years, experienced significant levels of volatility and disruption, generally putting downward pressure on financial and other asset prices and impacting credit availability. In particular, the COVID-19 crisis has adversely affected capital markets and the repercussions of the same may continue to do so in the foreseeable future, further reducing the Group's ability to finance its operations at sustainable costs or at all.

Historically, the Group's primary sources of funds have been cash flows from operations, borrowings from banks and other institutional lenders. There can be no assurance that such sources of funding will continue to be available on acceptable terms.

The Group may not be able to find long-term funding sources on terms favourable to it and the Group may not be able find adequate financing from domestic or international financial institutions or the terms of such financing or refinancing may not be on terms favourable to it and any of the foregoing funding disruptions or costs could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The significant reliance on short-term debt by the Group also presents notable risks. Short-term debts require frequent refinancing, which inherently increases vulnerability to changing market conditions and monetary policies. If the Central Bank were to implement unfavourable changes, such as sudden interest rate hikes or restrictive monetary measures, the cost of rolling over existing debts could increase substantially. Furthermore, a potential deterioration in the Turkish banking sector, whether due to economic downturns, decreased liquidity, or loss of confidence amongst depositors and investors, could severely restrict access to new credit. In such scenarios, the issuer may face challenges in refinancing its short-term obligations, potentially leading to liquidity shortfalls.

The Group may face risks related to interest rates.

The Group's financial expenses are affected by changes in interest rates. The Turkish Lira interest rate has fluctuated significantly recently as well as in the past in response to the expansion or contraction of the Turkish economy, inflation, Turkish government policies and other factors.

Total sum of fixed and hedged bank loans and shareholder loans represent 57 per cent. of the Group's total consolidated bank loans and shareholder loans as of 31 December 2023. When including the Group's unconsolidated joint ventures, the residual risk exposure that the Group carries at floating interest rates increases, as the Group may be exposed to higher interest rates in the current macroeconomic environment.

No assurance can be given that any measures the Group may adopt to manage its interest rate risk, such as the use of a combination mix of fixed rate and floating rate borrowings will be effective. As a result, any significant increase in interest rates in the future could have a material adverse effect on the Group's financial expenses, which in turn, could have a material adverse effect on its prospects, business, financial condition and results of operations.

The Group is subject to general liquidity risk and its indebtedness could make it difficult for it to fulfil its obligations under the Notes or otherwise adversely affect its business, financial condition and results of operations.

The Group's approach to managing its liquidity is to ensure, insofar as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both usual and stressed conditions, without incurring excessive losses or risking damage to the Group's reputation.

The Group may encounter difficulty in meeting its obligations associated with its operational and financial liabilities due to a deterioration in cash inflow or a mismanagement of its liquidity planning. Were this to be the case, the Group's business, financial condition and / or results of operations may be negatively affected.

As of 31 December 2023, the Group had a Net Debt of approximately TRY 29 billion. Primarily, these borrowings finance the Group's working capital and capital expenditure needs. The Group's debt carries implications for its operations, including, limiting cash flow availability for working capital, capital expenditures, acquisitions and other corporate purposes due to debt service obligations, potentially hindering the Group's ability to secure additional financing and increasing the cost of such financing, heightening exposure to foreign exchange fluctuations and interest rate changes, necessitating debt restructuring or refinancing before or at maturity and constraining flexibility in response to changes in the Group's business, industry and the economy.

These factors and other consequences stemming from indebtedness could impede the Group's cash flow generation and ability to meet debt obligations, subject to economic, regulatory and uncontrollable factors. In case of an event of default arising from non-payment or other matters set out in the underlying financing agreements, lenders could cancel financing availability, accelerate repayment, claim under guarantees / sureties or seize collateral. An event of default in respect of an indebtedness can trigger cross defaults in respect of the Group's other indebtedness.

Additionally, particularly following the Offering, the Group will be subject to restrictive covenants as described in this Offering Circular.

Moreover, prevailing interest rates and creditor reluctance to lend to developing markets during refinancing could lead to higher interest rates, potentially impairing the Group's ability to service debt and complete capital expenditure plans. These factors and consequences could adversely affect the Group's business, financial condition, operational results and prospects.

The Group's credit rating can be lowered or withdrawn.

The Group's credit ratings are an important factor in determining the Group's cost of borrowing funds. As at the date of this Offering Circular, the Issuer is expected to be assigned the ratings of "LT IDR B+, LC LT IDR BB- and Debt Instrument B+" by Fitch and the ratings of "Indicative Rating (CFR) B3, Notes B3 and PDR B3-PD" by Moody's. Any of the rating agencies rating the Group have the ability to downgrade its assigned ratings based on their assessment of the Group's current or future business, financial condition, operational performance or other factors. There is no assurance that a credit rating will remain in place for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant. The Group could for instance be confronted with one or multiple rating downgrade(s) if its operating cash flow would significantly decrease. A decision by a rating agency to downgrade or withdraw the Group's credit rating could for instance limit the Group's access to the capital markets and thereby significantly limit its funding options. Furthermore, a downgrade would most likely result in an increase of the Group's borrowing costs and adversely affect its results. Such rating events may also negatively affect the value of the Notes.

Risks Relating to the Notes and the Guarantee

The value of the Guarantee may be limited by applicable laws or subject to certain limitations or defences that may adversely affect its validity or enforceability.

The Guarantee will be senior obligations of the Guarantors and will generally rank equal in right of payment with all senior obligations of the Guarantors.

The Guarantee will be limited as necessary to recognise certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, rules of group of companies or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law. As a result, the Guarantors' liability under their respective Guarantee could be reduced to zero, depending upon the amount of its other obligations.

The Guarantors are organised under the laws of Türkiye and some of their assets are located in Türkiye. The granting of the Guarantee may be subject to legal challenge and review under fraudulent transfer and conveyance laws or other laws, that have been enacted for the protection of creditors in Türkiye.

These laws, amongst other things, limit the ability of subsidiaries to guarantee and secure the debt of a related company. Although laws differ amongst jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or a court or a creditor could void a Guarantee or the security interests in respect thereof if it is found that a Guarantor granting such Guarantee:

- knew or should have known that the transaction was to the detriment of the creditors;
- intended to hinder, delay or defraud creditors; or
- did not receive fair consideration or reasonably equivalent value for incurring such indebtedness and such Guarantor (i) was insolvent or rendered insolvent because it incurred such indebtedness, (ii) was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital, or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay them as they mature.

The measure of insolvency for purposes of fraudulent transfer laws varies, depending on the law applied. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not or would not pay its debts as they become due.

If a court or a creditor were to find that the granting of a Guarantee was a fraudulent conveyance, the court or a creditor could void or declare unenforceable the payment obligations under such Guarantee, or subordinate such Guarantee to presently existing and future indebtedness of the Guarantors or require the holders of the Notes to repay any amounts received with respect to the Guarantee.

There are circumstances other than repayment or discharge of the Notes under which the Guarantee will be released automatically without Noteholders' consent or the consent of the Trustee.

A Guarantor will be automatically and unconditionally released and discharged from its Guarantee:

- upon any sale, exchange, transfer or other disposition of equity interests of such Guarantor or any holding company of such Guarantor to a person that is not the Issuer or a Subsidiary (which sale,

exchange, transfer or other disposition is not prohibited by these Conditions) and the Guarantor ceases to be a Subsidiary as a result of the sale, exchange, transfer or other disposition;

- upon any sale, exchange, transfer or other disposition of all or substantially all of the assets of such Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not the Issuer or a Subsidiary (which sale, exchange, transfer or other disposition is not prohibited by the Conditions); or
- upon the payment in full of principal, interest and all other obligations on the Notes (or the Notes have otherwise been purchased and cancelled in whole and not in part, in accordance with these Conditions).

See “*Terms and Conditions of the Notes—Status of the Notes and the Guarantee—Release of Guarantor*”

The Notes may be effectively subordinated to claims of the Issuer’s and the Guarantors’ future secured creditors, up to the value of the assets securing such indebtedness.

The Notes and the Guarantee are unsecured and unsubordinated obligations of the Issuer and the Guarantors, respectively. The Notes will rank equally with all of the Issuer’s other unsecured and unsubordinated indebtedness and the Guarantee will rank equally with all of the Guarantors’ unsecured and unsubordinated indebtedness. However, the Notes will be effectively subordinated to the Issuer’s or the Guarantors’ secured indebtedness, if any and will be effectively subordinated to any additional secured indebtedness the Issuer or the Guarantors may incur in the future, in each case to the extent of the value of the assets securing such indebtedness. Accordingly, in the event of a bankruptcy, insolvency, liquidation, dissolution, reorganisation or similar proceeding affecting the Issuer or the Guarantors, the rights of holders of the Notes to receive payment will effectively be subordinated to those of secured creditors up to the value of the assets securing such indebtedness. In any of the foregoing events, the Issuer and the Guarantors cannot assure investors that there will be sufficient assets to pay amounts due on the Notes. As a result, holders of the Notes may receive less, rateably, than holders of secured indebtedness.

Many of the covenants in the Conditions will be suspended if the Notes have Investment Grade Status.

Many of the covenants contained in the Conditions will be suspended if the Notes achieve Investment Grade Status, i.e. the Notes are rated “Baa3” or “BBB-”, or better, by at least two of the rating agencies, provided at such time no Event of Default or Potential Event of Default under the Conditions has occurred and is continuing. These covenants will be suspended for the duration of the period during which the Notes maintain an investment grade rating, however, there can be no assurance that the Notes will ever achieve Investment Grade Status, or that if they do achieve Investment Grade Status, the Notes will maintain such status. Suspension of these covenants, however, would allow the Issuer and its Subsidiaries to engage in certain transactions that would not be permitted whilst these covenants were in force. See Condition 5 (*Covenants*).

The Notes’ optional redemption features are likely to limit their market value.

The Notes contain an optional redemption feature, which is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of the Notes generally may not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes having taken into account the cost of redeeming the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer may not be able to finance a redemption at the option of the Noteholders upon a Change of Control Event.

Upon the occurrence of a Change of Control (as defined in the Terms and Conditions), the Issuer would be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101 per cent. of the

principal amount thereof on the date of purchase plus accrued and unpaid interest to, but excluding, the date of purchase, if any.

If a Change of Control were to occur, there can be no assurance that the Issuer would have sufficient funds available at such time, or that the Group would have sufficient funds to provide to the Issuer and / or the Guarantors to pay the purchase price of the outstanding Notes or that the restrictions in the Notes or the Group's other existing contractual obligations would allow the Group to make such required repurchases. A Change of Control may result in an obligation to mandatorily prepay certain other indebtedness. The repurchase of the Notes upon the occurrence of a Change of Control could cause a default under such other indebtedness, even if the Change of Control itself does not. The ability of the Issuer to receive cash from its Subsidiaries to allow them to pay cash to the Noteholders following the occurrence of a Change of Control, may be limited by the Group's then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a Change of Control occurs at a time when the Group is prohibited under its other financing arrangements from providing funds to the Issuer for the purpose of repurchasing the Notes, the Group may need to seek the consent of the lenders under such other financing arrangements to purchase the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, the Group may require third-party financing to make an offer to repurchase the Notes, upon a Change of Control. There can be no assurance that the Group would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Notes, which would, in turn, constitute a default under certain other indebtedness.

The Change of Control provisions contained in the Terms and Conditions may not necessarily afford Noteholders protection in the event of certain important corporate events, including a reorganisation, restructuring, merger or other similar transaction involving the Group that may adversely affect Noteholders, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a Change of Control. Except as described in the Terms and Conditions, the Notes will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, recapitalisation or similar transaction.

Redemption prior to maturity for tax reasons.

The Issuer may redeem all, but not some only, of the outstanding Notes in accordance with the Conditions in the event that: (i) the Issuer or any Guarantor would be required to pay additional amounts in respect of the Notes due to any changes in or amendments to the laws or regulations of any Relevant Jurisdiction or any changes in the application or official interpretation or administration of such laws or regulations; and (ii) such obligation cannot be avoided by the Issuer and / or the relevant Guarantor taking reasonable measures available to them.

On any such redemption for tax reasons, Noteholders would receive the principal amount of the Notes that they hold, together with interest accrued on those Notes up to, but excluding, the date fixed for redemption and all additional amounts (if any) then due and that will become due on the date fixed for redemption. If the Issuer were to redeem the Notes early, it might not be possible for Noteholders to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes. See Condition 8.2 (*Redemption for Taxation Reasons*).

The market value of the Notes could decrease if the Group's creditworthiness worsens.

The market value of the Notes will suffer if the market perceives the Issuer and the Guarantors to be less likely to fully perform their respective obligations under the Notes, the Trust Deed when they fall due. This could occur, for example, because of the materialisation of any of the risks described in this "Risk Factors" section. Even if the Issuer's and the Guarantors' ability to fully perform their respective obligations under the Notes and the Trust Deed when they fall due did not actually decrease, market participants could nevertheless have a different perception. In addition, market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Group could adversely change, causing the market value of the Notes to fall. If any of these events occurs, third parties would only be willing to

purchase Notes for a lower price than before the materialisation of these risks. Under these circumstances, the market value of the Notes would be likely to decrease.

As the Global Notes are held by or on behalf of Euroclear, Clearstream, Luxembourg and DTC, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and / or the Guarantors and to exercise any rights and remedies.

The Notes will be represented by the Global Notes except in certain limited circumstances described therein. The Regulation S Global Note will be deposited with the Common Depositary for and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg. The Rule 144A Global Note will be registered in the name of a nominee of and deposited with a custodian for, DTC. Except in certain limited circumstances described in the Global Notes, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg and DTC will maintain records of the beneficial interests in the Global Notes. Whilst the relevant Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg and / or DTC, as applicable.

Unless and until the Notes in definitive registered form, or definitive registered Notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of Notes. The Issuer and the Guarantors will discharge their payment obligations under the Notes by making payments through DTC or to the Common Depositary for Euroclear and Clearstream, Luxembourg (as the case may be) for distribution to their account holders. A holder of a beneficial interest in the Global Notes must rely on the procedures of DTC, Euroclear and Clearstream, Luxembourg (as the case may be) to receive payments under the Notes. The Issuer and the Guarantors have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Accordingly, if investors own a book-entry interest directly or through a participant in DTC, Euroclear or Clearstream, Luxembourg, as applicable, investors must rely on the procedures of DTC, Euroclear and / or Clearstream, Luxembourg and if investors are not participants in DTC, Euroclear and / or Clearstream, Luxembourg, on the procedures of the participant through which investors own the interest, to exercise any rights and obligations of a holder of the Notes. See “*Clearing and Settlement*”. Such procedures may limit the rights of holders of book-entry interest in a number of respects.

Unlike holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon the Issuer’s solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if investors own a book-entry interest, investors will be permitted to act only to the extent investors have received appropriate proxies to do so from DTC, Euroclear and / or Clearstream Luxembourg or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable investors to vote on any matters on a timely basis.

Similarly, upon the occurrence of an event of default under the Notes, unless and until definitive registered Notes are issued in respect of all book-entry interests, if investors own a book-entry interest investors will be restricted to acting through DTC, Euroclear and / or Clearstream, Luxembourg and if investors are not participants in DTC, Euroclear and / or Clearstream, Luxembourg, through the relevant participant. The Issuer cannot assure prospective investors that the procedures to be implemented through DTC, Euroclear and / or Clearstream, Luxembourg will be adequate to ensure exercise of rights under the Notes on a timely basis or at all.

Transfer of investments in the Notes and Guarantee will be subject to certain restrictions.

The Notes and the Guarantee have not been and will not be registered under the Securities Act or under any other national, state or local securities laws of the U.S.. Prospective investors may not offer or sell the Notes and the Guarantee, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other national, state or local securities laws of the U.S.. Similar restrictions will apply in other jurisdictions. Prospective investors should read the discussion under “*Transfer Restrictions*” for further information about these transfer restrictions. It is Noteholders’ obligation to ensure

that their offers and sales of the Notes and the Guarantee within the U.S. and other countries comply with any applicable securities laws.

The Terms and Conditions and the Trust Deed contain provisions which may permit their modification without the consent of all, or even a majority of, Noteholders and in certain limited circumstances without the consent of any Noteholders and without regard to the individual interests of particular Noteholders.

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities (which, under certain circumstances, may even amount to a minority of holders of the face amount of the Notes for the time being outstanding) to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority (or, as the case may be, in certain circumstances, the minority).

The Terms and Conditions and the Trust Deed also provide that the Trustee may, without the consent of the Noteholders, agree to: (i) any modification of any of the provisions of the documentation relating to the Notes (including, without limitation, the Trust Deed and the Terms and Conditions) which is in its opinion of a formal, minor or technical nature or is made to correct a manifest error; and (ii) any other modification (other than as mentioned in the Trust Deed) of the Terms and Conditions or the documentation relating to the Notes, or the waiver or authorisation of any breach or proposed breach of, any of the Terms and Conditions or any of the provisions of the documentation relating to the Notes or determine that any Event of Default or Potential Event of Default shall not be treated as such if, in the opinion of the Trustee, the interests of the Noteholders would not be materially prejudiced thereby, provided that the Trustee shall not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 11 (*Events of Default*).

The Issuer may create and issue further Notes.

The Issuer may from time to time without the consent of the Noteholders create and issue further Notes having terms and conditions that are the same as those of the Notes, or the same except for the amount of the first payment of interest, which new Notes may be consolidated and form a single series with the outstanding Notes even if doing so may adversely affect the value of the original Notes.

Credit ratings may not reflect all risks and changes to Türkiye's credit ratings may affect the Group's ability to obtain funding.

As at the date of this Offering Circular, the Issuer is expected to be assigned the ratings of "LT IDR B+, LC LT IDR BB- and Debt Instrument B+" by Fitch and the ratings of "Indicative Rating (CFR) B3, Notes B3 and PDR B3-PD" by Moody's.

The foregoing credit ratings do not mean that the Notes are a suitable investment. The credit ratings assigned to the Notes at any time may not reflect the potential impact of all risks related to structure, market, the factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating organisation at any time. A credit rating reflects only the views of the assigning rating organisation. Investors must conduct their own assessments of the Group and its business, operations, assets and financial position and are strongly cautioned not to place undue emphasis on any particular rating that has been assigned to the Notes.

Similar ratings on different types of notes do not necessarily mean the same thing. The initial ratings by Fitch and Moody's will not address the likelihood that the principal on the Notes will be prepaid or paid on the scheduled maturity date. Such ratings also will not address the marketability of investments in the Notes or any market price. Any change in the credit ratings of the Notes or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes. The significance of each rating should be analysed independently from any other rating. Moreover, a downgrade or potential downgrade of the Turkish sovereign rating could negatively affect the Group's ratings. See "*—Political developments in Türkiye may have a material adverse effect on the Group's business, financial condition and results of operations*" for a discussion of the Turkish sovereign credit rating.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the CRA Regulation as it forms part of UK domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of any rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

There is no public trading market for the Notes and an active trading market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Notes.

The Notes may have no established trading market when issued and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If investments in the Notes are traded after their initial issuance, then they might trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Issuer’s financial condition. Although an application has been made to Euronext Dublin for the Notes to be admitted to listing on the Official List and to trading on its GEM, there can be no assurance that such applications will be accepted, that an active trading market will develop or, if developed, that it can be sustained. If an active trading market for investments in the Notes is not developed or maintained, then the market or trading price and liquidity of investments in the Notes may be adversely affected.

The market price of the Notes is subject to a high degree of volatility.

The market price of investments in the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer’s operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale by the Issuer of other debt securities. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could

adversely affect the market price of investments in the Notes without regard to the Issuer's financial condition or results of operations.

The market price of investments in the Notes is also influenced by economic and market conditions in Türkiye and, to varying degrees, economic and market conditions in emerging markets generally. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investments in Türkiye. Crises in other emerging market countries may diminish investor interest in securities of Turkish issuers, including the Issuer's, which could adversely affect the market price of investments in the Notes.

Investors whose financial activities are denominated in a currency or currency unit other than USD may receive less interest or principal than expected, or no interest or principal on the Notes, as a result of fluctuations in exchange rates or changes to exchange controls.

The Issuer will pay principal and interest on the Notes in USD. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than USD. These include the risk that exchange rates may significantly change (including changes due to devaluation of the USD or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Issuer's currency or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to USD would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Changes in the value of the Investor's Currency relative to USD could be caused by a variety of factors, including changes to the monetary policies maintained in the relevant central banks and vacillating demand for various currencies in the global marketplace. As a result, investors may receive less interest or principal than expected, or no interest or principal on the Notes.

Risks Relating to Enforcement

It may not be possible for investors to enforce foreign judgments against the Issuer or its management or the Turkish Guarantors in certain circumstances.

The Issuer is a public joint stock company (*halka açık anonim şirket*) and the Guarantors are incorporated as a joint stock company (*anonim şirket*) under the laws of Türkiye. All of the directors and officers of the Issuer reside inside Türkiye and all or a substantial portion of the assets of such persons may be and substantially all of the assets of the Issuer are, located in Türkiye. As a result, it may not be possible for investors to effect service of process upon such persons outside Türkiye or to enforce against them in the courts of jurisdictions other than Türkiye any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions.

In addition, under the Turkish International Private and Procedure Law No. 5718, a judgment of a court established in a country other than the Republic of Türkiye may not be enforced in Turkish courts in certain circumstances. Although Turkish courts generally recognise enforceable judgments of English courts on the basis that there is de facto reciprocity between the United Kingdom and Türkiye with respect to the enforcement of judgments of their respective courts, there is no treaty between the United Kingdom and Türkiye providing for reciprocal enforcement of judgments. For further information, see "*Certain Insolvency and Enforceability Considerations*."

The Terms and Conditions of the Notes are governed by English law and the terms are specified with reference to that law as in effect as at the date of this Offering Circular. Similarly, the enforcement rights of the Noteholders against the Issuer and its assets in Türkiye assume the application of Turkish law as presently in effect. Any possible judicial decision or change to English or Turkish law or administrative practice after the date of this Offering Circular may impact the Notes.

Furthermore, any claim against the Issuer or Turkish Guarantor which is denominated in a foreign currency would, upon pronouncement of bankruptcy of the Issuer, only be payable in Turkish Lira, thereby shifting the currency exchange risk from the Issuer or such Guarantor(s) to the Noteholders. The relevant exchange rate for determining the Turkish Lira amount of any such claim would be the Central Bank's exchange rate for the purchase of the relevant currency, which is effective on the date when the relevant court's decision on the bankruptcy is rendered in accordance with Turkish law. Such exchange rate may be less favourable to a Noteholder than the rate of exchange prevailing at the relevant time.

A Turkish court may not recognise English law as the governing law of certain non-contractual obligations.

A Turkish court may not recognise English law as the governing law of certain non-contractual obligations. The Terms and Conditions of the Notes provide that the Notes, the Trust Deed and any non-contractual obligations arising out of or in connection therewith, are governed by and will be construed in accordance with, English law.

However, the Turkish International Private and Procedure Law No. 5718 imposes certain restrictions in relation to the choice of law for certain non-contractual obligations. In particular, the Turkish International Private and Procedure Law No. 5718 provides that parties are permitted to choose the law applicable to claims relating to tort and / or unjust enrichment only after the commitment or occurrence of the relevant tortious act or the relevant unjust enrichment. As a result, a Turkish court may refuse to apply English law to any such non-contractual obligations arising out of or in connection with the Notes and the Trust Deed and may decide to apply Turkish law in respect of such obligations. For further information, see *"Certain Insolvency and Enforceability Considerations"*.

USE OF PROCEEDS

The proceeds of the issue of the Notes will amount to U.S.\$447.8 million (prior to any deduction of fees and / or expenses in connection with the issue and offering of the Notes) and will be used by the Issuer, to refinance existing indebtedness, fund its capital expenditures and to pay all fees, discounts and commissions related to the Offering.

The following table sets forth the estimated sources and uses for the Offering. Actual amounts will vary from estimated amounts depending on several factors, including differences from the Group's estimates of fees, discounts and commissions.

Source of Funds			Use of Funds		
	(U.S.\$ millions) (*)	(TL millions)		(U.S.\$ millions) (*)	(TL millions)
Notes offered hereby	447.8	13,182.4	Refinancing of Vestel Electronics bank loans(*)	141.0	4,150.8
			Refinancing of Vestel Trade bank loans(**)	169.0	4,975.1
			Refinancing of Vestel White Goods bank loans(*)	30.0	883.1
			Capital expenditures	97.8	2,879.1
			Transaction costs(***)	10.0	294.4
Total sources of funds	447.8	13,182.4	Total uses of funds	447.8	13,182.4

(*) For presentational purposes all amounts denominated in TL have been converted into U.S.\$ at an exchange rate of \$1.00 to TL 29.4382, which is the Central Bank's buying rate on 31 December 2023, which is the Central Bank's buying rate on 31 December 2023.

(**) Represents principal amounts. These loans are mainly short-term working capital loans obtained from commercial banks and the Turkish Eximbank on an unsecured basis.

(***) Represents the Group's estimate of the fees and expenses in connection with or otherwise related to the Offering, subject to fluctuations in applicable exchange rates, and the application of the proceeds therefrom, including underwriting fees and commissions, professional and legal fees and other Offering costs. Actual fees and related expenses may differ from these estimates.

CAPITALISATION

The following table sets forth, as at 31 December 2023, the consolidated cash and cash equivalents and capitalisation of the Group, on an actual basis and as adjusted to reflect the Transactions and the application of the aggregate principal amount of the Notes as described under “Use of Proceeds” herein.

This table should be read in conjunction with “Use of Proceeds” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Financial Statements (and the notes thereto) included elsewhere in the Offering Circular.

For the purposes of a convenience translation and presentation, cash and cash equivalents, indebtedness and other amounts denominated in Turkish Lira have been translated into U.S. dollars at an exchange rate as of 31 December 2023 of \$1.00 to TL 29.4382, which is the Central Bank’s buying rate on 31 December 2023.

	31 December 2023					
	Actual	Adjustments (in millions of U.S.\$)	Adjusted	Actual	Adjustments (in millions of TL)	Adjusted
Cash and cash equivalents of Vestel Electronics ⁽¹⁾	5.8	97.8	103.6	171.3	2,879.1	3,050.4
Cash and cash equivalents of Vestel White Goods.....	24.8	-	24.8	729.5	-	729.5
Cash and cash equivalents of other Restricted Subsidiaries	47.3	-	47.3	1,393.9	-	1,393.9
Cash and cash equivalents of the Group	77.9	97.8	175.7	2,294.7	2,879.1	5,173.8
Vestel Electronics:						
Notes offered hereby	-	450.0	450.0	-	13,247.2	13,247.2
Bank loans	388.7	(141.0)	247.7	11,442.4	(4,150.8)	7,291.6
Issued debt instruments.....	94.5	-	94.5	2,781.1	-	2,781.1
Lease liabilities	3.5	-	3.5	102.6	-	102.6
Total debt	486.6	309.0	795.6	14,326.1	9,096.4	23,422.5
Vestel White Goods:						
Bank loans	124.7	(30.0)	94.7	3,670.4	(883.1)	2,787.2
Issued debt instruments.....	26.1	-	26.1	768.9	-	768.9
Lease liabilities	0.4	-	0.4	13.0	-	13.0
Total debt	151.2	(30.0)	121.2	4,452.3	(883.1)	3,569.1
Other Restricted Subsidiaries:						
Bank loans	335.0	(169.0)	166.0	9,861.4	(4,975.1)	4,886.3
Lease liabilities	26.5	-	26.5	780.1	-	780.1
Total debt	361.5	(169.0)	192.5	10,641.5	(4,975.1)	5,666.4
Total debt of the Group	999.4	110.0	1,109.4	29,419.8	3,238.2	32,658.0
Total equity of the Group	1,388.0	-	1,388.0	40,860.2	-	40,860.2
Total capitalization of the Group⁽²⁾ ..	2,387.4	110.0	2,497.4	70,280.0	3,238.2	73,518.2

	31 December 23					
	Actual	Adjustments (in millions of U.S.\$)	Adjusted	Actual	Adjustments (in millions of TL)	Adjusted
The Group						
Total debt	999.4	110.0	1,109.4	29,419.8	3,238.2	32,658.0
Cash and cash equivalents ⁽²⁾	5.8	97.8	103.6	171.3	2,879.1	3,050.4
Net Debt	993.6	12.2	1,005.8	29,248.5	359.1	29,607.6
The Issuer and the Guarantors:						
Total debt	846.8	140.0	986.8	24,926.8	4,121.3	29,048.2
Cash and cash equivalents ⁽²⁾	24.4	97.8	122.2	717.2	2,879.1	3,596.3
Net Debt	822.4	42.2	864.6	24,209.6	1,242.2	25,451.9
Non-Guarantor Restricted Subsidiaries:						
Total Debt.....	152.6	(30.0)	122.6	4,493.0	(883.1)	3,609.9
Cash and cash equivalents.....	53.6	-	53.6	1,577.5	-	1,577.5
Net Debt	99.0	(30.0)	69.0	2,915.5	(883.1)	2,032.4

* Debt amounts for Vestel Electronics, Vestel White Goods and other Restricted Subsidiaries are based on figures after intercompany elimination.

** Estimated transaction expenses have not been included in the tables.

*** For presentational purposes all amounts and indebtedness denominated in TL have been converted into U.S.\$ at an exchange rate of \$1.00 to TL 29.4382, which is the Central Bank’s buying rate on 31 December 2023, which is the Central Bank’s buying rate on 31 December 2023.

**** Line items relating to bank loans, issued debt instruments and lease liabilities, represent the aggregate of the relevant short-term and long-term amounts set out in the Financial Statements.

- ***** Financial information for individual subsidiaries are derived from the detailed accounting records of such subsidiaries, which are included in the Group consolidation.
- (1) Adjusted to include \$97.8 million of proceeds of the Offering to be used for funding capital expenditures, in line with "*Use of Proceeds*".
- (2) Represents the sum of total debt of the Group and total equity of the Group.

SELECTED HISTORICAL FINANCIAL AND OPERATIONAL DATA

You should read the selected historical financial and operational information for the Group presented below in conjunction with its Financial Statements, related notes to the Financial Statements and other financial information included elsewhere in this Offering Circular. You should also read the sections of this Offering Circular entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

The selected financial information as at and for the year ended 31 December 2023 and 2022 was derived from the 2023 Financial Statements and the selected financial information as at and for the years ended 31 December 2022 and 2021 was derived from the 2022 and 2021 Financial Statements, included elsewhere in this Offering Circular, as adjusted for the items described in the footnotes below.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended 31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands, except otherwise stated)			
Revenue	64,793,641	67,441,264	111,124,940	112,215,734
Cost of Sales	(49,059,763)	(55,977,193)	(92,235,255)	(87,243,106)
Gross Profit	15,733,878	11,464,071	18,889,685	24,972,628
General Administrative Expenses	(1,327,179)	(1,469,440)	(2,421,239)	(2,838,815)
Marketing Expenses	(6,921,853)	(7,893,101)	(13,005,692)	(14,094,334)
Research and Development Expense	(1,018,298)	(1,023,546)	(1,686,526)	(1,939,046)
Other Income from Operating Activities	6,078,943	3,536,352	5,826,950	2,104,711
Other Expenses from Operating Activities	(12,694,719)	(9,389,457)	(15,471,283)	(15,900,432)
(Loss) / Profit from Operating Activities	(149,228)	(4,775,121)	(7,868,105)	(7,695,288)
Share of Net Profit of Associates Accounted for Using the Equity Method	148,168	990,102	1,631,419	880,583
(Loss) / Profit before Financing Income	(1,060)	(3,785,019)	(6,236,686)	(6,814,705)
Finance Income	15,519,798	12,175,958	20,062,681	18,431,136
Finance Costs	(14,397,608)	(11,766,554)	(19,388,094)	(18,340,172)
Monetary Gain / (Loss)	3,289,435	3,582,033	5,902,220	9,738,769
Profit before Income Tax	4,410,565	206,418	340,121	3,015,028
Tax (Expense) Income, Continuing Operations	491,416	(90,206)	(148,635)	(683,869)
Current Tax Expense	(22,775)	(23,437)	(38,618)	(322,063)
Deferred Tax Income / (Loss)	514,191	(66,769)	(110,017)	(361,806)
Profit for the Period	4,901,981	116,212	191,486	2,331,159
Profit / (loss), attributable to				
Non-controlling Interests	502,207	183,781	302,821	881,534
Owners of Parent	4,399,774	(67,569)	(111,335)	1,449,625
Earnings per share with a Kr 1 of Par Value (TL)	0.1312	(0.0020)	(0.0033)	0.0432
Other Comprehensive Income that will not be Reclassified to Profit or Loss	1,135,725	(623,255)	(1,026,955)	7,099,878
Gains (Losses) on Revaluation of Property, Plant and Equipment	1,339,514	236,248	389,273	8,873,580
Gains (Losses) on Remeasurements of Defined Benefit Plans	(227,960)	(700,471)	(1,154,187)	(442,684)
Gains (Losses) on Remeasurements of Defined Benefit Plans of Associates Accounted by Using Equity Method	112,530	4,047	6,669	(185,417)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	(88,359)	(163,079)	(268,710)	(1,145,601)
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment	(133,951)	(303,173)	(499,547)	(1,329,160)
Taxes Relating to Remeasurements of Defined Benefit Plans	45,592	140,094	230,837	183,559
Other Comprehensive Income that will be Reclassified to Profit or Loss	685,646	(1,350,192)	(2,224,749)	453,076
Foreign Exchange Differences on Translation	333,342	(1,066,803)	(1,757,801)	614,139
Gains (Losses) on Remeasuring or Reclassification Adjustments on Financial Assets Through Other Comprehensive Income	(17,602)	43,130	71,067	(28,797)
Gains (Losses) on Cash Flow Hedges	395,288	(434,675)	(716,226)	68,612
Gains (Losses) on Exchange Differences on Translation of Investments Accounted by Using Equity Method	50,156	29,847	49,179	(185,417)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(75,538)	78,309	129,032	(15,461)
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Financial Assets Through Other Comprehensive Income	3,520	(8,626)	(14,213)	7,199
Taxes Relating to Cash Flow Hedges	(79,058)	86,935	143,245	(22,660)
Other Comprehensive Income	1,821,371	(1,973,447)	(3,251,704)	7,552,954
Total Comprehensive Income	6,723,352	(1,857,235)	(3,060,218)	9,884,113

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

Consolidated Statements of Financial Positions (Balance Sheets)

	31 December			
	2021*	2022*	2022**	2023**
ASSETS				
Current assets:		(TL in thousands)		
Cash and Cash Equivalents.....	3,431,827	1,552,411	2,557,953	2,294,683
Financial Assets.....	2,810	40,153	66,162	35,331
Trade Receivables.....	10,963,815	10,973,910	18,082,032	17,825,902
- Trade Receivables Due from Related Parties.....	23,215	40,856	67,305	456,542
- Trade Receivables Due from Third Parties.....	10,940,600	10,933,054	18,014,727	17,369,360
Other Receivables.....	2,400,014	2,520,423	4,152,974	2,255,571
- Other Receivables Due from Related Parties.....	1,393,458	1,352,246	2,228,135	889,313
- Other Receivables Due from Third Parties.....	1,006,556	1,168,177	1,924,839	1,366,258
Derivative Financial Instruments.....	474,358	107,224	176,676	187,106
Inventories.....	17,143,925	13,689,041	22,555,833	23,510,954
Prepaid Expenses.....	1,004,865	798,224	1,315,256	1,523,914
- Prepayments to Related Parties.....	-	198,203	326,585	-
- Prepayments to Third Parties.....	1,004,865	600,021	988,671	1,523,914
Current Tax Assets.....	13,120	34,222	56,388	13,878
Other Current Assets.....	353,742	157,767	259,960	457,449
- Other Current Assets Due from Third Parties.....	353,742	157,767	259,960	457,449
Total Current Assets.....	35,788,476	29,873,375	49,223,234	48,104,788
Non-current assets:				
Financial Assets ⁽¹⁾	220,408	263,538	434,238	289,257
Associates Accounted by Using the Equity Method ⁽²⁾	2,560,282	3,109,319	5,123,316	5,857,271
Trade Receivables.....	768	67	111	821
- Trade Receivables Due from Third Parties.....	768	67	111	821
Other Receivables.....	17,813,322	16,451,742	27,108,015	28,801,484
- Other Receivables Due from Related Parties.....	17,606,057	16,418,157	27,052,676	28,767,776
- Other Receivables Due from Third Parties.....	207,265	33,585	55,339	33,708
Property, Plant and Equipment.....	13,824,480	15,208,565	25,059,592	34,641,411
Right of Use Assets.....	408,323	600,420	989,329	1,231,084
Intangible Assets.....	1,868,707	1,995,500	3,288,045	3,913,790
Prepaid Expenses.....	649,582	530,931	874,830	2,340,924
- Prepayments to Related Parties.....	-	-	-	1,982,111
- Prepayments to Third Parties.....	649,582	530,931	874,830	358,813
Deferred Tax Asset.....	1,335,165	-	-	-
Other Non-current Assets.....	15,752	-	-	-
Total Non-Current Assets.....	38,696,789	38,160,082	62,877,476	77,076,042
Total Assets.....	74,485,265	68,033,457	112,100,710	125,180,830
LIABILITIES				
Current liabilities:				
Short Term Borrowings.....	8,308,044	18,947,562	31,220,451	24,062,917
- Short Term Borrowings from Related Parties.....	18,765	10,676	17,591	-
- Lease Liabilities.....	18,765	10,676	17,591	-
- Short Term Borrowings from Third Parties.....	8,289,279	18,936,886	31,202,860	24,062,917
- Bank Loans.....	7,137,338	17,668,289	29,112,556	20,281,985
- Lease Liabilities.....	104,202	129,393	213,204	230,962
- Issued Debt Instruments.....	1,047,739	1,139,204	1,877,100	3,549,970
Current Portion of Long Term Borrowings.....	9,879,729	1,396,941	2,301,781	2,824,663
- Current Portion of Long Term Borrowings From Bank Loans.....	9,879,729	1,396,941	2,301,781	2,824,663
Other Financial Liabilities.....	-	-	-	1,259,701
Trade Payables.....	26,326,813	21,581,477	35,560,430	41,965,774
- Trade Payables to Related Parties.....	108,432	44,064	72,605	112,528
- Trade Payables to Third Parties.....	26,218,381	21,537,413	35,487,825	41,853,246
Payables Related to Employee Benefits.....	459,139	453,969	748,018	912,453
Other Payables.....	17,663	2,791	4,598	14,166
- Other Payables to Third Parties.....	17,663	2,791	4,598	14,166
Derivative Financial Liabilities.....	873,729	595,569	981,337	626,360
Deferred Revenue.....	680,065	1,252,820	2,064,309	1,073,173
- Deferred Revenue from Related Parties.....	-	-	-	4,022
- Deferred Revenue from Third Parties.....	680,065	1,252,820	2,064,309	1,069,151
Current Tax Liabilities.....	-	-	-	15,668
Current Provisions.....	2,037,986	1,560,005	2,570,464	2,972,156
- Other Current Provisions.....	2,037,986	1,560,005	2,570,464	2,972,156
Other Current Liabilities.....	1,699,914	1,217,998	2,006,927	2,410,560
- Other Current Liabilities to Third Parties.....	1,699,914	1,217,998	2,006,927	2,410,560
Total Current Liabilities.....	50,283,082	47,009,132	77,458,315	78,137,591
Non-Current Liabilities:				
Long Term Borrowings.....	1,716,983	1,091,203	1,798,009	2,532,241
- Long Term Borrowings from Related Parties.....	17,537	-	-	-
- Lease Liabilities.....	17,537	-	-	-
- Long Term Borrowings from Third Parties.....	1,699,446	1,091,203	1,798,009	2,532,241
- Bank Loans.....	1,032,394	693,877	1,143,322	1,867,476
- Lease Liabilities.....	231,738	397,326	654,687	664,765
- Issued Debt Instruments.....	435,314	-	-	-
Other Financial Liabilities.....	-	-	-	257,015
Trade Payables.....	297,333	182,877	301,331	178,174
- Trade Payables to Third Parties.....	297,333	182,877	301,331	178,174
Non-current Provisions.....	789,596	1,391,686	2,293,122	1,930,013
- Non-current Provisions for Employee Benefits.....	636,088	1,240,006	2,043,194	1,580,853
- Other Non-current Provisions.....	153,508	151,680	249,928	349,160
Deferred Tax Liabilities.....	1,406,232	9,905	16,320	1,272,751

Other Non-current Liabilities	4,000	3,877	6,389	12,836
- Other Non-current Liabilities to Third Parties	4,000	3,877	6,389	12,836
Total Non-current Liabilities.....	4,214,144	2,679,548	4,415,171	6,183,030
Total Liabilities.....	54,497,226	49,688,680	81,873,486	84,320,621
EQUITY				
Equity Attributable to Owners of Parent	18,322,225	16,613,680	27,374,845	36,044,256
Share Capital ⁽³⁾	335,456	335,456	335,456	335,456
Adjustments to Share Capital ⁽⁴⁾	9,283,822	9,283,822	15,514,508	15,514,508
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss	1,762,589	1,024,401	1,687,936	7,755,669
- Revaluation of Property, Plant and Equipment ⁽⁵⁾	1,907,218	1,673,170	2,756,931	9,041,079
- Gains (Losses) on Remeasurement of Defined Benefit Plans.....	(144,629)	(648,769)	(1,068,995)	(1,285,410)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss	1,983,406	637,257	1,050,027	1,505,072
- Exchange Differences on Translation.....	1,753,554	716,598	1,180,759	1,609,481
- Gains (Losses) on Cash Flow Hedges ⁽⁶⁾	218,373	(129,367)	(213,162)	(165,241)
- Financial Assets Measured of Fair Value through Other Comprehensive Income ⁽⁷⁾	11,479	50,026	82,430	60,832
Restricted Reserves Appropriated from Profits ⁽⁸⁾	766,974	760,558	1,253,194	1,253,194
- Legal Reserves ⁽⁸⁾	766,974	760,558	1,253,194	1,253,194
Retained Earnings	(209,796)	4,639,755	7,645,059	8,230,732
Current Period Net Profit (or Loss)	4,399,774	(67,569)	(111,335)	1,449,625
Non-controlling Interests.....	1,665,814	1,731,097	2,852,379	4,815,953
Total Equity.....	19,988,039	18,344,777	30,227,224	40,860,209
Total Liabilities and Equity	74,485,265	68,033,457	112,100,710	125,180,830

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

- (1) This line item is referred to as "Financial Investments" in the 2022 and 2021 Financial Statements.
- (2) This line item is referred to as "Investments in subsidiaries, joint ventures" in the 2022 and 2021 Financial Statements.
- (3) This line item is referred to as "Issued Capital" in the 2022 and 2021 Financial Statements.
- (4) This line item is referred to as "Adjustments on Capital" in the 2022 and 2021 Financial Statements.
- (5) This line item is referred to as "Increases (Decreases) on Revaluation of Property, Plant and Equipment" in the 2022 and 2021 Financial Statements.
- (6) This line item is presented as a sub-item of the line item of "Gains (Losses) on Hedge" in the 2022 and 2021 Financial Statements.
- (7) This line item is presented as a sub-item of the line item of "Gains (Losses) on Revaluation and Reclassification" in the 2022 and 2021 Financial Statements.
- (8) This line item is referred to as "Reserves" in the 2022 and 2021 Financial Statements.

Summary Statement of Cash Flow

	Year ended 31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands)			
Cash Flows From (Used In) Operating Activities.....	8,233,361	(2,427,483)	(3,999,835)	7,060,960
Cash Flows From (Used In) Investing Activities	(3,315,188)	(4,524,261)	(7,454,754)	(7,705,365)
Cash Flows From (Used In) Financing Activities	(4,640,520)	6,415,026	10,570,226	1,386,691
Net Increase (Decrease) In Cash and Cash Equivalents	277,653	(536,718)	(884,363)	742,286
Effect of Monetary Gain / (Loss) on Cash and Cash Equivalents	(4,262,241)	(1,589,812)	(2,619,580)	(1,092,103)
Net increase (decrease) in cash and cash equivalents	(3,677,553)	(1,879,402)	(3,096,743)	(263,256)
Cash and cash equivalents at the beginning of the period.....	7,109,344	3,431,791	5,654,660	2,557,917
Cash and cash equivalents at the end of the period	3,431,791	1,552,389	2,557,917	2,294,661

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

Other Financial and Operational Information

The table below sets forth the Group's other financial and operational data which the Group's management believes is useful in understanding the performance of the Group's business as of the dates and for the periods indicated. See "Presentation of Financial and Other Information—Presentation of Alternative Performance Measures".

	Year ended 31 December			
	2021*	2022*	2022**	2023**
		(TL in thousands, except ratios)		
Adjusted EBITDA.....	8,995,807	3,370,503	5,553,680	10,406,253
Adjusted EBITDA Margin (%)	13.9%	5.0%	5.0%	9.3%
		31 December		
	2021*	2022*	2022**	2023**
		(TL in thousands, except ratios)		
Net Debt	16,436,627	19,872,619	32,744,697	27,125,138
Net Leverage Ratio (x)	1.8	5.9	5.9	2.6
Interest Coverage Ratio (x)	3.8	1.3	1.3	1.9

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

Adjusted EBITDA

The following table shows the reconciliation Adjusted EBITDA to profit for the periods specified.

	Year ended 31 December			
	2021*	2022*	2022**	2023**
		(TL in thousands)		
Profit for the period	4,901,981	116,212	191,486	2,331,159
add back:				
Depreciation and amortization expenses.....	(2,529,259)	(2,292,519)	(3,777,452)	(4,305,820)
Share of Net Profit of Associates Accounted for Using the Equity Method.....	148,168	990,102	1,631,419	880,583
Finance income	15,519,798	12,175,958	20,062,681	18,431,136
Finance costs	(14,397,608)	(11,766,554)	(19,388,094)	(18,340,172)
Tax (Expense) Income, Continuing Operations...	491,416	(90,206)	(148,635)	(683,869)
Other income from operating activities ⁽¹⁾	6,078,943	3,536,352	5,826,950	2,104,711
Other expenses from operating activities ⁽²⁾	(12,694,719)	(9,389,457)	(15,471,283)	(15,900,432)
Monetary Gain	3,289,435	3,582,033	5,902,220	9,738,769
Adjusted EBITDA⁽³⁾	8,995,807	3,370,503	5,553,680	10,406,253

(1) Represents overdue interest charges, foreign exchange gains arising from trading activities, reversal of provisions, and other income. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Presentation of Operating Results—Other Income From Operating Activities”.

(2) Represents interest expense on term purchases, foreign exchange expenses arising from trading activities, provision expenses and other expenses. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Presentation of Operating Results—Other Expenses From Operating Activities”.

(3) “Adjusted EBITDA” is defined as profit for the period and adding back share of net profit of associates accounted for using the equity method, finance income, finance costs, tax (Expense) income, continuing operations, other income from operating activities, other expenses from operating activities, monetary gain and depreciation and amortisation expenses. Other income from operating activities and other expenses from operating activities as stated in the consolidated statement of profit or loss statement are excluded from the calculation of the Adjusted EBITDA.

Adjusted EBITDA Margin

The following table shows the calculation of Adjusted EBITDA margin for the periods specified.

	Year ended 31 December			
	2021*	2022*	2022**	2023**
		(TL in thousands, except ratios)		
Adjusted EBITDA	8,995,807	3,370,503	5,553,680	10,406,253
Revenue	64,793,641	67,441,264	111,124,940	112,215,734
Adjusted EBITDA Margin⁽¹⁾ (%)	13.9%	5.0%	5.0%	9.3%

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

(31) "Adjusted EBITDA Margin" is defined as Adjusted EBITDA for the periods presented divided by revenue for the same period.

Net Debt

The following table shows a reconciliation of Net Debt as of the dates indicated.

	31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands)			
Short Term Bank Loans.....	7,137,338	17,668,289	29,112,556	20,281,985
Short Term Portion of Long Term Lease Liabilities	104,202	129,393	213,204	230,962
Short Term Issued Debt Instruments	1,047,739	1,139,204	1,877,100	3,549,970
Short Term Portion of Long Term Bank Loans...	9,879,729	1,396,941	2,301,781	2,824,663
Long Term Bank Loans.....	1,032,394	693,877	1,143,322	1,867,476
Long Term Lease Liabilities.....	231,738	397,326	654,687	664,765
Long Term Issued Debt Instruments	435,314	-	-	-
minus				
Cash and cash equivalents	3,431,827	1,552,411	2,557,953	2,294,683
Net Debt⁽¹⁾	16,436,627	19,872,619	32,744,697	27,125,138

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

(31) "Net Debt" is defined as short-term bank loans, short-term portion of long-term bank loans, short-term portion of long-term lease liabilities, short-term issued debt instruments, long-term bank loans, long-term issued debt instruments and long-term lease liabilities minus cash and cash equivalents.

Net Leverage Ratio

The following table shows a reconciliation of Net Leverage Ratio as of the dates indicated.

	31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands, except ratios)			
Net Debt	16,436,627	19,872,619	32,744,697	27,125,138
Adjusted EBITDA.....	8,995,807	3,370,503	5,553,680	10,406,253
Net Leverage Ratio⁽¹⁾ (x)	1.8	5.9	5.9	2.6

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

(31) "Net Leverage Ratio" is defined as Net Debt as of the dates indicated divided by Adjusted EBITDA for the relevant period.

Interest Coverage Ratio

The following table shows a reconciliation of Interest Coverage Ratio as of the dates indicated.

	31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands, except ratios)			
Adjusted EBITDA.....	8,995,807	3,370,503	5,553,680	10,406,253
Interest Expense.....	2,380,116	2,620,252	4,317,466	5,578,036
Interest Coverage Ratio⁽¹⁾ (x)	3.8	1.3	1.3	1.9

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

****** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

(31) “Interest Coverage Ratio” is defined as Adjusted EBITDA for the periods presented divided by interest expense for the same period.

As Adjusted Financial Information ⁽¹⁾

	31 December 2023
	<i>(TL in millions, except ratios)</i>
Total Debt.....	33,541.2
Net Debt.....	27,419.5
	Year ended 31 December 2023
	<i>(TL in millions, except ratios)</i>
Adjusted EBITDA	10,406.3
Leverage Ratio ⁽²⁾	3.2x
Net Leverage Ratio	2.6x

(1) As adjusted to reflect the issuance of the Notes and the application of the proceeds thereof.

(2) “Leverage Ratio” is defined as Total Debt divided by Adjusted EBITA

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Group's results of operations and financial condition. The following discussion and analysis should be read in conjunction with the Financial Statements and the notes thereto included in this Offering Circular beginning on page F-1. You should also read the following information in conjunction with "Selected Historical Financial and Operational Data". The following discussion contains certain forward-looking statements that reflect the Group's plans, estimates and beliefs and are subject to risks and uncertainties. The Group's actual results of operations may differ materially from those discussed in such forward-looking statements. Historical results may not indicate future performance. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Offering Circular, including the risks discussed under "Risk Factors" and "Forward Looking Statements". For a description of the financial statements, see "Presentation of Financial and Other Information".

This section also contains non-IFRS financial measures and operational key performance indicators. These measures are used by the Group's management to monitor the underlying performance of the business and the operations. The non-IFRS financial measures are not measurements of performance or liquidity under IFRS or any other generally accepted accounting principles. Investors should not place undue reliance on these non-IFRS financial measures and should not consider these measures as: (a) an alternative to operating income or net profit as determined in accordance with IFRS, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with IFRS, or a measure of the Group's ability to meet cash needs; or (c) an alternative to any other measures of performance under IFRS. Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. The Group's method of calculating certain operational key performance indicators differ from the method used by others in its industry and so may not be comparable to such other key performance indicators. See "Presentation of Financial and Other Information—Non-IFRS Measures."

Overview

The Issuer is a joint stock company established and operating under the laws of Türkiye and a part of the 'Vestel Group', which is ultimately controlled by the Zorlu Family. The Issuer was founded on 4 March 1983, as a TV manufacturer and acquired by Zorlu Group in 1994. The shares of the Issuer have been traded on Borsa Istanbul under the ticker "VESTL" since 1990. The Issuer leads the development and manufacturing of the consumer electronics product segment, including, to a certain extent, mobility electronics. Vestel White Goods, a subsidiary of the Issuer, is responsible for the development and manufacturing of MDAs and certain other products within the household appliances product segment. Vestel White Goods is also a public company and its shares are being traded in Borsa Istanbul under the ticker 'VESBE' since 2006. Vestel Mobility, another member of the Group, is active in the field of producing electric vehicle chargers, automotive electronics and battery solutions. The Issuer realises its international and domestic marketing activities and sales through Vestel Trade, a subsidiary of the Issuer.

The Group aims to provide a balanced product offering, focused on several key product segments under its main business units. The Group operates in the areas of (a) household appliances (64 per cent. of the Group's revenue in the year ended 31 December 2023), (b) consumer and mobility electronics (36 per cent. of the Group's revenue for the year ended 31 December 2023). The Group's total revenue and Adjusted EBITDA for the year ended 31 December 2023 was TRY 112,215,734 thousand and TRY 10,406,253 thousand, respectively.

Household Appliances: The Group offers user-friendly, energy and water efficient, environmental-friendly, innovative and digital products and services that respond to customer needs under its well-established brand, Vestel, with an annual household appliances production capacity of 15.6 million units as of the end of 2023, which increased by another 500,000 units as of the beginning of April 2024. The Group's products include products for consumers comprising primarily MDAs (including refrigerators, deep freezers, washing machines, dishwashers, cooking appliances and tumble dryers, air-conditioners, water heaters and vaccine storage cabinets) and SDAs, which are outsourced mainly from Türkiye and Asia (including kitchen appliances and

accessories, such as microwave ovens, blenders and coffee makers, irons, air purifiers and personal care products, such as hair dryers, hair stylers and scales). For the year ended 31 December 2023, the Group generated revenue of TRY 72 billion from household appliances, representing 64 per cent. of its total revenue.

Consumer Electronics and Mobility Electronics: The Group designs and manufactures TV sets, digital display solutions, set top boxes and telco products for its own sales and also to certain other major brands around the world, with an annual TV production capacity of 10 million units as of the date of this Offering Circular. The Group's consumer electronics segment mainly includes semi and fully integrated TV production (*including OLED TV, borderless TV, elite UHD TV, UHD TV, smart TV and LED TV*), visual solutions (*including digital signage solutions, interactive flat whiteboard and hospitality solutions*) and set-up boxes. The Group entered the mobility electronics business in 2013 and realised its first product sales in 2017. The Group produces electric vehicle charging units (both AC and DC types), in-vehicle display systems, ECUs and EMS for the automotive sector, battery packs for e-bikes, portable TVs, vacuum cleaners and energy storage systems for telecom base stations, houses, commercial / industrial applications.

For the year ended 31 December 2023, the Group generated revenue of TRY 40 billion from consumer and mobility electronics, representing 36 per cent. of its total revenue. The Group believes that mobility electronics offers strong growth potential in the medium to long term.

The Group is confident in its brand portfolio in terms of the brand value and success of certain key brands and in terms of the variety of the brands at their use. As of the date of this Offering Circular, Group owns a total of 30 brands and holds a licence for five different brands.

As of the date of this Offering Circular, the Group operates with global footprint, conducting sales operations across more than 160 countries. As of 31 December 2023, in Türkiye alone, the Vestel brand was sold at 1,363 exclusive stores, in addition to being distributed through multiple channels such as mass merchandisers, department stores and technology chains. Further, the Group was selling the Regal brand through a total of 1,235 sales points in Türkiye, as of 31 December 2023. Additionally, the Group leverages a portfolio of 35 esteemed owned and licensed brands, strategically deployed in sales initiatives both domestically and internationally.

The Group mainly carries out its production activities at Vestel city, which is located on a total area of 1.3 million square meters in Manisa Organized Industrial Zone in Türkiye with its production plants and auxiliary buildings covering an indoor area of 897 thousand square meters as of the date of this Offering Circular. In addition to the Vestel City, one of the Europe's largest industrial manufacturing complexes in a single location, the Group has another manufacturing site located in the Aegean Free Zone in İzmir. As of 31 December 2023, the Group employed a total of 19,304 individuals, with 97 per cent. of such employees based in Türkiye and the remainder based abroad. As of the same date, approximately 71 per cent. of the Group's employees in Türkiye and 0.50 per cent. of its employees outside Türkiye are members of trade unions.

The Group is committed to integrating sustainability into all aspects of its operations and ensuring that its approach to sustainability aligns with its long-term business objectives. The Group recognises that its activities have an impact on the environment in which it operates and its stakeholders and it is committed to reducing negative impacts. The Group's primary objectives are to create social and environmental benefits through accessible and smart products that make life easier and to ensure sustainable and environment-friendly growth with technology and people-oriented transformation in its business operations.

Key Factors Affecting the Results of Operations of the Group

The performance of the Group and its results of operations and financial condition have been and will continue to be affected by a number of factors, including external factors. The management of the Group believes that the key factors affecting the results of operations and financial condition of the Group include the following:

- (i) economic environment in key markets;
- (ii) product quality and perception;

- (iii) price positioning and cost competitiveness; and
- (iv) foreign currency fluctuations.

Economic environment in key markets

The Group's global footprint includes three main regions (being (i) EMEA and Americas, (ii) Türkiye, Central Asia, Iran, Iraq, Syria, North Cyprus, and (iii) Asia Pacific). The Europe is the main export market for the Group's business with a considerable share in the Group's export revenues. The Group operates in other markets, namely, non-European regions, including Central Asia and Turkic Republics, Sub-Saharan Africa, North and South America, MENA region and emerging Asia, as part of its market diversification strategy.

The Group's results have been, and likely will continue to be, affected by wider economic conditions, including changes in GDP in Türkiye, Europe and other markets, certain sub-sectoral developments such as those affecting the customer confidence, demand and spending patterns in the various markets where it sells its products. Macroeconomic factors that influence customer confidence and spending behaviour include the level of inflation and unemployment, Turkish Lira depreciation or appreciation and an increase or decrease in interest rates, fluctuations in energy and material prices, conditions in the construction sector and general economic conditions. An actual or anticipated improvement or a deterioration of economic conditions in any of the Group's major markets may affect customer confidence and spending, resulting in a corresponding fluctuation in consumption that would impact the level of demand for the Group's products and the prices at which they can be sold.

Economic environment and macroeconomic volatility during the periods under review, reflected in the fluctuation of the Turkish Lira, contributed to an increase in the Turkish produce price index and CPI. As the Group's commercial presence spans more than 160 countries with 35 owned and licensed brands in Türkiye and abroad and it has significant revenue deriving capacity from outside of Türkiye, exchange rate movements may have both positive and negative impacts on the Group's financial condition and results, sometimes in contradictory manners; e.g., significant depreciation in the Turkish Lira may lead to increased competitiveness of Turkish exports in international markets, while simultaneously resulting in lower demand in Türkiye.

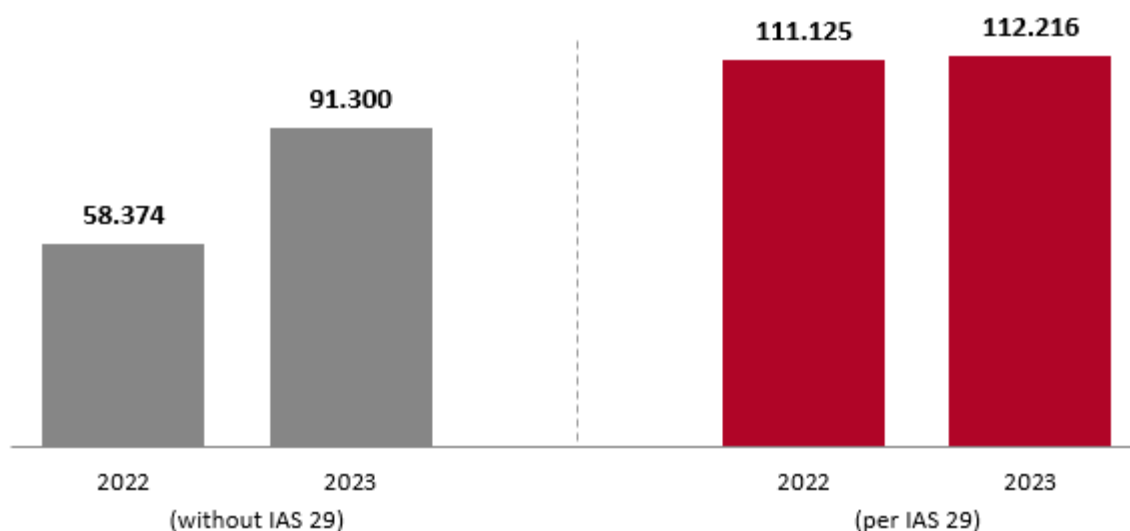
The Group's businesses across its operating segments have experienced varied impacts from Turkish inflation, depending on the industry and markets in which they primarily operate, their pricing strategy, the supply chain dynamics, and their capacity to pass through the cost increases. Inflation has increased the cost of goods sold and wages, while also positively affecting consumer demand because consumers who anticipate increases in inflation will frequently accelerate their purchases before the costs increase, which is common for durable goods in the Turkish white goods. In addition, as businesses' financing costs have risen due to inflation, investment profitability has decreased and access to financing has become limited, which has also limited demand for the Group's products.

Türkiye has been experiencing persistent high inflation, consistently hitting double digits over the past five years. The CPI in Türkiye has fluctuated between 8.6 per cent. and 85.5 per cent. from 2019 to 2023, based on monthly and annual data from TÜİK. TÜİK reported annual CPI increases of 11.8 per cent., 14.6 per cent., 36.1 per cent., 64.3 per cent., and 64.8 per cent. in 2019, 2020, 2021, 2022, and 2023, respectively. However, despite certain projections of the Central Bank in respect of a potential decrease in the CPI, many external sources anticipate sustained high inflation. In preparing the Financial Statements for the purposes of this Offering Circular, the Group adhered to IAS 29, which mandates restating financial statements into the current purchasing power at the end of the relevant reporting period. Please see "*Key Factors Affecting Comparability of the Group's Financial Statements—IAS 29*" The adoption of a current purchasing power approach entails a rigorous series of procedures and reconciliations to ensure accuracy in financial reporting.

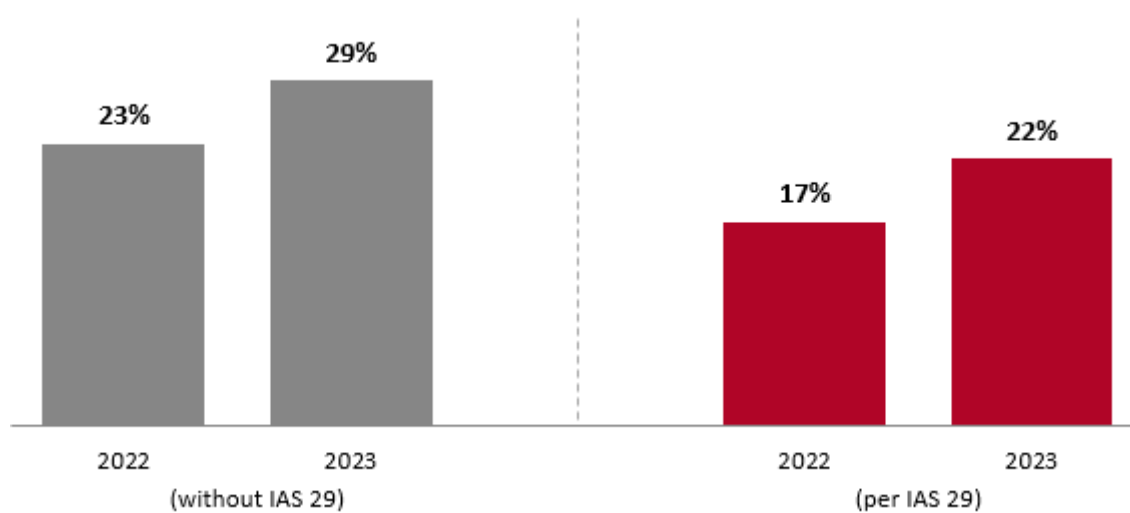
The impact of hyperinflation is also demonstrated when comparing specific key metrics calculated in accordance IAS 29 versus the results obtained for the same metrics as computed without the application of IAS 29. The following graphs present such comparisons in respect of the years ended 31 December 2023 and 2022, for explanatory purposes.

Potential investors of the Notes should note that these are presented solely for the purpose of illustrating the effect of hyperinflation and the application of IAS 29 and the data presented without the application of IAS 29 do not reflect the financial information set out in the Financial Statements or the hyperinflation-related accounting policies required to be applied by the Group as of the date of this Offering Circular.

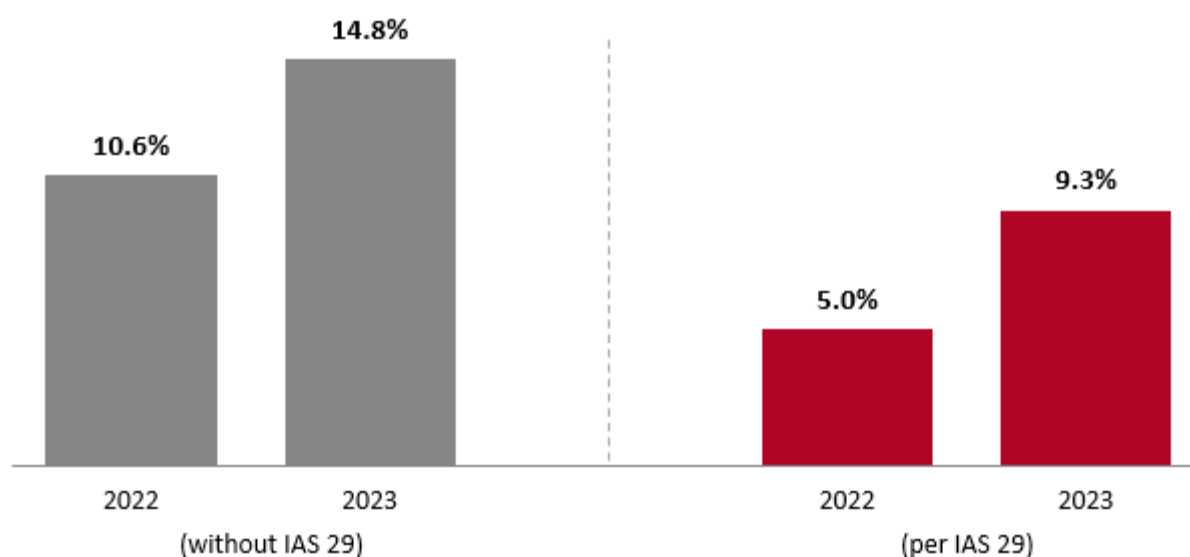
Revenue (TL millions)



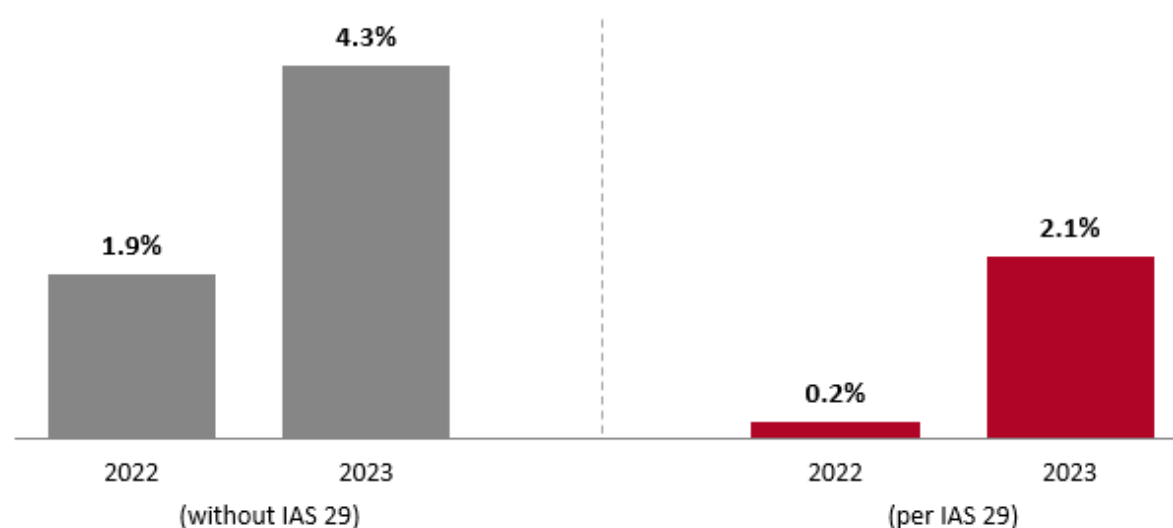
Gross profit margin



Adjusted EBITDA Margin



Net Profit Margin⁸



Furthermore, in 2023, consumer demand in European market was down in unit terms due to macroeconomic and political challenges. The supply shortage in global energy markets in 2022 also caused natural gas and coal prices to increase to historic highs. The sharp increase in the prices of natural gas and coal, which are responsible for a significant share of electricity generation, was also reflected in electricity prices. This rapid increase in global energy prices in 2022 began to gradually stabilize in 2023, supported by climate conditions and political measures around the world, especially in European countries. High energy prices over an extended period of time as well as changes in energy taxation and regulation in certain locations, might have an adverse effect on the Group's operating income and the Group's profitability in certain markets.

Product quality and perception

Improvements to the Group's existing products, the extent to which it brings new products to market, customer perception of quality and value and acceptance by customers all affect the Group's ability to compete effectively and have a significant impact on the Group's results of operations. In order to drive further growth through new product initiatives, the Group is committed to swiftly addressing consumer demands through technological solutions, ensuring that innovation is both rapid and accessible to all. With a dedicated

⁸ Refers to the net profit divided by revenue for each period.

R&D team, the Group's relentless pursuit of excellence drives it to systematically increase its R&D budget allocation and diversify its funding sources.

The Group competes in highly competitive global markets characterised by evolving industry standards and continual improvements in product quality, reliability, manufacturing processes and product performance features, which result in the frequent introduction of new products. In particular, product lifecycles in the consumer electronics business are very short. In the mature white goods segment, product cycles are longer but there is constant pressure in all markets to design products that are appealing to customers. Continued and timely development of new products and services and enhancements to existing products and manufacturing processes are critical to maintaining and improving the Group's competitive position. Accordingly, the Group has made, and will continue to make, significant investments in R&D of new technologies, products and services. R&D costs are, in part, capitalised and in part expensed. Costs incurred on development projects relating to the design, quality, reliability and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility. The Group's focus on R&D has led to a consistent increase in overall R&D spend share in revenue year on year for the years ended 31 December 2021, 2022 and 2023 with 1.7 per cent., 1.8 per cent. and 2.0 per cent., respectively.

Price positioning and cost competitiveness

The Group believes that its ability to position its pricing and maintain cost competitiveness in its various markets has a significant effect on its results of operations and profit margins in each of its product segments. Its ability to do so varies across products and markets, particularly with respect to product pricing in the white goods segment.

The Group also utilizes its wide range of brands in different product segments and sales channels catering to various price points.

Although the Group targets different market segments and sales channels with different brands, considering a number of factors, including the association of each brand with different price points for its products, the Group may have limited ability to set its prices. Competitive conditions in the Group's markets require it to manage its cost base. The largest component of the Group's costs is raw materials, namely cell/panels, electronic components, mechanic, metal and plastic materials for its consumer electronics and mobility electronics business segments, and components, stainless steel, motor, sheet metal, compressor, and plastic for its household appliances business segment. Prices for raw materials are strongly influenced by commodity prices outside the Group's control. However, the Group's ability to manage the logistics costs, unit cost and economies of scale have allowed the Group to support its margins even during periods of competitive price reduction.

Foreign currency fluctuations

The Group's results are impacted by foreign currency exposure arising from revenue or purchases by its businesses in currencies other than the Group companies' functional currencies as it carries out international sales and incurs certain expenses in currencies other than its reporting currency, the Turkish Lira. Although the Group's international operations provide it with a natural hedge (enabling the Group to offset its foreign exchange losses due to foreign currency denominated cost of sales items) against fluctuations in exchange rates between the Turkish Lira and other currencies, the Group's profitability is exposed to fluctuations in exchange rates between the Turkish Lira and other currencies.

The Group's revenues are also exposed to currency fluctuations that occur between the production and sale of a product. The Group seeks to maintain access to organised and over-the-counter markets enabling it to cover its foreign exchange exposure efficiently.

The appreciation and depreciation of the Turkish Lira may also impact the Group's balance sheet and income statements and consequently, the financial condition and overall results of the Group. As of 31 December 2023, the Group's total assets denominated in foreign currency were TRY 40,001,934 thousand compared to

TRY 39,932,496 thousand as of 31 December 2022, with the purchasing power of TL as of 31 December 2023. Similarly, the net amount of foreign exchange income/expenses arising from trading activities related to exports from Türkiye as a percentage of the Group's consolidated revenues increased to 11 per cent. in 2023 from 8 per cent. in 2022. Currency movements had, and will likely continue to have, a significant impact on the Group's financial condition and results.

The following table demonstrates the Group's net foreign exchange position as of the dates indicated.

	31 December 23		31 December 2022	
	(in millions of TL)	(in millions of U.S.\$)*	(in millions of TL)	(in millions of U.S.\$)**
Total foreign exchange assets	40,002	1,359	39,932	2,136
Total foreign exchange liabilities	(47,472)	(1,613)	(40,447)	(2,163)
Off-balance sheet derivative instruments	3,693	125	(4,608)	(246)
Inventory adjustment ⁽¹⁾	13,851	471	5,754	308
Net foreign exchange position	10,073	342	630	34

* For presentational purposes all amounts and indebtedness denominated in TL have been converted into U.S.\$ at an exchange rate of \$1.00 to TL 29.4382, which is the Central Bank's buying rate on 31 December 2023.

** For presentational purposes all amounts and indebtedness denominated in TL have been converted into U.S.\$ at an exchange rate of \$1.00 to TL 18.6983, which is the Central Bank's buying rate on 31 December 2022.

(31) Adjusted for export related inventories (except for those held by the subsidiaries abroad) which are effectively treated as being foreign exchange denominated.

The Group employs a multi-faceted hedging policy to mitigate various risks related to FX fluctuations.

1. **Balance Sheet Hedging:** This aspect of the policy focuses on managing the net FX exposure present on the balance sheet. Initially, any export-bound inventories held in Türkiye, which are maintained in TL until sold, are considered FX-denominated. These inventories are incorporated into the net FX position, anticipating their eventual conversion into foreign currencies upon sale. Following this adjustment, any remaining net FX exposure is hedged using derivative financial instruments.
2. **Strategic Hedging:** This component of the Group's hedging policy is strategically employed in the pricing of international sales. By utilizing strategic hedging techniques, the Group aims to safeguard against adverse exchange rate movements, thereby protecting the profitability of its international transactions.
3. **Cash Flow Hedging:** This type of hedging is implemented to manage the FX risk associated with daily cash transactions. By engaging in cash flow hedging, the Group seeks to mitigate the impact of FX fluctuations on its day-to-day financial activities, ensuring more predictable and stable cash flows.

Key Factors Affecting Comparability of the Group's Financial Statements

IAS 29

The Financial Statements have been prepared in accordance with the IFRS, issued by the IASB, under which IAS 29 has been consistently applied.

Pursuant to IFRS and particularly IAS 29, the financial statements of entities whose functional currency is that of a hyperinflationary economy must be adjusted for the effects of changes in a general price index. IAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes.

As the Issuer is listed at Borsa İstanbul, the Issuer has an obligation to prepare consolidated financial statements in accordance with TAS and TFRS promulgated by the POAASA. In accordance with the resolution of the POAASA, the Group did not apply TAS 29 (being, accounting standard corresponding to IAS 29 under

TFRS) for its financial statements as of and for the period ended 31 December 2021 and 31 December 2022, which are disclosed to public as per Turkish regulations. Since the cumulative three-year inflation rate has risen to above 100 per cent. as of March 2022, based on the Turkish nation-wide consumer price indices announced by TÜİK, Türkiye should be considered a hyperinflationary economy under IAS 29 starting from 30 April 2022. On 23 November 2023, the POAASA decided that all companies applying the TFRS (including the Group) shall mandatorily apply TAS 29 for the first time during the preparation and publication of the financial statements as of and for the year ended 31 December 2023. Therefore, the Group has therefore presented its consolidated financial statements as of and for the year ended 31 December 2022 in its financial statements as of and for the year ended 31 December 2023 (which are prepared in accordance with the TFRS and disclosure to public as per Turkish regulations), on the purchasing power basis as of 31 December 2023.

The Group's financial information as of and for the year ended 31 December 2021, included as comparable financial information in the Group's consolidated financial statements as of and for the year ended 31 December 2022, excludes the application of TAS 29 (in accordance with the applicable regulations at the time of the preparation of such financial statements).,This Offering Circular includes, the Financial Statements prepared in accordance with the IFRS, issued by the IASB, including the IAS 29, which has been consistently applied across all years presented in this Offering Circular.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the CPI of Türkiye published by TÜİK.

As of 31 December 2023, the indices and adjustment coefficients used in the adjustment of the 2023 Financial Statements are as follows:

Date	Index	Coefficient of Correction	Three-Year Compound Inflation Rate (%)
31 December 2023	1,859.38	1.00000	268
31 December 2022	1,128.45	1.64773	156
31 December 2021	686.95	2.70672	74

As of 31 December 2022, the indices and adjustment coefficients used in the adjustment of the 2022 and 2021 Financial Statements are as follows:

Date	Index	Coefficient of Correction
31 December 2022	1,128.45	1.00000
31 December 2021	686.95	1.64270
31 December 2020	504.81	2.23540

As different coefficients have been used in calculating the financial information set out in the 2023 Financial Statements and the 2022 and 2021 Financial Statements, (i) the financial information set out in the 2022 and 2021 Financial Statements as of and for the year ended 31 December 2021 may not be comparable with the (ii) financial information as of and for the years ended 31 December 2023 included in the 2023 Financial Statements.

The main elements of the Group's adjustment for financial reporting purposes in hyperinflationary economies are as follows:

- The current period consolidated financial statements prepared in TL are expressed with the purchasing power at the balance sheet date and the amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are currently expressed with current purchasing power of TL at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of IAS 36 Impairment of Asset and IAS 2 Inventories are applied, respectively.

- Non-monetary assets and liabilities and equity items have been adjusted using the relevant correction coefficient in order to express those items with the current purchasing power of TL.
- All items included in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet, are indexed on a quarterly basis with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.
- The effect of inflation on the Group's net monetary liability position in the current period is recorded in the monetary gain/loss account in the consolidated income statement.

The Group measures its lands, land improvements and buildings at fair value by way of revaluation policy. As part of transition provisions in IAS 29 associated revaluation funds recognised under equity was reclassified to the retained earnings as of 1 January 2021.

Presentation of Operating Results

Revenue

The Group generates revenue from the production and sale of white goods, consumer electronics, mobility electronics, air conditioners and home appliance.

Cost of Sales

Cost of sales comprises (i) raw materials, supplies and finished goods, (ii) personnel expenses, (iii) depreciation and amortisation, (iv) export, transportation, warehouse expenses and (v) other.

General Administrative Expenses

General administrative expenses comprise (i) personnel expenses, (ii) depreciation and amortization expenses, (iii) consultancy expenses, (iv) information technology expenses, (v) rent and office expenses, (vi) tax and duties, (vii) insurance expenses, (viii) travelling expenses, (ix) benefits and services provided externally and (x) other expenses.

Marketing Expenses

Marketing expenses comprise (i) export, transportation, warehouse expenses, (ii) warranty and assembly expenses, (iii) personnel expenses, (iv) advertising expenses, (v) depreciation and amortisation and (vi) other expenses.

Research and Development Expenses

Research and development expenses comprise depreciation and amortization, personnel expenses and other expenses.

Other Income from Operating Activities

Other income from operating activities comprises overdue interest charges, foreign exchange gains arising from trading activities, reversal of provisions and other income.

Other Expenses from Operating Activities

Other expenses from operating activities comprise interest expense on term purchases, foreign exchange expenses arising from trading activities, provision expenses and other expenses.

Financial Income

Financial income comprises foreign exchange gains, gains on derivative financial instruments and interest income.

Finance Costs

Finance costs comprise foreign exchange losses, losses on derivative financial instruments, interest expense and commission and other finance expenses.

Monetary Gain / (Loss)

The effect of inflation on the Group's net monetary liability position in the current period is recorded in the monetary gain account in the consolidated income statement.

Tax (Expense) Income, Continuing Operations

The Group is subject to corporate tax applicable in Türkiye. The corporate tax rate was 23 per cent. for the year ended 31 December 2022 and the corporate tax rate was 25 per cent. for the year ended 31 December 2023. For the year ending 31 December 2024, the Group's corporate tax rate will be 25 per cent. The Group's taxes on income include current and deferred tax. The Group's tax expense includes current corporate tax expense and deferred tax income.

Other Comprehensive Income

Other comprehensive income comprises other comprehensive income that will not be reclassified to profit or loss, taxes relating to components of other comprehensive income that will not be reclassified to profit or loss, other comprehensive income that will be reclassified to profit or loss and taxes relating to components of other comprehensive income that will be reclassified to profit or loss.

Results of Operations

The following table sets forth the Group's consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2023, 2022 and 2021.

	Year ended 31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands, except otherwise stated)			
Revenue.....	64,793,641	67,441,264	111,124,940	112,215,734
Cost of Sales.....	(49,059,763)	(55,977,193)	(92,235,255)	(87,243,106)
Gross Profit.....	15,733,878	11,464,071	18,889,685	24,972,628
General Administrative Expenses.....	(1,327,179)	(1,469,440)	(2,421,239)	(2,838,815)
Marketing Expenses.....	(6,921,853)	(7,893,101)	(13,005,692)	(14,094,334)
Research and Development Expense.....	(1,018,298)	(1,023,546)	(1,686,526)	(1,939,046)
Other Income from Operating Activities.....	6,078,943	3,536,352	5,826,950	2,104,711
Other Expenses from Operating Activities.....	(12,694,719)	(9,389,457)	(15,471,283)	(15,900,432)
(Loss) / Profit from Operating Activities.....	(149,228)	(4,775,121)	(7,668,105)	(7,695,288)
Share of Net Profit of Associates Accounted for Using the Equity Method.....	148,168	990,102	1,631,419	880,583
(Loss) / Profit before Financing Income.....	(1,060)	(3,785,019)	(6,236,686)	(6,814,705)
Finance Income.....	15,519,798	12,175,958	20,062,681	18,431,136
Finance Costs.....	(14,397,608)	(11,766,554)	(19,388,094)	(18,340,172)
Monetary Gain / (Loss).....	3,289,435	3,582,033	5,902,220	9,738,769
Profit before Income Tax.....	4,410,565	206,418	340,121	3,015,028
Tax (Expense) Income, Continuing Operations.....	491,416	(90,206)	(148,635)	(683,869)
Current Tax Expense.....	(22,775)	(23,437)	(38,618)	(322,063)
Deferred Tax Income / (Loss).....	514,191	(66,769)	(110,017)	(361,806)
Profit for the Period.....	4,901,981	116,212	191,486	2,331,159
Profit / (loss), attributable to				
Non-controlling Interests.....	502,207	183,781	302,821	881,534
Owners of Parent.....	4,399,774	(67,569)	(111,335)	1,449,625
Earnings per share with a Kr 1 of Par Value (TL).....	0.1312	(0.0020)	(0.0033)	0.0432
Other Comprehensive Income that will not be Reclassified to Profit or Loss.....	1,135,725	(623,255)	(1,026,955)	7,099,878
Gains (Losses) on Revaluation of Property, Plant and Equipment.....	1,339,514	236,248	389,273	8,873,580
Gains (Losses) on Remeasurements of Defined Benefit Plans.....	(227,960)	(700,471)	(1,154,187)	(442,684)
Gains (Losses) on Remeasurements of Defined Benefit Plans of Associates Accounted by Using Equity Method.....	112,530	4,047	6,669	(185,417)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss.....	(88,359)	(163,079)	(268,710)	(1,145,601)
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment.....	(133,951)	(303,173)	(499,547)	(1,329,160)
Taxes Relating to Remeasurements of Defined Benefit Plans.....	45,592	140,094	230,837	183,559
Other Comprehensive Income that will be Reclassified to Profit or Loss.....	685,646	(1,350,192)	(2,224,749)	453,076
Foreign Exchange Differences on Translation.....	333,342	(1,066,803)	(1,757,801)	614,139
Gains (Losses) on Remeasuring or Reclassification Adjustments on Financial Assets Through Other Comprehensive Income.....	(17,602)	43,130	71,067	(28,797)
Gains (Losses) on Cash Flow Hedges.....	395,288	(434,675)	(716,226)	68,612
Gains (Losses) on Exchange Differences on Translation of Investments Accounted by Using Equity Method.....	50,156	29,847	49,179	(185,417)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss.....	(75,538)	78,309	129,032	(15,461)
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Financial Assets Through Other Comprehensive Income.....	3,520	(8,626)	(14,213)	7,199
Taxes Relating to Cash Flow Hedges.....	(79,058)	86,935	143,245	(22,660)
Other Comprehensive Income.....	1,821,371	(1,973,447)	(3,251,704)	7,552,954
Total Comprehensive Income.....	6,723,352	(1,857,235)	(3,060,218)	9,884,113

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

Comparison of Results for the Years Ended 31 December 2023 and 2022

Revenue. Revenue increased by TL 1,090,794 thousand, or 1.0 per cent., to TL 112,215,734 thousand for the year ended 31 December 2023 from TL 111,124,940 thousand for the year ended 31 December 2022. This increase was primarily attributable to an increase in domestic sales. Domestic sales increased by TL 8,233,719 thousand, or 22.6 per cent., to TL 44,699,811 thousand for the year ended 31 December 2023 from TL 36,466,092 thousand for the year ended 31 December 2022, which was due to double-digit volume growth in domestic MDA and TV sales on the back of strong consumer demand in Türkiye as consumers pulled forward their purchases amid expectations of continued future price increases. The Group implemented cost-based price increases in Türkiye in 2023, which was facilitated by strong demand.

This increase was partially offset by a decrease in export sales. Export sales decreased by TL 5,634,773 thousand, or 6.9 per cent., to TL 76,246,912 thousand for the year ended 31 December 2023 from TL 81,881,685 thousand for the year ended 31 December 2022. In international markets, unit TV exports increased by a mid-single digit year-over-year driven by better than market performance in Europe whilst export volumes in white goods business were down by a mid-single digit due to sustained demand weakness

in Europe and high comparison base of 2022, when the Group reached its highest-ever export volumes in white goods.

Cost of Sales. Cost of sales decreased by TL 4,992,149 thousand, or 5.4 per cent., to TL 87,243,106 thousand for the year ended 31 December 2023 from TL 92,235,255 thousand for the year ended 31 December 2022. This decrease was due to a decrease in the raw material costs and transport and storage costs.

Gross profit. The Group's gross profit increased by TL 6,082,943 thousand, or 32.2 per cent., to TL 24,972,628 thousand for the year ended 31 December 2023 from TL 18,889,685 thousand for the year ended 31 December 2022. This increase mostly results from the decline in raw material prices, solid volume growth and pricing actions in domestic market and more supportive foreign exchange for international sales compared to 2022, in the white goods business.

General Administrative Expenses. General administrative expenses increased by TL 417,576 thousand, or 17.2 per cent., to TL 2,838,815 thousand for the year ended 31 December 2023 from TL 2,421,239 thousand for the year ended 31 December 2022. This increase was primarily attributable to an increase in personnel expenses. Personnel expenses increased by TL 276,219 thousand, or 32.3 per cent., to TL 1,131,162 thousand for the year ended 31 December 2023 from TL 854,943 thousand for the year ended 31 December 2022, which was due to an increase in minimum wage costs regulated by the government, which was partially compensated by a decrease in total number of employees.

Marketing Expenses. Marketing expenses increased by TL 1,088,642 thousand, or 8.4 per cent., to TL 14,094,334 thousand for the year ended 31 December 2023 from TL 13,005,692 thousand for the year ended 31 December 2022. This increase was primarily attributable to an increase in warranty and assembly expenses. Warranty and assembly expenses increased by TL 1,136,104 thousand, or 57.8 per cent., to TL 3,101,504 thousand for the year ended 31 December 2023 from TL 1,965,400 thousand for the year ended 31 December 2022.

Research and Development Expense. Research and development expense increased by TL 252,520 thousand, or 15.0 per cent., to TL 1,939,046 thousand for the year ended 31 December 2023 from TL 1,686,526 thousand for the year ended 31 December 2022. This increase was primarily attributable to an increase in depreciation and amortisation. Depreciation and amortisation increased by TL 276,426 thousand, or 34.1 per cent., to TL 1,087,303 thousand for the year ended 31 December 2023 from TL 810,877 thousand for the year ended 31 December 2022.

Other Income from Operating Activities. Other income from operating activities decreased by TL 3,722,239 thousand, or 63.9 per cent., to TL 2,104,711 thousand for the year ended 31 December 2023 from TL 5,826,950 thousand for the year ended 31 December 2022. This decrease was primarily attributable to a decrease in foreign exchange gains arising from trading activities. Foreign exchange gains arising from trading activities decreased by TL 3,515,443 thousand, or 73.1 per cent., to TL 1,290,875 thousand for the year ended 31 December 2023 from TL 4,806,318 thousand for the year ended 31 December 2022, which was due to more volatile average foreign exchange currency for the year 2022 compared to 2023.

Other Expenses from Operating Activities. Other expenses from operating activities increased by TL 429,149 thousand, or 2.8 per cent., to TL 15,900,432 thousand for the year ended 31 December 2023 from TL 15,471,283 thousand for the year ended 31 December 2022. This increase was primarily attributable to an increase in other expenses. Other expenses increased by TL 308,697 thousand, or 51.2 per cent., to TL 911,884 thousand for the year ended 31 December 2023 from TL 603,187 thousand for the year ended 31 December 2022.

Finance Income. Finance income decreased by TL 1,631,545 thousand, or 8.1 per cent., to TL 18,431,136 thousand for the year ended 31 December 2023 from TL 20,062,681 thousand for the year ended 31 December 2022. This decrease was primarily attributable to a decrease in gains on derivative financial instruments. Gains on derivative financial instruments decreased by TL 2,869,536 thousand, or 49.1 per cent., to TL 2,977,176 thousand for the year ended 31 December 2023 from TL 5,846,712 thousand for the year ended 31 December 2022.

Finance Costs. Finance costs decreased by TL 1,047,922 thousand, or 5.4 per cent., to TL 18,340,172 thousand for the year ended 31 December 2023 from TL 19,388,094 thousand for the year ended 31 December 2022. This decrease was primarily attributable to a decrease in losses on derivative financial instruments. Losses on derivative financial instruments decreased by TL 1,422,251 thousand, or 23.3 per cent., to TL 4,678,507 thousand for the year ended 31 December 2023 from TL 6,100,758 thousand for the year ended 31 December 2022.

Monetary Gain / (Loss). Monetary gain increased by TL 3,836,549 thousand, or 65.0 per cent., to TL 9,738,769 thousand for the year ended 31 December 2023 from TL 5,902,220 thousand for the year ended 31 December 2022. This increase was primarily attributable to inflation adjustments for non-monetary financial statement line items. Monetary gain is calculated based on net monetary asset and liability position and the Group has net monetary liability positions for the years ended 31 December 2023 and 2022. The net monetary liability position is mainly driven from each liability item, except for deferred tax assets/liabilities less monetary asset positions mainly such as cash and cash equivalents, trade and other receivables, derivative financial asset/liabilities and other monetary assets. Due to IAS 29 application the Group reported TL 9.7 billion monetary gain on its net monetary liability position of TL 29.7 billion. Inflationary adjustments in fixed assets narrowed the difference between the book values and tax bases of PPE and led to deferred tax liability and deferred tax expense in the fourth quarter of 2023 and 2023 compared to historical financial statements where the Group had reported deferred tax assets and deferred tax income.

Profit for the Period. As a result of the factors discussed above, profit for the period increased by TL 2,139,673 thousand, to TL 2,331,159 thousand for the year ended 31 December 2023 from TL 191,486 thousand for the year period ended 31 December 2022.

Other Comprehensive Income (Net of Tax). Other comprehensive income (net of tax) increased by TL 10,804,658 thousand to TL 7,552,954 thousand for the year ended 31 December 2023 from TL 3,251,704 thousand other comprehensive expense for the year ended 31 December 2022. This increase was primarily attributable to an increase in other comprehensive income that will be reclassified to profit or loss. Other comprehensive income that will be reclassified to profit or loss increased by TL 2,677,825 thousand, to TL 453,076 thousand for the year ended 31 December 2023 from TL 2,224,749 thousand other comprehensive expense that will be reclassified to profit or loss for the year ended 31 December 2022, which was due to an increase in foreign exchange difference on translation.

Comparison of Results for the Years Ended 31 December 2022 and 2021

Revenue. Revenue increased by TL 2,647,623 thousand, or 4.1 per cent., to TL 67,441,264 thousand for the year ended 31 December 2022 from TL 64,793,641 thousand for the year ended 31 December 2021. This increase was primarily attributable to an increase in domestic sales. Domestic sales increased by TL 5,010,174 thousand, or 29.3 per cent., to TL 22,131,120 thousand for the year ended 31 December 2022 from TL 17,120,946 thousand for the year ended 31 December 2021, which was due to strong cost-based price adjustments in domestic market, increase in domestic TV shipments on pulled forward demand and year-end promotional activities.

This increase was partially offset by a decrease in export sales. Export sales decreased by TL 2,016,211 thousand, or 3.9 per cent., to TL 49,693,655 thousand for the year ended 31 December 2023 from TL 51,709,866 thousand for the year ended 31 December 2022, which was due to softer demand environment and competitive pressures capping price power in European market, ongoing geopolitical uncertainty, partially compensated by sales growth in other regions.

Cost of Sales. Cost of sales increased by TL 6,917,430 thousand, or 14.1 per cent., to TL 55,977,193 thousand for the year ended 31 December 2022 from TL 49,059,763 thousand for the year ended 31 December 2021. This increase was due to higher raw material, labour, energy and logistic costs.

Gross profit. The Group's gross profit decreased by TL 4,269,807 thousand, or 27.1 per cent., to TL 11,464,071 thousand for the year ended 31 December 2022 from TL 15,733,878 thousand for the year ended 31 December 2021. This decrease is mainly due to higher raw material prices in the white goods segment, softer pricing environment in export markets, wage increases and higher logistic and energy costs.

General Administrative Expenses. General administrative expenses increased by TL 142,261 thousand, or 10.7 per cent., to TL 1,469,440 thousand for the year ended 31 December 2022 from TL 1,327,179 thousand for the year ended 31 December 2021. This increase was primarily attributable to an increase in tax duties, depreciation and amortisation, IT related expenses and personnel expenses.

Marketing Expenses. Marketing expenses increased by TL 971,248 thousand, or 14.0 per cent., to TL 7,893,101 thousand for the year ended 31 December 2022 from TL 6,921,853 thousand for the year ended 31 December 2021. This increase was primarily attributable to an increase in export, transportation, warehouse expenses. Export, transportation, warehouse expenses increased by TL 853,497 thousand, or 31.3 per cent., to TL 3,581,781 thousand for the year ended 31 December 2022 from TL 2,728,284 thousand for the year ended 31 December 2021, which was due to increase in transportation costs arising from the increase in export, transportation and warehouse expenses.

Research and Development Expense. Research and development expense increased by TL 5,248 thousand, or 0.5 per cent., to TL 1,023,546 thousand for the year ended 31 December 2022 from TL 1,018,298 thousand for the year ended 31 December 2021.

Other Income from Operating Activities. Other income from operating activities decreased by TL 2,542,591 thousand, or 41.8 per cent., to TL 3,536,352 thousand for the year ended 31 December 2022 from TL 6,078,948 thousand for the year ended 31 December 2021. This decrease was primarily attributable to a decrease in foreign exchange gains arising from trading activities. Foreign exchange gains arising from trading activities decreased by TL 2,058,490 thousand, or 41.4 per cent., to TL 2,916,934 thousand for the year ended 31 December 2022 from TL 4,975,424 thousand for the year ended 31 December 2021.

Other Expenses from Operating Activities. Other expenses from operating activities decreased by TL 3,305,262 thousand, or 26.0 per cent., to TL 9,389,457 thousand for the year ended 31 December 2022 from TL 12,694,719 thousand for the year ended 31 December 2021. This decrease was primarily attributable to a decrease in foreign exchange expenses arising from trading activities. Foreign exchange expenses arising from trading activities decreased by TL 3,536,225 thousand, or 30.2 per cent., to TL 8,165,829 thousand for the year ended 31 December 2022 from TL 11,702,054 thousand for the year ended 31 December 2021.

Finance Income. Finance income decreased by TL 3,343,840 thousand, or 21.5 per cent., to TL 12,175,958 thousand for the year ended 31 December 2022 from TL 15,519,798 thousand for the year ended 31 December 2021. This decrease was primarily attributable to a decrease in foreign exchange gains. Foreign exchange gains decreased by TL 3,162,083 thousand, or 31.4 per cent., to TL 6,923,470 thousand for the year ended 31 December 2022 from TL 10,085,553 thousand for the year ended 31 December 2021.

Finance Costs. Finance costs decreased by TL 2,631,054 thousand, or 18.3 per cent., to TL 11,766,554 thousand for the year ended 31 December 2022 from TL 14,397,608 thousand for the year ended 31 December 2021. This decrease was primarily attributable to a decrease in losses on derivative financial instruments. Losses on derivative financial instruments decreased by TL 1,974,574 thousand, or 34.8 per cent., to TL 3,702,525 thousand for the year ended 31 December 2022 from TL 5,677,099 thousand for the year ended 31 December 2021.

Monetary Gain. Monetary gain increased by TL 292,598 thousand, or 8.9 per cent., to TL 3,582,033 thousand for the year ended 31 December 2022 from TL 3,289,435 thousand for the year ended 31 December 2021. This increase was primarily attributable to inflation adjustments for non-monetary financial statement line items. Monetary gain is calculated based on net monetary asset and liability position and the Group has net monetary liability positions for the years ended 31 December 2022 and 2021. The net monetary liability position is mainly driven from each liability item, except for deferred tax assets/liabilities less monetary asset

positions mainly such as cash and cash equivalents, trade and other receivables, derivative financial asset/liabilities and other monetary assets.

Profit for the Period. As a result of the factors discussed above, profit for the period decreased by TL 4,785,769 thousand, or 97.6 per cent., to TL 116,212 thousand for the year ended 31 December 2022 from TL 4,901,981 thousand for the year period ended 31 December 2021.

Other Comprehensive Income. Other comprehensive income decreased by TL 3,794,818 thousand to TL 1,973,447 thousand other comprehensive expense for the year ended 31 December 2022 from TL 1,821,371 thousand for the year ended 31 December 2021. This decrease was primarily attributable to an increase in other comprehensive income that will be reclassified to profit or loss. Other comprehensive income that will be reclassified to profit or loss increased by TL 2,035,838 thousand, to TL 1,350,192 thousand other comprehensive expense that will be reclassified to profit or loss for the year ended 31 December 2023 from TL 685,646 thousand for the year ended 31 December 2022, which was due to an increase in foreign exchange difference on translation.

Liquidity and Capital Resources

The Group's cash needs have historically come from costs associated with its investments, funding for its operational and maintenance expenses. The Group needs cash primarily to fund its expansion strategy and capital expenditures. The Group's principal sources of liquidity are revenue from its operations, equity capital provided by the Group's shareholders and financing provided by the Group's creditors.

As of the date of this Offering Circular, the Group's management believes that the Group has liquidity and access to medium-term and long-term financing that will allow the Group to meet its present obligations and settle liabilities in a timely manner.

Cash Flows

The following table sets out summary cash flow information for the years ended 31 December 2021, 2022 and 2023:

	Year ended 31 December			
	2021*	2022*	2022**	2023**
	(TL in thousands)			
Cash Flows From (Used In) Operating Activities.....	8,233,361	(2,427,483)	(3,999,835)	7,060,960
Cash Flows From (Used In) Investing Activities	(3,315,188)	(4,524,261)	(7,454,754)	(7,705,365)
Cash Flows From (Used In) Financing Activities	(4,640,520)	6,415,026	10,570,226	1,386,691
Net Increase (Decrease) In Cash and Cash Equivalents	277,653	(536,718)	(884,363)	742,286
Effect of Monetary Gain / (Loss) on Cash and Cash Equivalents	(4,262,241)	(1,589,812)	(2,619,580)	(1,092,103)
Net increase (decrease) in cash and cash equivalents	(3,677,553)	(1,879,402)	(3,096,743)	(263,256)
Cash and cash equivalents at the beginning of the period.....	7,109,344	3,431,791	5,654,660	2,557,917
Cash and cash equivalents at the end of the period	3,431,791	1,552,389	2,557,917	2,294,661

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

Cash Flows generated from / (used in) Operating Activities

The cash flows from operating activities decreased by TL 10,660,844 thousand from TL 8,233,361 thousand for the year ended 31 December 2021 to TL 2,427,483 thousand cash flows used in operating activities for the year ended 31 December 2022. This decrease was due to decreasing in profit from continuing operations amounted to TL 4,785,769 thousand, decreasing in monetary gains amounted to TL 3,657,529 thousand and decreasing in changes in working capital amounted to TL 1,898,239 thousand (mainly driven from decrease in trade payables and decrease in inventory balances).

The cash flows from operating activities increased by TL 11,060,795 thousand from TL 3,999,835 thousand cash flows used in operating activities for the year ended 31 December 2022 to TL 7,060,960 thousand for the year ended 31 December 2023. This increase was due to increase in profit from continuing operations amounted to TL 2,139,673 thousand, increase in adjustments to reconcile profit amounted to TL 2,182,254 thousand and increase in changes in working capital amounted to TL 7,324,021 thousand (mainly driven from increase in trade payables and increase in inventory balances).

Cash Flows from (used in) Investing Activities

The cash flows used in investing activities increased by TL 1,209,073 thousand or 36.5 per cent. from TL 3,315,188 thousand for the year ended 31 December 2021 to TL 4,524,261 thousand for the year ended 31 December 2022. This increase was due to decrease in proceeds from sales of shares without change in control of subsidiaries amounted to TL 1,203,432 thousand, increase in cash outflows arising from purchase of shares or capital increase of associates amounted to TL 491,138 thousand, increase in purchase of property, plant, equipment and intangible assets amounted to TL 1,315,494 thousand and decrease in net cash advances amounted to TL 1,814,238 thousand.

The cash flows used in investing activities increased by TL 250,611 thousand from TL 7,454,754 thousand for the year ended 31 December 2022 to TL 7,705,365 thousand for the year ended 31 December 2023. This increase was due to increase in proceeds from sales of shares without change in control of subsidiaries amounted to TL 267,272 thousand, decrease in cash outflows arising from purchase of shares or capital increase of associates amounted to TL 494,765 thousand, decrease in purchase of property, plant, equipment and intangible assets amounted to TL 1,407,484 thousand and increase in net cash advances amounted to TL 2,409,660 thousand.

Cash Flows from / (used in) Financing Activities

The cash flows used in financing activities increased by TL 11,055,546 thousand from TL 4,640,520 thousand for the year ended 31 December 2021 to TL 6,415,026 thousand cash flows from financing activities for the year ended 31 December 2022. This increase was due to increase in proceeds from borrowings amounted to TL 4,218,575 thousand, decrease in repayments of borrowings amounted to TL 2,005,265, decrease in dividends paid amounted to TL 5,458,932 thousand, increase in changes in lease liabilities amounted to TL 313,202 thousand, increase in interest paid amounted to TL 338,932 thousand and decrease in interest received amounted to TL 601,496 thousand.

The cash flows from financing activities decreased by TL 9,183,536 thousand or 86.9 per cent. from TL 10,570,226 thousand for the year ended 31 December 2022 to TL 1,386,690 thousand for the year ended 31 December 2023. This decrease was due to decrease in proceeds from borrowings amounted to TL 453,903 thousand, increase in repayments of borrowings amounted to TL 7,539,363, decrease in dividends paid amounted to TL 129,033 thousand, increase in interest paid amounted to TL 1,266,868 thousand and increase in interest received amounted to TL 209,449 thousand.

Indebtedness

The table below shows the Group's outstanding indebtedness as of 31 December 2021, 2022 and 2023.

31 December				
	2021*	2022*	2022**	2023**
	(TL in thousands)			
Short term bank loans	7,137,338	17,668,289	29,112,556	20,281,985
Short term portion of long term bank loans	9,879,729	1,396,941	2,301,781	2,824,663
Short term portion of long term lease liabilities	122,967	140,069	230,795	230,962
Short term issued bonds	1,047,739	1,139,204	1,877,100	3,549,970
Total short term financial liabilities	18,187,773	20,344,503	33,522,232	26,887,580
Long term bank loans	1,032,394	693,877	1,143,322	1,867,476
Long term lease liabilities	249,275	397,326	654,687	664,765
Long term issued bonds	435,314	-	-	-
Total long term financial liabilities	1,716,983	1,091,203	1,798,009	2,532,241

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

The bank loans referred to in the table are mainly short-term loans obtained from banks such as commercial banks and the Turkish Eximbank on an unsecured basis. These loans were obtained to fund the Group's working capital and capital expenditure requirements. The issued bonds referred to in the table are the bonds issued by the Issuer and Vestel White Goods in the Turkish capital markets.

BUSINESS OF THE GROUP

Overview of the Group

The Issuer is a joint stock company established and operating under the laws of Türkiye and a part of the 'Vestel Group', which is ultimately controlled by the Zorlu Family. The Issuer was founded on 4 March 1983 as a TV manufacturer and acquired by Zorlu Group in 1994. The shares of the Issuer have been traded on Borsa Istanbul under the ticker "VESTL" since 1990. The Issuer leads the development and manufacturing of the consumer electronics product segment, including, to a certain extent, mobility electronics. Vestel White Goods, a subsidiary of the Issuer, is responsible for the development and manufacturing of MDAs and certain other products within the household appliances product segment. Vestel White Goods is also a public company and its shares are being traded in Borsa Istanbul under the ticker 'VESBE' since 2006. Vestel Mobility, another member of the Group, is active in the field of producing electric vehicle chargers, automotive electronics and battery solutions. The Issuer realises its international and domestic marketing activities and sales through Vestel Trade, a subsidiary of the Issuer.

The Group aims to provide a balanced product offering, focused on several key product segments under its main business units. The Group operates in the areas of (a) household appliances (64 per cent. of the Group's revenue in the year ended 31 December 2023), (b) consumer and mobility electronics (36 per cent. of the Group's revenue for the year ended 31 December 2023). The Group's total revenue and Adjusted EBITDA for the year ended 31 December 2023 was TRY 112,215,734 thousand and TRY 10,406,253 thousand, respectively.

Household Appliances: The Group offers user-friendly, energy and water efficient, environmental-friendly, innovative and digital products and services that respond to customer needs under its well-established brand, Vestel, with an annual household appliances production capacity of 15.6 million units as of the end of 2023, which increased by another 500,000 units as of the beginning of April 2024. The Group's products include products for consumers comprising primarily MDAs (*including refrigerators, deep freezers, washing machines, dishwashers, cooking appliances and tumble dryers, air-conditioners, water heaters and vaccine storage cabinets*) and SDAs, which are outsourced mainly from Türkiye and Asia (*including kitchen appliances and accessories, such as microwave ovens, blenders and coffee makers, irons, air purifiers and personal care products, such as hair dryers, hair stylers and scales*). For the year ended 31 December 2023, the Group generated revenue of TRY 72 billion from household appliances, representing 64 per cent. of its total revenue.

Consumer Electronics and Mobility Electronics: The Group designs and manufactures TV sets, digital display solutions, set top boxes and telco products for its own sales and also to certain other major brands around the world, with an annual TV production capacity of 10 million units as of the date of this Offering Circular. The Group's consumer electronics segment mainly includes semi and fully integrated TV production (*including OLED TV, borderless TV, elite UHD TV, UHD TV, smart TV and LED TV*), visual solutions (*including digital signage solutions, interactive flat whiteboard and hospitality solutions*) and set-up boxes. The Group entered into mobility electronics business in 2013 and realized its first product sales in 2017. The Group produces electric vehicle charging units (both AC and DC types), in-vehicle display systems, ECUs and EMS for the automotive sector, battery packs for e-bikes, portable TVs, vacuum cleaners and energy storage systems for telecom base stations, houses, commercial / industrial applications. The Group believes that mobility electronics offers strong growth potential in the medium to long term. For the year ended 31 December 2023, the Group generated revenue of TRY 40 billion from consumer and mobility electronics, representing 36 per cent. of its total revenue.

The Group is confident in its brand portfolio in terms of the brand value and success of certain key brands and in terms of the variety of the brands at their use. As of the date of this Offering Circular, Group owns a total of 30 brands and holds a license for five different brands.

As of the date of this Offering Circular, the Group operates with global footprint, conducting sales operations across more than 160 countries. As of 31 December 2023, in Türkiye alone, the Vestel brand was sold at 1,363 exclusive stores, in addition to being distributed through multiple channels such as mass merchandisers, department stores and technology chains. Further, the Group was selling the Regal brand through a total of 1,235 sales points in Türkiye, as of 31 December 2023. Additionally, the Group leverages a portfolio of 35

esteemed owned and licensed brands, strategically deployed in sales initiatives both domestically and internationally.

The Group mainly carries out its production activities at Vestel city, which is located on a total area of 1.3 million square meters in Manisa Organized Industrial Zone in Türkiye with its production plants and auxiliary buildings covering an indoor area of 897 thousand square meters as of the date of this Offering Circular. In addition to the Vestel City, one of the Europe's largest industrial manufacturing complexes in a single location, the Group has another manufacturing site located in the Aegean Free Zone in İzmir. As of 31 December 2023, the Group employed a total of 19,304 individuals, with 97 per cent. of such employees based in Türkiye and the remainder based abroad. As of the same date, approximately 71 per cent. of the Group's employees in Türkiye and 0.50 per cent. of its employees outside Türkiye are members of trade unions.

The Group is committed to integrating sustainability into all aspects of its operations and ensuring that its approach to sustainability aligns with its long-term business objectives. The Group recognizes that its activities have an impact on the environment in which it operates and its stakeholders and it is committed to reducing negative impacts. The Group's primary objectives are to create social and environmental benefits through accessible and smart products that make life easier and to ensure sustainable and environment-friendly growth with technology and people-oriented transformation in its business operations.

Key Strengths

The Group believes that it benefits from several key competitive advantages in respect of its operations and its markets, which are summarised below.

Leading market positions across core products and geographies with broad brand portfolio

One of the dominant strengths of the Group lies in its leading market positions across core products and sales regions, backed by a wide variety of brand offerings that has allowed it to establish considerable shares in critical markets, particularly for both the TV and MDA sectors. The combination of the Group's local and international presence, extensive retail network and after-sales capabilities in the domestic market and a diverse range of well-known brands have been instrumental in building the Group's strong market positioning.

The Group has established a strong presence in the domestic and international markets, particularly in the TV and MDA sectors, through its leading market positions across core products and geographies. This has been achieved by the strengths and strategies inherent in the Group's established operations and corporate identity, as well as accurate strategies being implemented in a bespoke manner considering the fragmented nature of the Group's markets, wide product range and different sales channels. See “– Our Operations – Product Segments.”

The Group's success is bolstered by its ability to leverage its broad brand portfolio of 33 owned and licensed brands in Türkiye and globally, which include five well-known licensed brands such as Toshiba, JVC, Sharp, Daewoo and Telefunken. The Group has positioned 'Vestel' as its flagship brand in Türkiye, and 'Vestel' brand has been ranked third in Türkiye by Brand Finance Türkiye 2023 with a brand value of USD 927 million. The Group also generates considerable domestic revenue from its other brands, which include Vestel-owned brands, such as Regal, SEG, Finlux, Vestfrost, Techwood, Windsor and three well-known licensed brands, Telefunken, Daewoo and Toshiba. In the European and non-European markets, the Group also utilises its wide range of brands in different product segments and sales channels catering to various price points. For further information, please see “– Key Brands”.

The chart below represents the market rankings of the Group in the Türkiye and European markets for TV and household appliances product segments for the year ended 31 December 2023.

	Türkiye		Europe
	Manufacturing ⁹	Units Sold ¹⁰	Units Sold ¹¹
TV	#1	#2	#3
Household Appliances	#2	#3	#4

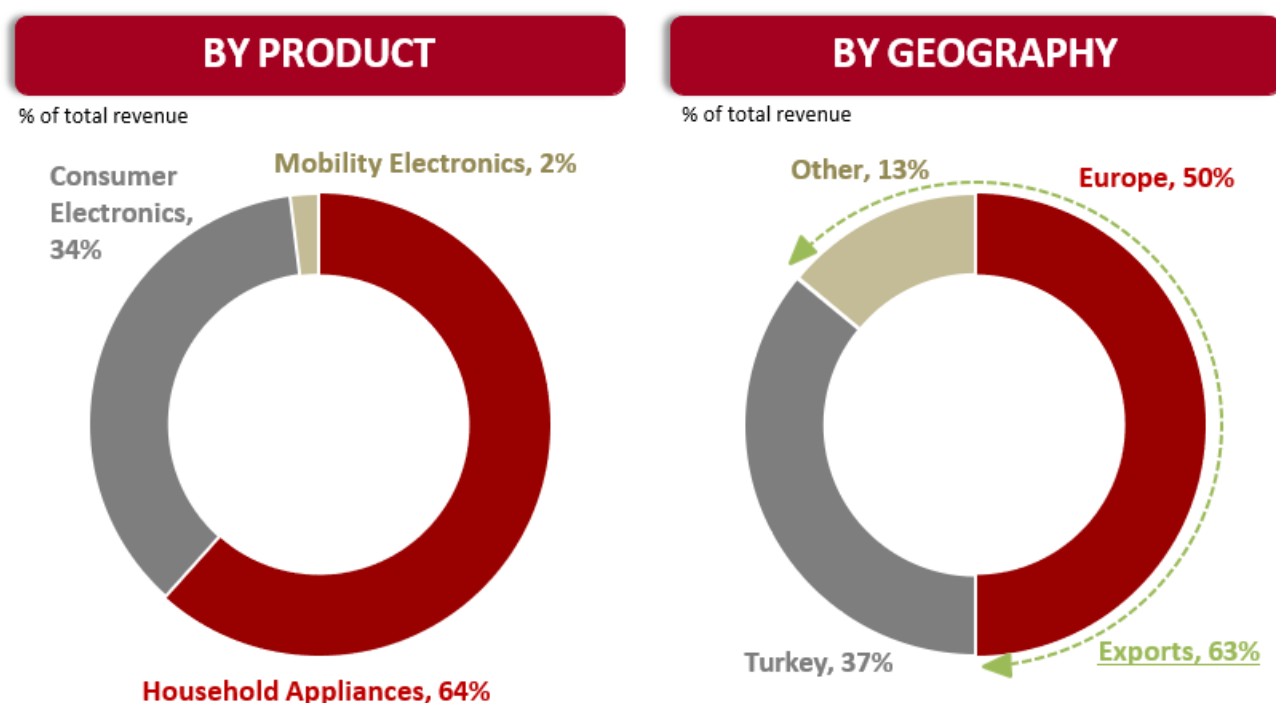
The Group's success can also be attributed to its extensive presence in over 160 countries, which has allowed it to capture a significant share of the global market. This has been strengthened by the Group's on-the-ground presence through strategic subsidiaries and sales offices in key countries. The Group's global footprint is further supported by its organisational structure at the top management level, allowing particular focus on three main regions (being (i) EMEA and Americas, (ii) Türkiye, Central Asia, Iran, Iraq, Syria, North Cyprus and (iii) Asia Pacific), through separate general directorates.

Furthermore, the Group has established a strong presence with 1,363 exclusive Vestel sales points only in Türkiye, and various other sales points spanning across 160 countries abroad, ensuring its products are easily accessible to customers, including other key consumer electronics and household appliances sellers, distributors and retailers and end consumers, worldwide.

Diversified and well-balanced revenue streams across product segments and end-markets

One of the primary strengths of the Group is its highly diversified business model catering to an impressive range of business opportunities in its markets. This model has been instrumental in establishing the Group as a formidable presence in both the consumer electronics and household appliances market. This diversification extends across multiple profit centres, showcasing the Group's resilience and adaptability. The breadth of this diversification is evident not only in the Group's extensive product range but also in its expansive geographic footprint, strategic brand positioning, activity in a variety of sales channels and organic growth in multiple markets through various methods of penetration.

The charts below describe the breakdown of the Group's revenue for the year ended 31 December 2023 in terms of its sales across various markets and the contribution from its product segments.



⁹ According to data of ECİD (for TV) and TÜRKBEŞD (for household appliances).

¹⁰ Company information based on information acquired from a global market research company.

¹¹ This ranking has been calculated by the Group by using the data of a global market research company for the competitors' unit sales in Europe and using the Group's own data for the Group's unit sales in Europe.

The extensive product range offered by the Group caters to diverse consumer needs and preferences, spanning across consumer electronics, household appliances and mobility electronics segments. This breadth allows the Group to capture market share across various product categories and capitalise on evolving consumer trends. The Group's extended reach covers numerous markets worldwide with a wide variety of sales locations. This global presence not only mitigates risks associated with regional economic fluctuations but also enables the Group to capitalise on growth opportunities in different regions. Additionally, the strategic positioning of its brands enhances market visibility and consumer loyalty, further bolstering its competitive edge.

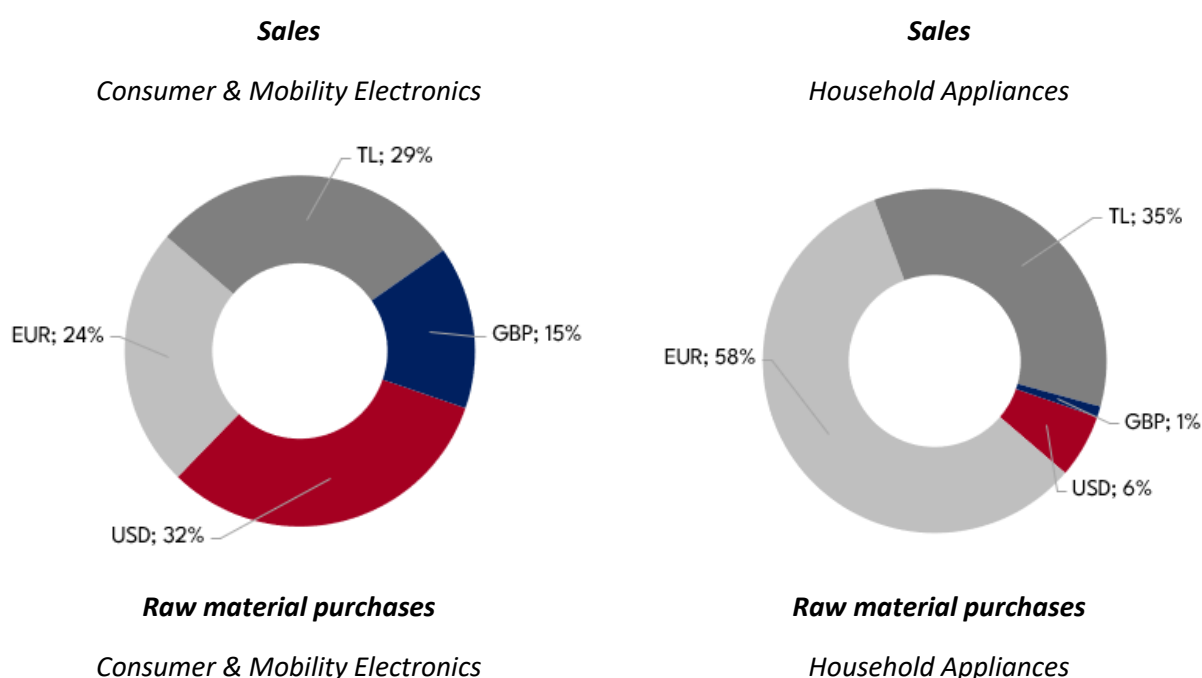
In addition, the peak demand seasons for the consumer electronics and household appliances markets are different from each other, with the cooling category experiencing high demand from April to August in Europe, whilst the laundry category sees increased demand from August to November. However, the Group also believes that, as a strong market player in both of these product segments, it enjoys a well-balanced revenue stream on a consolidated basis. Similarly, the product range of the Group is designed to cater to various climatic conditions occurring at the same time across different regions of the world, ranging from the coldest parts of Canada to the warmest parts of South Africa, ensuring that the Group is well-positioned to maintain a stable revenue inflow.

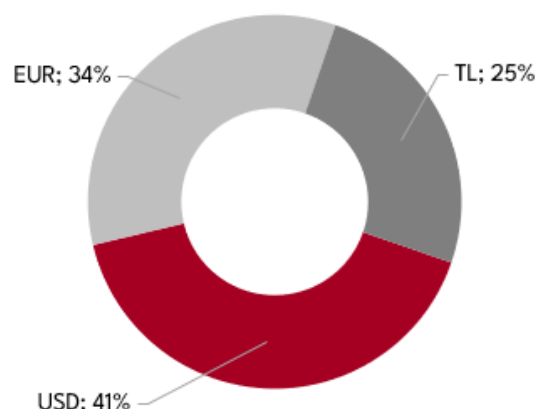
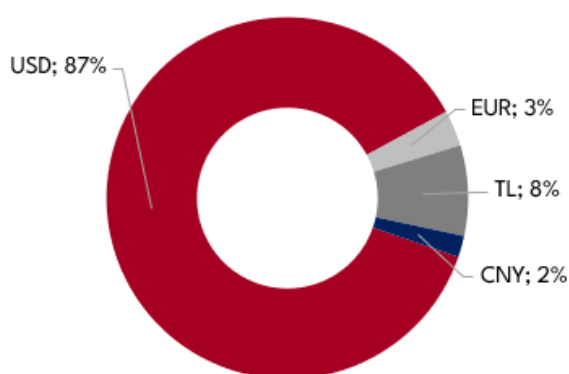
Furthermore, the Group's diversified sales channels, including retail, e-commerce and distribution partnerships, ensure broad market coverage and accessibility to consumers. This omni-channel approach not only maximises market penetration but also optimises the Group's revenue streams.

Moreover, the Group's commitment to organic growth is evident through its strategic initiatives to penetrate new markets and expand its presence in existing ones. This could involve various methods such as product innovation, marketing campaigns, or strategic partnerships, fostering sustainable growth and market leadership.

The Group's broad market exposure not only widens its customer base but also serves as a protective measure against currency fluctuations and decreases the Group's vulnerability in the face of adverse conditions arising in domestic or specific export markets, thereby safeguarding its profitability and stability.

The charts below describe the breakdown of the Group's sales and raw material purchases for the year ended 31 December 2023, in each case, in terms of currency.





Despite facing competition mainly from the Far East in the European market, the Group's strong presence in wide sales channels networks and healthily-balanced customer portfolio (which includes ODM sales to A brands and private label as well as sales through its owned and licensed brands) facilitates the Group's efforts of minimising any challenges that may arise due to its competition.

Overall, the Group's comprehensive diversification strategy not only enhances its resilience to market dynamics but also positions it as a formidable player capable of seizing opportunities across a wide array of sectors and regions.

Export-driven, ODM business model with tailored sales strategies in domestic and international markets

Export-driven business

Driven by its export-oriented approach, the Group has successfully extended its reach into multiple countries, with a significant portion of its revenue originating from exports. The European market sales have a considerable share in the Group's export revenues and the Group has established itself as a well-positioned player in the European market. Amongst other capabilities and advantages described in this Offering Circular, the Group benefits from the advantage of its exports into Europe not being subject to the 14 per cent. customs duty for TV sets, compared to its Asian competitors.

The share of the Group's gross revenue generated from domestic sales and export sales for the year ended 31 December 2023, in the household appliances and consumer electronics segments, are described in the following chart.

	Year ended 31 December 2023		
	Türkiye	Europe	Other
	(per cent.)		
Household Appliances	25	27	12
Consumer Electronics	10	23	1
Mobility Electronics	2	0	0
Total	37	50	13

Whilst Europe is the Group's main export market as of the date of this Offering Circular, the Group's sales in other export markets are growing and are contributing an increasing share to the Group's export revenue. In the years ended 31 December 2021, 2022 and 2023, the share of non-European export markets in the Group's total export-driven revenues were 9 per cent., 19 per cent. and 20 per cent., respectively. The Group believes that its presence and positive trajectory in non-European export markets present exciting growth opportunities to the Group given that such markets are relatively more open to the expansion of the business compared to Europe, being an established and mature market, and caters to the Group's strategy of diversification in terms of geography. Illustrative of this, the Group has also experienced strong growth in non-

European regions, including Central Asia and Turkic Republics, Sub-Saharan Africa, North and South America, Middle East and North Africa (“**MENA**”) region and emerging Asia, as part of its market diversification strategy.

The Group benefits from various cost advantages in export markets, particularly in Europe, driving increased profitability. It maintains high-quality production standards at competitive costs, ensuring customer satisfaction and loyalty whilst maximizing profits. Proximity to Europe and to the İzmir port grants logistical efficiencies, including lower transportation costs and shorter delivery times compared to its East Asian competitors, enhancing customer service. Leveraging its global sourcing power in white goods, allows the Group to negotiate favourable terms with suppliers, reducing input costs. Diversification of the supply chain post-pandemic mitigates risks and strengthens competitiveness.

The Group’s export-focused business strategy has allowed it to achieve a dominant position in Türkiye as the largest exporter of consumer electronics products consecutively for the last 25 years, according to the data of the Electrical and Electronics Exporters’ Association (TET – Elektrik ve Elektronik İhracatçıları Birliği).

Furthermore, the Group benefits from its ability to make longer-term sales agreements in its export markets for MDA business, ranging typically from six to 12 months, which give the Group a better visibility both in terms of sales prices and sales volumes. The Group’s adeptness at navigating diverse markets positions it favourably, fostering resilience and stability in its financial performance.

The Group also believes that it has an advantageous position in export markets, especially Europe, compared to East Asian manufacturers since the customers have started to demonstrate a tendency to prefer closer manufacturers such as the Group due to the major supply chain disruptions experienced during COVID-19.

Diversification in sales strategies

The Group’s success is further underscored by its implementation of tailored strategies in both domestic and international markets. The Group has historically seen substantial benefit from its design and implementation of distinct and winning strategies, built on versatility and bespoke structuring to address the features and characteristics of different markets and the fragmentation thereof.

International

In its export markets, the Group has developed three different brand and sales strategies to conquer all selling angles and making strategic use of its established skillset, which are, namely, (1) A-brand sales, (2) private label sales and (3) sales under owned and licensed brands.

Internationally, the Group primarily operates as an original design manufacturer (“**ODM**”) for other manufacturers, retail chains and distributors. Under the ODM business model, Vestel caters to (i) A-brand manufacturers, which are leading TV, white goods and other consumer electronics and household appliances manufacturers and (ii) distributors and retailers of consumer electronics and household appliances for their trade brands. The Group has a strong global customer base under its ODM business model, with more than 600 recurring customers across both the domestic and international market as of the date of this Offering Circular.

In addition to providing ODM services, the Group also sells products under its owned and licensed brands (such as Vestel, Regal, Finlux, Toshiba, Sharp, Telefunken, JVC and Daewoo) in Europe and other export markets. These include the Group’s engagement in branded sales through the brands developed by the Group, local brands it has acquired in the past and certain global brands it licenses.

The shares of A-brand, private label and owned / licensed brand sales within the Group’s revenue generated from white goods and TV set sales in export markets for the year ended 31 December 2023, are described in the following chart.

	Year ended 31 December 2023		
	White Goods Sales (Export)	TV Set Sales (Export)	Overall
	(per cent.)		
Owned & licensed brands	23	53	34
Private label.....	57	34	48
A-brands.....	20	13	18

The ODM business model offers numerous benefits, making it a compelling choice across industries. It significantly reduces working capital requirements by operating on a production-to-order basis, minimizing the need for large inventories. This frees up capital for strategic initiatives like research and development (“R&D”) and marketing. Additionally, the model provides flexibility to adapt to market shifts swiftly, optimizing sales channels and capitalising on emerging opportunities whilst mitigating risks. Enhanced revenue visibility is another advantage, as the Group can accurately forecast revenue streams and make informed decisions. This proactive approach enables efficient resource management and facilitates growth and expansion. Overall, the ODM model positions the Group for sustained success in competitive markets worldwide, empowering it to navigate uncertainties and seize growth opportunities confidently.

For further information on the Group’s sales methods, strategies and channels, please see “– Sales, Marketing and Distribution”.

Türkiye

The Group’s domestic sales strategy centres on its extensive dealership network, with a focus on its flagship brand, “Vestel”, in the consumer electronics and household appliances market in Türkiye. With 1,363 strategically located exclusive sales points, including a mix of dealerships and Group-owned stores, in addition to being distributed through multiple channels such as mass merchandisers, department stores and technology chains, the network plays a pivotal role in the Group’s leading market position.

Key advantages of the dealership network include enhanced customer proximity, which drives customer traffic and sales volume, alongside reduced operational costs and flexible payment options which fosters wider customer appeal and brand loyalty. Additionally, real-time monitoring of sales and customer behaviour provides valuable insights for dynamic marketing strategies, whilst maintaining consistent brand images across outlets reinforces customer trust and satisfaction.

Ultimately, the Group’s dealership network acts as a vital conduit for market penetration, customer engagement, and brand visibility, sustaining its leadership in the consumer electronics and market position in the household appliances sector.

In complement to the dealership network, the Group employs an omni-channel approach, encompassing offline outlets like hypermarkets, technical superstores, household stores and online platforms (leading online marketplaces), to maximise market reach. Strategic brand portfolio management ensures optimal market positioning, minimising internal competition and maximising sales potential.

The chart below reflects the share of sales channels in the Group’s revenue generated from sales in Türkiye for the year ended 31 December 2023.

	Year ended 31 December 2023
	(per cent.)
Dealers	52.5
Retail chains	18.9
Vestel stores	6.8
Online	5.7
Department stores	4.0
Other	12.1

Furthermore, the following chart reflects the breakdown of distribution channels in the distribution of the Group's products to end-customers (by the Group and/or the Group's customers selling to end-customers) in the year ended 31 December 2023.

	Year ended 31 December 2023 ¹²	
	White Goods	TV Sets
	(per cent.)	
Dealers	74	55
Mass merchandisers.....	16	26
Department stores	11	11
Technology retailers.....	-	8

The Group values its commitment to customer satisfaction as one of the pillars of its market strength, which is evident through its competitive service and aftermarket network of 366 exclusive service points, six central service centres and three refurbish and repair centres catering to all the brands and products offered by the company in Türkiye, bolstering customer loyalty.

Strong competitive advantages through attractive product positioning and strategic manufacturing capabilities

The Group has established strong market positions through its attractively positioned product portfolio and core capabilities being exercised strategically. By virtue of its competitive advantages over the sector and competitors, the Group has a proven track record of leading market placement across Europe and Türkiye even under challenging circumstances.

The Group has demonstrated its ability to outperform the market even during market correction periods, showcasing its resilience and adaptability. The charts below reflect the unit sales growth data for TV and household appliances product segments for the European market in general and the Group, for the years ended 31 December 2022 and 2023.

	Unit Sales Growth			
	(per cent.)			
	EU24 Market ¹³		the Group ¹⁴	
	2022	2023	2022	2023
TV Sets.....	(7)	(12)	(6)	6
MDA 6	(7)	(6)	5	(5)

This has been achieved through a combination of factors, including the Group's scalable production model, production power, advantages arising from the nature of the ODM business, and the Group's facilities' proximity to its markets, as well as a strong focus on innovation through R&D and new technology.

- **Scalable Production Model:** The Group has a scalable production model, which allows for flexible adjustment of output levels to meet fluctuating demand without significant cost increases or disruptions. The Group has the suitable and adaptable infrastructure to operate under this model and utilises standardised processes, automation, and technology integration. Particularly, in addition to its standard mass production capability, this model provides the Group with the ability to produce

¹² Company information based on information acquired from a global market research company.

¹³ Company information based on information acquired from a global market research company.

¹⁴ According to the Group's own data.

tailored and customer-specific products in smaller quantities and the Group believes that the latter offering is not available in the services of its international competitors (especially those based in China). The Group's scalable production model creates flexibility, allowing it to adapt to changing market conditions and customer demands and enables the Group to efficiently produce a wide range of products, ensuring that it remains competitive in its markets.

- *Production Capability:* The Group carries out the vast majority of its production activities at Vestel City, one of the largest single-location production facilities in Europe, built on an area of 1.3 million m². This state-of-the-art facility allows the Group to maintain high production standards and efficiently manage its operations. See “– Production and Facilities – Facilities”.
- *ODM Model:* The Group's ODM business model allows it to avoid direct competition with its customers' brands in Europe and this has enabled the Group to establish strong relationships with leading brands and maintain a competitive edge in this market. The Group's presence in the European market under both the ODM model and its owned and licensed brand sales, combined with its strong scale of brands, makes it possible for the Group to generate revenue from multiple streams without having to commit to a single sales method due to branding conflicts.
- *Location of Manufacturing Facilities:* The Group's manufacturing facilities are located in Türkiye, providing close proximity to the European market and therefore advantageous transportation costs and delivery times compared to Asian competitors. This strategic location allows the Group to efficiently serve its European customer base and maintain a competitive advantage.
- *Innovation:* The Group places a strong emphasis on innovation through its R&D strategy, ensuring that it remains at the forefront of technological advancements in the industry. This focus on innovation has allowed the Group to develop new products and services that meet the evolving needs of its customers.

Leveraging the foregoing capabilities and its intensive know-how on electronics manufacturing and sales, the Group has also identified an exciting opportunity in mobility electronics, which is highly profitable with an attractive margin profile.

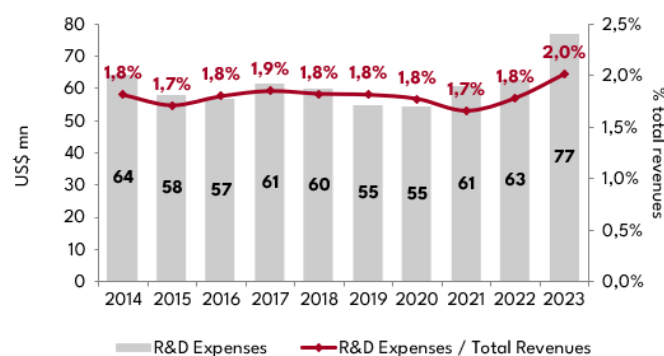
The Group believes that its business is highly profitable with attractive margin profiles, due to the cost-competitive and qualified production, strong and strategic branding, and successful R&D strategy that it has implemented. By capitalising on these opportunities, the Group is well-positioned to continue its growth and success in the European market and other markets with its existing and growing businesses.

Strong R&D and technological leadership

The Group, as a pioneer technology company both in Türkiye and on the global stage, has consistently showcased its prowess in R&D and technological innovation. This achievement stems from its unwavering dedication to fostering innovation, investing in state-of-the-art technology, and cultivating a highly proficient workforce allocated to R&D and innovation. This strategic focus has fortified the Group's position in its markets and propelled growth across various sectors. The Group employs more than 1,800 engineers globally to support the Group's R&D efforts and has established eight R&D centres.

Central to the Group's success is its steadfast commitment to R&D expenditure. Throughout its history, the Group has earmarked a substantial portion of its sales revenue for R&D endeavours, ensuring it remains at the forefront of technological progress. This investment has yielded a robust portfolio of ground-breaking products and solutions tailored to meet evolving customer demands.

The graph below indicates R&D spending made by the Group in the years ended 31 December 2021, 2022 and 2023, as a percentage of the total sales made by the Group in each respective period. This information provides insight into the Group's consistent investment in R&D relative to its revenue, highlighting its dedication to innovation and technological advancement.



(*) Figures pertaining to 2023 are subject to the IAS 29 application, whilst the others are not.

Moreover, the Group's adeptness at identifying and capitalising on market trends underscores its R&D capabilities. By discerning emerging market needs and crafting products that resonate with consumers, the Group has sustained a competitive advantage. This customer-centric approach has facilitated global expansion and solidified the Group's foothold in diverse sectors such as consumer electronics and automotive industries. The Group has historically built an established track record for identifying, developing and marketing the best fit for the key markets in which it operates.

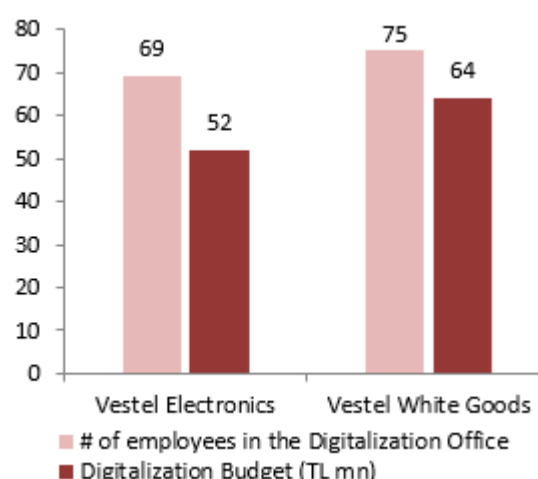
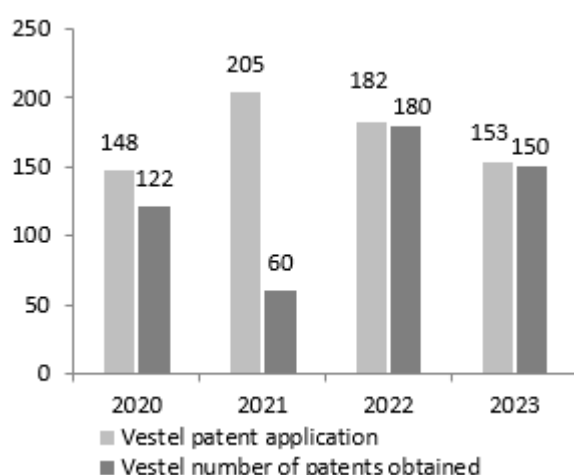
The Group has also established its presence as a true first-mover in its sector with a wide variety of first-of-its-kind innovative product launches and partnerships, such as offering the first Smart TV compatible with the new pan European DVB-I standard in Italy, being the first TV manufacturer for Freely TV in UK, launching an exciting new line-up of Powered by TiVo™ Smart TVs and being the first Turkish manufacturer that have OLED, MiniLED and QLED production at the same time. The Group is also the first and, as of the date of this Offering Circular, sole Turkish company holding a standard-essential patent, which is a patent for AVC standard.

As a frontrunner in technology, the Group is committed to embracing digital transformation. It aims to pioneer Industry 4.0 standards by transforming Vestel City, thereby augmenting its automation, digitisation, R&D and technological capabilities. This initiative is poised to streamline product development and manufacturing processes, further enhancing the Group's competitive edge.

The Group's accomplished team of R&D professionals also plays a pivotal role in its success. From software engineers to designers and researchers, these experts tirelessly innovate to address customer needs. The in-house software operating system for TV products not only offers flexibility and control but also generates additional revenue streams, exemplifying the Group's multifaceted approach.

Maintaining stringent quality standards is paramount for the Group. Its R&D test and measurement setups are regularly updated to conduct in-house smart TV approvals, ensuring compliance with industry benchmarks. Adhering to calibration schedules as per ISO 17025 standards guarantees product quality and sustains competitiveness. The Group's rigorous quality assurance processes, facilitated by a unified testing and issue tracking system, foster seamless collaboration across teams. This integrated approach cultivates a robust quality management system subject to annual audits by accreditation agencies. To foster efficiency and continuous enhancement, the Group also meticulously monitors all activities through an integrated system. Leveraging data from diverse sources, including field tests and customer feedback, enables the company to pinpoint areas for improvement and refine its product offerings.

The following graphs also demonstrate the Group's strong R&D and innovation abilities and its commitment of internal resources towards these initiatives.



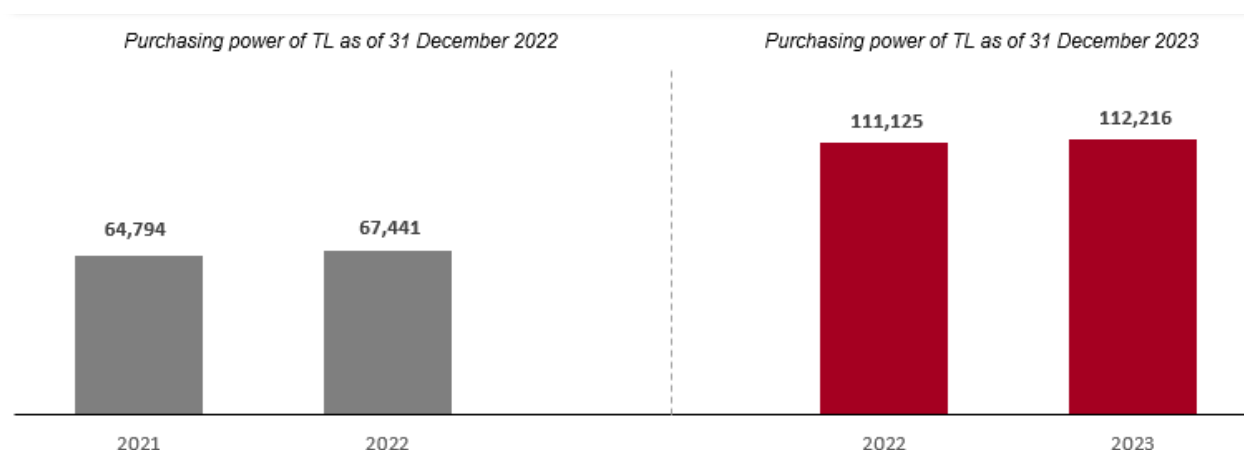
In summary, the Group's prominence in R&D and technological leadership is the outcome of its unwavering commitment to innovation, investment in cutting-edge technology, and a skilled workforce. By adeptly aligning with market demands, maintaining quality and compliance and embracing digital transformation, the Group sustains its competitive edge and propels significant growth. Positioned to capitalise on emerging opportunities and expand its global footprint, the Group remains a leading force in the technology sector.

Track record of resilient operation, profitable growth and cash generation

The Group's track record underscores a remarkable blend of resilience, profitable growth, and strong cash generation across key performance metrics.

Notably, its consistent upward trajectory in revenue over successive periods serves as a testament to its adept market positioning, effective customer engagement strategies, and product innovation. The following graph illustrates the Group's revenue amounts and year-to-year growth of revenue for the years ended 31 December 2021, 2022 and 2023.

Revenue (TL millions)

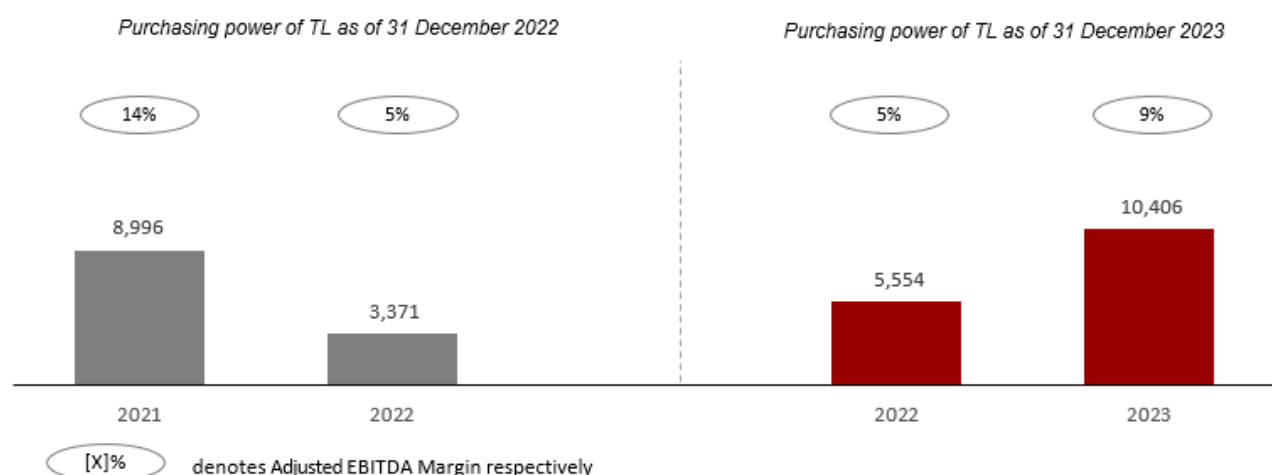


In addition to its revenue performance, the Group has recorded strong profitability, tracked through its gross margins, which is the share of its gross profit in its revenue. The table below shows the Group's gross margin levels for the years ended 31 December 2022 and 2023, broken down on a product segment basis.

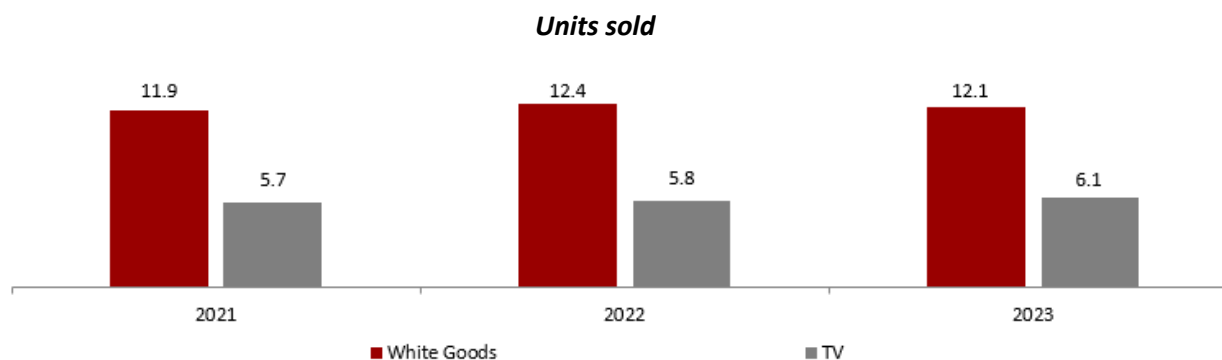
	Year ended 31 December 2022	Year ended 31 December 2023
	(per cent.)	(per cent.)
Household Appliances	18	28
Consumer and Mobility Electronics.	15	12

Moreover, the sustained growth in the Group's Adjusted EBITDA reflects the Group's operational efficiency, cost management initiatives and adeptness in capitalising on revenue opportunities whilst mitigating risks. The following graph demonstrates the Group's Adjusted EBITDA and Adjusted EBITDA Margin levels and year-to-year growth of Adjusted EBITDA for the years ended 31 December 2021, 2022 and 2023.

Adjusted EBITDA (TL millions) and Adjusted EBITDA Margin (%)



The Group's successful performance is also evident in its steady and gradual unit growth observed over the last 3 years. The following chart illustrates the Group's unit sales in the white goods and TV product segments in the years ended 31 December 2021, 2022 and 2023.



Concurrently, its prudent capital expenditure (CAPEX) management illustrates a balanced approach to investments, ensuring optimal utilisation of resources to drive business expansion and enhance competitive capabilities without compromising financial health. The following graph shows the Group's CAPEX¹⁵ levels for the years ended 31 December 2021, 2022 and 2023.

CAPEX (TL millions)

¹⁵ Refers to the line item of "Purchase of Property, Plant, Equipment and Intangible Assets" in the Financial Statements.



Furthermore, the positive change in the Group's net working capital between the years ended 31 December 2022 and 2023 indicates the Group's effective management of its working capital resources to support business operations and growth. The following graph shows the Group's changes in working capital for the years ended 31 December 2021, 2022 and 2023.

Changes in Working Capital (TL millions)



Robust balance sheet supported by prudent financial policy

The Group has a highly resilient financial profile, strengthened by a successful track record of profitable growth and substantial cash flow generation. This resilience is anchored in a meticulously crafted financial policy designed to safeguard the Group's financial stability whilst facilitating strategic expansion. The Group believes that the following components delineate this robust financial framework.

To start with, the Group seeks to maintain moderate leverage levels, calibrated to align with its cash flow generation. This prudent approach ensures that the company can sustain a favourable financial standing while channelling resources into avenues for growth and innovation. In this context, the Group adheres to a forward-looking financial policy that mandates the Net Leverage Ratios to be below 2.5x in the short term and 2.0x in the long term. This disciplined strategy and target set cultivates resilience, positioning the Group favourably for sustained growth and market resilience. The Group's financial stability is also supported by a conservative dividend policy, illustrative of its commitment to financial prudence, which solidifies the Group's financial foundations.

The Group also has a healthy and improving Interest Coverage Ratio, which signifies the Group's high performance in managing debt obligations, its financial health and capacity for future growth. This is also expected to improve by virtue of the Offering. Particularly from the year ended 31 December 2022 to the year ended 31 December 2023, the Group has seen a 0.6x improvement in the Interest Coverage Ratio despite the increases in market interest rates.

	Year ended 31 December		
	2021	2022	2023
Interest Coverage Ratio (x)	3.8	1.3	1.9

Whilst the Group faces exposure to foreign currency and exchange risks on its balance sheet, its risk management strategy is strategically designed at mitigating such vulnerabilities. The Group benefits from its significant foreign currency export revenues and prudent hedging policies, which act as effective mitigants against currency fluctuations, preserving the Group's financial stability amidst volatile market conditions. The Group's strong foreign currency income is further stabilised by its diverse revenue base spanning Europe and other international markets. This diversification strategy bolsters financial stability and further supports the Group's ability to weather currency fluctuations.

The Group has an established hedging policy to mitigate potential foreign exchange risks arising from any net foreign exchange positions on its balance sheet. The Group's finance and accounting departments track this position daily and publish foreign exchange balance sheet positions regularly. In addition to intercompany loans used for natural hedging, the Group also make use of financial derivative instruments, as necessary.

The Group benefits from favourable currency dynamics with hard currency revenue and a large portion of debt denominated in Turkish Lira, which has a positive impact on the Group's balance sheet when the Turkish Lira depreciates.

The chart below shows, in each case, by currency, the Group's bank loans as of 31 December 2021, 2022 and 2023 and the Group's revenue for the years ended 31 December 2021, 2022 and 2023.

	Bank loans			Revenue		
	31 December			Year ended 31 December		
	2021	2022	2023	2021	2022	2023
EUR.....	10	9	16	48	48	42
USD.....	39	27	43	21	18	14
TRY	41	63	38	25	31	37
Other	-	1	2	7	4	7

Furthermore, upon the consummation of the Offering, the Group expects to reach a currency breakdown of capitalisation as follows: USD (67 per cent.), EUR (10 per cent.), TRY (21 per cent.) and other (2 per cent.).

The Group's manageable capital expenditure intensity levels and free cash flow generation reinforce its capacity to reinvest in strategic initiatives whilst maintaining financial strength. Similarly, the Group shows a strong cash position on its balance sheet and has access to available credit lines, which enables the Group to maintain financial flexibility and navigate unforeseen contingencies and pursue growth initiatives with confidence. The Group believes that it has strong relationships with banks in Türkiye, particularly the export supporter Türkiye İhracat Kredi Bankası A.Ş. ("**Turkish Eximbank**"), affording it access to additional financing avenues, reinforcing its financial agility and capacity to seize opportunities.

Furthermore, the Offering represents a pivotal move for the Group, notably enhancing the average maturity of its debt portfolio from 0.84 years to 3.28 years and aligning with its strategic objective of bolstering long-term debt proportions. By extending the maturity profile, the Group not only strengthens its financial stability but also gains leverage in optimising interest expenses over the foreseeable future. Furthermore, this initiative gives the Group access to new funding sources, adding to the existing repertoire of bank lenders and local bonds. Such diversification not only fortifies the Group's financial resilience but also affords greater flexibility in navigating varying market conditions and economic landscapes. The following table demonstrates the composition of the Group's financial indebtedness as of 31 December 2023 and the changes expected to occur in such composition upon the consummation of the Offering.

	31 December 2023	Post-Offering
	<i>(per cent.)</i>	
Investment loan (Central Bank incentivized).....	5	5
Bank loans	84	40
Turkish (local) bonds	11	10
Notes offered hereby	-	45

While the Group's indebtedness composition as of 31 December 2023 comprises 91 per cent. short-term and 9 per cent. long term debts, the Group is expected to reach a funding mix of 49 per cent. short-term and 51 per cent. long-term indebtedness upon the consummation of the Offering. The Group targets to achieve a funding mix of 33 per cent. short-term and 67 per cent. long-term indebtedness, in the long-term.

Strategy

The Group's main strategic objectives revolve around enhancing its leading positions both domestically and internationally and expanding its existing business segments in markets where it sees growth potential.

Additionally, the Group aims to expand its mobility electronics business with an extensive array of innovative and energy-efficient products, strategically leveraging its in-depth expertise in electronics and various relevant markets in Türkiye and across the globe. The Group also plans to strengthen its presence in digital channels.

To realise these goals, the Group is committed to executing the following pivotal strategies.

- ***Cultivating growth of existing business in export markets***

The Group intends to put emphasis on continuing its growth with its existing business model in export markets. In this respect, the Group intends to focus on maximizing its market share and potential in the markets it has a substantial share in, such as Europe, whilst also penetrating markets it does not have a leading share or does not yet exist. To achieve this, the Group has already restructured its sales organization into a geography-based structure, with a chief commercial officer for each of (i) EMEA and Americas, (ii) Türkiye, Central Asia, Iran, Iraq, Syria, North Cyprus and (iii) Asia Pacific. The Group will consider pursuing both organic and inorganic opportunities to reach exponential growth in existing businesses. With the production costs rising in Europe, the Group expects to remain as a premium ODM partner for A-brands and private label distributors / retailers in Europe, which will be key in implementing this strategy. Additionally, the Group aims to expand its business for A-brands considering the increasing outsourcing trend from A-brands in the white goods.

The Group also plans to expand its branded business (i.e., sales made under the Group's owned and licensed brands) in export markets. The Group contemplates promoting its brands, enhancing brand awareness, strengthening its product portfolio and increasing its marketing and after-sales support for its own brands in selected export markets especially in the countries and regions (such as Gulf and East Europe where the Group has its own subsidiaries) as well as expanding distribution channels and strengthening partnerships with retailers and distributors to execute this expansion strategy.

The Group is actively pursuing strategic partnerships with significant stakeholders within the consumer electronics and household appliances sectors.

The Group is continuously identifying new growth opportunities within its existing markets by maximizing its existing and new businesses' expansion potential therein. In this respect, the Group is exploring potential in the home appliances and consumer electronics industries in its existing markets to further expand its market presence.

- ***Expanding in mobility electronics as an exciting new business area with significant growth potential***

The Group aims to become a major player in the mobility electronics industry by exploring organic and inorganic growth opportunities. The Group is currently in discussions with global consultants to determine its strategies in the following four areas within the mobility electronics industry:

- Electric vehicle (EV) components, including cockpit electronics, electric / electronics (ECU – TCU) and EV Powertrain units;
- Battery solutions, including energy storage systems (ESS) and micro mobility (such as e-bikes);
- EV chargers, including AC and DC chargers; and
- Other potential areas such as PV inverters and EV battery packs.

The Group is actively seeking strategic alliances with key parties in the mobility business. Most recently, a non-binding memorandum of understanding, valid for a period of three months with an option to be extended for another three months if the parties agree, has been executed on 12 March 2024 between Vestel Mobility and Huizhou Desay ESS Co., Ltd., a company based in China and indirectly wholly owned by Shenzhen Desay Battery Technology Co., Ltd. This memorandum and understanding relates to a potential cooperation in the field of storing renewable energy with lithium battery systems in Türkiye and in other markets where competitive advantage can be achieved. The

cooperation is expected to also encompass the design, assembly, manufacturing and sales of energy storage systems and will contribute to the Group's sustainability goals and efforts.

- ***Diversifying product offerings and increasing online presence***

The Group also intends to diversify its product offerings in its existing segments by introducing new products to its markets and also expanding its range of outsourced products. This is expected to create cross-selling opportunities and increase revenues and profitability for the Group.

The Group plans to develop business-to-consumer ("**B2C**") and business-to-business ("**B2B**") channels and partner with strategic e-commerce platforms and retailers. This is expected to enable the Group to reach a wider customer base and increase its online presence.

The Group is currently implementing a brand growth project aimed towards achieving sustainable and continuous growth in various performance indicators of the Group by ensuring the growth of the Vestel brands and other brands owned by the Group. This project is built on three main pillars, being, (i) branded growth, (ii) growth in ODM business and (iii) growth in the product portfolio. Specifically, in terms of branded growth, the Group is strategizing to target branded growth in various specific markets in the TV and white goods product segments. In respect of growth of its ODM business, the Group is also aiming to expand its ODM services to certain markets in which it sees potential for growth and expansion in the TV and white goods business. Lastly, the Group is also planning to achieve growth with outsourced products and new products, such as air conditioners, coffee machines, vacuum cleaners, stove hoods, side-by-side refrigerators and deep freezers with specific target markets designated for each product or product group. Given that Europe is a relatively maturing market for the Group's business, the Group believes that its specific strategy to expand towards emerging markets with existing and new products (including outsourced products) will be key to its ability to maintain continued growth and profitability.

History

The Issuer was founded on 4 March 1983, as a TV manufacturer and acquired by Zorlu Group in 1994. The shares of the Issuer have been traded on Borsa Istanbul under the ticker "VESTL" since 1990.

In 1998, the Vestel City, which the Group's headquarter and production plants are located, has been built on an area of 1.3 million square meters in Manisa, one of the largest single-location industrial complexes in Türkiye. At that time, the Group was focused on the production of consumer electronics, specialising on TV production.

The Group broadened its customer base by expanding its product range to include new products through the years. In 1997, the Group entered into white goods business. Vestel City expanded in 1999 with the addition of the first refrigerator plant, followed by the air conditioner plant in 2000, the first washing machine plant in 2003, a second refrigerator plant and cooking appliances plant in 2005, the first dishwasher plant in 2007, a water heater plant in 2010, a washing machine and tumble dryer plant in 2018 and a new dishwasher plant in 2023 (the production lines in the legacy plant have been transferred to new plant). Within the years the Group completed its full product range in six major household appliances (*refrigerators, deep freezers, washing machines, dishwashers, cooking appliances and tumble dryers*) and diversified its product range under the household appliances with the production of air-conditioners and water heaters as well as SDAs, which are outsourced mainly from Türkiye and Asia, under its household appliances segment. The Group reached with an annual TV production capacity of 10 million units and an annual household appliances production capacity of 15.6 million units as of the end of 2023, which increased by another 500,000 units as of the beginning of April 2024.

The Group founded its initial R&D centre for consumer electronics in Manisa, which has provided the Group to shift from an outsourcer to an ODM. As penetration in the TV market has increased over time, it decided to transfer its long-standing experience and know-how in manufacturing, design and R&D to new areas and ventured into the mobility electronics business by setting up a new R&D department for electric vehicle

chargers in 2013. In 2017, the Group realised its first product sales in mobility electronics and has been investing in e-mobility since then.

In 1996, the Group took its first step on online presence. The Group's omnichannel development continued with its website (www.vestel.com.tr) and the Group moved on to strengthening its network with the opening of new store formats operated directly or via franchise, reaching consumers through a wide range of outlets (both offline and online), which include hypermarkets, discount retailer chains, household stores (mixed brand stores selling different product groups), technical superstores and e-commerce websites in addition to dealers.

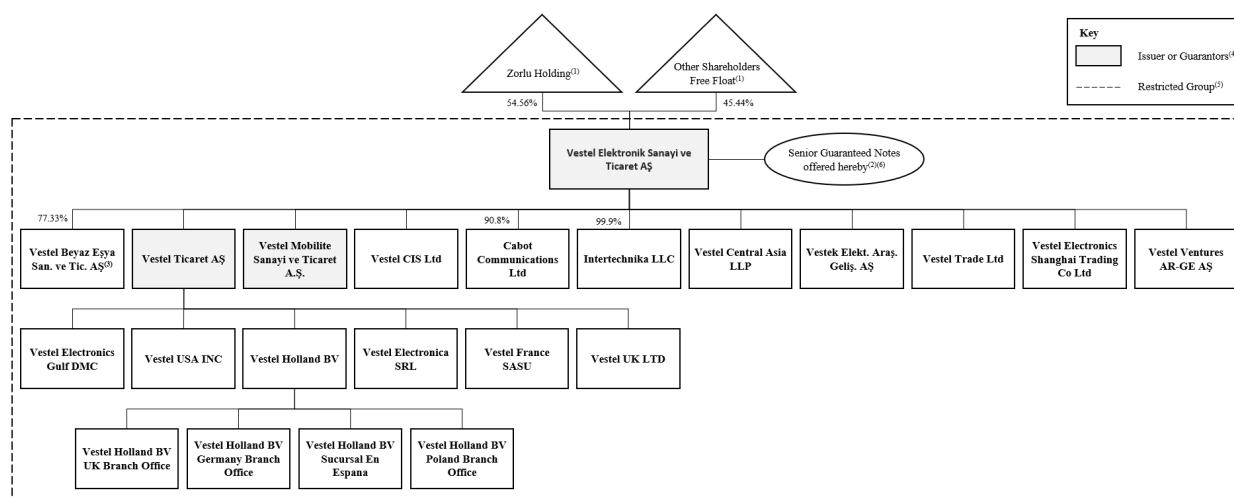
As an extension of the Group's customer centric approach and omnichannel retail strategy, the Group diversified its store formats by introducing a new and experiential store concept, Vestel Ekspres, combining offline and online shopping experience via digital screens and through user-friendly applications. Vestel Ekspres brings the convenience of online shopping to stores in comparison to its traditional store format, with store number reaching approximately 186 as at 31 December 2023 over a three year period after a successful launch in 2020.

The Group is today a global player operating in the areas of consumer electronics, major household appliances, digital products and e-mobility solutions. See “– Our Operations – Product Segments.” for more information.

Corporate Structure

The Issuer is part of the ‘Vestel Group’, which is ultimately controlled by the Zorlu Family. The Issuer leads the development and manufacturing of the consumer electronics product segment, including, to a certain extent, mobility electronics. Vestel White Goods, a subsidiary of the Issuer, is responsible for the development and manufacturing of MDAs and certain other products within the household appliances product segment. Vestel White Goods is also a public company and its shares are being traded in Borsa Istanbul under the ticker ‘VESBE’ since 2006. Vestel Mobility, another member of the Group, is active in the field of producing electric vehicle chargers, automotive electronics and battery solutions. The Issuer realises its international and domestic marketing activities and sales through Vestel Trade, a subsidiary of the Issuer.

The following diagram summarises the corporate structure of the Issuer and its subsidiaries as of the date of this Offering Circular.



Notes:

- (1) For a description of the Group's shareholding structure, see “Ownership”. The Issuer is listed on the on the Borsa Istanbul stock exchange.
- (2) The Issuer is offering U.S.\$450 million of Senior Guaranteed Notes in this Offering. The proceeds of the Offering will be used to refinance certain indebtedness of the Group and fund capital expenditures. See “Use of Proceeds”.
- (3) Vestel White Goods’ remaining shares (22.67 per cent.) are publicly held. Vestel White Goods is listed on the Borsa Istanbul stock exchange.

- (4) Vestel Trade and Vestel Mobility will guarantee the Notes. As of and for the year ended December 31, 2023, the Issuer and Guarantors represented 72 per cent. of the Group's total assets, 48 per cent. of the Group's net assets and 36 per cent. of the Group's Adjusted EBITDA (each on a consolidated basis after intercompany eliminations).
- (5) The Trust Deed governing the Notes contains covenants that limit the ability of the Issuer and certain of its subsidiaries from taking certain corporate actions, like incurring indebtedness or paying dividends or other distributions. See "*Terms and Conditions of the Notes*". Subsidiaries subject to these restrictions are referred to herein and in the Trust Deed as "**Restricted Subsidiaries**". The Issuer and the Restricted Subsidiaries are referred to herein as the "**Restricted Group**".
- (6) Upon consummation of the Offering and the application of the proceeds therefrom, the Group's outstanding indebtedness will be: Group (TL 33,541 million (U.S.\$ 1,139 million)), Issuer and Guarantors (TL 29,931 million (U.S.\$ 1,017 million)), and non-Guarantor Restricted Subsidiaries (TL 3,610 million (U.S.\$ 123 million)). For presentational purposes, the foregoing amounts presented in U.S. dollars have been translated into U.S. dollars from the corresponding Turkish Lira amounts, at an exchange rate as of 31 December 2023 of \$1.00 to TL 29.4382, which is the Central Bank's buying rate on 31 December 2023.

In the global market, the Group also engages in branded sales through the local brands it has acquired and the global brands it licences in addition to ODM-based sales. The Group has acquired entities and/or assets in Europe, including Finlux and Luxor in Finland, Vestfrost in Denmark, Newpol in Spain, Electra, Servis and White Knight in the UK and Atlantic in Italy.

Our Operations

Product Segments

The Group aims to provide a balanced product offering, focused on several key product segments under its main business units. The Group operates in the areas of (a) household appliances (64 per cent. of the Group's revenue in the year ended 31 December 2023), (b) consumer and mobility electronics (36 per cent. of the Group's revenue for the year ended 31 December 2023).

The Group exports to more than 160 countries as of the date of this Offering Circular and pursues different business models in Türkiye and overseas markets. Whilst large portion of the Group's international sales are directed to the European market, the Group has also achieved strong growth in non-European regions, particularly in Central Asia-Turkic Republics, MENA, Sub-Saharan Africa, North and South America and Asia-Pacific in recent years as part of its market diversification strategy.

The Group aims to achieve a balanced growth between these three business units as each has its own advantages. Therefore, it intends to continue to diversify its product and service range whilst ramping up certain existing segments and developing new segments connected with the Group's existing products and services. The Group believes that diversification is an advantage that will allow the Group to establish its presence in response to new consumer behaviours, as well as anticipate major technological developments.

Household Appliances

The Group offers user-friendly, energy and water efficient, environmental-friendly, innovative and digital products and services that respond to customer needs under its well-established brand, Vestel, with an annual household appliances production capacity of 15.6 million units as of the end of 2023, which increased by another 500,000 units as of the beginning of April 2024. The Group's products include products for consumers comprising primarily MDA (*including refrigerators, deep freezers, washing machines, dishwashers, cooking appliances and tumble dryers, air-conditioners, water heaters and vaccine storage cabinets*) and SDA, which are outsourced mainly from Türkiye and Asia (*including kitchen appliances and accessories, such as microwave ovens, blenders and coffee makers, irons, air purifiers and personal care products, such as hair dryers, hair stylers and scales*). For the year ended 31 December 2023, the Group generated revenue of TRY 72 billion from its household appliances business, representing 64 per cent. of its total revenue. The Group's household appliances sales made in Europe, Türkiye and other markets represented 27 per cent., 25 per cent. and 12 per cent., respectively, of the Group's total revenue, in the year ended 31 December 2023.

The Group prioritizes developing solutions that meet the needs of the shifting customer behaviours for this product segment with the accelerating trend of digitalisation and evolving socio-economic conditions and supply chains. Recently, the Group has been working to increase its market share and enhancing its competitiveness in the global market through the impact of a culture of transformation.

The household appliances segment within the Group maintains a notably stable position for several reasons. Firstly, in export markets, the prevalence of long-term contract structures ensures a steady level of price visibility, fostering predictability in revenue streams. Additionally, the ongoing implementation of incremental technological advancements in key products sold further solidifies the division's resilience. These improvements not only enhance the performance and features of the products but also contribute to maintaining and potentially expanding market demand over time.

Europe

For the year ended 31 December 2023, 27 per cent. of the Group's total revenue was generated from household appliances sales made in Europe. Principal brands of the Group in this market are, in terms of owned brands, Vestel and Vestfrost and in terms of licensed brands Sharp, Daewoo and Telefunken.

The European market is the main export market for the Group's business through ongoing new customer and project wins. The Group carries out its sales in the European market mainly on an ODM basis, including sales to A-brands and private label sales. The Group also undertakes branded product sales with the local brands owned by and the global brands held under the brand licensing agreements by the Group. The Group uses the local brands owned by the Group, such as Vestfrost, Finlux, Servis, Electra, White Knight, Laurus, Newpol and Atlantic to further market its household appliances products in the European market. The Group also makes use of its renowned licensed brands in the European market to realise household appliances sales. For example, the Group attained robust growth in the European market with the Sharp brand, which was licenced in October 2014 and the Daewoo brand, which was licensed in July 2021.

The Group believes that it is amongst the top four MDA sellers in Europe by number of units sold, as of the year ended 31 December 2023. This ranking has been calculated by the Group by using the data of a global market research company for the competitors' unit sales in Europe and using the Group's own data for the Group's unit sales in Europe.

For the year ended 31 December 2023, approximately 83 per cent. of the Group's MDA production was exported, whilst, according to the TÜRKESD (White Goods Manufacturers' Association of Türkiye – Türkiye Beyaz Eşya Sanayicileri Derneği) data, the Group was responsible for approximately 38 per cent. of Türkiye's MDA6 exports.

Türkiye

For the year ended 31 December 2023, 25 per cent. of the Group's total revenue was generated from household appliances sales made in Türkiye. Its principal brands in the Turkish household appliances segment are Vestel, Regal, SEG and Finlux. The Group sells mainly under its own brands in Türkiye, with 'Vestel' being its flagship brand, mainly sold through exclusive dealership channel. With its other principal brands in household appliances, 'Regal', 'SEG' and 'Finlux', the Group targets different market segments and sales channels. With this strategy, the Group aims to prevent the competition of its own brands with each other or the cannibalisation of the market share by one of its own brands. For over 25 years, the Group has been a pioneer household appliances manufacturer in Türkiye, successfully outperforming even during periods of correction through adapting into incremental changes in technology.

The Group ranks second in terms of household appliances manufacturing in Türkiye (according to TÜRKESD) and believes that it ranks third in terms of number of household appliances units sold in Türkiye (based on information acquired from a global market research company), in each case, for of the year ended 31 December 2023.

Türkiye is a key market for the Group's business as the Group is one of the top three players of its sector in Türkiye by number of household appliances units sold, as of the year ended 31 December 2023. The Group benefits from its extensive Vestel and Regal sales points located across the country and increasing number of online sales through presence in Türkiye's leading e-commerce sites, which enables the Group to reach a wider customer base through different channels and increase its market coverage. The Group also has one of the

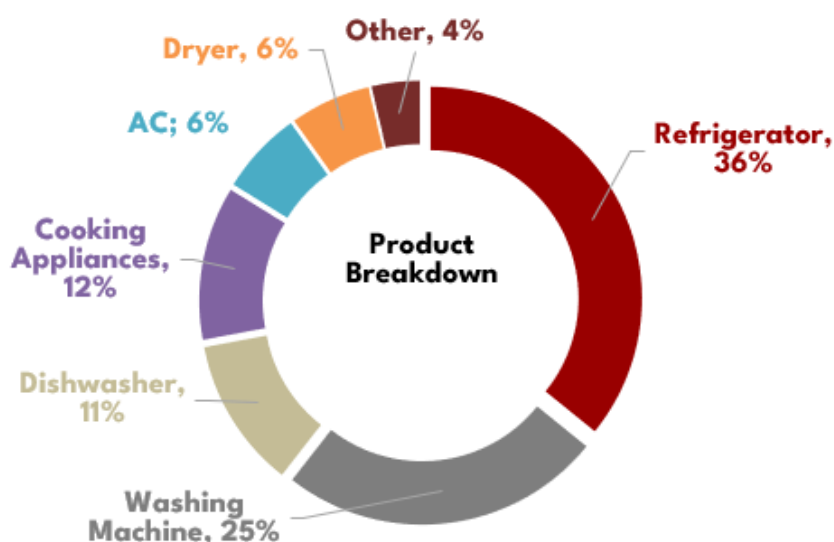
most extensive sales and after-sales services network of Türkiye. See “– Sales, Marketing and Distribution” for further information.

Other Markets

Whilst the majority of the sales is directed to Western Europe, the Group continues to increase its presence in the MENA, Asia and Americas markets where it focuses as part of its market diversification strategy. For the year ended 31 December 2023, 12 per cent. of the Group’s total revenue was generated from household appliances sales made in non-European export markets.

The Group operates in other markets through a number of its brands, including Vestel which is sold in nearly 40 non-European countries, spanning nearby regions such as Turkic republics, Iraq, Syria, Georgia, Gulf countries and Sub-Saharan African nations. Another example is the brand Regal, being sold by the Group in Iraq, with expansion efforts underway in Saudi Arabia.

The following graph demonstrates the Group’s revenue generated from the household appliances business in the year ended 31 December 2023, broken down by products.



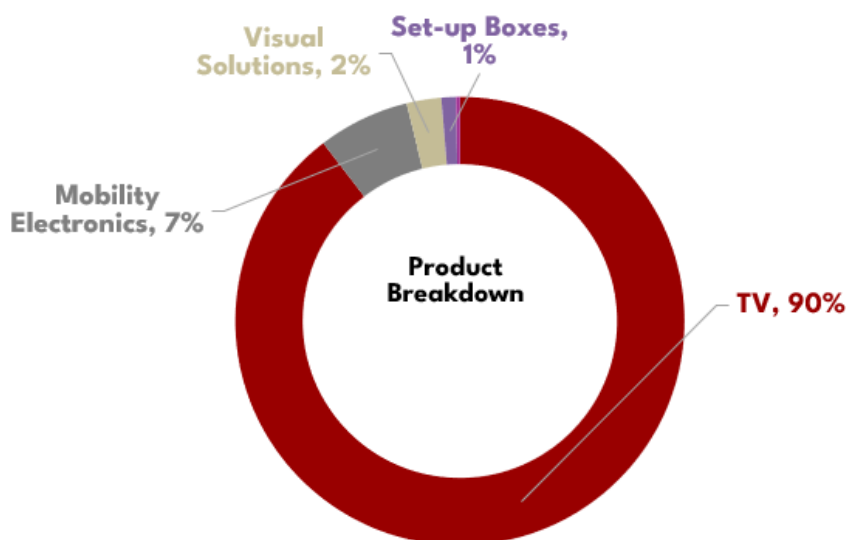
The timeline for household appliances business is as follows:

- 1997** The Group entered into white goods business
- 1999** First refrigerator plant
- 2000** Air conditioner plant
- 2003** Washing machine plant
- 2005** Second refrigerator plant and cooking appliances plant
- 2007** First dishwasher plant
- 2010** Water heater plant
- 2018** Tumble dryer and Washing machine plant
- 2023** New dishwasher plant

Consumer electronics and mobility electronics

For the year ended 31 December 2023, the Group generated revenue of TRY 40 billion from consumer electronics (and, mobility electronics, which is currently being reported under the consumer electronics segment by the Group), representing 36 per cent. of its total revenue.

The following graph demonstrates the Group's revenue generated from the consumer and mobility electronics business in the year ended 31 December 2023, broken down by products.



Consumer electronics

The Group designs and manufactures TV sets, digital display solutions, set top boxes and telco products, with an annual TV production capacity of 10 million units as of the date of this Offering Circular. The Group's consumer electronics segment mainly includes semi and fully integrated TV production (*including OLED TV, borderless TV, elite UHD TV, UHD TV, smart TV and LED TV*), visual solutions (*including digital signage solutions, interactive flat whiteboard and hospitality solutions*) and set-up boxes.

As its initial business, the Group is still able to preserve its existing market position in consumer electronics by maintaining competitiveness as an early adopter of new technologies in TVs and via continuous improvements in processes. The Group also believes that offering the best customer experience-oriented sales and after-sales services reinforces its market position along with its wide product range and capabilities in electronic, mechanical and optical designs and software, long term established relationships with customers and supply chain.

The consumer electronics division of the Group boasts several key highlights that contribute to its success. A significant portion of the division's revenue comes from sales made under licensed brands. This strategic approach allows the Group to capitalize on established brand recognition and consumer trust. Moreover, the division prioritizes investment in R&D, fostering innovation and technological advancement within its product offerings. This commitment enables the Group to stay ahead of market trends and maintain competitiveness. Additionally, the Group demonstrates a high level of internal agility, enabling swift adaptation to changing market conditions and consumer preferences. This flexibility is vital for staying responsive to evolving industry dynamics. Furthermore, the consumer electronics business of the Group caters to a wide range of customers and offers a diverse product portfolio. This breadth ensures resilience against market fluctuations and provides opportunities for growth across various segments. The division also maintains a substantial share of licensed brands within its product mix, further enhancing its market reach and appeal to consumers. Lastly, leveraging the customs union between Türkiye and the EU, as well as the Free Trade Agreement (FTA) between Türkiye and the UK, the Group benefits from a significant import tax advantage compared to its Asian competitors. With import taxes set at 0 per cent. as opposed to the 14 per cent. faced by Asian competitors,

the Group can offer competitive pricing while maintaining profitability, strengthening its position in the market.

Europe

For the year ended 31 December 2023, 23 per cent. of the Group's total revenue was generated from consumer electronics sales made in Europe. Principal brands of the Group in the European market are Toshiba, Telefunken, JVC and Daewoo.

The Group believes that it is amongst top three TV sellers in Europe by number of units sold, as of the year ended 31 December 2023. This ranking has been calculated by the Group by using the data of a global market research company for the competitors' unit sales in Europe and using the Group's own data for the Group's unit sales in Europe.

For the year ended 31 December 2023, approximately 83 per cent. of the Group's TV production was exported whilst, according to the data of Electronic Device Manufacturers Association (ECİD), the Group was responsible for approximately 93 per cent. of Türkiye's TV exports in the year ended 31 December 2023. The Group believes that it has a customs duty advantage compared to Asian competitors in the European market due to the customs union between Türkiye and the EU and the FTA between Türkiye and the UK.

The Group is one of the region's prominent ODM providers of TVs with flexible and customised production for its wide customer and product mix. The Group offers a perfect ODM service from A to Z, from original design and production to point distribution through branded product sales under its own brands and high share of licenced global brands such as Toshiba, Telefunken, JVC and refrains from competing directly with customers' brands in Europe.

Türkiye

For the year ended 31 December 2023, 10 per cent. of the Group's total revenue was generated from consumer electronics sales made in Türkiye. Its principal brands in the Turkish consumer electronics segment are Vestel, Regal, Toshiba, Daewoo and SEG. The Group sells mainly under its own brands in Türkiye, with 'Vestel' being its flagship brand, mainly sold through exclusive dealership channel, in addition to other sales channels targeting different market segments.

The Group ranks first in terms of TV manufacturing in Türkiye (according to ECİD) and believes that it ranks second in terms of number of TV units sold in Türkiye (based on information acquired from a global market research company), in each case, as of the year ended 31 December 2023.

The timeline for TV production and consumer electronics business is as follows:

1999	Plasma TV production
2002	Türkiye's first LCD TV production
2009	Satellite receiver production
2010	Smart TV production
2012	Led lighting and smart board production
	Tablet PC production
2014	Türkiye's first locally developed smartphone
2015	Smart home
2016	Android TV
2016	Türkiye's first and slimmest OLED TV

- 2015** Türkiye's first 4K Curved TV
- 2023** The first Smart TV compatible with the new pan European DVB-I standard in Italy
- 2024** First TV manufacturer for Freely TV in the UK
- 2023** New Line-Up of Powered by TiVo™ Smart TVs
- 2023** First Turkish manufacturer that have OLED, MiniLED and QLED production at the same time

Mobility Electronics

The Group entered into mobility electronics business in 2013 and realized its first product sales in 2017. The Group produces electric vehicle charging units (both AC and DC types), in-vehicle display systems, ECUs and EMS for the automotive sector, battery packs for e-bikes, portable TVs, vacuum cleaners and energy storage systems for telecom base stations, houses, commercial / industrial applications. For the year ended 31 December 2023, the Group's revenue from mobility electronics represented 2 per cent. of its total revenue. The Group believes that mobility electronics offers strong growth potential in the medium to long term.

The Group aims to diversify into new areas, where the Group expects exponential growth, by leveraging its long-standing R&D, manufacturing and design know-how and experience in electronics business. See "*Research & Development (R&D) and Innovation*" for further information.

- automotive electronics (*including in-vehicle display systems, telematics control units, electronic/domain control units*),
- electric vehicle chargers (*including both AC and DC chargers*), battery solutions (*including battery packs for portable TVs, vacuum cleaners and ventilators in addition to battery packs for e-bikes*),
- energy storage systems (*including li-ion batteries for telecom base stations, ESS for houses and commercial and industrial applications, container type ESS for wind and solar power plants and cabinets for DC charging stations, which the Group currently undertakes R&D activities for*), and
- EMS (*including design and manufacturing of electronic cards for automotive applications such as led boards*),

The Group develops its product portfolio under mobility electronics according to industry and market trends for electric vehicle charging units and completes the necessary improvements. As a result, the Group has exported EVC to nearly 30 countries, especially Germany, Italy, the UK, Spain, since the establishment of the mobility electronics business segment within the Group. For the year ended 31 December 2023, the Group was the largest EVC manufacturer and exporter in Türkiye, in terms of production, charging and installed capacity.

The timeline for mobility electronics business is as follows:

- 2013** Automotive electronics department as well as the EVC and R&D teams were founded
- 2017** First EVC (AC type) sales
- 2018** The Group became one of the shareholders of Türkiye's Automobile / Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. ("**Togg**")
- 2020** Receipt of IATF-16949 Certification, which allows the Group to drive growth in automotive electronics

First nominations for EMS (Led boards) and in-vehicle displays in the automotive sector
- 2021** IDCC and TCU nominations in the automotive sector. First DC type EVC sales

- 2022** First battery pack sales for e-bikes, vacuum cleaners and portable televisions
- 2023** First supplies of in-vehicle display systems and IDDC to Togg
 First Li-ion battery sales to the telecom sector.
 Energy storage system prototypes for commercial & industrial and residential applications.
 Nomination for Togg's second EV model
 Togg production started in March 2023, with their first vehicle delivered starting in May 2023
- 2024** Launch of Vestel Mobility

Internet of Things ("IoT")

The Group focuses on becoming an open ecosystem by participating in organizations and collaborations with the most important players in the market and transforming data into a service model that will add value to all of its processes. As of the date of this Offering Circular, the Group has 25 different categories of smart devices, which it collects data from more than 150 countries with 30 million registered smart TVs and 1.5 million registered smart white goods in its ecosystem. In this way, the Group remotely controls a variety of products and can receive and observe notifications.

Products and Services

- As of the date of this Offering Circular, the Group's smart product ecosystem consist of TVs, refrigerator, dishwasher, washing machine, tumble dryer, washer dryer, oven, air conditioner, AC EVC, DC EVC, robot vacuum cleaner, smart watch, smart sleep band, smart bulb, smart air purifier, smart scale, smart sleep light, smart wristband, smart doorbell, smart IP camera, smart socket, smart light, electric bike battery, telecom battery, professional displays.
- Approximately 70 per cent. of the Group's product range consists of Wi-Fi connected devices, providing data flow from the products and technical advantages. By receiving fault signals without going to the physical location of the product and solving any problems that may arise in the product at once or remotely, the Group not only increases customer satisfaction but also contributes to sustainability by increasing the lifespan of the products.

Collaborations

- By collaborating with major IoT associations, the Group aims to access the latest technologies in the IoT sector and develop products that meet the standards by following the latest developments.
- The Group is involved in three major IoT collaborations:
 - *Home Connectivity Alliance*, which enables different brands of smart products created by leading brands to communicate with a common infrastructure. In this way, users can control products of different brands with a single application and manage energy with a common infrastructure.
 - *Connectivity Standards Alliance*, which aims to standardize security and connectivity protocols in the IoT industry. This association includes more than 700 members such as Google, Amazon, Apple and SmartThings.
 - *If This Than That*, which is a platform for products or services to trigger each other, enabling it to collaborate with more than 900 brands and services and create common scenarios.

Key Brands

The Group is confident in its brand portfolio in terms of the brand value and success of certain key brands and in terms of the variety of the brands at their use. As of the date of this Offering Circular, Group owns a total of 30 brands and holds a license for five different brands.

The Group is strategic in its use of brands with a key focus on minimising its brands possibility of competing with each other or diluting each other's market share or brand value. Building its marketing and sales strategy with this perspective in mind, the Group targets different market segments and sales channels with different brands, considering a number of factors, including the popularity or value of the brand in each market segment, the association of each brand with different price points for its products and each brand's influence and resonance with the behaviour and preferences of different consumer segments.

In general, the Group's branding strategy is focused on targeting different market segments and sales channels with its diverse brand portfolio and below are a few highlights describing key elements of such strategies.

- The Group primarily sells its products under its own brands in Türkiye. The flagship brand, Vestel, is mainly sold through an exclusive dealership channel. The company targets various market segments and sales channels with these brands, ensuring a strong and wide presence across the country.
- The Group also licences well-known global brands in both white goods and TV segments. Licencing agreements typically last for five-ten years and are renewed upon expiration, providing stability and long-term visibility to the business.
- Particularly in Europe, the Group uses certain specific brands it has acquired in the past (forming part of its owned brands) such as Finlux, Vestfrost, Servis, Graetz and Atlantic. The Group has built a strong brand portfolio in Europe at an attractive cost, making it available to customers (particularly distributors under the private label sales done under the ODM business model), who do not have their own brands. This wide range of brands allows the Group to serve different customers and different sales channels in the export markets. The Group is able to position its brands according to customer needs, ensuring a strong market presence.

Owned Brands

The brands owned by the Group as of the date of this Offering Circular are as follows. The Group benefits from trademark protection in various countries for various product categories for each of these brands.

- Vestel
- Regal
- SEG
- Vestfrost
- Finlux
- Agora
- Atlantic
- Celcus
- Clayton
- Digihome
- Dikom

- Electra
- Graetz
- Hostess
- Icecool
- Laurus
- Luxor
- Nexon
- New Pol
- Schöntech
- Servis
- Techwood
- Teletech
- Wellington
- Westline
- Westwood
- White Knight
- Whitewood
- Windsor
- Zortech

Further information is provided below in respect of some of the Group's key owned brands and their performance.

Vestel

The signature brand of the Group is Vestel, which has a particular significance in the Group's sales performance in Türkiye as sales made under the Vestel brand represented 56 per cent. of the Group's revenue resulting from sales in Türkiye for the year ended 31 December 2023. The Vestel brand has been ranked 3rd in Türkiye among all brands in all sectors by Brand Finance in the "TURKEY 100 – Türkiye's Most Valuable Brands (*Türkiye'nin En Değerli Markaları*)" research with a brand value of USD 927 million and the Group has specific plans in improving its ranking in the short term.

The Vestel brand had an excellent trajectory in its rankings by Brand Finance over the years and its brand value, as illustrated by the chart below.



Vestel is one of the leading brands of consumer electronics and household appliances in Türkiye and has a strong recognition level within the Turkish community. This has been supported by the Group's effective and widespread network of dealers, focus on customer experience before, during and after the sale, innovative channel strategies, omni-channel approach and other extensive marketing efforts.

Vestel branded products are, as of 31 December 2023, in Türkiye alone, were being sold at 1,363 exclusive stores, in addition to being distributed through multiple channels such as mass merchandisers, department stores and technology chains. The Vestel brand is also being used by the Group in sales over 40 countries abroad.

The Vestel brand is registered by the Group in 105 countries and 20 product categories (based on the categorisation made by the Group), as of the date of this Offering Circular.

The Group believes that the Vestel brand is strongly associated with reliability, innovation and sustainability.

Regal

Regal is another valuable brand within the Group's brand portfolio, being used mainly in white goods and TV product segments. Regal has represented 10 per cent. of the Group's revenue resulting from sales in Türkiye for the year ended 31 December 2023.

Regal branded products are, as of the date of this Offering Circular, being sold through a total of 1,235 sales points in Türkiye, including dealers, department stores and other sales channels and Regal is also sold by the Group through various sales points in export markets.

The Regal brand is registered by the Group in five countries and 20 product categories (based on the categorization made by the Group), as of the date of this Offering Circular.

SEG

The brand SEG is an important brand used by the Group and is actively marketed to sell products mainly in the TV and white goods product segments. SEG products are, as of the date of this Offering Circular, being exclusively sold in Türkiye and the Group's strategy for this brand is to make sales through mass merchandisers.

The SEG brand is registered by the Group in three countries and 20 product categories (based on the categorisation made by the Group), as of the date of this Offering Circular.

Finlux

The brand Finlux is an important brand used by the Group and is actively marketed to sell products mainly in the LCD -TFT TV product segments.

Finlux products are, as of the date of this Offering Circular, being sold through distributors to mixed channels.

The Finlux brand is registered by the Group in 65 countries and 18 product categories (based on the categorisation made by the Group), as of the date of this Offering Circular.

Licensed Brands

The Group has entered into exclusive licencing arrangements with renowned global brands for certain product segments and geographies and is therefore entitled to market its products under those brands in various markets. The table below provides key information relating to the Group's licensed brands, as of the date of this Offering Circular.

Licensed Brand	Initial License Date	Expiry Date	Product Groups	Countries
Telefunken	1 January 2007	31 December 2026	TV +MDA (REF, DW, CA, WM, TD), MWO, Air Purifier, SDA	All Europe (excluding the Nordic region and, for the avoidance of doubt, the UK)
Sharp	1 January 2015	31 December 2024 ^(*)	MDA (REF, DW, CA, WM, TD), MWO, Air Purifier, SDA	All Europe
Toshiba	1 September 2016	31 December 2031	TV	UK, Romania, Ireland, Ukraine, Iceland, Greece, Finland, Cyprus, Sweden, Bulgaria, Norway, Croatia, Denmark, Serbia, Portugal, Slovenia, Spain, Macedonia, France, Türkiye, Belgium, Lithuania, Netherlands, Latvia, Luxemburg, Estonia, Germany, Montenegro, Switzerland, Bosnia & Herzegovina, Italy, Poland, Austria, Malta, Czech, Kosovo, Slovakia, Moldova, Hungary, Albania
JVC	1 December 2014	31 December 2026	TV	All Europe (excluding Greece, Benelux, France and, for the avoidance of doubt, UK)
Daewoo	1 July 2021	30 December 2031	MDA, TV, MWO, Hood, AC, Water Heater, Set Top Box, Air Purifier, Vacuum Cleaner	Ukraine, Iceland, Denmark, Finland, Cyprus, Sweden, Norway, Croatia, Serbia, Slovenia, Spain, Portugal, Macedonia, France, Türkiye, Lithuania, Latvia, Estonia, Germany, Austria, Belgium, Luxemburg, Netherlands,

				Switzerland, Montenegro, Bosnia & Herzegovina, Italy, Andorra, Liechtenstein, San Marino, Monaco, Vatican City, Malta, Czech, Slovakia, Kosovo, Moldova, Albania, Bulgaria, Greece, Russia, Kazakhstan, Georgia, Azerbaijan, Kyrgyzstan, Tajikistan, Uzbekistan, Belarus, Mongolia

() The Group has reached agreement, in principle, with the relevant licensor to extend the agreement for two more years and the documentation to give effect to the same is currently being produced between the parties.*

The Group's sales made under its licensed brands are characterized by several key highlights. Firstly, the Group often enters into long-term licensing agreements for 5 to 10 years, which provide a stable and predictable revenue stream. These agreements offer good revenue visibility, allowing the Group to plan and strategize effectively over the long term. Moreover, the profitability of licensed brands tends to surpass that of the Group's own brands. This superiority in profitability is often attributable to the established reputation, brand recognition, and consumer loyalty associated with licensed brands. By leveraging these factors, the Group can command premium pricing and achieve higher margins, thereby enhancing overall profitability and financial performance.

The Group has been successful in renewing its licensing arrangements with key brand owners in the past at attractive terms and it has even leveraged its strong market presence and licensing arrangements with rival brand owners to reduce its licensing fees for renewal periods. It is also noteworthy that the Group does not rely on any single license agreement due to the fact that none of the licensed brands hold a material share within the Group's sales under licensed brands and that sales made under licensed brands are also not material in the overall revenue of the Group.

The Group has found that maintaining positive relationships with license owners hinges on ensuring timely royalty payments and demonstrating effective management of the brand's sales and marketing. This has led to repeated extensions of agreements, exemplified by the Telefunken license, which has been renewed four times, each time with reduced licensee fees to incentivise the Group. Similarly, the Toshiba agreement is currently in its second five-year term. The Sharp brand has been under the Group's licensed use for a decade, with an additional extension agreed upon under improved terms. Notably, the Daewoo licence, unlike previous shorter-term agreements, spans ten years, a departure from the norm. However, in pursuit of long-term stability and risk mitigation, the license owner was persuaded, resulting in the extended agreement.

Further information is provided below in respect of the Group's licensed brands and their performance.

Toshiba

Toshiba is a leading licensed brand of the Group in the European market for TV sales. The Group has first acquired the licence rights for Toshiba in 2016.

Sales made under the Toshiba brand has represented 8.6 per cent. of the Group's revenue resulting from sales in Türkiye and export markets for the year ended 31 December 2023.

Sharp

Sharp is a leading licensed brand of the Group in the European markets for the MDA and SDA sales. The Group has first acquired the licence rights for Sharp in 2014.

Sales made under the Sharp brand has represented 3.5 per cent. of the Group's revenue resulting from sales in Türkiye and export markets for the year ended 31 December 2023.

Telefunken

Telefunken is a leading licensed brand of the Group in the European markets for the MDA, SDA and TV sales. The Group has first acquired the licence rights for Telefunken in 2007.

Sales made under the Telefunken brand has represented 2.5 per cent. of the Group's revenue resulting from sales in Türkiye and export markets for the year ended 31 December 2023.

JVC

JVC is a leading licensed brand of the Group in the European markets in addition to Morocco, Tunisia and Algeria for the TV sales. The Group has first acquired the licence rights for JVC in 2014.

Sales made under the JVC brand has represented 2.4 per cent. of the Group's revenue resulting from sales in Türkiye and export markets for the year ended 31 December 2023.

Daewoo

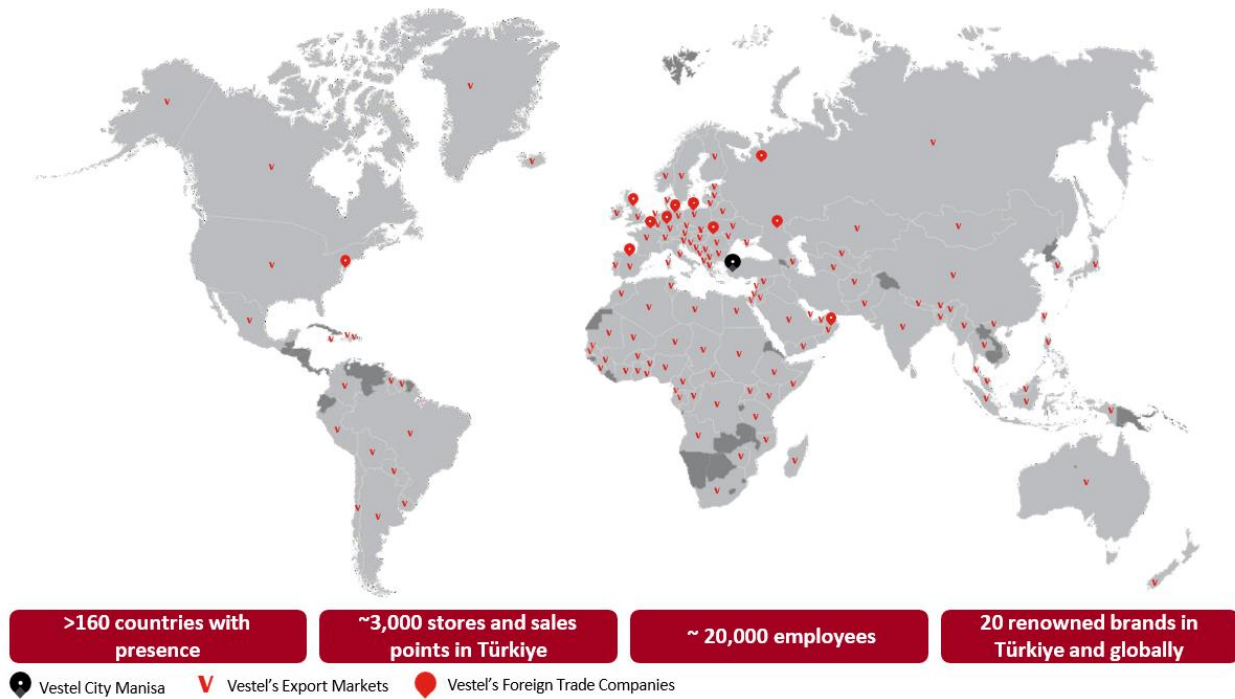
Daewoo is a leading licenced brand of the Group in the mainly in Europe and Türkiye markets for the white goods and TVs product segments. The Group has first acquired the license rights for Daewoo in 2021.

Sales made under the Daewoo brand has represented 2 per cent. of the Group's revenue resulting from sales in Türkiye and export markets for the year ended 31 December 2023.

Sales, Marketing and Distribution

Drawing upon its extensive experience and astute market analysis, the Group has meticulously crafted customised strategies tailored to the unique dynamics of each market it serves. The Group is capable of achieving true global success by carefully differentiating its strategies for the domestic and international markets.

As of the date of this Offering Circular, the Group operates with global footprint, conducting sales operations across more than 160 countries. As of 31 December 2023, in Türkiye alone, the Vestel brand was sold at 1,363 exclusive stores, in addition to being distributed through multiple channels such as mass merchandisers, department stores and technology chains. Further, the Group was selling the Regal brand through a total of 1,235 sales points in Türkiye, as of 31 December 2023. Additionally, the Group leverages a portfolio of 35 esteemed owned and licensed brands, strategically deployed in sales initiatives both domestically and internationally. The infographic below illustrates the Group's geographic reach in terms of sale points, as of the date of this Offering Circular.



The Group also believes that it benefits from a balanced composition in its customer base and is not exposed to any particular vulnerabilities in the face of a given customer due to the fact that there is no customer of the Group which generates more than five per cent. of the Group's annual revenue, as of the date of this Offering Circular.

Sales in Türkiye

The Group uses a thoughtfully built combination of dealers, e-commerce and other distribution and retail sale points with deliberate and intentional placement of its wide brand portfolio in its sales in Türkiye. In the year ended 31 December 2023, 37 per cent. of the Group's revenue resulted from its sales in Türkiye and as of 31 December 2023, the Group believes that it holds the second ranking position in TV sales in Türkiye and the third ranking position in MDA sales in Türkiye, based on information acquired from a global market research company.

Domestically, the Group makes sales mostly under its owned and licenced brands, with 'Vestel' being its flagship brand, which is predominantly distributed through an exclusive dealership channel. In its sales in the Türkiye market, the Group utilises an extensive network in Türkiye, comprised of over 1,143 Vestel exclusive stores operated by dealers, as of 31 December 2023. As of 31 December 2023, the Group also had 230 Group-owned stores making sales in Türkiye, spreading across 23 cities.

- *Dealership Network*

The dealership network of the Group offers several advantages that contribute significantly to its success in the consumer electronics and household appliances market. The network boasts high penetration and customer proximity, strategically positioning stores in key locations to ensure accessibility for consumers. This proximity enhances customer convenience and fosters stronger relationships, driving increased foot traffic and sales. The dealership model also enables the Group to benefit from reduced operational costs and greater flexibility in payment terms. By leveraging the existing infrastructure and resources of its dealership partners, the Group minimises overhead expenses whilst also offering customers flexible payment options, enhancing affordability and attracting a wider customer base. Additionally, the direct monitoring of sales and customer traffic facilitated by the dealership network provides invaluable insights into consumer behaviour and preferences. This real-time data allows the Group to adapt its marketing and sales strategies dynamically, optimising performance and maximising revenue potential. Furthermore, the dealership

network affords the Group high control over brand image and store formats, ensuring consistency and alignment with the Group's overall branding strategy. This control fosters brand loyalty and enhances the overall customer experience, reinforcing the Group's position as a trusted provider of quality electronics products and appliances.

In essence, the Group's dealership network serves as a vital conduit for market penetration, customer engagement and brand visibility, propelling its sustained growth and dominance in the consumer electronics and household appliances sector.

The Group believes that its recent Group-owned store concept, Vestel Ekspres, also demonstrates the Group's ability to come up with innovative sales approaches that resonate with the customers' preferences. The Group has successfully launched the Vestel Ekspres store concept in 2020, catering to the evolving shopping habits of consumers. The Vestel Ekspres store concept is a small-square-meter store with a digital display application, offering customers a unique shopping experience on digital screens and applications. This next-generation store concept has been introduced in various cities, including Istanbul, Izmir, Bolu, Bursa and Antalya, with plans to expand further and an increasing store size. Vestel Ekspres stores are opened in areas with high income and education levels, as well as a strong online experience, ensuring a receptive audience for the store concept.

- Group-owned stores

As of 31 December 2023, the Group also had 230 Group-owned stores making sales in Türkiye, spreading across 23 cities. These include a relatively new concept store, which has proven to be a highly successful project of the Group, Vestel Ekspres (186), as well as VS Outlet stores (10) and Vestel regular exclusive stores (34).

The Vestel Ekspres store concept aims to enhance the consumer experience by developing special digital applications in line with new-generation retailing. Over the past three years, the Vestel Ekspres store concept has successfully launched a considerable number of stores, demonstrating its potential for growth and expansion. As of 31 December 2023, there were 186 Vestel Ekspres stores. The Vestel Ekspres store concept benefits from a fast rollout due to its low investment requirement, making it an attractive option for expansion.

Vestel Ekspres stores blend the online purchasing experience with physical retail, offering customers the opportunity to instantly find the product they want, compare products and enjoy same-day delivery and installation. In this sense, Vestel Ekspres embodies the omni-channel strategy of the Group and its customer-centric approach in a single store concept.

Vestel Ekspres stores have a small-footprint of approximately 50 square-meters (with larger stores opened recently) and offer a limited number of stock keeping units and focusing on an experiential shopping environment. Due to its technical and conceptual features, Vestel Ekspres stores have low operating costs, including rent, labour and inventory, contributing to their profitability.

In general, approximately over two-thirds of sales in Vestel Ekspres stores are done through digital screens, with purchases fulfilled via same-day delivery. Vestel Ekspres stores achieve higher average basket size, attachment rate and transaction values compared to the Group's conventional stores, demonstrating the success of the concept.

In addition to serving as a retail store, Vestel Ekspres stores (similar to certain other Vestel stores) also function as an in-store pick-up point for Hepsiburada, Trendyol, Amazon and/or Kitapyurdu (an online bookstore), further expanding their reach and customer base.

The Vestel Ekspres store concept is a successful example of a customer-centric approach to retail, combining the convenience of online shopping with the benefits of a physical store. With its small-footprint, digital-driven sales and low investment requirements, the Vestel Ekspres store concept is well-positioned for continued growth and expansion in the retail market.

As a different store format being implemented by the Group in selected locations, Vestel stores in Beşiktaş, Zorlu Center, Levent 199 and Bahçeşehir in Istanbul and Karşıyaka and Alsancak in İzmir were designed with a café concept (named the 'Kafe Vesto' concept by the Group, which combines the café and store concepts to enhance the customer experience. Kafe Vesto allows customers to get to know Vestel products whilst having a pleasant time and also introduces visitors to new flavours in line with the 'Possible with Vestel, Why Not?' motto.

- E-commerce and other sales channels

Whilst dealers and Group-owned stores remain a crucial asset for the Group's local market activity, the Group also employs an omni-channel marketing strategy to reach consumers through a diverse range of outlets, both offline and online, strengthening the Group's ability to maintain a comprehensive market coverage. These other outlets include hypermarkets, discount retailer chains, household stores (mixed-brand stores selling various product groups), technical superstores and e-commerce websites.

The Group particularly sees its online sales capabilities as part of its key advantages, as it offers products through the Group's own website and other e-commerce platforms (such as Amazon, Hepsiburada, Trendyol and N11). Particularly after COVID-19, the Group has seen an increase in the online demand for its products and the Group rapidly adapted to this change in demand and increased its online sales through direct selling and third-party e-commerce sites. As of the date of this Offering Circular, the Group has its own online sale website (vestel.com.tr), four corporate online stores and (located in various online sales sites) 195 actively selling authorised online Vestel dealers. The Group has an outstanding online presence with being the only company, amongst its top competitors in the Turkish consumer electronics and white goods business, with products accessible through its own website and all of the top online marketplaces, namely Hepsiburada, Amazon, Trendyol and n11.

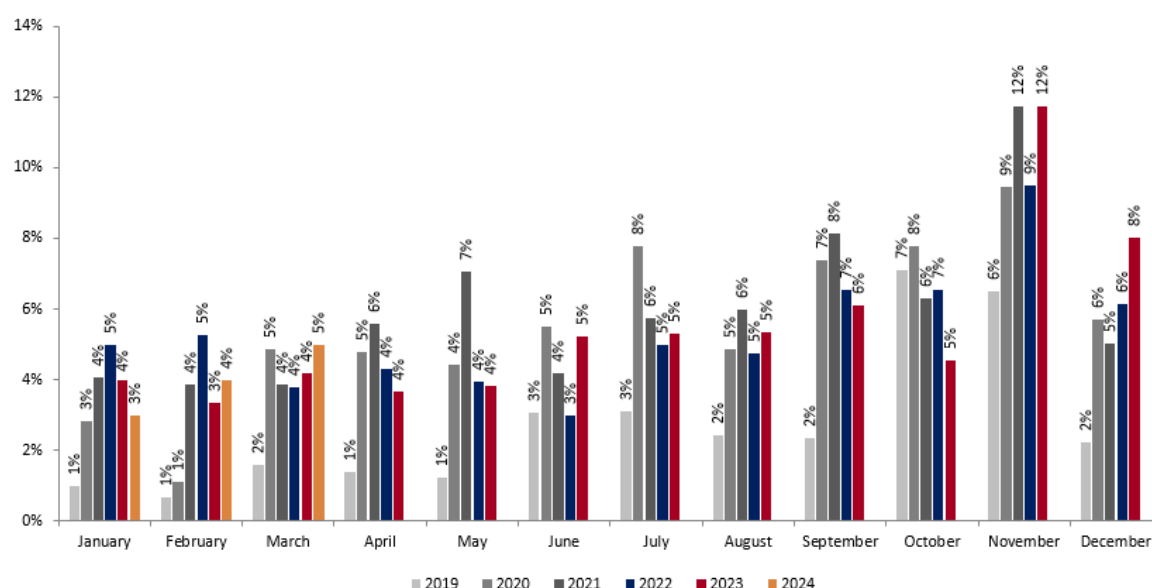
The Group's website includes various digital features that offer an easy and seamless online shopping experience, such as delivery in 24 hours, easy return (ability to drop-off products at Vestel stores for return or ask the Group's personnel to pick up products from customers' homes for return), e-appointment (where the customer can make an appointment for installation day and time), live store application (where the customer can make a video call to Vestel stores, see the products and speak to sales representatives), user feedback, detailed shipment tracking, free shipment and installation, finding stock, the application of "see at your home" (being an augmented reality application for the customer to visualise the product in its home) and Vestel Asistan (being an artificial intelligence technology for 24/7 responses to customers' questions).

The Group's website, vestel.com.tr, has become one of the brands in its sector with the highest traffic increase rate from the year ended 31 December 2022 to the year ended 31 December 2023, according to SimilarWeb data.

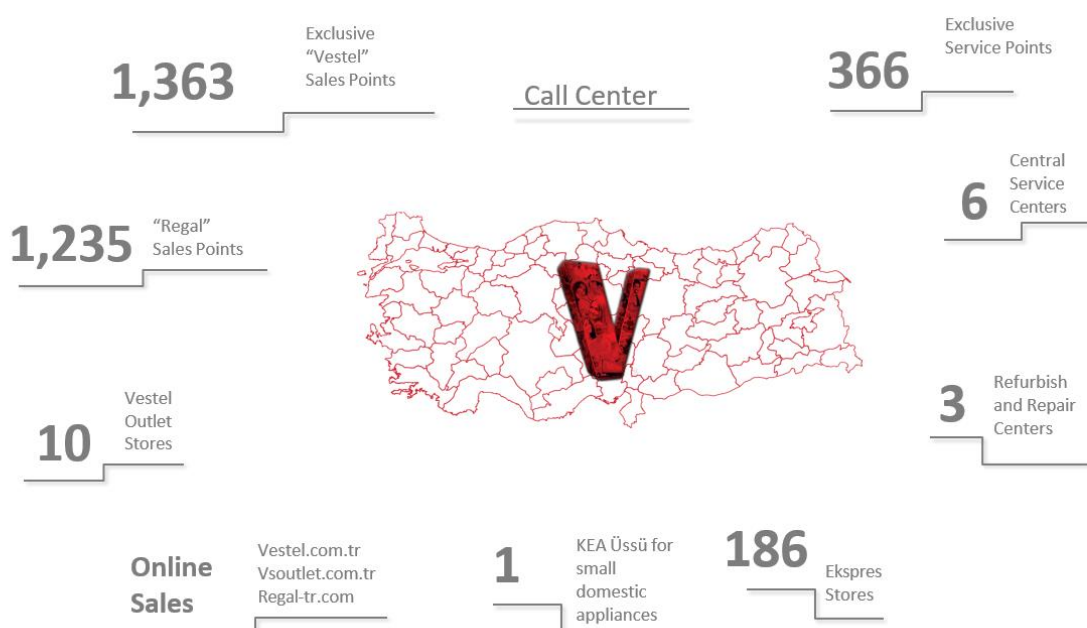
Based on information acquired from a global market research company for the year ended 31 December 2023, the Group believes that it holds the first ranking in the Turkish online sales market for the products and product segments of TVs, refrigerators, dishwasher, air conditioners, 4-white goods (MDA4) and 7-white goods (MDA7).

The Group has also taken the unique initiative to allow their dealers to sell the Group's products through e-commerce, subject to the guidance and regulations set forth for the Group. This has significantly contributed to the success of the Group's online presence and brand awareness in the market, whilst also boosting the Group's dealers' sales performance. The Group also has four online corporate stores for Vestel, three online corporate stores for Vsoutlet and three online corporate stores for Regal. For each of the years ended 31 December 2021, 2022 and 2023, the revenue generated from the Group's e-commerce channels in Türkiye represented 6.2 per cent., 5.6 per cent. and 5.7 per cent., of the Group's domestic revenue, respectively.

The following graph shows the share of online sales in the Group's revenue on a monthly basis for the years indicated therein.



The infographic below describes key sales points for the Group within Türkiye, as of the date of this Offering Circular.



The Group's domestic sales and marketing approach makes strategic use of its brand portfolio (such as Vestel, Regal, SEG and Finlux), exponentially serving to the Group's ability to cater to different sub-segments of the market and customer base, from price-conscious customers preferring low to mid-end products and customers that opt for the higher end of the product scale in the market. The Group's success in this approach is attributed to its ability to exercise sensitive commercial discretion, drawing from its extensive industry experience and market insights. By strategically positioning its products under different brands in various sales channels, the Group minimises the risk of its products and brands competing against or cannibalizing each other. This targeted approach ensures that the Group maintains a strong presence across different market segments, ultimately contributing to its overall growth and profitability.

In the context of changing consumer habits and expectations, the Group is committed to providing not only superior products but also innovative financial solutions, managing the end-to-end consumer experience with a focus on quality. The Group prioritises various financial instruments available to consumers, ranging from consumer financing options to reputable financial institutions, establishing long-term, stable structures. As a brand, Vestel strives to become the indisputable leader in offering top-quality and alternative financial solutions across both offline and online channels. They closely monitor technological advancements in the industry and aim to stay ahead by continuously expanding their planning and design efforts. This expansion includes collaborating with a diverse network, ranging from traditional banks to fintech companies, fostering ongoing communication and idea exchange for future innovations. The Group is enthusiastic about providing consumers with cutting-edge green finance opportunities and artificial intelligence applications. It prioritises sustainability, aligning with its commitment to environmental responsibility and sustainability.

International Sales

The Group has high-performing international sales activities, with the majority of its revenue being generated from export sales. In the years ended 31 December 2021, 2022 and 2023, 75 per cent., 69 per cent. and 63 per cent. of the Group's revenue resulted from its sales in foreign markets, respectively. Europe is the main export market for the Group, whilst it has a growing sales performance in other export markets such as MENA, CIS, Sub Sahara, North America and South America.

In its export sales, the Group employs three different sales methodologies and branding strategies simultaneously, as summarised below, which complement the Group's overall export success.

- ODM business sales

The Group is a leading international ODM (original design manufacturer), primarily operating in the TV, white goods and other consumer electronics and household appliances markets. The company caters to a diverse clientele, including (i) 'A-brand' manufacturers and (ii) distributors and retailers for their private label business.

The ODM business model in the consumer electronics and household appliances industry operates whereby the Group, as the ODM, designs and manufactures products as per the specifications and requirements of another brand or company, who becomes the customer of the Group.

The Group is a frontrunner ODM in the industry by virtue of its extensive design capabilities and cost-competitive and quality-oriented production abilities. This includes, amongst many other key qualifications, the Group's ability to easily change its production mix to respond to market developments and to meet orders in smaller quantities compared to mass manufacturer competitors.

Under the ODM model, the customer conceptualises the product they want to bring to market and shares its requests and specifications with the Group. This includes defining the product features, specifications and target price point. However, instead of designing the product themselves, they engage the Group as an ODM company to be involved in the process starting from the design stage. Depending on the arrangement with the customer, the Group can take charge of the design itself or collaborate with the customer to co-design the product. This product development and design stage involves designing the product, sourcing components and manufacturing it according to the agreed-upon specifications.

Whilst the Group handles the design and manufacturing, the customer has the opportunity to customize the product to align with their brand identity. This can include adding their logo, packaging the product in their branded packaging and potentially making adjustments to the product design. In instances where the customer does not have a brand that it wants to place on the product, the Group can also offer a brand from its broad spectrum of brands for the customer to use on a limited basis for the sales of that product.

Throughout the manufacturing process, the Group takes responsibility for ensuring the product meets the quality standards set by the customer and applies rigorous quality control checks at various stages of production to identify and rectify any defects or issues.

Following the manufacturing process, the Group can also offer assistance in the delivery of the products to the customer or their sale points, which also depends on the arrangement of the Group with the particular customer. In most instances, after-sales support is handled by the customer instead of the Group, under the ODM model. However, in case the customer requests, the Group has the capability to provide after-sales services for its ODM customers in non-Turkish markets where the Group has offices.

The ODM business model allows a number of brand owners and other companies to bring products to market quickly and efficiently without the need for extensive in-house design and manufacturing capabilities. It offers flexibility, scalability and cost-effectiveness, making it a popular choice for companies looking to expand their product offerings or enter new markets. Particularly in Europe, where production and overhead costs are constantly rising, the Group benefits from the trend of established consumer electronics and household appliances companies and other distributors and retailers opting for outsourcing their products through the ODM model. The Group encounters this business arrangement being appealing to various customers for a variety of reasons, including general cost optimization, closure of certain production lines or the willingness to focus more on higher-end products whilst procuring the low to mid-end products from ODMs.

The Group's ODM business model has allowed the company to establish a robust global customer base, with a diverse range of clients across various industries. The Group's ability to cater to both A-brand manufacturers and other distributors and retailers of consumer electronics and household appliances has contributed to its success in the international market by way of expanding its customer base.

- A-brand sales

The Group identifies 'A-brands' as leading TV, white goods and other consumer electronics and household appliances manufacturers operating in the export markets. This first sale strategy of the Group comprises of sales made to A-brands by the Group, where the Group acts as the ODM for the A-brand. The Group has a long-standing working relationship with prestigious A-brands.

The A-brand sales model offers a unique set of features and advantages that set it apart from other sales models. These features and advantages for the Group include increased long-term visibility and stability for revenues, reduced seasonality and relatively higher margins (compared to private label sales), whilst it also enables customers to focus on premium products, lower their costs and risks and protect themselves against shifts in demand. In addition, working with A-brands also offers various advantages for the Group such as constant improvement for the quality of production to meet the customer needs, following and applying technological developments and acquiring technical know-how for new markets. Additionally, the increasing outsourcing trend from A brands particularly in the white goods business further supports the growth and success of A-brand sales.

A-brand sales provide greater visibility and stability for the Group's business, as they are less susceptible to fluctuations in price, demand and market conditions given the nature of the customer, being an A-brand. This allows for more predictable revenue streams and a more stable business environment since the A-brands prioritise quality and technological solutions over price and they would not switch amongst suppliers solely on price. A-brand sales also experience less seasonality compared to other sales, due to the fact that A-brands buy products year-round and can place long-term orders and maintain stocks thanks to their extensive global sales network and warehouse capacity and higher financial power compared to private label customers. This results in a more stable and predictable sales pattern for the Group. In some cases, the Group develops the products together with the A-brands, making joint investments in R&D. Such projects are

developed based on the quantity commitment of the A-brand customers. The commitments could be for one to five years depending on the size of the joint investment and this offers stable and predictable demand forecast for the Group.

A-brand sales offer higher margins than other sales models for the Group. A-brands are less price sensitive compared to private label business, focus more on quality and technological solutions offered as they need to protect their brand image. This results in higher margins for the Group compared to private label business. A-brands may initially start with a single product category or for specific markets but over time they may expand their business with the Group by adding new product categories and/or new markets. Whilst the initial engagement period may be longer due to rigorous quality and safety requirements of A-brands, the stability and long-term nature of the relationships with A-brands contribute to consistent business.

The Group is strongly positioned to grow further due to its quality of products, technological solutions, cost-effectiveness and reliability. These factors make the Group an ideal partner for A-brands looking to outsource their production and take advantage of the benefits offered by the ODM model.

- Private label sales

The Group identifies 'private label' sales as its ODM sales made to distributors and retailers of consumer electronics and household appliances in export markets, other than A-brands. This second brand and sale strategy of the Group comprises of sales made to such customers by the Group, where the Group acts as the ODM for that customer. The Group has a working relationship with a wide variety of private label customers, in a number exceeding 500 as of the date of this Offering Circular.

Private label sales have become an increasingly popular option for manufacturers and retailers alike, as they offer numerous benefits and opportunities for growth. The Group is well-positioned to capitalize on the advantages of private label sales, which predominantly come from the potential to generate higher volumes of sales through the private label model.

Private label customers are more cost-conscious compared to A-brands and opt for the lower-end of the product range available in the ODM offerings of the Group. The Group benefits from its scale advantage and cost competitiveness, as it can offer products at lower prices under this model due to reduced distribution and marketing costs and advantages provided by its local manufacturing especially compared to production in Europe.

Private label sales often involve the production of low-end products, which are typically more price-sensitive and have lower margins. This is because customers are more concerned with the price of the product rather than the brand name. However, again, the Group's cost competitiveness and focus on quality manufacturing processes can help it maintain a strong market position in this segment. By offering high-quality, affordable products, the Group can attract private label customers who are looking for value-for-money options without compromising on quality.

Whilst the margin levels are not a highlight of private label sales, they often involve higher sales volumes, which can help the Group to reduce its unit fixed costs. As production volumes increase, the average cost per unit decreases, ultimately leading to higher profitability for the Group. This is particularly beneficial for the Group, as it can leverage its manufacturing expertise and economies of scale to produce large quantities of products at a lower cost. By focusing on private label sales within a well-balanced allocation amongst its other sales methods, the Group can benefit from the higher volume sales and reduced unit fixed costs.

The ODM business model offers the Group several key advantages that contribute to its appeal and effectiveness in various markets the Group operates in. One significant advantage lies in

reduced working capital requirements, where, unlike traditional manufacturing models where the Group would often need to maintain large inventories of finished goods, the ODM model operates on a production-to-order basis. This means that products are manufactured in response to specific customer orders, minimising the need for extensive upfront investments in inventory. Consequently, the Group can allocate its capital more efficiently, freeing up resources for other strategic initiatives such as R&D or marketing efforts.

The ODM model also provides increased flexibility to shift sales from one customer to another. Since products are not produced until orders are received, the Group, as a manufacturer, has the ability to adapt to changes in market demand or customer preferences more quickly and effectively. This agility allows the Group to optimise its sales channels, capitalise on emerging opportunities and mitigate risks associated with fluctuations in demand. By remaining responsive to market dynamics, the Group's strong ODM business can maintain a competitive edge and sustain growth over the long term.

Furthermore, the ODM model offers enhanced revenue visibility for the Group. By operating on a production-to-order basis and spanning across multiple customers and product lines, the Group has a clear understanding of their order pipeline and revenue forecasts and benefits from the stability and predictability of revenue streams, reducing reliance on any single source and allowing for more accurate forecasting. This visibility enables better financial planning and management, facilitating more informed decision-making and strategic investments.

Moreover, with a clearer picture of anticipated revenue streams, the Group can proactively manage its resources, mitigate financial risks and capitalise on opportunities for growth and expansion. Overall, the reduced working capital requirements, increased flexibility and improved revenue visibility afforded by the ODM business model position the Group for sustained success in dynamic and competitive markets ranging from Europe to other regions across the globe and empower the Group to navigate uncertainties and pursue growth opportunities with confidence.

- *Owned and licensed brand sales*

In addition to providing ODM services, the Group also engages in branded sales through its owned and licensed brands in Europe and other export markets. The Group's branded sales include sales under brands owned by the company, local brands acquired in the past and certain global brands licenced for production and sales. The Group's licencing partnerships with renowned brands such as Sharp, Toshiba and Daewoo have significantly strengthened its competitive market position. The Group has obtained production and sales licenses for these partnerships for the European market (Sharp, Toshiba and Daewoo) and Türkiye (Toshiba and Daewoo).

The Group has successfully established a strong presence in the market through its owned and licenced brand sales, which is also an appealing sales method for the Group as it allows greater control over market positioning and pricing, ensuring that its products are priced at a level, reflecting the Group's own brand value and quality.

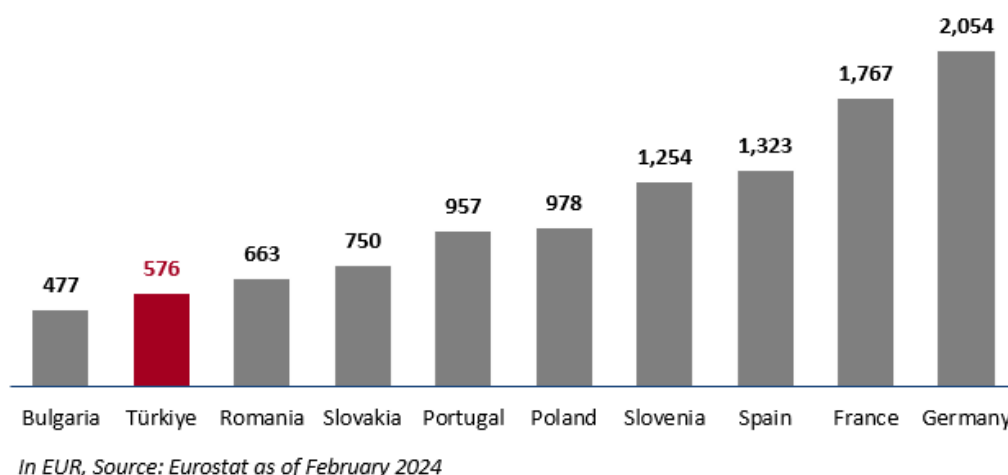
The Group makes informed decisions as to choosing suitable markets to focus on this third sales strategy in international sales, given that the export markets, especially Europe, is very fragmented and some of the market segments are ODM-driven (such as UK and France). The Group has been able to apply this strategy successfully in brand-dominant markets such as Italy and Germany, through the brands of Daewoo and Sharp.

The Group's owned and licensed brand sales strategy has proven to be more profitable compared to the private label business, mostly due to the brand premium and marketing efforts and product positioning that result in higher value pricing. The Group also experiences less competition in the export markets for own and licensed brand sales, as its products are perceived as unique and of higher quality compared to generic or private label offerings.

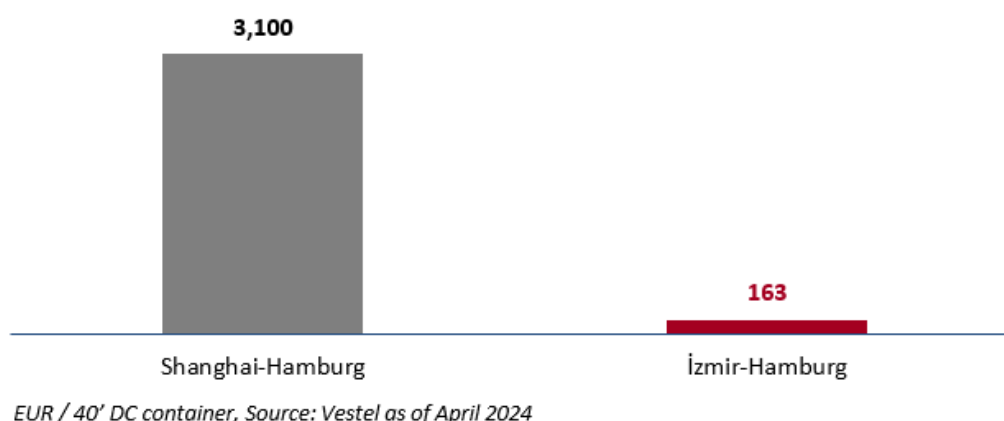
The Group benefits significantly from cost advantages in export markets, particularly in Europe, which contribute to increased profitability and a strong performance in such markets.

One of those advantages is that the Group maintains high-quality production standards whilst operating with a competitive cost base. This allows it to offer products at competitive prices without compromising on quality, giving it an edge over competitors.

For instance, the Group's labour costs in terms of minimum wage are significantly lower compared to other manufacturers in Europe, as illustrated by the graph below.



Secondly, the Group's and its manufacturing facility's proximity to European clients compared to its Asian competitors translates to lower transportation costs and shorter delivery times. This proximity facilitates quicker response times due to similar time zones, enhancing communication and service provision efficiency. The Group also enjoys logistical advantages due to its proximity to the İzmir port, streamlining the logistics process, reducing lead times and enhancing overall operational efficiency. The graphs below demonstrate the cost difference for exporting to Europe between an exporter based in Türkiye and an exporter based in Asia.



Furthermore, whilst the Group experiences temporary extensions of transportation times due to heightened political tensions in the Red Sea region (which is applicable to the vast majority of companies engaged in global trade), the Group also anticipates that such geopolitical challenges and trade disputes may ultimately benefit the Group's operations in the long term. This optimism stems from the increasing popularity of near-shoring in the Group's current primary export market, Europe and the growing trend of customers opting for products not manufactured in East Asia. At this juncture, the Group sees an advantage of its ODM sales strategy. Major

brands generally prefer to partner with the Group, which has demonstrated excellence in R&D and enjoys a strategic geographical position, compared to East Asian manufacturers.

Moreover, as a large-scale manufacturer, the Group wields significant procurement power, particularly in the white goods business. This allows it to negotiate favourable terms with suppliers and diversify its supply chain, reducing risks associated with reliance on single suppliers, especially after the COVID-19 pandemic.

One significant advantage to note is that the Group benefits from not being subject to the 14 per cent. customs duty for TV sets imposed on its Asian competitors when exporting into Europe. This tariff advantage further enhances its competitiveness and profitability in European market.

Prior to the onset of the COVID-19 pandemic, pricing agreements with export sales customers in the white goods business were typically established on an annual basis. However, the swift escalation of costs prompted a shift in this pricing model, with quarterly pricing becoming the new norm during the pandemic. Even post-pandemic, this pricing mechanism persists, with options for either quarterly or semi-annual pricing structures. This shift has conferred significant advantages to the Group, allowing for more agile decision-making and closer monitoring of strategic business initiatives. Consequently, this approach enhances control over profitability, as it enables timely adjustments in response to market dynamics and operational requirements.

Sanctions Policies and Compliance

The Group has also implemented policies and procedures designed to allow it to comply with anti-money laundering laws and economic sanctions laws and regulations and prevent the Group from doing business in countries or with persons or entities designated on lists promulgated by the OFAC and equivalent international authorities. The Group conducts screenings and compliance checks prior to initiating any business relationship with a party, including with respect to the ownership and senior directors of such business partners. The Group utilizes the services of vendors, such as screening tools, in implementing such policies and procedures. In addition, the Group has strict procedures to implement sanctions clauses to the contracts that may be entered with business partners in a sanctioned country and they collect end-use statements from such business partners.

The Group thoroughly applies its sanctions policy in its operations within Russia, Ukraine, and Belarus, ensuring strict adherence to international regulations. To achieve this, the Group initiates a comprehensive process by distributing know your customer questionnaires to all potential business partners within these regions. These questionnaires are designed to gather crucial information, including detailed ultimate beneficial owner (UBO) data, aimed at verifying the absence of any sanctioned individuals or entities among the shareholders of these companies. Moreover, the Group remains diligent by regularly reviewing export control laws and scrutinizing items listed on commerce control lists, further fortifying its compliance measures. To bolster expertise and ensure continuous adherence to regulatory standards, the Group invests in ongoing training for its compliance experts. These specialists, equipped with up-to-date knowledge and insights, play a pivotal role in upholding both external and internal compliance within the organization. Furthermore, the Group places significant emphasis on distributing this compliance knowledge throughout its workforce, particularly among employees overseeing operations in Russia, Ukraine, and Belarus. Through regular communication and educational initiatives, these employees are kept informed about the latest compliance protocols and regulations, empowering them to navigate the complex regulatory landscape effectively.

Sales in Mobility Electronics

The Group employs a diversified sales approach within the mobility electronics product segment, catering to both domestic and international markets. In Türkiye and foreign markets, the company engages in both branded and ODM sales for electric vehicle chargers and energy storage systems. This dual strategy allows the Group to leverage its own brands whilst also providing tailored solutions for third-party brands. Additionally, in Türkiye and abroad, the company offers full-service solutions and electronic manufacturing services for automotive electronic components. This comprehensive approach encompasses design, manufacturing and delivery, ensuring a seamless experience for customers. Sales activities span across Türkiye, the European

Union, the Americas, the MENA region and the Asia-Pacific region, underscoring the Group's global reach and commitment to serving diverse markets with its mobility electronics offerings.

Marketing

Vestel is a prominent brand in Türkiye, reputedly known for its consumer electronics and household appliances product segments. The Group has built a strong reputation through various means such as the following.

- **Effective Dealer Network:** Vestel has established a widespread network of dealers across Türkiye, ensuring its products are easily accessible to consumers.
- **Customer Experience:** The company focuses on providing a positive customer experience throughout the entire purchasing process, from pre-sale assistance to after-sales support.
- **Innovative Channel Strategies:** The Group employs innovative strategies to reach consumers through various channels, adapting to changing market trends and consumer behaviour.
- **Omni-channel Approach:** By integrating both online and offline channels seamlessly, the Group ensures customers can interact with the brand through their preferred platforms.
- **Extensive Marketing Efforts:** Vestel invests in extensive marketing campaigns to promote its products, enhance brand awareness and maintain its strong recognition level within the Turkish community.

The Group's marketing communication strategy is based on the starting point of using the right communication venues for different target audiences and capturing effective communication. The Group determines specific strategies for each of its brands and continuously tracks the effects of its communication through insights and data. Furthermore, the Group also values its overarching communication framework and elements and makes sure that all of its individual marketing and communication efforts are organically tied to its overall brand and message. The Group has determined technology, innovation, design and sports & sponsorship as the four main elements navigating the communication of Vestel, which is always conveyed to customers and the public through an inclusive, concise, clear and candid language.

The Group also values that its communication universe reaches out to matters concerning individuals, communities and the world in general. In this respect, the Group emphasises in its marketing that:

- they facilitate individuals' lives through design, technology and experience and facilitating their lives through products that support the lives they want to live and increasing their happiness;
- they add value to the society by investing in sports, women and the youth; and
- they contribute to the preservation of the world and building a better future with efficient use of resources.

The Group's communication and funnel strategy process is generally based on the Group's development of annual plans at the onset of each year, concentrating on communication objectives such as enhancing its image, boosting sales and promoting products. These plans are informed by data on search engine activity, specifically timing in product searches. The Group's communication efforts commence with the customer's initial interaction with a product or service, leading up to their purchase decision. Each stage of this funnel necessitates a tailored creative message, meticulous KPI tracking and clear action expectations. The initial stage, "awareness", aims to ensure customers are acquainted with the product or service, fostering brand awareness. Subsequently, the "evaluation" stage presents promotional material highlighting the benefits and tangible contributions the product or service offers to customers. Finally, the "purchase/action" stage capitalises on the awareness generated, clearly identifying needs and providing guidance on how and where to purchase or take the final action.

For planning campaigns, the Group begins by defining the target audience for its communication campaign, considering various goals such as increasing awareness, catering to customer preferences, driving sales, boosting website traffic, or encouraging store visits. This determination is grounded in data analysis. Once the

target audience is identified, the Group focuses on media channels that cater to their demographic, leveraging platforms such as Google, TGI and Kantar for market research. A tailored message is crafted for the product or service and pre-communication research is conducted to gauge audience response, with adjustments made accordingly. A/B testing is also employed to ascertain which messages and creative approaches yield more customer action based on data insights.

The Group's communication budget is meticulously planned annually based on projected revenue. Key to this planning is ensuring a correlation between investment and expected return, with a focus on the "communication investment / revenue" ratio. Campaign-wise, the "return on advertising spend" metric guides media investment budgeting, supported by data analysis. The communication budget is divided into media advertising and creative production, with attention to sector averages dictating a 25 per cent. creative production and 75 per cent. media advertising budget split. Digital media channels receive significant investment within the Group's communication budget, typically amounting to 50-60 per cent. thereof. Creative production budgeting involves evaluating agency rates and third-party offers, ensuring a balance between cost, creative quality and deadlines.

The media channels used by the Group are categorised as online and offline, each serving distinct purposes. "Offline" channels include TV, radio, print, cinema and outdoor advertising, whilst online channels encompass Google Advertising (search and display), YouTube, programmatic advertising and social media platforms such as Meta (Instagram, Facebook, WhatsApp), TikTok and OTT platforms. Despite technical disparities, the Group's approach ensures a holistic and consolidated engagement across all customer touchpoints.

The Group assesses its campaign performance individually for each media channel, leveraging respective analytics platforms. It also streamlines reporting processes with automation, whilst facilitating comprehensive monitoring and analysis of all media investments and outcomes with dashboards. The Group's post-campaign evaluation includes measuring message retention and brand association to increase communication effectiveness, informing future campaign strategies.

Exemplifying its strong marketing and communication capabilities, the Group received a total of 40 communication awards in the year ended 31 December 2023 from Brandverse Awards, Effie, The Hammers, Felis, A Awards and Kristal Elma.

The following images represent selected examples from the Group's various marketing communication projects implemented in the year ended 31 December 2023 and, prior to the date of this Offering Circular, in 2024.



Furthermore, the Group has also launched the “Müneccim” project, which is an initiative that collects user ratings, comments and feedback from various online (including the Group's own website and other e-commerce marketplaces) and offline sources (including through encouragement of customer feedback in stores and following after-sales services) and presents them to customers in a combined fashion in vestel.com.tr and the digital screens in the Vestel stores, allowing the customers to make informed purchase decisions supported by the experience of other customers.

The Group also engages in brand collaborations with other leading brands, paralleling global and local technological, environmental and economical developments and trends. Under these collaborations, the Group focuses on developing new business models and collaboration methods, increasing e-store and physical store traffic, offering supplementary products and services, realizing digital business models, creating alternative channels for potential new products, accessing alternative audiences, improving the customer-relationship-management based omnichannel shopping experience and strengthening customers' bond with Vestel by investing in social responsibility.

After-sale Services

After-sale Services Network

The Group places a paramount emphasis on customer satisfaction, considering it a cornerstone of its market position and brand identity. This commitment is manifested through the establishment of a robust service and aftermarket network, comprising 366 exclusive service points, six central service centres and three refurbish and repair centres, all meticulously designed to cater to the diverse needs of customers across Türkiye. Furthermore, the Group also provides after-sales services for its owned and licenced brand sale customers abroad and is capable of offering its after-sale services to its international ODM customers if they request so.

One of the key benefits of such a comprehensive after-service infrastructure is the bolstering of customer loyalty. By providing swift and efficient resolution to any product-related issues or concerns, the Group fosters

trust and confidence amongst its customers. This, in turn, strengthens their loyalty to the brand, as they feel assured of ongoing support even after the initial purchase.

Moreover, a strong after-sale service capability contributes to enhanced customer retention. When customers experience prompt and reliable after-sales support, they are more likely to remain loyal to the brand and repurchase in the future. This translates into sustainable long-term relationships with customers, which are invaluable for the Group's continued success in the market.

A robust after-sale service network also serves as a competitive differentiator in the marketplace. Customers are increasingly discerning and place significant value on the level of support offered by brands. By maintaining a superior after-sale service infrastructure, the Group gains a competitive edge over rivals, attracting new customers and retaining existing ones.

The Group believes that its strong after-sale service capabilities lead to positive word-of-mouth marketing and brand advocacy. The Group sees the trend of its satisfied customers being more inclined to recommend the brand to friends, family and colleagues, amplifying the reach and influence of the Group's marketing efforts. This organic promotion can significantly boost brand reputation and market penetration.

The Group's investment in a comprehensive after-service network not only ensures customer satisfaction and loyalty but also serves as a strategic asset for competitive advantage and brand reputation. It underscores the Group's commitment to delivering exceptional customer experiences and reinforces its position as a market leader in the consumer electronics and household appliances industry.

Vestel Service Academy

As a clear testament to the Group's commitment to its after-sale service quality, Vestel Service Academy, a division of Vestel Customer Services, has been operating since 2012 with the primary goal of providing regular and continuous training and development for all service teams, including authorised service provider technicians, customer representatives and service managers. This commitment to excellence ensures a flawless experience in after-sales services for the Group's customers.

Only in the year ended 31 December 2023, the Vestel Service Academy provided 136,142 hours of training through various training approaches, utilising both digital and live channels. These training modules covered a wide range of topics and were designed to enhance the skills and knowledge of service team members, ultimately improving the overall customer experience.

Illustrative of its commitment to quality, Vestel Service Academy is the first training programme in Türkiye to hold the prestigious TS ISO 29990 Certificate. This certification demonstrates the Vestel Service Academy's dedication to providing high-quality training and development opportunities for its service teams, ensuring that they are equipped with the necessary skills and expertise to deliver exceptional after-sales services to the Group's customers.

Customer Experience

The Group highly prioritizes customer experience and invests in digital service platforms to continuously improve its performance. The Group aims to enhance customer satisfaction and loyalty by offering high-quality, safe services and expert service staff, as well as personalised and uninterrupted services through digital and smart solutions.

The Group is committed to improving its services for over 1 million individual customers in Türkiye and more than 2,300 corporate clients globally. It adheres to international standards in customer management processes and operates under ISO 10002 Customer Satisfaction Management System and TS EN ISO 18295-1 Customer Communication Centers System, held by Vestel's customer services.

The Group prioritizes keeping the customer experience at the highest level whilst offering convenient, accessible and high-quality products to consumers. It closely monitors the demands, expectations and needs of consumers to improve the customer experience. By using user experience research methodologies such as

A/B testing, the Group effectively identifies consumer preferences and habits and shapes campaigns based on the results of these tests.

The Group offers a call centre service to its customers with 434 employees responding to incoming calls back office requests, social media comments and managing call centre quality and customer experience. The Group's call centre was awarded first prize in the "Best Team" and "Best Team Leader" categories, as well as the Commendable Award in the "Best Customer Representative" category in the Türkiye Call Center Awards in 2022.

To monitor performance and boost customer satisfaction and loyalty, the Group measures customer satisfaction amongst a group of customers who receive repair and installation services. For the year ended 31 December 2023, the customer satisfaction score of the Group was 91/100, the customer loyalty score was 90/100 and the after-sales service satisfaction score was 95/100 according to the surveys made amongst its customers who have given communication permission through digital channels. Please see below for the comparative results of such surveys done by the Group for the years ended 31 December 2021, 2022 and 2023. Additionally, the number of complaints submitted to the Vestel Customer Services decreased by 3.4 per cent. in the year ended 31 December 2023 compared to the year ended 31 December 2022.

Certain other selected initiatives of the Group to ensure an upwards trajectory in customer experience, are summarised as follows.

- To ensure excellent customer experience across all sales points, the Group offers support to its dealers in the area of communication. In this context, the Group organises communication activities and campaigns under "Focus Province" to boost sales at dealers within selected provinces. In the year ended 31 December 2023, trainings were offered to employees of dealers on effective communication, sales techniques and smart products under the "Development Program for Dealer Sales Representatives".
- To ensure fast and safe product delivery, the Group's smart order algorithm and wide network of dealers and service providers refer orders placed through online channels to the closest and most appropriate store. This "Delivery in 24 Hours" practice allows for the delivery of products to consumers within 24 hours.
- Furthermore, the "Live Store" service of the Group enables consumers to make video calls with corporate store sales specialists, see products and receive information about products.
- The "See at Home" project of the Group utilises augmented reality (AR) technology, allowing customers to see the products they wish to purchase as if they were placed at their home.
- With "Live Chat", consumers can have written conversations with product consultants and submit their comments and requests to Customer Services live via WhatsApp and support channels.
- Through "Vestel Asistan", the customers can receive technical support via a video call.
- The Group's "My Digital File" service allows vestel.com.tr members to access all the information and documents they need, such as remaining warranty periods, user manuals, invoices, shipping status, serial numbers, for the products they have purchased from online or offline channels, in a single location and submit their requests and comments about their products.
- The Group continues to invest in technical infrastructure and improve processes to develop the concept of Secure Shopping. In 2022, the secure e-commerce infrastructure was strengthened with the Trust Stamp, the ETBİS QR code and the completed Security Test Report.
- To make consumers' lives even easier and help them experience the vestel.com.tr difference, Vestel continues to work on new services and digital experiences. The "There is a Solution for Everything Here" (Self-Service Customer Support Portal) contains all information and solution contents about the products offered to customers. Through the "Çözümüvar" website, the Group plans to offer

consumers a pleasant digital experience and provide services such as additional warranty, TV software download, maintenance, spare parts request and the discovery process required before purchasing an air-conditioner without the need for an authorised service provider.

In 2022, a new feature, the “Domestic Recycling” call creation service, was added to the website. The unused electronics and major household appliances of customers who create a call for “Domestic Recycling” are collected by appointment and free disassembly service is provided if needed, regardless of brand. In cooperation with Ecording, for each product sent to recycling, a seed ball is dropped on behalf of the consumer by unmanned aerial vehicles in areas that are difficult to plant trees in. The income from recycling is donated to a non-governmental organisation to be used in the protection of natural life.

Production and Facilities

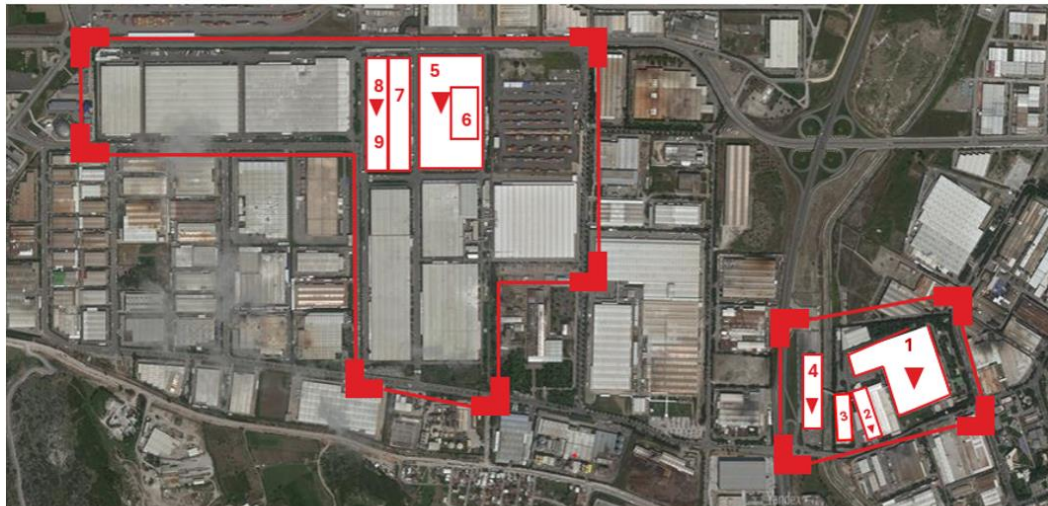
Facilities

The Group mainly carries out its production activities at Vestel City, which is located on a total area of 1.3 million square meters in Manisa Organized Industrial Zone in Türkiye with its production plants and auxiliary buildings covering an indoor area of 897 thousand square meters as of the date of this Offering Circular. In addition to the Vestel City, one of the Europe’s largest industrial manufacturing complexes in a single location, the Group has another manufacturing site located in the Aegean Free Zone in İzmir.

The Group’s production facility has a strategic location, as it provides proximity to İzmir port and a well-developed domestic supplier base (in white goods) in Manisa as well as the European market. The Group has been benefiting from efficiency and cost advantages from producing at Vestel City, enabling shorter delivery times and lower logistics costs compared to Far Eastern producers as well as the relatively lower unit labour costs and newer and more modern production facilities compared to European manufacturers. See “– Sales, Marketing and Distribution – International Sales”. Furthermore, the Group believes that having production facilities in a single location eliminates intermediate stocks and leads to a decrease in production costs, which in return creates a competitive advantage for the Group through significant manufacturing capability in concentrated locations with integrated facilities. Additionally, the Group benefits from lower overhead and management costs, safety stocks thanks to use of common raw materials and components across different white goods plants, cost savings from procurement from a single location and cooperation between different departments and plants due to being on the same campus.

Production Plants

The Group’s production site is categorized under seven factories for its consumer electronics segment (*TV/VS, dyehouse, high-end plastic, metal press, automotive, electronic card, plastic, sub-assembly and styrofoam*) which are located in Vestel City. The Group’s production plants for the mobility electronics (*electric vehicle chargers, set top boxes, LED lighting and batteries*) are mainly located in İzmir. In addition, the Group produces at six production facilities in Vestel City for its household appliances segment (*refrigerator I-II factories, washing machine factory, tumble dryer factory, dishwasher factory, cooking appliances factory, air-conditioner factory and water heater factory*). The Group had 1844 machinery equipment, 112 production lines, 511 robots and 842 robots’ density (number of robots per employee), which provided the Group 10 million units of production capacity in TVs and 16.1 million units in household appliances as of April 2024.



Vestel City

5. TV/VS Production

6.Dye House

7.High End Plastic Production

8.Metal Press Production

Center Factory

1.PCBA Electronic card production

2.Centre Plastic Production

3. Sub Assembly

4.Styrofoam Production

Below table shows the establishment year, total area and total closed area of each of the facilities by the Group's key product segments, as of the year ended 31 December 2023:

Production Facility	Date of Establishment	Total Area (sqm)	Closed Area (sqm)
Consumer Electronics			
TV and Mobility	1975-2006	489,000	477,000
Household Appliances			
Refrigerators & Freezers	1999	190,000	148,916
Washing Machines	2003	45,000	42,327
Cooking Appliances	2005	56,000	64,454
Dishwashers	2023	99,600	98,724
Tumble Dryers	2018	64,000	66,301
Air Conditioners	1999	17,000	18,331
Water Heaters	2010	1,300	1,300

Manufacturing

As a well-integrated Group, the Group is able to manage different phases of the value chain, from production of semifinished products such as electronic card, plastic and styrofoam to the end product, through a scaled-up manufacturing model, which allows it to manage the quality and flexibility of production as well as product customization capabilities according to market trends. The Group's integrated manufacturing process and its flexible production capability also enables it to act flexibly with a short lead-time to offer "just in time" products to its customers with an ability to develop products in many different models for different customers.

The Group is focused on a competitive smart production base that manufactures high quality products with competent employees and innovative production technologies developed in safe working environments

created with the principles of human orientation and sustainability. With its vision of continuous improvement and digitalization, the Group concentrates digital transformation and higher automation and technology in its manufacturing operations for cost reduction and quality and process improvement, whilst also maintaining a flexible production structure to respond to the needs of different customers with various socio-cultural backgrounds in foreign markets on time, with the right product, the right price and the right sales channels.

The Group continues its digital transformation efforts at full speed in order to make Vestel City the first production facility in Türkiye to complete the “Industry 4.0” transformation. The transition to Industry 4.0 stands crucial for securing competitiveness and market advantages both locally and globally, whilst ensuring sustained profitability and operational continuity within the sector. With the investments made, major progress has been achieved by the Group since 2015, with its digital transformation teams’ work on artificial intelligence software for horizontal-vertical value chain integration, IoT technologies, smart automation, Automated Guided Vehicle (“AGV”) and Autonomous Mobile Robots (“AMR”) applications.

The Group also focuses on total productive maintenance (“TPM”) efforts to achieve operational excellence in production with the help of its well-established TPM committees. As a result of the Group’s activities launched in 2010 in line with its TPM principles, at the Excellence Awards presented by the Japan Institute of Plant Maintenance every year to the companies implementing TPM studies in the best way across the world, the Group was deemed worthy of the “Award for TPM Excellence” in 2012 and the “Award for Excellence in Consistent TPM Commitment” in 2014. Besides, the Group became the first TV manufacturer rewarded with the “Special Award for TPM Achievement” in television production by successfully undergoing assessments regarding the Special Award for TPM category. Continuing to work with this title without losing speed, the Group was awarded the “Advanced Special Award for TPM Achievement” in 2018 and as a result of this process, it also received the TPM WCM (World Class Manufacturing) Award, the highest level of the TPM Program, in 2020. After winning the TPM Excellence Award in 2014 and the TPM Continuity Award in 2017, the Group became the first and only company to receive the TPM Special Award in 2019 for seven different product families (*refrigerators, washing machines, tumble dryers, dishwashers, cooking appliances, air conditioners, water heaters*) in six different factories.

The Group aims to spread the culture of transformation by leveraging the power of technology and digitalisation throughout the innovative operational processes, as outlined below:

Consumer Electronics & Mobility Electronics		Household Appliances	
Vestel Electronics Production System (“VEPS”)	Digital transformation teams, formed by expert engineers within the Company, work with the goal of implementing digital transformation in all processes from suppliers to customers. Accordingly, the Group implemented a sustainable production system (“VEPS”) by integrating digital transformation and lean production structures with the goal of operational excellence. By creating the “VEPS maturity level” metric and identifying the current status of all factories and creating future road maps for each factory, the Group implements numerous projects to perfect its production	Autonomous systems	Thanks to the production and mechanical lines and paint shops established with Industry 4.0 infrastructure, production activities are carried out using the latest technologies. It carries out in-plant transportation operations through software with unmanned and remote-control capability. The Group has placed autonomous robots at various points of the production lines. The Group maintains its leading position in the major household appliances sector and across all sectors in terms of installing and commissioning robotic cells and manufactures with flawless production techniques by

	operations within the scope of VEPS.		boosting the robot-machine-human interaction day by day. The Group also carries out in-plant transportation operations through software with unmanned and remote-control capability.
Manufacturing Execution System (“MES”)	MES is a production management system that enables instant monitoring of the entire production process in the digital environment, starting from the production planning stage. The Group is the first company in Türkiye to commission the manufacturing execution module integration under SAP’s MES structure. The Group believes that it has significantly improved its decision-making processes thanks to the production management module. In addition to production monitoring, the Group developed the Model Change Parameter Management System, which uses Big Data and Analytics methods and started to record the parameters and variables at every stage of production in a database. With MES, the Group increases its efficiency day by day by developing an accurate, fast, error-free, lossless and lean production system that reduces human intervention through optimisation, automatic installation and error prediction and provides predictive maintenance for the equipment used in the Group’s manufacturing stages.	Next generation batteries	In order to protect human health and safety, non-flammable, lightweight and high-capacity lithium iron phosphate batteries are used in electric vehicles used for in-plant transportation and in-plant transportation operations are carried out faster, safer and without room for human error. Vestel aims to perform the entire production with unmanned vehicles, unlike modular and standard production lines.
Manufacturing Operations Management (“MOM”)	MOM is a production management system that offers real-time monitoring and tracking of production data by connecting machines in factories to each other with its machine-to-machine connectivity (“M2M”) feature. MOM allows	Automated warehouses	The number of automated warehouses is increasing thanks to unmanned vehicles and industrial robots the Group has commissioned. Owing to the automated warehouses, the Group reduces stock and transportation costs, controls

	for collecting a lot of data with the aim of performing performance analysis, quality, material and order tracking on production lines. An important step was taken in the digitalisation journey with the analysis of the collected data and web-based instant tracking and reporting. In addition to a systematic production management system that reduces costs and increases product quality and efficiency, forecasting and recommendation applications are being developed by adding machine learning and artificial intelligence algorithms to the MOM system.		consumption online and minimises potential human errors in the production flow.
Traceability Systems	The Group uses traceability systems to monitor the entire process from the design to production of its products in every detail and to maximise customer satisfaction. Under the traceability system, a separate code is created for each part produced and these codes are used during assembly to ensure that the right parts are used correctly and at the right time. In addition to increasing product quality thanks to the traceability system, the Group significantly reduced production-related errors, repetitive work and the number of scraps, thereby reducing costs and waste.	Virtual and augmented reality	By working on virtual reality and augmented reality, the Group aims to train operators quickly and easily and increase production quality. Prior to all investment decisions (robot-machine equipment-automated warehouse, etc.), the Group ensures that the targets are attainable financially and technically with the help of virtual reality programmes and special simulations. In addition, by systematically recording the use information of all machinery used in production, the Group aims to eliminate personal errors by transferring the right information to new employees with augmented and/or virtual reality and to increase quality with the right training in one go. Thus, a new employee will be able to become fully equipped in a short period of time via a simple software using glasses, tablet or mobile device.
Game Plan Project	The Group serves 900 customers with a product range that can reach up to 850 different models of televisions per month and with a high production capacity.	3D printing	The Group engages in pilot production for preparing moulds for robot arm holders and machine parts with the help of 3D printers. Thus, it finalizes all

	The Game Plan Project was developed in order to manage the complexity created by this diversity in the television product family in the most efficient way. Developed by the Group and running over a mathematical model, this programme ensures that the tasks that must be fulfilled in the television production process are assigned to the employees in a balanced and efficient manner. Within this dynamic work structure, employees can follow the tasks assigned to them with the Game Plan on the screens in front of them together with respective visuals. This facilitates the integration of lean production and digitalisation practices into production lines and increases flexible production capacity in TV product groups.		testing, commissioning and potential production interruptions due to malfunctions/errors in a short period of time and precisely runs mould-machine investments in one go.
Smart Maintenance	Smart maintenance encompasses practices that enable maintenance activities to be carried out correctly and adequately without disrupting the production line. As part of these practices, many data obtained from the machines used in production processes, including operating values, production details of the machine, maintenance information and operating conditions, are evaluated with machine learning and data analysis methods. Through Vestel Smart Maintenance practices, the Group aims reduce the costs of maintenance operations, digitalise planned maintenance processes and carry out predictive maintenance practices with the help of artificial intelligence, ensuring that its machinery	Machine-to-machine communication	The Group strives to manage all machinery in the factories with regard to online monitoring of the data in the machinery, tracking them with special screens and mobile devices in the cloud environment and systems to be guided by artificial intelligence. The Group aims to complete its horizontal-vertical integration in the next few years by establishing an infrastructure where machines communicate with other machines and robots talk to each other and then by combining its entire internal ecosystem with the supply industry.

	operates at high efficiency in all its factories.		
VEPS Academy	VEPS Academy is a training programme in which blue-collar employees are primarily involved, with the aim of increasing efficiency in production lines and minimising losses. The Group supports the development of employees, who directly contribute to the digital transformation vision in the production areas, by organising planned trainings in three main categories: basic, professional and personal training.	Automatic labelling	The Group has switched to more flexible and planned production with automatic labelling projects communicating with the data network, especially online. It started robotising and automating all testing stations in order to prevent human error and to produce flawless products. By automating the packaging of products, the Group has also increased the safety of products throughout the process from production to the end user. All assembly operations are carried out at the right torques and with high precision through the visual control-based special software.
Technology and Automation Transformation	Digital Transformation relies upon the principle of incorporating every single process in the value chain into automation systems. Transformation of all these systems into an integrated structure based on intelligent and self-managed machine-to-machine interactions through real-time communication is defined as the Smart Factory. The Group's Industry 4.0 practices continue to evolve with the physical presence of smart factories and robots in addition to digital components. The Group aims to develop automation system designs, software and projects as well as digital transformation and advanced automation, quality and human-oriented production technologies at its production sites. With the help of the automation systems it has launched, the Group reduces its costs and stocks by developing error-free, high quality and efficient production methods with sensitive and challenging tolerance values and creates ergonomic working environments for its employees.		

Procurement and Supply Chain Management

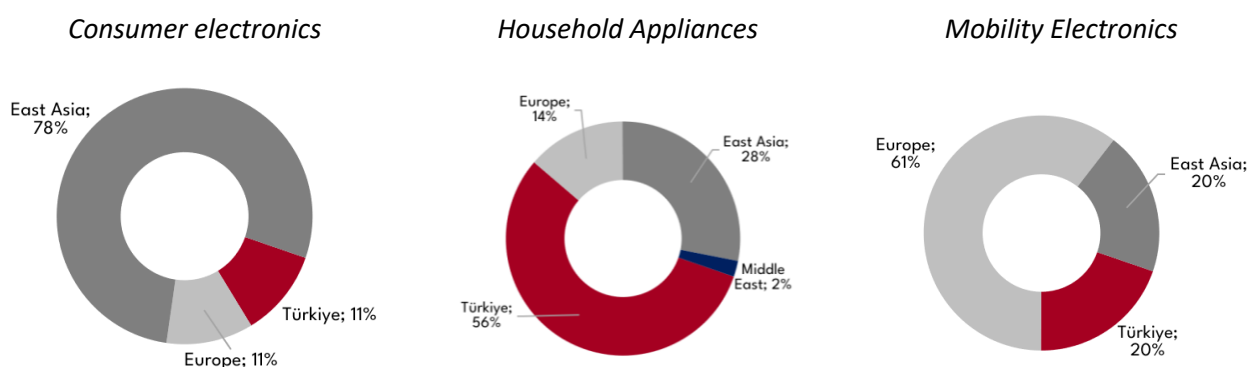
Procurement

The Group considers the supply chain as one of the key components of its business success and aims to create long-term environmental, social and economic value in the entire supply chain. As a result of the vertically integrated production structure and efficient supply chain management of the Group, the Group is able to internally produce a portion of the semifinished products used in its production cycle in a cost-efficient and highly flexible manner and respond promptly with short lead-times (approximately 40 days as of the date of this Offering Circular) to deliver both of its customised and branded products to its customers despite of the long lead times in procurement process of its raw materials (approximately six-eight months as of the date of this Offering Circular).

The Group's most important expense item is raw materials, which accounted for 86 per cent., 88 per cent. and 87 per cent. of its cost of sales for the years ended 31 December 2023, 2022 and 2021, respectively. The Group's raw materials are mainly cell / panels, electronic components, mechanic, metal and plastic materials for its consumer electronics and mobility electronics business segments; and components, stainless steel, motor, sheet metal, compressor and plastic for its household appliances business segment.

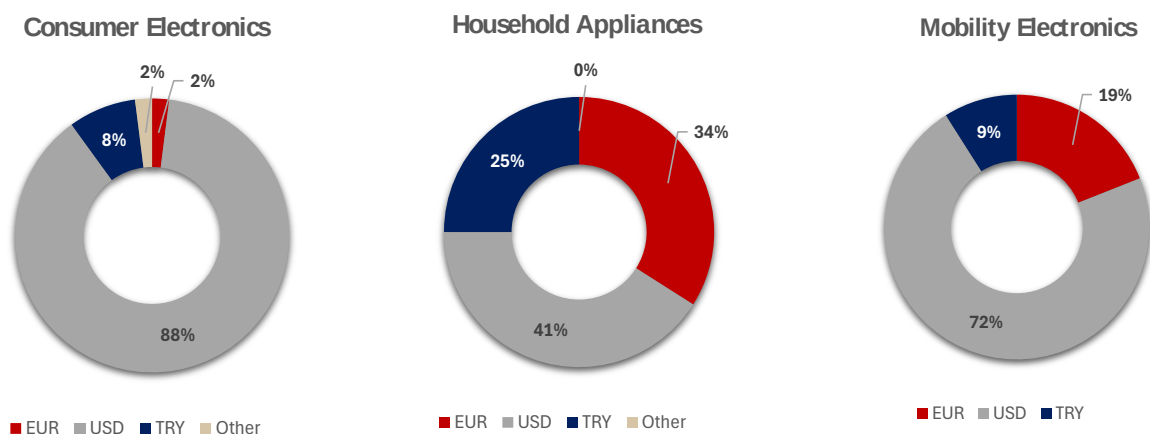
The Group focuses on prioritising local suppliers in supplier selection to ensure continuity in supply and production and to support local economic development and works with its suppliers to ensure that materials purchased from abroad are produced in Türkiye. However, for the year ended 31 December 2023, the Group was able to source 38 per cent. of its raw materials locally, with the remaining being imported from the foreign markets, mainly from the East Asia and Europe.

The charts below reflect the share of procurements channels in the Group's raw material purchases for the year ended 31 December 2023.



The charts below describe the breakdown of the Group's raw material purchases for the year ended 31 December 2023 in terms of currency.

Consumer electronics *Household Appliances* *Mobility Electronics*



Commodities are affected by price fluctuations across global markets and the Group's operations are thus subject to variability in the cost of raw materials. The Group updates the material prices monthly, quarterly or yearly basis according to raw material prices and exchange rates to reduce the negative impact of the price fluctuations of raw materials used in manufacturing process. Furthermore, the Group minimises the effects of seasonal price fluctuations on its costs by establishing medium and long-term relationships with its suppliers through annual price fixing agreements especially on the procurement of the components. In addition, the Group seeks alternative sources and suppliers and accordingly changes its the quotas to optimise the costs of the finished products. On the other hand, pricing regulations and mechanisms are typically overseen by government bodies locally and pricing guidelines or regulations aimed at ensuring fair competition, consumer protection and economic stability are established by these authorities.

The Group conducts its business with long-term agreements fixing or indexing material costs linked with commodity market price trends and therefore does not have a hedging policy for the raw materials used in the production of consumer electronics and mobility electronics. However, for its white goods business, the Group may hedge raw materials and components on a quarterly, six month or yearly basis wherever possible depending on the future price expectations.

It is a sector reality for all consumer electronics manufacturers that there are a limited number of suppliers of cells and panels servicing the procurement needs across the globe. However, the Group has been collaborating with not a very large number of cell and panel suppliers for a substantial period of time and it has been able to make shifts between suppliers, as necessary, depending on price and availability.

Supplier management

The Group has invested significant resources in optimising its supply chain management infrastructure in order to maximise its efficiency and its margins. To manage supply chain processes more proactively, the Group performs supply and demand forecasts to examine how both supply and demand will affect its production cycle combining data from past supply chains with insights and previous experience about demand with its internal sourcing teams. As the management and procurement of raw materials is crucial for its cost-effective and sustainable business model, the Group created a supply base ecosystem within the years to minimise the cost of procurement as well as to prevent supply chain distributions to the extent possible. As of the date of this Offering Circular, the Group has a wide network of local suppliers in the Far East, mainly in Taiwan, China and Korea. The Group benefits from engaging with current and potential suppliers in these countries through its local offices in the region. With this strategy, the Group aims to create a strong global supplier pool with a wide range of supplier alternatives and thus maintain the sustainability of sourcing from low-cost countries and ensure the integrity of its supply chain. Since the Group recognizes the importance of diversity and resilience in its supply chain, it actively seeks out new suppliers who can bring fresh perspectives, capabilities and solutions to the table. By broadening its supplier base, the Group enhance its ability to meet evolving

market demands, mitigate risks and drive competitive advantage. For the constrained raw materials such as SOC and TV panels, the Group currently engages in active business or has established contact with all of the main suppliers. Since there is no opportunity to broaden its supplier network beyond the existing suppliers for the limited number of its raw materials, the Group maintains close communication and cooperation with all market players.

The Group identifies suppliers that have a critical impact on business processes. Critical suppliers are suppliers with high volume orders, suppliers providing critical materials, suppliers whose products, services and processes cannot be substituted, suppliers identified as a result of Pareto Analysis and Kraljic Matrix, suppliers offering materials, services and processes for automotive manufacturing. As of the date of this Offering Circular, the Group has less than 10 critical suppliers.

The Group's priorities in its purchasing operations and supply chain stand out as quality, cost, safety, logistics and sustainability. In addition to the regular evaluation and audits in the supply chain, the Group also monitors its suppliers to create environmental, social and economic value in supply chain through the "Vestel Supplier Monitoring and Development Program", which consists of four stages: (i) training, (ii) sustainability self-assessment questionnaire, (iii) input and validation of environmental and social data and (iv) audit. For the year ended 31 December 2023, a total of 100 suppliers of the Group were audited as part of the Vestel Supplier Monitoring and Development Program. The Vestel Supplier Monitoring and Development Program was launched to enable critical suppliers to effectively participate in sustainability processes and understand and improve their current levels. Furthermore, all new critical suppliers of the Group undergo quality audit. As a part of its sustainable supply chain approach, the Group launched ECO DELIVERY (replacing fossil fuels with green fuels), with the aim of reducing the carbon footprint for its import ship loadings. Total CO₂e savings was 8,550 metric tons for the year ended 31 December 2023, which is equivalent to 2,009 gasoline-powered passenger vehicles driven for one year or 149,312 tree seedlings grown for 10 years.

Supply chain disruptions & digitalization

The Group aims to reduce the impact of supply chain pressures caused by the disruptions to supply chain operations and therefore attaches importance to being transparent in its supply chain and monitoring and reporting its performance. The Group believes it successfully manages the supply chain interruptions and ensures continuity in the supply chain thanks to its agility and ability to adapt quickly to conditions, diversity of its supply network, flexible production capability, effective sales and service channels and experience in e-commerce. The Group takes measures to mitigate risks such as increased costs and production disruptions in the supply chain and works to ensure diversity of suppliers and an efficient supply chain. See *"Risk Factors – The Group's profit margins and financial results may be adversely affected due to disruptions, performance issues or cost increases in the supply of raw materials and components for its products"*.

The Group adopts a proactive approach to many unforeseen challenges in all operational processes from supply to production and from production to sales and integrates its sustainable supply chain strategy into all its operations. In addition, the Group makes quantity-based agreements with its suppliers and in case of any unpredictable conditions, it tries to expand its supplier base for all materials / products.

The Group has adopted technology and innovation as a corporate culture since the day it was founded and continuously invests in the digitalisation of its supply chain, as outlined below:

- Autonomous Retail Project

The project aims to supply the products sold through distribution channels via a fully digitalized and artificial intelligence-supported supply chain system. In addition, in order to increase the level of service offered to customers in line with the Group's omnichannel strategy, the Group's existing distribution network is being restructured according to customers and the logistics network is being redesigned to improve cost, on-time delivery and customer satisfaction.

- **Supplier Lifecycle Management (“SLC”)**

In order to establish a sustainable business relationship with its suppliers, the Group aims to manage supplier relations and logistics activities from a single point. In line with this goal, it introduced the SLC project in 2015 and gathered candidate supplier application evaluation, master data management, candidate supplier approval, performance and risk management processes in a single digital platform. In the last seven years, the Group has managed the lifecycles of 10,216 suppliers through SLC and achieved many benefits such as reduction of carbon footprint and increased efficiency.

- **E-Indirect Project**

E-Indirect Project encompasses all processes from the conversion of a purchase request to a purchase order. Under the project, the Group created a transparent system where the offers of suppliers are collected from the system, integrated into the process and reported.

- **E-Logistics Project**

Under E-Logistics project, the Group aims to carry out all processes covering all of its import, export and domestic distribution processes electronically. The Group plans to reduce logistics costs by gathering the activities under a single structure within the E-Logistics project.

- **Three-way Matching**

The Group digitalised the entire process from supplier selection to invoice control processes in the supply lifecycle, which begins with the creation of a purchase request and maximised strategic and operational performance. Budget and finance processes were also included in the digitalised procurement processes and a structure that will cover all procurement operations with “three-way matching” was implemented. The Group aims for its centralised procurement processes to be financially traceable, have strong supplier relationships, be open to audit and transparent.

- **Material Management Processes**

The Group added end-to-end and transparent traceability to the entire process of order management with suppliers from the ordering of materials to stockpiling at the factory. As a result, the Company achieved advantages such as rapid access from a single point, rapid decision-making, increasing integration between departments and shortening report preparation times. The Group aims to be a transparent supply chain for its customers by increasing stock traceability.

- **SAP-ZAYS Module**

The Group developed SAP-ZAYS module allowing for automation in data exchange from the Free Zones Computerized Implementation Program (SBBUP) used in Free Zones for the digitalisation of data exchange in import, export and production processes depending on production and capacity increases in electric vehicle charging station, battery module, set top box and LED lighting product groups and achieved an 80 per cent. reduction in operational processes by eliminating human errors thanks to the automation in data flow.

Research & Development (R&D) and Innovation

General Overview of R&D at Vestel

Under its “Technology and Human-Oriented Transformation”, crafting new value propositions for its customers is at the core of the Group’s mission, enabled by its resilient and extensive R&D framework, which is supported by its advanced production capabilities and highly skilled workforce. The Group is committed to swiftly addressing consumer demands through technological solutions, ensuring that innovation is both rapid and accessible to all. The Group firmly believes that R&D, innovation and technological leadership is one of the fundamental elements of their identity as a business and it also constitutes a strategic strength for the

Group. Renowned for its agility and flexibility, the R&D capabilities of the Group allow it to swiftly adapt to changes and challenges, positioning itself as a leading force in the global market.

With a dedicated R&D team of 1,821 individuals as of 31 December 2023, boasting over 30 years of industry expertise and innovation capacity, the Group continues to pioneer breakthroughs in digitalisation and technology. The Group has garnered three prestigious awards in R&D and 54 awards in design, solely in the year ended 31 December 2023 and is also actively engaged in numerous R&D projects as of the date of this Offering Circular. Notably, the Group's R&D capabilities include both electronic and mechanic design capabilities, which is rarely seen in the Group's competitors and therefore is a stand-out feature for the Group's R&D power. Furthermore, the Group has already made a total investment of TRY 2,264 million for R&D in the year ended 31 December 2023, amounting to 2 per cent. of the Group's revenues in the same period, continuing its past trend of allocating proper resources for R&D and it strongly intends to continue this approach in the future.

The Group is actively engaged in R&D initiatives to stay abreast of technological advancements shaping the consumer electronics and household appliances markets. On the consumer electronics side, with smart products boasting over 100 features that are annually updated and expanded, the Group prioritises innovation to maintain market share, enhance branding and increase company value. Projects are initiated through various channels including industry shows, customer feedback and benchmarking.

The Group's R&D organization is very fragmented to target different product segments and products within consumer electronics, household appliances and mobility electronics, whilst various R&D units within the Group's different subsidiaries do have a proven track record of working in harmony and collaboration, as necessary. This harmonious workflow of the Group's R&D teams is driven by the fact that they are all based in a single massive facility, Vestel City and various other commercial teams (such as production, sales and procurement), whose input is critical for R&D are also located in the same facility. The Group's facility also includes R&D laboratories accredited by the Turkish Accreditation Agency (TÜRKAK) and certain other testing and accreditation institutions. Therefore, the Group is able to complete important testing processes (such as those relating to energy, noise and performance) within its own facility and the reports and certifications produced by the Group in this regard, are reliable and valid for a wide variety of purposes.

By harnessing the power of R&D and innovation, the Group scales production capacity responsibly, whilst continuously innovating to meet evolving consumer needs and minimise environmental impact. Through strategic partnerships and ongoing training for its R&D team, the Group remains at the forefront of innovation. This is clearly exemplified by the fact that new and significantly improved products having driven a considerable portion of its TV product turnover in the year ended 31 December 2023. Please see “– Key Strengths – Strong R&D and technological leadership” for further discussions on this matter and key information relating to the Group's R&D capabilities.

The Group's relentless pursuit of excellence drives it to systematically increase its R&D budget allocation and diversify its funding sources. Furthermore, as one of Türkiye's foremost technology companies, operating in over 160 countries, the Group is deeply entrenched in global innovation and R&D ecosystems. The feedback received by the Group from its wide-ranging operations, as well as its collaborative efforts with key stakeholders, including governmental bodies and NGOs, further amplify its impact on driving innovation and development.

The Group also stands out as one of the very limited number of TV manufacturers, who have their own operating system built into its products, whilst other manufacturers are required to use other service providers' systems. Leveraging its proprietary operating system for smart TVs, supported by an experienced team and robust infrastructure, the Group ensures control and flexibility in product development. However, the Group is also capable of using other service providers' systems in its products and training such systems, as necessary, to be suitable with the requirements of the Group's active markets, such as Europe. The Group has established itself as the lead customer of major companies who globally dominate the market share for operating systems, as such companies generally use the Group to penetrate the European market with TV products integrated with their operating systems.

Strategic partnerships with key players like Vewd and Tivo for web browser and launcher ecosystems bolster the Group's offerings. Furthermore, the establishment of an in-house IoT ecosystem enables centralised control of all Vestel devices, encompassing TVs, white goods and marketing devices, with mobile applications, cloud, big data and AI managed by the IoT team to cater to diverse product needs. Stringent adherence to compliances, security, privacy and accessibility standards underscores the Group's commitment to delivering high-quality and secure consumer electronics solutions.

The Group's dedication to safeguarding the planet is, amongst other aspects of its business, evident through its R&D and innovative initiatives. As a technology group, the Group strives to create products that not only enhance lives but also generate social and environmental benefits. Embracing sustainable practices and eco-friendly production methods, the Group actively mitigates the strain on natural resources through its technological advancements. In its pursuit to combat the climate crisis, the Group focuses its R&D, entrepreneurial and innovative endeavours on areas such as water resource protection, carbon reduction, energy efficiency, waste minimisation and the development of environmentally friendly products. Aligned with the European Union's 2030 targets, the Group has already transitioned its key product designs and production processes to comply with new energy efficiency regulations. Its commitment to delivering top-tier green products at accessible prices is unwavering, as it strives to meet and exceed evolving market standards. The Group's commitment to sustainability extends beyond compliance, as the Group actively integrates green initiatives into all facets of its operations. Aligned with the EU Green Deal, it leverages Horizon funds to drive circular economy R&D projects, nurturing a culture of innovation that propels its competitiveness in the sector. As an example, the Group has become the first TV manufacturer to produce a sustainable alternative to EPS packaging moulds. Whilst the use of this alternative material drives up certain costs, however the Group has received excellent feedback from its customers (especially under its ODM business) as certain customers are sensitive and less price-conscious about the sustainability features in the products they purchase.

In 2022, the Group launched a standout feature in one of its washing machines by incorporating a state-of-the-art microfiber filter technology in them. This filtration system is designed to capture tiny particles, including microplastics, thereby reducing water pollution and minimising harm to aquatic life. Thanks to the microfibre filter on the washing machine, the microfibre particles generated during washing are prevented from being discharged through the drain. These very small particles cannot be separated from the water in wastewater treatment plants, so they mix with water sources such as sea and rivers. Afterwards, these particles, which enter the food chain, are kept in the filter during both washing and spinning processes. The Group has won the first prize award in the 9th Sustainable Business Awards (2022) and a special mention award in the German Innovation Awards 2023.

The Group also amplified its presence in the global competitive landscape by showcasing new technologies at 11 international fairs attended in the year ended 31 December 2023. In these gatherings, it garnered significant attention from stakeholders and competitors, particularly with products that harness technologies aligning with consumers' health and hygiene expectations.

The Group also prioritizes the well-being and development of its key personnel supporting its R&D activities, continually enhancing working conditions, salary policies and encouraging participation in EU projects to boost motivation and foster growth. Through proactive measures, it sustains its competitive edge, leveraging its experience and forging new partnerships to diversify into emerging business sectors. The importance of R&D in the Group's organisation and culture is also evident by the fact that a substantial number of the Group's current senior management having been promoted from positions within R&D teams of the Group.

R&D Studies and Initiatives

Drawing from nearly four decades of experience in the industry, the Group is committed to disseminating technology and fostering human-oriented transformation within the company. To steer its production and R&D strategy in line with global trends, the Group combines innovative perspectives from various sub-sectors and fields with its existing expertise.

Acknowledging the significance of promoting efficiency awareness nationwide, the Group actively participates in initiatives such as the "Efficiency Project Awards" organised annually by the Ministry of Industry and

Technology of the Republic of Türkiye. Notably, the Group secured the second prize at the 2022 Project Awards for its achievements in Paintshop Line Transformation and Game Plan Line Balancing and Man Hour Optimization projects. Similarly, in 2022, the Group's Electric Vehicle Charging Station Design project was accepted into the "Technology-Oriented Industrial Leap" incentive programme initiated by the Ministry of Industry and Technology of the Republic of Türkiye. This programme aims to bolster the production of high-value-added, medium-high and high-tech products leveraging local capabilities and capacities.

- Automotive Innovative Technologies Group:

In a bid to reinforce its research-oriented endeavours alongside its basic R&D groups, the Group established a research group comprising researchers with doctoral degrees and engaged in advanced research subjects in 2016. Renamed as the "Innovative Technologies Group (InTech)" in 2020, the group broadened its scope to transform research outcomes independent of production into Proof of Concept (PoC) products. Notably, the Innovative Technologies Group embarked on automotive technology-focused projects since 2022.

The Group also operates the R&D&D (Research, Develop and Design) Laboratory in collaboration with Manisa Celal Bayar University Technology Development Zone and supported by Zafer Development Agency. This facility facilitates rapid prototyping and hardware acceleration, enabling the creation of prototypes within a short timeframe and at reduced costs. Additionally, it expedites prototyping activities for ventures invested in by the Group.

- University – Industry Collaborations:

The Group fosters strong collaborations with national and international institutions and organisations, particularly universities, through its R&D units.

The Group is dedicated to promoting research through university-industry cooperation projects, encouraging the integration of patents obtained from successful activities into Türkiye's patent pool. It supports highly qualified R&D employees in establishing project-based collaborations with academics from leading universities in Türkiye. Additionally, the Group participates in joint academic publications, career days and supports student clubs and projects to foster development opportunities.

Moreover, the Group's R&D Center plays a pivotal role in enhancing university-industry synergy by transforming knowledge generated at universities into technology. It primarily focuses on hot topics such as cyber security, automotive electronics, Industry 4.0 and IoT, whilst collaborating on Medical Technologies, Battery Technologies and Automotive Electronics under project-based activities.

Additionally, the Group actively participates in TÜBİTAK projects and the Industrial PhD Program, recognising the programme's value in bridging industry needs with qualified manpower. Furthermore, the Group's projects have been accepted into TÜBİTAK support programmes, aiming to transform technology and innovation-oriented business ideas into enterprises to enhance Türkiye's global competitiveness in information technology, electronics and major household appliances sectors.

- Industry-Industry Collaborations:

Furthermore, the Group actively engages in multi-partner projects under four active Horizon 2020 programmes, fostering industry-industry and university-industry collaborations. With over 80 industrial business partners, including renowned companies like Google and Amazon, the Group forms a vital cooperation network. The Group's successful ODM business with A-brands also ensure that the Group receives valuable insights on markets, trends and technology, which supports its know-how for the purposes of the Group's own R&D.

In respect of the consumer electronics product segment, the Group is constantly in engagement with major stakeholders in the market, including electronical component producers and digital streaming or other platform providers, all of which are crucial for the Group to be able to offer well-functioning,

competitive and innovative products to consumers. The Group discusses and cooperates with such market-players in “roadmap meetings” where they discuss a variety of R&D matters including any upcoming products or features and how that can be supported from a technical perspective. The Group also actively communicates and collaborates with authorities regulating channels and broadcasting in Europe and ensures that its TVs are compatible with the requirements of European countries, which are very important export markets for the Group.

- Civil Society Organizations and Associations:

The Group actively engages with civil society organisations to enhance the global competitiveness of Türkiye’s IT, electronics and major household appliances sectors.

As part of its contributions, the Group collaborates with various civil society organisations including DEİK, TUBISAD, TUSIAD, TUYAD, TTGV, ECID, TESİD, TURKBESD, TAYSAD and R&D Centers Platforms. These collaborations aim to bolster the competitiveness and innovation potential of Türkiye’s IT, electronics and major household appliances sectors.

Furthermore, the Issuer serves as the chairman of the Manisa R&D and Design Cooperation Platform (MATİP) and actively participates in sector councils of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB). In these roles, the Group provides input on legislation and standardization efforts pertinent to its areas of operation, whilst also closely monitoring industry processes and developments.

- International Technology Platforms:

As Europe’s largest ODM in TV product groups, the Group collaborates with international partners through various European technology platforms such as Horizon 2020, ECSEL and EUREKA. Additionally, it actively participates in multi-partner technical meetings of Horizon 2020 projects and engages in project applications for newly opened calls.

In 2020, the Group secured funding from Horizon 2020 for the KYKLOS 4.0 project, which focuses on smart and adaptable production methods catering to individual consumer preferences. In 2021, as part of this initiative, the Group initiated Distributed Artificial Intelligence Systems (DAIS) studies involving 49 project partners from 11 countries to enhance user experience and data security. Furthermore, the Group received funding for two additional projects centred around battery technologies and electric vehicle charging stations. Continuously expanding its network, the Group actively participates in multi-partner technical meetings associated with Horizon 2020 projects, whilst pursuing new project opportunities as they arise.

- R&D Support under “Vestel Ventures”:

The Group supports entrepreneurs engaged in R&D activities through Vestel Ventures, one of its subsidiaries established to support entrepreneurs engaged in R&D activities, facilitating the introduction of emerging technologies within the Group. It provides expertise and resources at all stages of product development, including design, prototyping, testing, certification and production.

- Collaborations with the Zorlu Group:

Furthermore, the Group collaborates with the Zorlu Group companies operating in sectors such as textile, energy and real estate. With a focus on wearable technology and energy-related endeavours, the Group engages in joint activities with its parent Group companies to drive innovation and growth.

- Further R&D collaborations and open innovation specifically at Vestel White Goods:

In the year ended 31 December 2023, Vestel White Goods remained highly active in R&D collaborations and open innovation within the major household appliances sector. The company engaged in discussions with numerous universities and faculty members to foster collaboration on

R&D centre projects. These efforts resulted in consultancy partnerships with 10 different universities, culminating in collaborative projects. Vestel White Goods emphasizes the importance of collaboration with stakeholders in its ecosystem to leverage its experience, know-how and vision. Consequently, it initiated joint projects with universities and research institutions.

In 2022, Vestel White Goods executed a TÜBİTAK-supported TEYDEB project in cooperation with universities. Moreover, its recent R&D centre projects involved collaboration with universities and undergraduate and graduate students. Universities were consulted to bring solutions to these projects, which were integrated into thesis studies supervised by faculty members. As a result, graduation theses were aligned with numerous R&D centre projects.

Vestel White Goods showcases its projects at congresses, conferences and symposiums attended by faculty members and industry experts. These events provide an avenue for Vestel White Goods to gain diverse perspectives, enhance collaborations and observe both in-sector and out-of-sector studies. In the year ended 31 December 2023, Vestel White Goods presented studies and papers / articles in various platforms, fostering interactions with scientists and industry participants to enhance the academic aspect of its employees and the company as a whole.

Furthermore, Vestel White Goods signed a protocol with Dokuz Eylül University Science and Technology Application and Research Center, aiming to collaborate on Sustainable Production of Consumables for Major Household Appliances and Home Electronics Sector. Discussions are underway for potential project collaborations.

Additionally, Vestel White Goods, in collaboration with Sabancı University, continues its involvement in the TÜBİTAK BİGG programme. It also supports entrepreneurs in transforming their technology and innovation-oriented business ideas into enterprises through various initiatives. One such initiative is the TÜBİTAK 1601 BİGG Support Program, where Vestel White Goods provides mentorship and support to entrepreneurs in innovative work, coordinated by Dokuz Eylül University DETTO.

Vestel White Goods also formed consortiums with numerous stakeholders on international platforms, submitting applications for six projects. For instance, the company applied to the “M-ERA.NET Call 2020” with the aim of coordinating national research strategies on advanced material technologies.

- “Parlak Bi’Fikir”:

The Group also engaged in intrapreneurship initiatives such as Parlak Bi’Fikir (A Bright Idea), Zorlu Holding’s programme for Zorlu Group’s employees, as part of its Smart Life 2030 strategy. Through this programme, employees with innovative ideas receive support to bring their ideas to life, fostering innovation culture and intrapreneurship spirit within the organisation. The second and latest iteration of the programme commenced in June 2020 and concluded in 2021. Throughout this cycle, 720 ideas were submitted and following evaluation by the jury, which included top management, 15 ideas were chosen. Subsequently, bootcamp meetings were organised for team formation in response to applications received following a team call. Eight teams were then selected for the top in-demand ideas. After the four-month camp, all eight teams received seed investment and three of them progressed to investment discussions with Vestel Ventures. As a result of negotiations with Vestel Ventures, all members of the three selected teams, who were entitled to receive investment, were employees of the Group. These teams, eligible for investment, established a startup with Zorlu Holding as a 25 per cent. partner.

Digital Transformation

Aligned with its vision of being a technology group that generates social and environmental benefits, the Group incorporates digitalisation into its business processes, working culture and the products and services it offers. The Group continues to invest in digitalisation to enhance its customers’ shopping and product experiences, improve supply chain processes and proactively manage cybersecurity risks to safeguard data privacy.

- Digital Transformation Office:

The Group established the Vestel Digital Transformation Office to ensure coordination at every stage of its digital transformation journey and to design and disseminate data-driven and appropriate methods and processes throughout the organisation. By prioritising human-oriented working, a systemic perspective and strategic management approaches, the Group aims to adopt and implement modern and agile methods across all its operations.

Within a span of 10 years, the Group aims to transition into a global technology company by enhancing its value in existing markets and venturing into new markets and products. To achieve this goal, the Group was, as of 31 December 2023, actively engaged in 43 projects involving 510 project employees, which expand to different transformation processes and methods and such employees have completed various training programmes.

- Digital Transformation in Customer Experience:

Continuously striving to enhance customer experience, the Group develops end-to-end digital solutions to simplify processes for its customers. Introducing new features and solutions such as the “Çözümü Var” self-service website, the “Evin Akı” application for managing smart products and Vestel Digital Assistant, the Group aims to offer customers a seamless digital experience. Additionally, digital feedback mechanisms are utilised to collect user experience data across all touchpoints, enabling continuous improvement initiatives.

The launch of “Vestel Digital Assistant” serves as a new communication channel project that complements the Group’s digital ecosystem, providing dynamic customer communication and offering instant and accurate guidance to customer queries with the objective of resolving issues at the first point of contact.

- IoT After-Sales Proactive Service:

Through leveraging wireless communication technology in its products, the Group empowers customers to manage their products efficiently through the “Evin Akı” application. Moreover, the Group’s customer services team utilises signals received from products to inform customers proactively, ensuring prolonged product usage. Through automated systems based on IoT data, the Group facilitates seamless communication between customers and authorised service providers, thereby enhancing service efficiency.

- Data Science and Data Management:

Continuing its focus on data science and data management, the Group conducts advanced analytics to forecast sales, ensure data quality, optimise dealer distribution and segment dealers and consumers. Future plans of the Group include implementing A/B testing methodologies to enhance decision-making processes.

- Traffic Tracking in Stores:

To gain insights into consumer behaviour and preferences, the Group monitors store traffic using devices located at store entrances. Using its analysis of customer traffic data, the Group identifies trends, optimises store layouts and tailors services according to customer preferences whilst ensuring compliance with data privacy regulations.

- Veslink:

Through the Veslink project, the Group enhances its service capabilities by offering software-based solutions to address product malfunctions, thereby reducing the need for spare part replacements. This initiative not only improves first-contact resolution rates but also contributes to cost reduction and increased customer satisfaction.

- *Voice Bot and Video Remote Assistance:*

Feasibility studies for Voice Bot and Video Remote Assistance applications are underway, aiming to enhance customer support services by leveraging voice and video technologies for faster query resolution and improved customer experience.

- *Remote Heat Measurement (Thermonline):*

Under the Thermonline project, remote temperature measurements are conducted for defective products, allowing for targeted workshop operations and minimising unnecessary transportation of products. This initiative not only reduces carbon emissions but also enhances operational efficiency.

- *Digitalization in Sales Processes:*

The Group accelerates its digitalisation efforts in sales management, retail processes, finance/collection processes and media investment processes to create a common reporting language, develop corporate memory and streamline operational workflows.

- *Digitalization in Supply Chain:*

The Group's sales management, retail process management, business partner finance / collection processes and media investment processes are undergoing digital transformation.

Amidst global supply chain disruptions, the Group's supply chain teams developed a total of 130 digitalisation projects in 2022 and 2023, aimed at enhancing sustainability and operational efficiency. These projects encompass optimisation models for managing changing customer demands, decision support systems for agile supply chain management, business analytics and data science initiatives. Projects tailored to specific product groups such as electric vehicle charging stations, batteries and automotive focus on developing customised digital solutions to address evolving market dynamics.

The implementation of the Supply Chain Control Tower - Power BI project enables the Group's end-to-end monitoring of supply chain processes, facilitating rapid decision-making and enhancing interdepartmental integration. Furthermore, the Group's Segmentation Project which was commissioned for material management processes, has contributed to decision support mechanisms by segmenting products based on their material consumption habits, usage intensity, supply times, amounts and resource numbers using an algorithm determined according to their characteristics. Another Power BI project has digitised the material requirement planning and management processes between the Issuer and Vestel Mobility production facilities, achieving integration between facilities. With the sustainable supply chain master data project, necessary data designs and system infrastructure developments were made to ensure the traceability of the components used in products throughout the sustainability scorecards and product life cycle. In addition, within the scope of sustainability studies carried out within Zorlu Holding, necessary reports have been developed to calculate the logistical carbon footprint of the loads supplied.

Please see “– Procurement and Supply Chain Management – Supply chain disruptions & digitalization” for further details on the Group's efforts on digitalisation of its supply chain processes.

- *Digitalization in Finance:*

The Group also prioritises automation and financial technology practices to streamline financial transactions and enhance operational efficiency. By leveraging automated systems, the Group strengthens control mechanisms, minimises errors and accelerates financial reporting processes, leading to significant time and cost savings. Initiatives such as the e-Payment Project and RPA implementation further enhance efficiency by digitizing payment processes and automating repetitive tasks.

The introduction of the management cockpit enables real-time data visualisation, facilitating informed decision-making and enhancing overall financial performance. Looking ahead, the Group remains committed to advancing digital transformation practices to create value and drive innovation in financial processes.

Intellectual Property

Intellectual property stands as one of the Group's paramount assets. As of 31 December 2023, the Group possessed 1.765 granted patents and 643 pending patent applications, which it deems crucial to its business operations. The Group is the co-assignee with third parties for some of these patents.

In 2023, the Issuer submitted five EP patent applications to the European Patent Office (EPO), five PCT patent applications to the World Intellectual Property Organization (WIPO) and 10 Turkish patents to the Turkish Patent and Trademark Office (TURKPATENT) for 10 inventions meeting the respective criteria, totalling to 20 patent applications. Similarly, in 2023, Vestel White Goods submitted 11 EP patent applications to the European Patent Office (EPO), 17 PCT patent applications to the World Intellectual Property Organization (WIPO) and 105 Turkish patents to the Turkish Patent and Trademark Office (TURKPATENT), totalling to 133 patent applications.

In the year ended 31 December 2023, the Group held a total of 119 patents with commercial income.

The Group engages in commercial evaluation activities to assess the value of its existing patent portfolio and ensure the inclusion of valuable patents in its patent pool. When a Group employee has an innovation to be patented, they submit this for internal assessment through a special software of the Group, used for its internal assessment processes. The Group also provides incentives to its employees who come up with these innovations. The patent pool of the Group continued rapid growth since the launch of this internal incentive programme, which was established to encourage the design engineers in R&D departments to file multi-national patent applications for their patentable inventions. There are regular internal training programmes for R&D engineers to improve their qualifications to identify their patentable inventions. Decisions regarding patent applications are made following meetings with managers specialising in the relevant technical field. For patent applications deemed valuable, detailed infringement evaluations are conducted, involving investigations into products within the scope of the relevant patent technology and reports are prepared on potential patent infringements.

In addition to patents, the Group's intellectual property portfolio encompasses copyrights, trademarks, registered designs, trade secrets, know-how and other proprietary information. For instance, product designs which are projected by the Group's industrial design departments are also registered designs by the Group and brand names which are used to market the Group's products such as Vestel and Finlux are registered trademarks. The Group adheres to a policy of identifying, protecting (via patent and trademark registration and safeguarding proprietary information), defending and managing its intellectual property assets. Furthermore, the Group ensures that all new and redesigned products, processes and software undergo thorough reviews at various stages of development to mitigate the risk of infringing upon the intellectual property rights of third parties.

The Group also makes legal and proper use of standard essential patents ("SEP"), being intellectual property for third parties, for which licences are necessary to place the end products in the market. Such SEPs are widely known in the areas of video and audio compression technologies and wireless communication technologies. The Group aims to obtain such necessary licences from licencing administrations of SEP pools, which have legal obligations to licence out such SEPs to manufacturers under non-discriminatory conditions. The OEM clients of the Group show strong tendency to benefit from licenses pool of the Group. Importantly, the Group is also the first and, as of the date of this Offering Circular, sole Turkish company holding a SEP of its own, which is a patent for AVC standard.

Furthermore, highly qualified technical experts from the Group's R&D teams conduct research programmes at several universities to maintain reasonable contributions to future technologies which may be incorporated in consumer products in coming years. Technical achievements under such research programmes are patented

by the Group as well, together with the relevant universities in certain contexts. Such contributions are also submitted in international standardisation meetings for their evaluation for future technologies to be implemented in consumer products in the market.

Employees

As of 31 December 2023, the Group employed a total of 19,304 individuals, with 97 per cent. of such employees based in Türkiye and the remainder based abroad. As of the same date, approximately 71 per cent. of the Group's employees in Türkiye and 0.50 per cent. of its employees outside Türkiye are members of trade unions.

The Group prides itself on maintaining strong, amicable relations with both its employees and unions. This harmonious labour relationship is pivotal to the Group's operational success and aligns with its broader commitment to fostering a workplace culture that values diversity, inclusiveness and social benefits. The Group has not experienced any material work stoppages, strikes or labour unrest.

The Group aims to foster a culture of transformation driven by technology and digitalisation across the entire organisation, starting with its employees. In line with its strategic approach, the Group focuses on transforming its corporate culture in a human-centric manner by leveraging the power of technology and digitalisation. In order to spread the culture of transformation, the Group adopts diversity, inclusiveness and social benefit as its fundamental principles, not only within its organisation but also throughout its value chain. The Group integrates technological innovations that enhance human life into its processes, thereby increasing its market share and strengthening its competitiveness.

Human capital plays a crucial role in the Group's value creation model and the Group believes that investing in human capital leads to improved technology, patents and R&D strength. As a result, the Group continues to work with the understanding that sustainable value creation in its state-of-the-art factories and products is only possible with competent, happy and highly motivated employees.

The Group strives to create and develop the most ideal working environment to ensure the health, safety, rights and personal development of its employees. In light of this principle, the Group develops human resources policies that facilitate the adaptation processes of its employees, encourage their success and development, meet their expectations and needs with fairness and equal opportunity.

The graphs below illustrate the growth in the Group's employee numbers for the years ended 31 December 2021, 2022 and 2023, as well as the breakdown of male and female employees and blue collar and white collar employees as of 31 December 2023. The Group aims to increase the share of female employees to 40 per cent. by 2030.

Environmental & Social Matters

The Group is committed to integrating sustainability into all aspects of its operations and ensuring that its approach to sustainability aligns with its long-term business objectives. The Group recognises that its activities have an impact on the environment in which it operates and its stakeholders and it is committed to reducing negative impacts. The Group's primary objectives are to create social and environmental benefits through accessible and smart products that make life easier and to ensure sustainable and environment-friendly growth with technology and people-oriented transformation in its business operations.

The Group believes an effective management structure is key for the integration of environmental, social and governance ("ESG") topics throughout the Group. In terms of governance, sustainability issues are managed by the sustainability departments within the Group, reporting to the CEOs. The Sustainability Committee, a vital component of the Group's governance structure in achieving the Group's sustainability objectives and tasked with the development of sustainability strategies, monitoring current developments, convenes quarterly and its decisions are reported to the Board of Directors. Framework of the Group's ESG objectives are also categorised and followed under six different working groups, namely, environment, social, governance, technology, supply chain and customer experience, each with a specific field of activity.

Environmental sustainability is deeply ingrained in the Group's corporate philosophy, recognising that its growth and prosperity are inextricably tied to its ability to effectively address sustainability challenges. This understanding motivates the Group to assess and manage global risk trends that affect its operations, implementing a holistic strategy that originates at the corporate level. The Group's vision for a smarter future is embodied in its "Smart Life 2030" initiative, established in 2019, which is aligned with the 2030 Sustainable Development Goals ("SDGs"). This initiative underscores the Group's commitment to integrating sustainability into its business model, a commitment that is reflected in its inclusion in the BIST Sustainability Index, highlighting its exemplary corporate sustainability performance. The Group's proactive approach to reducing environmental impact, through judicious resource utilisation and the development of environmentally friendly products, underlines its profound dedication to enhancing the well-being of society and the environment. In line with the Smart Life 2030 initiative, the Group launched its "Household Transformation Project" in 2022, which aims to raise consumer awareness and to engage the consumers in the recycling ecosystem by recycling unused electronics and white goods collected from the customers.

Moving towards becoming a climate-friendly by promoting low-carbon technologies, the Group took an important step towards achieving net zero by issuing a commitment letter to set Science Based Targets Initiative ("SBTi") in 2021. In 2023, the Group set its emission reduction targets and presented them to the SBTi for official validation. The Group commits to reduce absolute Scope 1 & 2 GHG emissions 42 per cent. by 2030 compared to 2021 and Scope 3 GHG emissions 25 per cent. from use of sold products by 2030 compared to 2021. Furthermore, the Group has set a target for itself to be a net zero company across its value chain by 2050.

The Group aims to reach its targeted emission reduction amount through contributions from various instruments. These include regular energy efficiency measures at the Group's manufacturing facilities, such as waste heat recovery systems, process electrification, process optimisation through energy efficiency improvements and enhancements in the energy tracking system and automation. Additionally, replacing the Group's fleet with hybrid or fully electric vehicles, shifting the energy mix of production activities from fossil fuel-based sources like natural gas to lower emission alternatives (starting from low impact profiles like co-generation to renewable energy sources), deploying renewable energy generation systems like solar power plants and bioenergy to meet primary energy needs (electricity and heat), procuring relevant renewable energy certificates and piloting pre-commercial emission reduction technologies whilst scaling up commercialised solutions on the pathway to net-zero, such as green hydrogen and energy storage systems, are part of their strategy.

Furthermore, as part of its sustainability strategy, the Group has set a target for itself to increase the share of its online sales in its revenue to 25 per cent. by 2030.

The Group's commitment to reducing its carbon footprint and promoting eco-conscious practices demonstrates its dedication to operating sustainably. In order to achieve its sustainability goals, the Group has taken several steps. In terms of zero-waste, recycled plastic usage and water management, the Group took the following steps, amongst others:

<u>Zero-waste</u>	For the year ended 31 December 2023, 93 per cent. and 95 per cent. of production waste is recycled in Vestel Electronic and Vestel White Goods, respectively.
	The Group aims to maintain 'Zero Waste Certificate' obtained from the Ministry of Environment and Urbanization.
	2004 kilograms of food waste had been composted and used in the green areas of the Vestel City's in 2023; 99.4 tons of food waste had been donated to shelters in 2023.
<u>Recycled Plastic Usage</u>	Continuous development for CDP Climate.

	Raw plastic use was reduced by 6383 tons and 5385 tons by Vestel Electronic and Vestel White Goods, respectively, in 2023, through using recycled plastics, product design and packaging design optimisations and bio-based plastic usage.
	26 tons of plastic usage was eliminated due to EPS-free packaging usage in 2023.
<u>Water Management</u>	Continuous development for CDP Water.
	Refrigerator Factory's Painthouse Process optimisation resulted in 24,000 cubic meters of water savings in 2023.
	Cooling Tower Waste Recovery Project resulted in 19,600 cubic meters of water savings in 2023.
	Rainwater collection projects were implemented and 9,238 cubic meters of rainwater was collected in 2023. Garden water consumption was reduced from 70,000 cubic meters to 9,800 cubic meters in 2023.

The Group's sustainability roadmap highlights their commitment to digital and technological innovations, the transition to a net-zero emission economy and the development of accessible and environmentally friendly products. The Group complies with national and international environmental regulations, emphasising the importance of due diligence in supply chains to ensure compliance with environmental standards. The Group also has a target of ensuring full compliance by its critical suppliers with the procurement principles.

Environmental management systems of the Group monitor and report on various environmental metrics, demonstrating their adherence to international standards like ISO 14001, ISO 14064 and ISO 14046 and their commitment to environmental stewardship and sustainable growth. The Group also has acquired the 'Waste Importer Certificate' from the Ministry of Environment and Urbanization in 2023.

Vestel Electronic and Vestel White Goods have achieved a score of 65 and 65 (out of 100), respectively, in the 2022 S&P Global Corporate Sustainability Assessment. On S&P Global's list, Vestel White Goods became the company with the second-highest score, whilst Vestel Electronics became the third in their respective industries. Furthermore, Vestel Electronic and Vestel White Goods have achieved a score of 78 and 82 (out of 100), respectively, in the Refinitiv 2022 ESG Evaluation. According to Refinitiv's assessment, Vestel White Goods is in the industry's top three, whilst Vestel Electronics is in its industry's top ten. In EcoVadis sustainability rating, Vestel Electronics has a bronze label with a score of 57 and Vestel White Goods has a silver label with a score of 67.

In Sustainalytics' sustainability risk assessment, the sustainability risk of two companies was evaluated as "low risk". According to Sustainalytics' assessment, the risk score of Vestel Electronics decreased from 25.6 (Medium Risk) to 17.5 (Low Risk). Similarly, the risk score of Vestel White Goods decreased from 22.8 (Medium Risk) to 13.4 (Low Risk).

Furthermore, Vestel White Goods has been reporting to the Carbon Disclosure Project (CDP) since 2012 and Vestel Electronics has been doing so since 2013. In the 2022 CDP report, where 2021 was evaluated, Vestel Electronics' Climate Change score was B and its Water Program score was C. In the same report, Vestel White Goods' Climate Change score was A- and the Water Program score was C.

Vestel Electronic was included in the BIST Sustainability Index, a list of large and liquid companies with high sustainability performance, for the 9th time in a row.

In 2020, the Group issued green bond with a nominal value of 110.5 million Turkish Lira, which stands out as Türkiye's first green bond issued in Turkish Lira after receiving international certification. The Group's green

bond issuance is aims to fund the Group's environmental technology investments and other sustainable projects. It received international certification and aligned with the International Capital Market Association's Green Bond Principles. This move not only underlines the Group's commitment to sustainability but also sets a precedent for eco-friendly financial products in Türkiye.

In 2021, Vestel Electronics and Vestel White Goods became signatories to the United Nations Global Compact ("UNGC"), the world's largest corporate sustainability initiative. At the same time, as a signatory of the United Nations Women's Empowerment Principles ("WEPS") in 2023, the Group encourages efforts to ensure gender equality throughout the Group, including recruitment practices and takes responsibility for ensuring gender equality within the organisation and in society.

The Group also places great importance on social matters and reflect its social sensitivity in its business operations. For instance, in cooperation with the Sosyalben Foundation, the Group is one of the supporters of the "Skill Development Center" (BEGEM) established by the Sosyalben Foundation to prevent the loss of social and physical skills of children between the ages of 7-13 and to develop these skills in Hatay and Adiyaman, which were affected by the earthquakes occurred on 6 February 2023. The Center aims to provide children with the opportunity to build natural relationships with each other in smaller groups, solve problems, make decisions and take responsibility, express themselves, develop self-confidence and learn from each other through trainings designed with long-term workshops.

The Group, which has been supporting sports for many years, has sponsored BEGEM sports workshop classes for a year after 23 April 2024, on which the BEGEM workshops will be inaugurated. For a year, specialised trainers will provide sports-related training to children between the ages of 7-13 at the sports workshop. The Group will also provide additional support as the main sponsor of the Turkish Gymnastics Federation.

Information Technology

Information technology (IT) is a crucial aspect of the Group's ability to operate efficiently and maintain operational excellence. The Group's IT systems are designed to ensure a maximum level of automation and digitalization in management, production and customer experience and the Group has established a robust infrastructure to support this goal.

Principally, the IT systems utilised by the Group are:

- SAP R/3, SAP S/4HANA core modules for Enterprise Resource Planning
- SAP ME/MII, SAP IBP/PPDS, ICRON for Production and Planning
- SAP TM, SAP SNC, SAP SLC, SAP EWM, NiceLabel for Logistics Operations
- SAP SLC, Solvoyo for Supply Change Management and Planning
- Salesforce, SAP CRM, IFS for Customer Relationship and After Sales
- SAP VIM by Opentext, SAP TRM, SAP BPC for Accounting & Finance
- SAP SuccessFactors, SAP HR, E-learning Tools for Human Recourses
- PTC Windchill, PTC Creo, Jira for Product Design and Lifecycle Management
- RPA Tools (UiPath) for Automation
- SAP BO, MS Power BI for Management & Reporting

The Group has implemented numerous custom solutions across various domains including Master Data Management, Travel and Expense Management, Customer Order Management, E-Commerce, Warehouse Management, Production Management and IT Service Management. To mitigate the escalating risks posed by cyber threats, the Group employs a range of relevant services including Security Information Event

Management (SIEM), Security Operations Center (SOC), Endpoint Security Response (EDR), DDOS Protection, Intrusion Detection and Prevention System (IDS/IPS) Management Service, DNS Security and Threat Intelligence. With a strong IT infrastructure comprising multiple servers, the Group manages all IT operations internally, supplemented by outsourced support from domestic and global IT firms in alignment with established IT policies and procedures. Furthermore, the Group operates four Enterprise Resource Planning (ERP) systems with a three-tier architecture (development, quality, production) situated in Manisa, Istanbul and Frankfurt, with two systems primarily serving manufacturing operations. In addition to regular monitoring and backup procedures, the Group maintains clone systems for disaster recovery purposes, ensuring uninterrupted production and high availability of services.

Insurance

In respect of the Group's global insurance and risk management strategy, the Group designs its insurance programme determining the scope of the coverage and considering the implementation of various scenarios under different models. Risk impact analyses are executed with various types of risk engineering and underwriting efforts covering a number of production, storage, property damage and business interruption-related risks including, but not limited to, earthquake, arson, natural gas and various climate-related events such as windstorm, hurricane, flood, tsunami, etc. under different models. The Group's main strategy is to ensure all insurable risks and create the broad scope with tailor made wording which is made exclusively to the Group.

The Group maintains comprehensive insurance coverage for its operations which the Group believes is consistent with the market practice for indemnity limits and scope, providing coverage against a number of risks arising in connection with the Group's operations, including property damage and business interruption (including interdependency coverage), employer's liability, directors' and officers' liability, professional liability, third party and product liability risks, credit, marine, personal accident, personal accident, breach of trust, directors and officers, general pollution and hazardous substances and all risk policy for transferable risks. The Group's management considers its insurance coverage to be sufficient in amount and scope for the Group's operations. The Group's insurance policies are usually for a period of one year and are renewed annually upon their expiry. The Group considers the coverage of its insurance policies each year and revise its insurance coverage, if necessary, in accordance with the Group's past experience. The Group is regularly trying to optimise its insurance portfolio by benchmarking risks, coverage and costs using various counterparty insurance actors.

Legal Proceedings

The Group is subject to legal proceedings in the ordinary course of its business. Other than as disclosed in this section, the Group is currently not involved in any litigation, arbitration or other administrative proceedings which, if decided against the Group, would individually or in the aggregate have a material adverse effect on its business, results of operations or financial condition. The Group believes that the ultimate liability, if any, in excess of amounts already provided for these matters in the Financial Statements, is not likely to have a material adverse effect on the Group's annual results of operations, financial condition or cash flows. Claims that the Group faces from time to time include, but are not limited to, claims from employees, customers, suppliers and others related to operational, contractual or employment issues as well as administrative authorities.

Vestel Trade, a subsidiary of the Issuer, sought approval from the Turkish Competition Authority ("TCA") in May 2019 to provide post-sale services for Whirlpool products after Whirlpool decided to exit the Turkish market. This application faced a complaint from Whirlpool service providers, claiming it violated competition laws. Initially, the TCA found the agreement lawful, rejecting the complaint. However, following a legal challenge, a regional administrative court ordered an investigation, deeming the initial review insufficient. The Council of State later overturned this decision, reinstating the TCA's original ruling, recognising the agreement's legality and consumer benefit, leading to the termination of the investigation.

MANAGEMENT

The Board of Directors

Pursuant to the provisions of the articles of association of the Issuer (“**Articles of Association**”) and the Turkish Commercial Code of the Republic of Türkiye numbered 6102 (“**TCC**”), the board of directors of the Issuer (the “**Board of Directors**” or the “**Board**”) is elected by a resolution passed at the general assembly of the Issuer (“**General Assembly**”) and responsible for the Issuer’s management.

Under Turkish law, members of a board of directors can be appointed from shareholders as well as non-shareholders and both real persons and legal entities can be appointed as members of a board of directors. If a legal entity is appointed as a member of a board of directors, a real person must be appointed by such legal entity member of the board of directors as its representative to exercise all rights and fulfil all duties of that member of the board of directors on behalf of that legal entity.

The members, including the independent members, are elected by ordinary majority vote in the General Assembly. The number of independent board members and necessary qualifications are determined in accordance with the corporate governance regulations of the CMB. Pursuant to such regulations, at least one-third and no less than two, of the members of the Board of Directors are required to be independent members. Pursuant to the Articles of Association, the Board of Directors is required to consist of at least five and a maximum of eleven members. The current Board of Directors, which was elected at the last ordinary General Assembly dated 31 May 2023, consists of seven members, of which three are independent members in accordance with the CMB regulations. The current chairperson of the Board of Directors is a real person, Ahmet Nazif Zorlu.

Each director is elected for a maximum term of three years. Directors may be re-elected after their terms have expired.

The required meeting quorum for the board of directors is a simple majority. Decisions are adopted by majority of the votes present at the meeting. Each director has one vote.

Composition of the Board of Directors

The following table provides certain information about the Board of Directors as at the date of this Offering Circular:

Name	Position	Independent	Year of birth	Year first elected*	Date term ends
Ahmet Nazif Zorlu	Chairperson	No	1944	1994	31 May 2024
Ayşegül İldeniz	Vice Chairperson	Yes	1969	2018	31 May 2024
Olgun Zorlu	Member	No	1965	1994	31 May 2024
Bekir Cem Köksal	Member	No	1967	2023	31 May 2024
Ömer Yüngül	Member	No	1955	2000	31 May 2024
Elmas Melih Araz	Member	Yes	1948	2018	31 May 2024
Bekir Ağırdır	Member	Yes	1956	2018	31 May 2024

* There have been certain periods in which Olgun Zorlu and Ömer Yüngül have not been Board members following their first appointment to the Board.

Ahmet Nazif Zorlu, Chairman

Ahmet Zorlu began his career in the family-owned textile business at an early age. Opening his first textile store in Trabzon, Ahmet Zorlu moved the company’s headquarters to Istanbul in 1970 and laid the foundations of Zorlu Holding. Ahmet Zorlu set up his first production company, Korteks, in 1976 and united all of his companies under the roof of Zorlu Holding in 1990. Acquiring Vestel in 1994, Zorlu opened the door to new lines of business for Zorlu Holding. Ahmet Zorlu’s entrepreneurialism, which began with the textile industry, went on to manifest itself in more companies operating in a wide range of industries such as major household appliances, consumer electronics, property development, energy, mining-metallurgy, defence and e-mobility. Ahmet Zorlu is the Chairman of Zorlu Holding and serves as the Chairman or Vice Chairman of the Board in numerous Zorlu Group companies operating in different industries. With a keen interest in non-governmental

organizations, Ahmet Zorlu sits on the Board of Directors of Foreign Economic Relations Board (DEİK) and is a member of Turkish Industry and Business Association (TUSIAD), Education and Culture Foundation of People of Denizli (DENSİR), Babadağ Industry and Business Association (BASIAD) and Turkish Home Textile Industrialists' Association (TETSIAD).

Ayşegül İldeniz, Vice Chairperson

Ayşegül İldeniz holds a bachelor's degree in Business Administration from Boğaziçi University and a master's degree in Digital Communications from the San Francisco State University. Ms. İldeniz joined Intel Corporation, the leading global microprocessor company, in 1998 where she served respectively, as General Manager for Intel Türkiye, as Director for Middle East, Türkiye and Africa region, covering 67 countries and as a European Board Member before being appointed to the position of Global Vice President in the New Devices Group at Intel Headquarters in Silicon Valley in 2013. In 2016, Ms. İldeniz became the COO (Chief Operating Officer) of the Silver Spring Networks, a company listed on the New York Stock Exchange, which controls half of the US smart energy market with 26 million users and implemented Smart Cities programmes in a number of cities including Chicago, Singapore, Paris, Copenhagen and Dubai. Ayşegül İldeniz is a pioneer in the fields of innovation, technology and future vision, both in the Silicon Valley and in Istanbul. In 2015, she was named as one of the "100 Most Creative People in Business" by the Fast Company, one of the most prestigious publications in the U.S. and as the "Third Most Influential Turkish-American Woman" by the Turks of America (TOA), whilst in Türkiye she was selected as the "IT Woman of the Year" in 2004 and "Woman Executive of the Year" in 2006 by the Dünya Newspaper. Ayşegül İldeniz is currently the President of the TUSIAD Silicon Valley Network and a board member of the American Turkish Society and the New York-based Turkish Philanthropy Funds. Ayşegül İldeniz also serves as a board member at Vestel White Goods, Zorlu Enerji Elektrik Üretim A.Ş.'s ("Zorlu Enerji"), Doğan Şirketler Grubu Holding A.Ş. and Pegasus Hava Taşımacılığı A.Ş.

Olgun Zorlu, Member

Olgun Zorlu began his professional career in 1988 after completing his higher education in textiles and business administration in the UK. He started to serve in managerial positions at various Zorlu Group companies in 1988 and led their foreign market research and business development operations. In 1998, Olgun Zorlu began serving as a board member of Zorlu Holding. Mr. Zorlu is the Chairman of Meta Nikel and serves as a board member at various Zorlu Holding subsidiaries such as Vestel White Goods and Vestel Electronics. Olgun Zorlu assumed the Vice Chairman position at the Board of Zorlu Holding in 2022. Mr. Zorlu is a member of the Turkish Industry and Business Association (TUSIAD) and the Turkish Home Textile Industrialists' Association (TETSIAD).

Bekir Cem Köksal, Member

Cem Köksal graduated from the Mechanical Engineering Department of Boğaziçi University in 1990 and obtained a master's degree at Bilkent University in 1990. After serving in the banking industry between 1990 and 2001, Cem Köksal was named Deputy General Manager of Denizbank in 1997. Mr. Köksal joined Vestel as the Chief Financial Officer in 2002. Having served as the CFO at Zorlu Holding since 2012, Mr. Köksal vacated this role to assume the position of Vice CEO of Zorlu Holding as of March 2024. Additionally, since 2022, he has been fulfilling his duties as a board member at Zorlu Holding. Mr. Cem Köksal is also a distinguished board member of Togg, a board member of UN Global Compact Türkiye and an alternate board member of the Business World and Sustainable Development Association (SKD).

Ömer Yüngül, Member

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 White Goods and became chairman of the Executive Board of Vestel Group of Companies in 2000. After serving as a senior executive at Vestel for 15 years, Ömer Yüngül was named the CEO of Zorlu Holding in 2013. As of 2022, Yüngül has been appointed as a board member at Zorlu Holding.

Elmas Melih Araz, Member

A graduate of Robert College, Melih Araz received his bachelor's degree from Ankara University, Faculty of Political Sciences, in 1972. He completed his MBA at Kelley School of Business, Indiana University in 1975, where he was a USAID/TEV scholar. He also attended an "Executive Management Program" at Harvard Business School in 1988. Starting his career in finance and banking at Citibank N.A.'s office in Türkiye in 1977, Mr. Araz served in executive positions at the bank's Istanbul, Bahrain, Athens and New York offices and assumed key responsibilities in the establishment and expansion of Citibank's operations in Türkiye. Melih Araz later served as the CEO/General Manager at Interbank A.Ş., a Çukurova Holding affiliate, for eight years where he played a leading role in elevating Interbank to a respected and pioneering position in corporate and investment banking in Türkiye. After leaving Interbank, Mr. Araz worked as a consultant in various major projects and served as a board member at a number of companies including Zorlu Enerji (2008-2013 and 2018-2020) and Enka İnşaat ve Sanayi A.Ş. (2012-2018). Mr. Araz still assumes important duties at Ata Group. In addition to his position as board member at Vestel Electronics, Melih Araz also serves as the Vice Chairman of the Board of Vestel White Goods. Mr. Araz also sits on the Boards of Ata Yatırım Menkul Kıymetler A.Ş., Ata Gayrimenkul Yatırım Ortaklığı A.Ş., TFI Gıda Yatırımları A.Ş., Burger King China JV Ltd. and İzmir Enternasyonal Otelcilik A.Ş. and Entegre Harç Sanayi ve Ticaret A.Ş.

Bekir Ağırdir, Member

After graduating from the Department of Business Administration at Middle East Technical University in 1956, Bekir Ağırdir served respectively, as Sales Manager and then Assistant General Manager at Bilsan Bilgisayar Malzemeleri A.Ş. (1980-1984), Sales Coordinator at Meteksam Ltd. Şti. (1984-1986), General Manager at Pirintaş Bilgisayar Malzemeleri ve Basım Sanayi A.Ş. (1986-1996), Deputy General Manager at Atılım Kâğıt ve Defter Sanayi A.Ş. (1996-1999) and as General Manager and board member at PMB Akıllı Kart ve Bilgi Teknolojileri A.Ş. (1999-2003). Between 2003-2005, he worked as a Coordinator and then as General Manager at Tarih Vakfı (History Foundation of Türkiye). Ağırdir, who has been serving as the General Manager and board member at KONDA Araştırma ve Danışmanlık Limited Şirketi since 2005, resigned from his position as General Manager as of June 2022. In addition to Vestel Electronics, Mr. Ağırdir also serves as a board member at Vestel White Goods, Zorlu Enerji, Anadolu Efes Biracılık ve Malt Sanayii A.Ş. and Migros Ticaret A.Ş. Mr. Ağırdir is a board member of Türkiye Economic and Social Studies Foundation (TESEV) and Hrant Dink Foundation and founding member of Yanındayız Association, Democratic Republic Program and EYMiR Cultural Foundation and member of METU Alumni Association and commentator of T24 Internet Newspaper and GAIN Internet Media.

Senior Management

The following table provides certain information about the senior management of the Group as at the date of this Offering Circular:

Name	Position	Year of birth	Number of Years with the Issuer / Group
Ergün Güler	Chairman of the Executive Committee	1974	25
Bekir Cem Köksal	Executive Committee Member	1967	22
Necmi Kavuşturan	Executive Committee Member	1956	21
Alp Dayı	Executive Committee Member	1963	25
Bülent Kiracioğlu	General Manager of Finance of Vestel Group of Companies	1979	9
Ender Yüksel	General Manager of Vestel Electronics	1972	29
Hasan Uğur	General Manager of Vestel White Goods	1981	19
Ömer Hakan Kutlu	General Manager Responsible for Vestel E-Mobility	1969	24
Nezihe Duygu Badem	Chief Marketing Officer	1984	14
Uylukçuoğlu	Chief Commercial Officer for EMEA	1969	24
Seçkin Mazlum Gençoğlu	Chief Commercial Officer for Türkiye, Central Asia, Iran, Iraq, Syria and North Cyprus	1972	27
Tarık Leloğlu	General Manager of Asia-Pacific Operations	1975	26
Ulaş Özcan	General Manager Responsible for Customer Services at Vestel Trade	1976	22
Özgür Yılmaz			

Ergün Güler

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

Bekir Cem Köksal

See above under “Board of Directors.”

Necmi Kavuştur

Necmi Kavuştur graduated from the Faculty of Political Sciences at Ankara University in 1979. He began his banking career at Isbank in 1979. He has held various managerial positions at Interbank between 1985 and 1997. Mr. Kavuştur joined Denizbank in 1997 as the Deputy General Manager in charge of Management Services. He became the Head of Human Resources Group at Zorlu Holding in 2003. He has been serving as the Executive Committee Member at Vestel Group of Companies since 2005.

Alp Dayı

Alp Dayı graduated from the Department of Industrial Engineering at Dokuz Eylül University in 1985 and received a degree in Finance from the University of California, UC Berkeley in 2006. He served as a senior manager responsible for financial affairs at various industrial companies since 1987. Mr. Dayı joined Vestel Group in 1999 and served as the General Manager of Finance (CFO) of Vestel Group of Companies until his recent appointment as the Financial Affairs Group President (CFO) of Zorlu Holding, effective 1 March 2024.

Bülent Kiracıoğlu

Bülent Kiracıoğlu graduated from the Business Administration Department at Dokuz Eylül University in 2001 and worked in the Corporate Banking Departments of various local and international banks between 2003-2015. Having joined Vestel as Finance Manager in 2015, he was appointed as Deputy General Manager of Finance in 2019. Mr. Kiracıoğlu was named the General Manager of Finance (CFO) of Vestel Group of Companies as of 1 March 2024.

Ender Yüksel

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

Hasan Uğur

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

Ömer Hakan Kutlu

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

Nezihe Duygu Badem Uylukçuoğlu

Duygu Badem Uylukçuoğlu holds undergraduate and master's degrees (MBA) from Boğaziçi University. She began her professional journey at Vestel in 2010 as a part of the first Management Trainee programme, completing it with top honours. Subsequently she took on the role of Marketing Specialist. She became Marketing Supervisor in 2014 and served as Marketing Category Manager from 2016 to 2019. Later in November 2019, she was appointed as Deputy General Manager of Marketing at Vestel. As of 1 December 2023, she was named the Chief Marketing Officer, taking on expanded responsibilities encompassing product management and industrial design.

Seçkin Mazlum Gençoğlu

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

Tarık Leloğlu

Tarık Leloğlu, who holds a bachelor's degree in Economics from Anadolu University and a master's degree in Management and Organization from Çukurova University, began his career at Vestel in 1997 as a Sales Specialist in Ankara. Promoted to the position of Sales Manager in 2001, Leloğlu served as Regional Manager between 2008 and 2016 and as Deputy General Manager from 2016 to 2023. As of 1 December 2023, he was named the Chief Commercial Officer for Türkiye, Central Asia, Iran, Iraq, Syria and Northern Cyprus regions.

Ulaş Özcan

Ulaş Özcan holds an undergraduate degree in Economics from Boğaziçi University and has completed Stanford University's LEAD Executive Program in 2022. Mr. Özcan started his career at Vestel in 1998, establishing Vestel's first office in Asia, in Taiwan. He subsequently served as Sourcing Manager in Hong Kong from 2001 to 2003. Relocating to Shanghai in 2003, Ulaş Özcan served as Sourcing Director and in 2008 he was appointed as Deputy General Manager of Product Sourcing Business. Since December 2018, he has been the General Manager of Asia Operations, overseeing sourcing and engineering operations in Asia, based in Shenzhen, China. Effective from December 1, 2023, Mr. Özcan has been appointed as the Chief Commercial Officer for Asia Pacific, responsible for Vestel's sales in APAC region alongside his existing duties.

Özgür Yılmaz

Özgür Yılmaz graduated from the Department of Mechanical Engineering at Middle East Technical University in 1998. Mr. Yılmaz worked on attack helicopters in the Turkish Armed Forces between 1998 and 2001. He started working at Vestel White Goods as Washing Machine Design Engineer in 2002 and later served as the Chief Engineer for R&D Mechanical Design, R&D Manager, Deputy General Manager of the Washing Machine and Tumble Dryer Plant and Deputy General Manager of Purchasing, respectively. Mr. Özgür Yılmaz was

appointed as the General Manager Responsible for Customer Services at Vestel Trade as of 30 September 2023.

Board Committees

The Board of Directors has established certain committees as outlined below, which comprise of certain committees required by the TCC and the corporate governance regulations of the CMB and certain committees established in the Issuer's own initiative.

Audit Committee

As required by the Communiqué on Corporate Governance (II-17.1) of the CMB ("**Corporate Governance Communiqué**"), the Audit Committee has been established by the Board with the purpose of monitoring the functioning and efficiency of the Issuer's accounting system, public disclosure of financial information, independent audit and the Issuer's internal control and internal audit systems. All members of the Audit Committee are independent Board members, who are, as of the date of this Offering Circular, Elmas Melih Araz and Bekir Ağırdir.

Corporate Governance Committee

As required by the Corporate Governance Communiqué, the Corporate Governance Committee has been established by the Board in order to monitor the compliance of the Issuer with the corporate governance principles, to carry out improvement studies in such regard and to submit proposals to the Board in line with the corporate governance regulations of the CMB. The Issuer has delegated the authorities, duties and responsibilities to be assumed and performed by the "nomination and remuneration committees" under the corporate governance regulations of the CMB, to the Corporate Governance Committee. The Corporate Governance Committee is composed of at least two non-executive members of the Board (with an independent Board member being the chairperson) and the Investor Relations Director of the Issuer. As of the date of this Offering Circular, the members of the Corporate Governance Committee are Ayşegül İldeniz (who is also an independent Board member and the chairperson of the committee), Elmas Melih Araz (who is also an independent Board member) and Serap Mutlu (who is the Investor Relations Director).

Early Detection of Risk Committee

As required by the Corporate Governance Communiqué, the Early Detection of Risk Committee has been established by the Board with the purpose of conducting studies for the early detection of risks, which may jeopardize the existence, development and continuity of the Issuer and adopting necessary measures against the detected risks and the management thereof. The Early Detection of Risk Committee consists of at least two Board members provided that, if there are more than two members, the majority thereof shall be elected from the non-executive members of the Board. The chief executive officer / general manager cannot serve in this committee and the chairperson must be an independent Board member. As of the date of this Offering Circular, the members of the Early Detection of Risk Committee are three independent Board members, namely, Bekir Ağırdir (who is also the chairperson of the committee), Ayşegül İldeniz and Elmas Melih Araz.

Strategy and Investments Committee

The Strategy and Investments Committee has been established by the Board in its own discretion and is tasked with overseeing and advising on the Issuer's strategic and investment decisions. The Strategy and Investments Committee's responsibilities include the review and monitoring of investment performance, strategic agenda setting, development and assessment of strategic plans and objectives and providing general evaluations and recommendations. Comprised of at least one independent director alongside non-executive and executive members as designated by the Board, the Strategy and Investments Committee is chaired by an independent Board member. As of the date of this Offering Circular, the Strategy and Investments Committee is composed of three Board members, namely, Elmas Melih Araz (who is also an independent Board member and the chairperson of the committee), Ayşegül İldeniz (who is also an independent Board member) and Bekir Cem Köksal.

Sustainability Committee

The Sustainability Committee, which includes at least one independent director along with non-executive and executive members as designated by the Board, has been established by the Board in its own discretion and is tasked with overseeing and providing strategic direction on sustainability initiatives across the company. Chaired by an independent Board member, the Sustainability Committee reviews sustainability strategies, policies and practices, monitors developments in sustainability and advises the Board on enhancing existing strategies and practices. It plays a pivotal role in coordinating sustainability efforts, recommending management and organisational structures aligned with sustainability objectives and proposing partnerships and memberships to support sustainability goals. Additionally, it engages with national and international sustainability developments and represents Vestel Electronics in relevant platforms. Meeting outcomes and recommendations are systematically documented and communicated to the Board, ensuring that sustainability remains a core focus in the company's strategic planning and operational practices. As of the date of this Offering Circular, the Sustainability Committee is composed of Bekir Ağrıdır (who is an independent Board member and also the chairperson of the committee) and Ergün Güler.

Compensation

Compensation paid by the Group to key management including directors, the Chairman and members of Board of Directors, general managers and assistant general managers for the year ended 31 December 2023 was TL 230,840,000.

Business address and conflicts of interest

The business address of the Board of Directors is Esentepe Mahallesi Büyükdere Cad. Levent 199 No: 199 Şişli/İstanbul. There are no potential conflicts of interest between any duties owed by the members of the Board of Directors and any private interests or other duties which such persons may have.

Other Information

As of the date of this Offering Circular, no Director or member of the Group's senior management, for the previous five years:

- has had any convictions in relation to fraudulent offences; nor
- was a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation; nor
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); nor
- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or to conduct of the affairs of any company.

Shareholdings

As of the date of this Offering Circular, no Board member or member of the Group's senior management directly holds any shares or options to acquire any shares in the Group.

OWNERSHIP

Share Capital and Ownership

The current issued share capital of the Issuer is TL 335,456,275 divided into 33,545,627,500 shares, each with a nominal value of TL 0.01, all of which are in registered form and fully paid.

The Issuer's shares do not contain any share classes or privileges. Therefore, the Issuer's shareholders are entitled to one vote per share held on all matters submitted to a shareholder vote. Any shareholder not wishing to attend a General Assembly in person may appoint another person as a proxy and may exercise its voting rights through its proxy.

The following table sets forth certain information, as of the date of this Offering Circular, with respect to the ownership of the Issuer's shares, according to the latest filings at the Public Disclosure Platform (*Kamuyu Aydınlatma Platformu*) available as of the date of this Offering Circular:

Shareholder Name	Nominal Value of Shares Held (TL)	Shareholding Percentage (%)
Zorlu Holding A.Ş. ⁽¹⁾⁽²⁾	186,818,793.01	54.56
Other ⁽³⁾	148,637,481.99	45.44
Total	335,456,275	100.0

- (1) Zorlu Holding A.Ş. is a joint stock company incorporated in Türkiye whose ultimate controlling shareholders are various members of the Zorlu family through shareholding. For a description of Zorlu Holding, see "*Ownership—Principal Shareholder*".
- (2) Zorlu Holding provided a share pledge over the Issuer's shares representing 36.52 per cent. of the Issuer's share capital in favour of its and its subsidiaries' (other than the Group) creditors.
- (3) Refers to public shares traded at Borsa İstanbul A.Ş.

A controlling stake in the Group is held by Zorlu Holding, which are themselves owned by members of the Zorlu Family. The TCC includes provisions with respect to the unlawful use of control by a controlling company and provides measures for the prevention of abuse of control. In addition, the TCC regulates minority rights to protect minority shareholders against majority shareholders. Furthermore, the rights of shareholders are regulated under the corporate governance principles issued by the CMB with a view to enable all shareholders of the Group to use their rights fairly. The Group believes it and its shareholders are in compliance with the regulations stated above.

Dividends

The distribution of the Issuer's net profit, after being adjusted for operational expenses, amortisations, taxes and any losses from the previous year, is subject to the following allocation principles, in compliance with the TCC and other relevant regulations:

1. **General Legal Reserves:** Initially, five per cent of the net profit is reserved as mandated by Article 519 of the TCC.
2. **First Dividend:** A dividend is set aside from the balance, potentially increased by any donations made within the year, at a rate decided by the General Assembly, following applicable legislation.
3. **Discretionary Distributions:** The General Assembly may opt to distribute part of the remaining profit amongst the Board members, staff and other designated parties after initial allocations.
4. **Second Dividend:** Any remaining profit after the allocations above can be distributed as a second dividend or further reserved, in the General Assembly's discretion, as legal reserves according to Article 521 of the TCC.
5. **Additional Legal Reserves:** As per specific provisions, an additional tenth of the distributed amount, after certain deductions, is added to the general legal reserves.

The Issuer adheres to profit distribution guidelines as outlined in the TCC, CMB regulations, tax regulations, other relevant laws and its own Articles of Association. Profit distribution decisions, including the amount and timing, are made by the General Assembly based on recommendations from the Board of Directors.

The Issuer's profit distribution policy, as of the date of this Offering Circular, commits to allocating at least 25 per cent. of distributable profits to shareholders, either as cash or bonus shares. This policy is subject to an annual review by the Board of Directors, which considers economic conditions, the Issuer's growth and investment priorities and financial health. Any changes to the policy are to be approved by shareholders at the General Assembly and are to be announced on the Issuer's website.

In the years ended 31 December 2021, 2022 and 2023, the Issuer only distributed dividends in the year of 2021 and in a total gross amount of TL 2,360,734,011.

Principal Shareholder

Zorlu Holding A.Ş. is a diversified conglomerate with a wide range of operations across various sectors, established in 1990. Headquartered in Istanbul, Türkiye, Zorlu Holding A.Ş. operates in textiles, consumer electronics & household appliances, energy, real estate, mining-metallurgy sectors, amongst others. Zorlu Holding A.Ş. and its group of companies is a major conglomerate with over 60 group companies and around 36,000 employees.

RELATED PARTY TRANSACTIONS

According to Turkish capital markets regulations, publicly traded companies must conduct related party transactions on an arm's length basis. Failure to comply with these obligations may result in sanctions imposed by the CMB. The Issuer is a public company and is subject to such capital markets legislations. Additionally, Turkish tax regulations impose specific requirements on related party transactions under transfer pricing and disguised profit distribution rules.

In accordance with Corporate Governance Communiqué No.II-17.1, the approval of the majority of independent members of the Board of Directors is necessary for resolutions regarding significant related party transactions entered into by a public company. The determination of materiality for related party transactions follows principles outlined in the Corporate Governance Communiqué No.II-17.1. If the majority of independent board members abstain or vote against a related party transaction, detailed information about the transaction must be publicly disclosed through the Public Disclosure Platform. Furthermore, the transaction must be presented to the General Assembly for approval.

Neither the parties involved in the related party transaction, nor their related parties can participate or vote in the general assemblies. There is no quorum requirement for these assemblies and a simple majority vote is sufficient to approve or reject the related party transaction. Failure of approval by the General Assembly will result in the company being prohibited from engaging in such related party transactions.

The following tables indicate the outstanding balances of our related party transactions as of the dates indicated.

	31 December	
	2022*	2023*
	(TL in thousands)	
Short term trade receivables from related parties.....	67,305	456,542
Other short term receivables from related parties.....	2,228,135	889,313
Short term prepaid expenses to related parties.....	326,585	-
Other long term receivables from related parties.....	27,052,676	28,767,776
Long-term prepaid expenses to related parties.....	-	1,982,111
Short term trade payables to related parties.....	72,605	112,528
Short term lease liabilities to related parties.....	17,591	-

* Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2023, unless otherwise stated. Please see Note 2.1.2 of the 2023 Financial Statements for further explanations.

	31 December	
	2021**	2022**
	(TL in thousands)	
Short term trade receivables from related parties.....	23,215	40,856
Other short term receivables from related parties.....	1,393,458	1,352,246
Short term prepaid expenses to related parties.....	-	198,203
Other long term receivables from related parties.....	17,606,057	16,418,157
Short term lease liabilities to related parties.....	18,765	10,676
Short term trade payables to related parties.....	108,432	44,064
Long term lease liabilities to related parties.....	17,537	-

** Amounts expressed in thousands of TL in terms of the purchasing power of TL as of 31 December 2022, unless otherwise stated. Please see Note 2.1.2 of the 2022 and 2021 Financial Statements for further explanations.

As of 31 December 2023, the Group's related party transactions include the following:

- The Issuer has a 23 per cent. shareholding in Togg, a company established to manufacture electrical automobiles. The Issuer has entered into transactions with Togg in respect of its sales of automotive electronics products, such as automotive cockpits and screens, to Togg.

- Zorlu Enerji, a subsidiary of the Group's controlling shareholder, Zorlu Holding, is one of the largest electricity generation companies in Türkiye. The Group is party to transactions with Zorlu Enerji for the purposes of purchasing electricity.
- The Issuer is party to related party transactions with ZES Dijital Ticaret A.Ş. in respect of its sales of electrical vehicle chargers to ZES Dijital Ticaret A.Ş.
- The Group is party to other related party transactions, as further indicated in the relevant footnotes of the Financial Statements, in the ordinary course of business. These are not deemed to be material by the Group in terms of volume or subject matter. As of 31 December 2023, the amount of the related party transactions entered into with any related party of the Group does not, on its own, exceed 10 per cent. of the Group's total assets.

In the year ended 31 December 2023, sales made to related parties by the Group represented approximately 1.3 per cent. of the Group's revenue for the same period.

The Group's other long-term receivables from related parties amount to TL 28,767,776 thousand as of 31 December 2023, which pertain to past assistance extended by the Group to its parent, Zorlu Holding. Over several years, no cash inflows have been recorded from the Group's end, and there are no intentions to resume cash collections in the foreseeable future. Additionally, under the terms and conditions of the Notes, Zorlu Holding's capacity to finance this receivable will be constrained, including by covenants relating to "Restricted Payments" and "Affiliates". Moreover, the receivable has been increasing as an accounting measure over recent years due to the accrual of interest at prevailing market rates.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes (the “Conditions”) which (subject to modification and except for the paragraphs in italics) will be endorsed on each Definitive Registered Note (if issued):

The issue of the U.S.\$450,000,000 9.750 per cent. Guaranteed Notes due 2029 (the “Notes”, which expression includes any Further Notes (as defined below) issued pursuant to Condition 16 (*Further Issues*) and forming a single series therewith) was (save in respect of any Further Notes) authorised by resolution of the Board of Directors of Vestel Elektronik Sanayi Ve Ticaret A.Ş. (the “**Issuer**”) passed on 14 March 2024. The giving of a senior, unsecured guarantee, jointly and severally, by Vestel Ticaret A.Ş. and Vestel Mobilite Sanayi Ve Ticaret A.Ş. (the “**Initial Guarantors**”) was authorised by a resolution of the Board of Directors of each of the Initial Guarantors on 14 March 2024. The Initial Guarantors, together with any other Restricted Subsidiary (as defined below) appointed as a guarantor as further described in, and pursuant to, these Conditions, the Trust Deed and the other Note Documents (each as defined below) and which executes and delivers an accession deed to the Trust Deed and the other Note Documents (but excluding any entity released as a guarantor in accordance with these Conditions), are referred to herein as the “**Guarantors**” and each a “**Guarantor**” and a senior, unsecured guarantee given by a Guarantor, from time to time, is referred to herein as a “**Guarantee**” and together the “**Guarantees**”.

The Notes are (a) constituted by and subject to, and have the benefit of, a trust deed dated on or around 15 May 2024 (as amended and / or supplemented from time to time, the “**Trust Deed**”) between the Issuer, the Initial Guarantors and BNY Mellon Corporate Trustee Services Limited as trustee (the “**Trustee**”, which expression includes all persons for the time being appointed as trustee for the Noteholders (as defined below) under the Trust Deed) and (b) the subject of a paying agency agreement dated on or around 15 May 2024 (as amended and / or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Initial Guarantors, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agents appointed from time to time in connection with the Notes), and the other paying agents named therein from time to time (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), and The Bank of New York Mellon SA/NV, Dublin Branch, in its capacity as registrar and transfer agent (the “**Registrar and Transfer Agent**”, which expression shall include any successor registrar and transfer agent appointed from time to time in connection with the Notes).

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions, which (in the case of the Trust Deed) include the form of the Notes and the terms of the Guarantees provided by the Initial Guarantors. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement (and of the list of Guarantors from time to time, together with copies of all applicable accession deeds entered into pursuant to Condition 5.8 (*Additional Guarantees and Limitations on Guarantees*)) (i) are available for inspection by Noteholders upon reasonable prior notice being given and during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Principal Paying Agent and the Paying Agents, or (ii) may be provided by email to a Noteholder following their prior written request to the Principal Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent) during normal business hours on any Business Day, in each case subject to the Principal Paying Agent and Paying Agent being supplied by the Issuer with copies of such documents. References to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs of these terms and conditions.

1 Form, Denomination and Title

1.1 Form and Denomination

The Notes are in registered form, serially numbered. Notes sold (i) in transactions in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and (ii) to qualified institutional buyers (“**QIBs**”) in reliance on Rule 144A under the Securities Act will in each case be issued in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (an “**Authorised Denomination**”). The Notes are issued pursuant to the Turkish Commercial Code (Law No. 6102), the Capital Markets Law of Türkiye (Law No. 6362) and the Communiqué No. VII-128.8 on Debt Instruments of the CMB.

1.2 Title

Title to the Notes will pass by transfer and registration as described in Conditions 2 (*Registration*) and 3 (*Transfer of Notes*). The holder (as defined below) of any Note will (except as otherwise required by law or as ordered by

a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest in it, any writing thereon by any Person (as defined below) (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous theft or loss thereof) and no Person will be liable for so treating the holder.

In these Conditions, “**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or other legal entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality, “**Noteholder**” or, in relation to a Note, “**holder**” means the Person in whose name a Note is for the time being registered in the Register (as defined below) (or, in the case of joint holders, the first named thereof) save that, for so long as such Notes, or any part thereof, are represented by a global certificate (a “**Global Certificate**”) registered in the name of the common depositary (or its nominee) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”), or so long as Cede & Co., as nominee for The Depository Trust Company (“**DTC**”) or another nominee is the registered holder of the Global Certificate or, in respect of Notes in definitive form held in an account with Euroclear or Clearstream, Luxembourg or DTC, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and other than Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) or, as the case may be, DTC as the holder of a particular nominal amount of the Notes shall be deemed to be the holder of such nominal amount of such Notes (and the registered holder of the relevant Note shall be deemed not to be the holder) and, in the case of DTC or its nominee, voting, giving consents and making requests pursuant to these Conditions, the rights to which shall be vested, as against the Issuer and the Trustee, solely in such common depositary or, as the case may be, DTC or its nominee and for which purpose such common depositary or, as the case may be, DTC or its nominee shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to its terms and the provisions of these Conditions; and the words “**holder**” and “**holders**” and related expressions shall (where appropriate) be construed accordingly. A Note in definitive form (a “**Definitive Note**”) will be issued to each Noteholder upon exchange of the Global Certificate (only in accordance with the terms thereof).

Notes sold to qualified institutional buyers in the United States in reliance on Rule 144A under the Securities Act will be represented by one or more restricted global certificates (the “**Restricted Global Certificates**”). Notes sold to investors outside the United States in reliance on Regulation S under the Securities Act will be represented by an unrestricted global certificate (the “**Unrestricted Global Certificate**” and, together with the Restricted Global Certificate(s), the “**Global Certificates**”). The Restricted Global Certificate(s) will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee for DTC. The Unrestricted Global Certificate will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in the Restricted Global Certificate(s) will be limited to Persons that have accounts with DTC or Persons that may hold interests through such participants. Ownership of beneficial interests in the Unrestricted Global Certificate will be limited to Persons that have accounts with Euroclear or Clearstream, Luxembourg or Persons that may hold interests through such participants. Beneficial interests in the Global Certificates will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by DTC and its participants or by Euroclear, Clearstream, Luxembourg and their respective participants, as applicable. Interests in the Global Certificates will be exchangeable for Definitive Notes only in certain limited circumstances specified in the relevant Global Certificate.

1.3 Third Party Rights

Except as set forth herein, no Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any Person which exists or is available apart from that Act.

2 Registration

The Issuer will cause to be kept at the Specified Office of the Registrar and Transfer Agent (and in any event outside the United Kingdom) a register (the “**Register**”) in which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and all transfers and redemptions of the Notes.

3 Transfer of Notes

3.1 Transfer

Each Note may, subject to the terms of the Agency Agreement and to Conditions 3.2 (*Formalities Free of Charge*), 3.3 (*Closed Periods*) and 3.5 (*Regulations Concerning Transfer and Registration*), be transferred in whole or in part in an Authorised Denomination by lodging the relevant Definitive Note (with the endorsed form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the Specified Office of the Registrar and Transfer Agent or any Paying Agent. A Note may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Note will be valid unless and until entered on the Register.

The Registrar and Transfer Agent will within five Business Days (as defined below) of any duly made application for the transfer of a Note, register the transfer and deliver a new Definitive Note to the transferee (and, in the case of a transfer of part only of a Note, deliver a Definitive Note for the untransferred balance to the transferor), at the Specified Office of the Registrar and Transfer Agent or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Definitive Note by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

3.2 Formalities Free of Charge

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar and Transfer Agent being satisfied with the documents of title and/or identity of the person making the application and (iii) such regulations applicable thereto which are referred to in Condition 3.5 (*Regulations Concerning Transfer and Registration*).

3.3 Closed Periods

Neither the Issuer nor the Registrar and Transfer Agent will be required to register the transfer of any Note (or part thereof) (i) during the period of 15 days immediately prior to the due date for any payment of principal or interest in respect of the Notes, or (ii) after any such Note has been called for redemption.

3.4 Business Day

In these Conditions, “**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City, London and Istanbul and the city in which the Specified Office of the Registrar and Transfer Agent or, as the case may be, the Principal Paying Agent is located.

3.5 Regulations Concerning Transfer and Registration

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of Noteholders with the prior approval of the Registrar and Transfer Agent (such approval not to be unreasonably withheld or delayed) and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar and Transfer Agent to any Noteholder who requests in writing a copy of such regulations.

3.6 Authorised Denominations

No Note may be transferred unless the nominal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the nominal amount of the balance of the Notes not transferred are Authorised Denominations.

4 Guarantees and Status

4.1 Status of Notes

The Notes constitute direct, unsubordinated, unconditional and (subject as provided in Condition 5.2 (*Limitation on Liens*)) unsecured obligations of the Issuer which shall at all times rank *pari passu* in right of payment, without any preference amongst themselves, and at least equally with all other existing and future outstanding unsubordinated and unsecured Indebtedness of the Issuer, save for such exceptions as may be provided by mandatory provisions of legislation in the jurisdiction of the Issuer which are applicable to it.

4.2 Guarantees

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed and the Notes has been unconditionally and irrevocably, jointly and severally with every other Guarantor, (subject to the provisions of Condition 5.8 (*Additional Guarantees and Limitations on Guarantees*)) guaranteed by the Initial Guarantors in the Trust Deed. The Issuer may from time to time designate a further Restricted Subsidiary or further Restricted Subsidiaries as an additional Guarantor or Guarantors of the Notes in accordance with Condition 5.8 (*Additional Guarantees and Limitations on Guarantees*). The Guarantee of each Initial Guarantor constitutes, and the Guarantee of each additional Guarantor will constitute, direct, unsubordinated, unconditional and (subject as provided in Condition 5.2 (*Limitation on Liens*)) unsecured obligations of such Guarantor. The payment obligations of each Guarantor under its Guarantee shall at all times rank *pari passu*, without any preference amongst themselves and (subject as provided in Condition 5.2 (*Limitation on Liens*)) at least equally in right of payment with all outstanding unsecured and unsubordinated obligations of such Guarantor, present and future, save for such exceptions as may be provided by mandatory provisions of legislation in the jurisdiction of the relevant Guarantor which are applicable to it.

4.3 Release of Guarantees

The Guarantee of a Guarantor will be released in accordance with the provisions of Condition 5.8(i).

5 Covenants

So long as any Notes remain outstanding:

5.1 Incurrence of Indebtedness

- (a) The Issuer shall not, nor shall it permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "**incur**") any Indebtedness (including Acquired Debt), provided, however, that the Issuer and any Restricted Subsidiary may incur Indebtedness (including Acquired Debt) if:
 - (i) if the Indebtedness is being incurred by the Issuer or a Guarantor, the Consolidated Net Leverage Ratio for the Group would not exceed for any Relevant Period ending (x) prior to 1 January 2026, 3.50 to 1.0, and (y) from and after 1 January 2026, 3.0 to 1.0; and
 - (ii) if the Indebtedness is being incurred by any Restricted Subsidiary that is not a Guarantor of the Issuer, the Non-Guarantor Debt Ratio would not exceed 0.75 to 1.0;in each case determined on a pro forma basis (including a pro forma application of the net proceeds of such Indebtedness), as if the additional Indebtedness had been incurred at the beginning of the Relevant Period.
- (b) The foregoing paragraph of this Condition 5.1(b) will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "**Permitted Indebtedness**"):
 - (i) the incurrence by the Issuer or any Restricted Subsidiaries of the Issuer of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this paragraph (i) not to exceed U.S.\$700 million at the time of incurrence;
 - (ii) the incurrence by the Issuer and its Restricted Subsidiaries of the Existing Indebtedness (other than the Notes and Indebtedness incurred under clause (i) above);
 - (iii) the incurrence by the Issuer of Indebtedness represented by the Notes and any Guarantees;
 - (iv) the guarantee by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; provided that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or any Guarantee, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;
 - (v) (x) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness represented by Finance Lease, mortgage financings, revolving financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in the business of the Issuer or any of

- its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to Refinance any Indebtedness incurred pursuant to this clause (v), not to exceed U.S.\$75 million at any time outstanding and (y) any lease, concession or licence of property (or guarantee thereof) which would be considered an operating lease under IFRS (or Accounting Standards) immediately prior to the adoption of IFRS 16 (or any applicable standard under Accounting Standards);
- (vi) the incurrence by the Issuer or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to Refinance any Indebtedness (other than intercompany Indebtedness) that was permitted to be incurred under Condition 5.1(a) above or pursuant to Condition 5.1(b)(ii), (iii), (v), (xiii) and (xv) and this clause (vi);
 - (vii) the incurrence by the Issuer or any of its Restricted Subsidiaries of any trade or receivables finance Indebtedness in respect of receivables owing to the Issuer or any Restricted Subsidiary and payable or dischargeable in accordance with customary trade terms within 12 months of any drawdown thereunder; provided, however, that such trade terms may include such concessionary trade terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;
 - (viii) the incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Indebtedness between or amongst the Issuer and any of its Restricted Subsidiaries, provided, however, that (x) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes and the Guarantees, as the case may be (except in those jurisdictions or territories where such internal subordination is contrary to law, rule or regulation); and (y) (a) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer and (b) any sale or other transfer of any such Indebtedness to a Person that is not the Issuer or a Restricted Subsidiary of the Issuer, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vii);
 - (ix) the issuance by any of the Issuer's Restricted Subsidiaries to the Issuer or to any of its Restricted Subsidiaries of shares of Preferred Stock; provided, however, that: (x) any subsequent issuance or transfer of Equity Interests that results in any such Preferred Stock being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and (y) any sale or other transfer of any such Preferred Stock to a Person that is not either the Issuer or a Restricted Subsidiary of the Issuer, will be deemed, in each case, to constitute an issuance of such Preferred Stock by such Restricted Subsidiary that was not permitted by this clause (ix);
 - (x) the incurrence by the Issuer or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes;
 - (xi) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, letters of credit, bankers' acceptances, performance, appeal, bid and surety bonds in the ordinary course of business or in respect of any completion, performance, supply or other similar guarantee, bond, surety, letter of credit or other similar agreement, or any representations, warranties, covenants or indemnities (which shall be customary for the relevant transaction and are on market terms at the time such transaction is entered into);
 - (xii) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days;
 - (xiii) (x) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or is merged, consolidated, or amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary of the Issuer (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary of the Issuer) or (y) Indebtedness of the Issuer incurred in relation to any such acquisition, merger, consolidation, amalgamation or combination; provided, however, with respect to this clause (xiii), that at the

time of the acquisition or other transaction pursuant to which such Indebtedness was incurred or deemed to be incurred, either (A) the Issuer would have been able to incur at least U.S.\$1.00 of additional Indebtedness pursuant to Condition 5.1(a) above after giving effect to the incurrence of such Indebtedness pursuant to this clause (xiii) calculated on a pro forma basis or (B) the Consolidated Net Leverage Ratio and Non-Guarantor Debt Ratio would be equal to or less than the Consolidated Net Leverage Ratio and Non-Guarantor Debt Ratio, respectively, immediately prior to giving effect to such acquisition or other transaction calculated on a pro forma basis (including, if applicable the addition on a pro-forma basis of the acquired entity as a Guarantor, provided that such acquired entity is added as a Guarantor in accordance with Condition 5.8 within 60 Business Days after the closing of the acquisition) or (C) such Indebtedness is repaid within 60 Business Days of the closing of the acquisition;

- (xiv) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising under agreements providing for indemnification, adjustment of purchase price or similar obligations in connection with disposition of any assets or Equity Interests, other than any credit support given by the Issuer or any of its Restricted Subsidiaries with respect to Indebtedness incurred by any Person (other than the Issuer or any of its Restricted Subsidiaries) which is acquiring all or any portion of such assets for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness permitted pursuant to this clause (xiv) will at no time exceed the net proceeds, including the Fair Market Value of non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received from such disposition;
 - (xv) the incurrence by the Issuer or any Restricted Subsidiary Indebtedness owed to or arranged by the Central Bank of the Republic of Türkiye in respect of any Central Bank Investment Loans; in an aggregate principal amount at any one time outstanding under this paragraph (xv) not to exceed U.S.\$75 million at the time of incurrence; or
 - (xvi) the incurrence by the Issuer or any Restricted Subsidiary of the Issuer of Indebtedness (other than and in addition to Indebtedness permitted under clauses (i) through (xv) above) in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to Refinance any Indebtedness incurred pursuant to this clause (xvi), not to exceed U.S.\$75 million;
- (c) The Issuer will not incur any Indebtedness (including Permitted Indebtedness) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms; provided, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer solely by virtue of being unsecured or by virtue of being secured on junior priority basis.
- (d) For the purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness where the Indebtedness incurred is denominated in a different currency, the amount of such Indebtedness will be the USD Equivalent determined by the Issuer on the date of the incurrence of such Indebtedness; provided, however, that (i) if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement and (ii) the USD Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any Permitted Refinancing Indebtedness incurred in the same currency as the Indebtedness being Refinanced will be the USD Equivalent of the Indebtedness Refinanced determined on the date such Indebtedness was originally Incurred, except to the extent that (i) such USD Equivalent was determined based on a Currency Agreement, in which case the Permitted Refinancing Indebtedness will be determined in accordance with the preceding sentence and (ii) the principal amount of the Permitted Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the USD Equivalent of such excess will be determined on the date such Permitted Refinancing Indebtedness is incurred. Notwithstanding any other provision of this Condition 5.1, the maximum amount that the Issuer or a Restricted Subsidiary may Incur pursuant to this Condition 5.1 shall not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies.

- (e) For purposes of determining compliance with this Condition 5.1, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in Conditions 5.1(b)(i) through (b)(xv) above, or is entitled to be incurred pursuant to Condition 5.1(a), the Issuer will be permitted to classify such item of Indebtedness on the date of its incurrence in any manner that complies with this covenant and may later reclassify any item of Indebtedness described in Condition 5.1(a) as well as Conditions 5.1(b)(i) through (b)(xv) above (provided that at the time of reclassification it meets the criteria in such category or categories), provided, however, that Indebtedness outstanding on the Issue Date under any Credit Facility (including any outstanding debt securities) of the Issuer or any Restricted Subsidiary will be deemed to be incurred under Condition 5.1(b)(i) (and not Condition 5.1(b)(ii)) and may not be reclassified.
- (f) The amount of any Indebtedness outstanding as of any date will be (without double counting):
 - (i) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
 - (ii) the principal amount of the Indebtedness, in the case of any other Indebtedness;
 - (iii) with respect to any contingent obligations, the liability upon the occurrence of the contingency giving rise to the obligation;
 - (iv) in the case of a revolving credit or similar facility shall be equal to the total amount of funds borrowed and then outstanding; and
 - (v) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of: (A) the Fair Market Value of such assets at the date of determination and (B) the amount of the Indebtedness of the other Person.
- (g) The accrual of interest or preferred stock dividends, the accretion or amortisation of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this Condition.

5.2 Limitation on Liens

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien, other than Permitted Liens, upon any of their property or assets, now owned or hereafter acquired, or on any income, revenue or profits therefrom securing Indebtedness unless, at the same time or prior thereto, all payments due under the Trust Deed and the Notes are secured on an equal and rateable basis with the obligations so secured or as otherwise approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders until such time as such obligations are no longer secured by a Lien.

5.3 Limitation on Restricted Payments

- (a) The Issuer shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:
 - (i) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Issuer and other than dividends or distributions payable to the Issuer or a Restricted Subsidiary of the Issuer);
 - (ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer;
 - (iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any of the Issuer's Restricted Subsidiaries that is contractually subordinated in right of payment to the Notes (excluding any intercompany Indebtedness between or

amongst the Issuer and any of its Restricted Subsidiaries), except a payment of interest or principal at the Stated Maturity thereof; or

- (iv) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as “**Restricted Payments**”), unless, at the time of and after giving effect to such Restricted Payment:

- (A) no Potential Event of Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;
- (B) the Issuer would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least U.S.\$1.00 of additional Indebtedness pursuant to Condition 5.1(a) (*Incurrence of Indebtedness*); and
- (C) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries since the Issue Date (excluding payments permitted by Condition 5.3(b)(ii), (iii), (iv), (v), (vi), (vii), (viii), (ix), (x) and (xii) below), is equal to or less than the sum, without duplication, of:
 - (1) 50 per cent. of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from 30 March 2024 to the end of the Issuer’s most recently ended fiscal period for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100 per cent. of such deficit); *plus*
 - (2) 100 per cent. of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Issuer since the Issue Date as a contribution to its common equity capital or from the issue or sale of Qualifying Equity Interests of the Issuer or from the issue or sale of convertible or exchangeable Disqualified Stock of the Issuer or convertible or exchangeable debt securities of the Issuer, in each case, that have been converted into or exchanged for Qualifying Equity Interests of the Issuer (other than (x) Qualifying Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Restricted Subsidiary and (y) Excluded Contributions); *plus*
 - (3) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100 per cent. of the aggregate amount received in cash and the Fair Market Value of the property or assets or marketable securities received by the Issuer or any Restricted Subsidiary (other than from a Person that is the Issuer or a Restricted Subsidiary), or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100 per cent. of the Fair Market Value of the Restricted Investment of the Issuer and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*
 - (4) to the extent that any Unrestricted Subsidiary of the Issuer designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Issuer or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, the Fair Market Value of the property received by the Issuer or Restricted Subsidiary or the Issuer’s Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such Investments reduced the Restricted Payments capacity under this clause (4) and were not previously repaid or otherwise reduced.

- (b) The preceding provisions will not prohibit:

- (i) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Trust Deed;
- (ii) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Issuer) of, Equity Interests of

- the Issuer (other than in the form of Disqualified Stock or an Excluded Contribution), or from the substantially concurrent contribution of common equity capital to the Issuer; provided that the amount of any such net cash proceeds that are utilised for any such Restricted Payment will be excluded from the calculation of amounts under sub-clause (a)(iv)(C)(2) above and sub-clause (b)(xi) below, and shall not be considered Excluded Contributions;
- (iii) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Issuer to the holders other than the Issuer and its Restricted Subsidiaries of its Equity Interests on a no greater than pro rata basis;
 - (iv) the repurchase, redemption or other acquisition or retirement for value of Indebtedness of the Issuer that is contractually subordinated to the Notes with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;
 - (v) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;
 - (vi) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or Restricted Subsidiary issued on or after the Issue Date in accordance with the Consolidated Net Leverage Ratio test set forth in Condition 5.1(a);
 - (vii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of the Issuer or a Guarantor made by exchange for, or out of, the proceeds of the substantially concurrent Incurrence of, Indebtedness of such Person which is permitted to be Incurred pursuant to Condition 5.1, provided that such Indebtedness is subordinated to the Notes and the Guarantees to the same extent as such Subordinated Obligations;
 - (viii) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;
 - (ix) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;
 - (x) any payment, purchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of the Issuer or any Guarantor, upon a Change of Control Event or Asset Sale, and provided that no Potential Event of Default or Event of Default shall have occurred and be continuing, to the extent required by the agreements governing such Indebtedness at a purchase price not greater than 101 per cent. of the principal amount of such Indebtedness, in the case of a Change of Control, and 100 per cent., in the case of an Asset Sale, in each case plus any accrued and unpaid interest thereon, but only if the Issuer (or a third party to the extent permitted by these Conditions) has complied with its obligations under Condition 5.6 (*Asset Sales*) and Condition 8.5 (*Redemption at the Option of Noteholders (Change of Control)*) and has repurchased the Notes to the extent validly tendered and not withdrawn in connection with such Asset Sale Offer or a Put Notice;
 - (xi) so long as no Potential Event of Default or Event of Default has occurred and is continuing, the repurchase, redemption or retirement for value of any Equity Interests of the Issuer or any Restricted Subsidiary of the Issuer held by any current or former officer, director or employee of the Issuer or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed U.S.\$5 million (or the USD Equivalent in any other currency or currencies) in any twelve-month period;
 - (xii) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments (or net cash proceeds therefrom) previously made under this sub-clause (b)(xii);
 - (xiii) so long as no Potential Event of Default or Event of Default shall have occurred and be continuing (or result therefrom), Restricted Payments *provided, however, that* immediately preceding the date of any

such Restricted Payment, the Consolidated Net Leverage Ratio does not exceed 1.5 to 1.0 on a pro forma basis after giving effect to any such Restricted Payments and any related transaction; and

- (xiv) so long as no Potential Event of Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed U.S.\$50 million since the Issue Date.
- (c) The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

5.4 Transactions with Affiliates

- (a) The Issuer shall not, and shall ensure that none of its Restricted Subsidiaries, directly or indirectly, will, conduct any business, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate involving aggregate consideration, carried out on a single occasion or during any 12 (twelve) consecutive months, in excess of U.S.\$5 million (an “**Affiliate Transaction**”), unless:
 - (i) the terms of such Affiliate Transaction are no less favourable to such entity, than those that could be obtained (at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor) in a comparable arm’s-length transaction with a Person that is not an Affiliate of such entity;
 - (ii) the terms of the Affiliate Transaction are in all material respects compliant with all Turkish laws and regulations applicable to such entity relating to transactions with affiliates that are applicable to public companies which have their shares admitted to listing and trading on a regulated stock exchange in Türkiye including (A) the rules and regulations regarding related party transactions under the CMB’s Corporate Governance Communiqué (II 17.1) (the “**Corporate Governance Communiqué**”) as may be modified or amended from time to time and (B) any similar law or regulation that may supersede or replace the rules regarding related party transactions under the Corporate Governance Communiqué; and
 - (iii) the Issuer delivers to the Trustee:
 - (A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving an aggregate value in excess of U.S.\$20 million, an Officers’ Certificate confirming that such Affiliate Transaction complies with paragraph (i) above and a copy of a resolution adopted by a majority of the Disinterested Directors of the Board of Directors of the Issuer or the relevant Restricted Subsidiary (or, in the event that there is only one such Disinterested Director, adopted by such Disinterested Director). The Trustee shall be entitled to rely on any such Officers’ Certificate and resolution, without further investigation and without liability to any person;
 - (B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$75 million, an opinion of an Independent Appraiser, which opinion will confirm that the transaction or series of related transactions is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view taking into account all relevant circumstances, (ii) on terms not less favourable than might have been obtained in a comparable transaction at such time on an arm’s length basis from a Person who is not an Affiliate or (iii) in the case of an acquisition or sale of an asset, provides a valuation for such acquisition or sale and the acquisition or sale is consummated on the terms no less favourable to the Issuer or the relevant Restricted Subsidiary than set out in such valuation report. The Trustee shall be entitled to rely on any such opinion, without further investigation and without liability to any person.
- (b) Condition 5.4(a) shall not apply to:
 - (i) any Restricted Payment that does not violate Condition 5.3 (*Limitation on Restricted Payments*) and any Permitted Investments (other than Permitted Investments described in paragraphs (c), (i), (q) and (r) of the definition thereof);
 - (ii) any employment agreement, collective bargaining agreement or compensation or benefit arrangements with any employee, officer or director of the Issuer or any of its Restricted Subsidiaries, including under

- any stock option, stock incentive plans or similar plans, entered into in the ordinary course of business (including severance, termination and other similar payments to former or departing employees, officers or directors);
- (iii) payment of reasonable fees and compensation and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) to employees, officers, directors, consultants or agents of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;
 - (iv) transactions between the Issuer and its Restricted Subsidiaries and between and amongst the Issuer's Restricted Subsidiaries;
 - (v) transactions with customers, clients, suppliers, purchasers or sellers and other providers of goods or services, lessors or lessees of plant, equipment and property or providers of employees or other labour, in each case, in the ordinary course of business and which are otherwise on terms that are fair to the Issuer or the relevant Restricted Subsidiaries of the Issuer, in the reasonable determination of the members of the Board of Directors of the Issuer or the relevant Restricted Subsidiary or the senior management thereof, or are on terms at least as favourable to the Issuer or the relevant Restricted Subsidiary of the Issuer as might reasonably be obtained at such time from an unrelated third party (in each case, taken as a whole);
 - (vi) any trade credit extended by the Issuer or any of its Restricted Subsidiaries to their respective customers on normal commercial terms and in the ordinary course of their respective trading activities;
 - (vii) any capitalization, impairment or write-off of any interest on, rights, in each case, in the ordinary course of business, related to or interests in, accounts receivable or trade receivables or similar obligations owed by any Affiliate as a customer, client, supplier, purchaser or seller or other provider of goods or services to the Issuer or any Restricted Subsidiary;
 - (viii) issuances or sales of, and any contribution to the capital of the Issuer in exchange for, Capital Stock (other than Disqualified Stock) of the Issuer;
 - (ix) transactions pursuant to, or contemplated by any agreement or arrangement of the Issuer and its Restricted Subsidiaries as in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement or arrangement, so long as such amendment, modification or extension, taken as a whole, is not more disadvantageous to the holders of the Notes in any material respect than the original agreement or arrangement as in effect on the Issue Date;
 - (x) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Issuer solely because a director of such Person is also a director of the Issuer or any direct or indirect parent of the Issuer; provided, however, that such director abstains from voting as a director of the Issuer or such direct or indirect parent, as the case may be, on any matter involving such other Person;
 - (xi) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, Capital Stock in, or controls, such Person;
 - (xii) Management Advances;
 - (xiii) Liens on Capital Stock of Unrestricted Subsidiaries; and
 - (xiv) any transactions for which the Issuer or a Restricted Subsidiary delivers to the Trustee a written opinion from an Independent Appraiser that such Affiliate Transaction is (x) fair from a financial point of view to the Issuer or such Restricted Subsidiary taking into account all relevant circumstances, (y) on terms not less favourable to the Issuer or such Restricted Subsidiary than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate or (z) in the case of an acquisition or sale of an asset, provides a valuation for such acquisition or sale, and the acquisition or sale is consummated on the terms no less favourable to the Issuer or the relevant Restricted Subsidiary than set out in such valuation report. The Trustee shall be entitled to rely on any such opinion, without further investigation and without liability to any person.

5.5 Dividend and other Payment Restrictions Affecting Restricted Subsidiaries

- (a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (x) pay dividends or make any other distributions on its Capital Stock to the Issuer or any of its Restricted Subsidiaries or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Issuer or any of its Restricted Subsidiaries, (y) make any loans or advances to the Issuer or any of its Restricted Subsidiaries or (z) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiaries.
- (b) The foregoing paragraph (a) will not apply to encumbrances or restrictions existing under or by reason of:
 - (i) agreements governing Existing Indebtedness as in effect on the Issue Date and any amendments, restatements, modifications, supplements or Refinancings of those agreements; provided that the amendments, restatements, modifications, supplements, or Refinancings are no less favourable in any material respect to the Noteholders, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;
 - (ii) the Notes or the Trust Deed;
 - (iii) agreements governing other Indebtedness permitted to be incurred under Condition 5.1 (*Incurrence of Indebtedness*) and any amendments, restatements, modifications, supplements, or Refinancings of those agreements; provided that the restrictions therein (A) are not materially less favourable to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Issuer); (B) are customary in comparable financings; or (C) would not, in the good faith determination of the Issuer, materially impair the ability of the Issuer to make payments on the Notes;
 - (iv) applicable law, rule, regulation or order;
 - (v) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was to be incurred by these Conditions;
 - (vi) customary non-assignment provisions in contracts and licenses entered into in the ordinary course of business;
 - (vii) purchase money obligations for property acquired in the ordinary course of business and Finance Leases that impose restrictions on the property purchased or leased of the nature described in clause (z) of Condition 5.5(a);
 - (viii) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;
 - (ix) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being Refinanced;
 - (x) Liens permitted to be incurred under the provisions of Condition 5.2 (*Limitation on Liens*) that limit the right of the debtor to dispose of the assets subject to such Liens;
 - (xi) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment) entered into with the approval of the Issuer's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements; and
 - (xii) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business.

5.6 Asset Sales

The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to consummate an Asset Sale unless:

- (a) The Issuer or any of its Restricted Subsidiaries receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and
- (b) at least 75 per cent. of the consideration received in the Asset Sale by the Issuer or the relevant Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:
 - (i) any liabilities, as shown on the Issuer's most recent consolidated balance sheet, of the Issuer or any of its Restricted Subsidiaries (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases the Issuer or such Restricted Subsidiary from or indemnifies against further liability;
 - (ii) any securities, notes or other obligations received by the Issuer or any such Restricted Subsidiary from such transferee within 90 days of the Asset Sale and converted by the Issuer or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;
 - (iii) any stock or assets of the kind referred to in clauses (i), (ii) or (iv) of the next paragraph of this Condition 5.6;
 - (iv) Indebtedness of any Restricted Subsidiary of the Issuer that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Issuer and each other Restricted Subsidiary of the Issuer are released from any guarantee of such Indebtedness in connection with such Asset Sale;
 - (v) consideration consisting of Senior Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary that is cancelled; and
 - (vi) the amount of any Designated Non-cash Consideration received by the Issuer or such Restricted Subsidiary in an Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this Condition 5.6(vi) that is at that time outstanding, does not exceed (at the time of the receipt of such Designated Non-cash Consideration or, at the Issuer's option, at the time of contractually agreeing to such Asset Sale) U.S.\$25 million.
- (c) Within 365 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Issuer or one or more of its Restricted Subsidiaries may apply an amount equal to the amount of such Net Cash Proceeds:
 - (i) to repay Senior Indebtedness and, if the Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;
 - (ii) to purchase Notes (a) pursuant to an offer to all holders of the Notes at a purchase price in cash equal to at least 100 per cent. of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) (a "**Notes Offer**") or (b) pursuant to Condition 8.4 (*Redemption at the Option of the Issuer (Premium)*);
 - (iii) to acquire all or substantially all of the assets of, or any Capital Stock of, another Core or Related Business, if, after giving effect to any such acquisition of Capital Stock, the Core or Related Business is or becomes a Restricted Subsidiary of the Issuer;
 - (iv) to make a capital expenditure;
 - (v) to acquire other assets that are not classified as current assets under the Accounting Standards and that are used or useful in a Core or Related Business;
 - (vi) to enter into a commitment approved by the Board of Directors or otherwise binding on the Issuer to apply the Net Cash Proceeds pursuant to the above; provided that such commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is

consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period; or

(vii) in any combination of the foregoing.

Pending the final application of any Net Cash Proceeds, the Issuer or any of its Restricted Subsidiaries may temporarily reduce revolving credit borrowings or otherwise invest the Net Cash Proceeds in any manner that is not prohibited by these Conditions.

- (d) If the Net Cash Proceeds exceed the aggregate amount within the applicable time period, such excess amount applied or invested as provided in the second paragraph of this covenant will constitute “**Excess Proceeds**”. When the aggregate amount of Excess Proceeds exceeds U.S.\$50 million (or the USD Equivalent in any other currency or currencies), within five days thereof, the Issuer will make an offer (an “**Asset Sale Offer**”) to all Noteholders and, to the extent notified by the Issuer in such notice, make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Guarantee to purchase, prepay or redeem with the proceeds of sales of assets, the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100 per cent. of the principal amount of the Notes, and the offer price for any *pari passu* Indebtedness may be no greater than 100 per cent. of the principal amount, in each case, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase or redemption. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by these Conditions. If the aggregate principal amount of Notes tendered in (or required to be redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Issuer will accept Notes for purchase on a pro rata basis, based on the amounts tendered or required to be prepaid or redeemed (with such adjustments as may be deemed appropriate by the Issuer so that only Notes in denominations of U.S.\$200,000, or an integral multiple of U.S.\$1,000 in excess thereof, will be purchased). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero. For the avoidance of doubt, the Issuer may make an Asset Sale Offer prior to the expiration of the 365-day period referred to above.

The Issuer will comply with the requirements of all securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Condition 5.6, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Condition 5.6 by virtue of such compliance.

5.7 Mergers and Similar Transactions

- (a) The Issuer may not, directly or indirectly, (i) merge, consolidate, amalgamate or otherwise combine with or into another Person (whether or not the Issuer is the surviving corporation); or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person; unless:
- (i) either (x) the Issuer is the surviving corporation or (y) the Person formed by or surviving any such merger, consolidation, amalgamation or other combination (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been made (the “**Successor Company**”) is a corporation organised or existing under the laws of an Approved Jurisdiction or the Republic of Türkiye;
 - (ii) the Successor Company assumes all the obligations of the Issuer under the Notes and the Trust Deed;
 - (iii) immediately after giving effect to such transaction on a pro forma basis (and treating any Indebtedness which becomes an obligation of the Issuer or the Successor Company, as applicable, as a result of such transaction as having been incurred by the Issuer or the Successor Company at the time of such transaction) no Potential Event of Default or Event of Default shall have occurred and be continuing;

- (iv) the Issuer or the Successor Company will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (A) be permitted to incur at least U.S.\$1.00 of additional Indebtedness pursuant to Condition 5.1(a) above or (B) the Consolidated Net Leverage Ratio would be equal to or less than the Consolidated Net Leverage Ratio immediately prior to giving effect to such transaction; and
- (v) the Issuer furnishes to the Trustee (x) an Officers' Certificate stating that such transaction and such supplemental trust deed (if any) comply with this Condition 5.7(a) and (y) an Opinion of Counsel (at the expense of the Issuer) as to the enforceability of the Issuer's and such Person's obligations under such supplemental trust deed (if any) and as to the due capacity and authority of the Issuer and such Person to enter into such transaction and such supplemental trust deed (if any), upon each of which the Trustee shall be entitled to rely without further investigation and without liability to any Person.

In addition, the Issuer may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person.

Condition 5.7(a)(iv) will not apply to (x) a Restricted Subsidiary of the Issuer consolidating with, merging into or selling, leasing, assigning, transferring or otherwise disposing of all or part of its properties and assets to the Issuer (so long as no Capital Stock of the Issuer is distributed to any Person), (y) the Issuer disposing all or substantially all of its assets or merging with an Affiliate of the Issuer solely for the purpose and with the sole effect of reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer or (z) any sale, lease, assignment, transfer or other disposition of all or substantially all of the assets, consolidation or merger of the Issuer to or with any Guarantor.

The Successor Company that will be the successor to the Issuer shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes and the Notes Documents, and the predecessor Issuer shall be released from the obligation to pay the principal of and interest on the Notes (including any related premium or additional amounts thereon).

- (b) The Issuer will not permit any Guarantor (other than any Guarantor whose Guarantee is to be released in connection with such transaction in accordance with the terms of these Conditions) to consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets to any Person unless:
 - (i) where the resulting, surviving or transferee Person is not a Guarantor, such Person shall be organised and existing under the laws of the jurisdiction under which such Guarantor was organised or under the laws of an Approved Jurisdiction or the Republic of Türkiye, and Person shall expressly assume, by executing and delivering to the Trustee a supplemental trust deed, all the obligations of such Guarantor, if any, under its Guarantee;
 - (ii) immediately after giving effect to such transaction or transactions on a pro forma basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Potential Event of Default or Event of Default shall have occurred and be continuing;
 - (iii) the Issuer furnishes to the Trustee (x) an Officers' Certificate stating that such transaction and such supplemental trust deed (if any) complies with this Condition 5.7(b) and (y) an Opinion of Counsel (at the expense of the Issuer) as to the enforceability of the Issuer's and such Person's obligations under such supplemental trust deed (if any) and as to the due capacity and authority of the Issuer and such Person to enter into such transaction and such supplemental trust deed (if any), and upon each of which the Trustee shall be entitled to rely without further investigation and without liability to any Person.

This Condition 5.7(b) will not apply to any Guarantor consolidating with or merging with or into or selling, conveying, assigning, transferring, leasing or otherwise disposing of all or substantially all of its assets to the Issuer or another Guarantor.

- (c) For the purposes of this Condition 5.7, the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Restricted Subsidiaries of the Issuer or a Guarantor, which properties and assets, if held by the Issuer or such Guarantor instead of such Restricted Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer or such Guarantor on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer or such Guarantor.

5.8 Additional Guarantees and Limitations on Guarantees

- (a) In the event that the total assets or EBITDA of any Restricted Subsidiary that is not a Guarantor, determined on an unconsolidated basis in accordance with the Accounting Standards for, or as at the end of, the Issuer's most recently completed fiscal quarter, accounts for 7.5 per cent. or more of the Consolidated Total Assets or the Consolidated EBITDA, for, or as at the end of, such period, the Issuer shall, subject to Condition 5.8(e) below, within 90 days (for Restricted Subsidiaries as of the date the financial statements for such fiscal quarter are made publicly available), cause the relevant Restricted Subsidiary to execute and deliver to the Trustee an additional Guarantee.
- (b) Except for Indebtedness permitted to be incurred under Condition 5.1(a)(ii) the Issuer shall not permit any Restricted Subsidiary that is not a Guarantor, directly or indirectly, to guarantee any Indebtedness under Credit Facilities of the Issuer unless such Restricted Subsidiary becomes a Guarantor, with the Guarantee of such Guarantor ranking equal with or senior to, its guarantee in respect of such other Indebtedness.
- (c) The Issuer may at its discretion at any time procure that any Restricted Subsidiary that is not a Guarantor becomes a Guarantor in accordance with the provisions of Condition 5.8(e).
- (d) The Issuer will cause any Restricted Subsidiary designated as a Guarantor pursuant to clauses (a) and (b) above to (i) execute and deliver to the Trustee, the Principal Paying Agent and the Registrar and Transfer Agent an accession deed to the Trust Deed and the Agency Agreement pursuant to which such Guarantor will, on a joint and several basis with each other Guarantor, unconditionally and irrevocably guarantee, to the maximum extent permitted by law, the due payment of all moneys payable by the Issuer and any other Guarantor under the Trust Deed and the Agency Agreement and will become vested with all the duties and obligations of a Guarantor, and (ii) waive and not in any manner whatsoever claim or take the benefit or advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or another Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee.
- (e) Notwithstanding the above, (i) the Issuer shall not be required to cause any Restricted Subsidiary, and no Restricted Subsidiary shall be required, to grant a guarantee in respect of the Notes or the Note Documents to the extent that (but only for so long as) such guarantee would reasonably be expected to give rise to or result in (x) any violation of applicable law or regulation (including any applicable regulations of the CMB) which cannot be avoided or otherwise prevented through measures reasonably available to the Issuer or such Restricted Subsidiary or (y) liability or criminal sanctions for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, the directors or shareholders of the partners of such partnership). For the avoidance of doubt, Condition 5.8(a) will apply to Vestel White Goods if, at any time after the Issue Date limitations imposed by the regulation of CMB on the provision of the Guarantee by such entity no longer apply.
- (f) The addition of any Guarantee(s) shall be conditional upon:
 - (i) completion of all matters referred to in Condition 5.8(d) above;
 - (ii) such accession not causing or otherwise resulting in the occurrence and continuation of a Potential Event of Default or an Event of Default under the Notes;
 - (iii) without prejudice to the generality of the foregoing paragraphs, where a Guarantor is incorporated, domiciled or resident in a territory other than the Republic of Türkiye, undertakings or covenants are given in terms corresponding to the provisions of the Trust Deed and Condition 9 (*Taxation*) with the substitution of the references to the Republic of Türkiye with references to the territory or territories in which such Guarantor is incorporated, domiciled or

resident or to the taxing jurisdiction of which, or of any political subdivision or authority of or in which, such Guarantor is otherwise subject generally;

- (iv) receipt by the Trustee of (x) an Opinion of Counsel (at the expense of the Issuer and/or the acceding Guarantor) as to the enforceability of the Guarantor's obligations under the Trust Deed, the Agency Agreement, the Guarantee and as to the due capacity and authority of any such Guarantor thereunder (which opinion may be subject to customary qualifications and assumptions and may be addressed to the Issuer or the acceding Guarantor), and (y) an Officers' Certificate confirming that the conditions precedent to the addition of such Guarantor have been satisfied; and
- (v) receipt by the Trustee of such other conditions, documents or certificates as it may reasonably require, including in connection with its "know your customer" obligations or other identification checks or procedures necessary to comply with any applicable law and/or regulation.

The Trustee shall be entitled to accept and rely on the Opinion of Counsel referred to in sub-paragraph (iv)(x) above and the Officers' Certificate referred to in sub-paragraph (iv)(y) above without further enquiry or liability to any Person as sufficient evidence of the matters certified or opined on therein.

- (g) Condition 5.8(b) will not be applicable to any guarantees of any Restricted Subsidiary (i) existing on the Issue Date or pursuant to an amendment, modification, refinancing, replacement, exchange, renewal or extension to any such guarantee existing on the Issue Date, so long as such amendment, modification, refinancing, replacement, exchange, renewal or extension, taken as a whole, is not more disadvantageous to the holders of the Notes in any material respect than the original guarantee as in effect on the Issue Date or (ii) given to a bank or trust company having combined capital and surplus and undivided profits of not less than U.S.\$250 million, whose debt has a rating, at the time such guarantee was given, of at least BBB+ or the equivalent thereof by Fitch, BBB+ or the equivalent thereof by S&P and at least Baa1 or the equivalent thereof by Moody's, in connection with the operation of cash management programmes established in the ordinary course of business for the benefit of the Issuer or any of its Restricted Subsidiaries.
- (h) Notwithstanding the above, each Guarantee may be limited as necessary to recognise certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law.
- (i) A Guarantor will be automatically and unconditionally released and discharged from its Guarantee:
 - (i) upon any sale, exchange, transfer or other disposition of Capital Stock of such Guarantor or any holding company of such Guarantor to a Person that is not the Issuer or a Restricted Subsidiary (which sale, exchange, transfer or other disposition is not prohibited by these Conditions) and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale, exchange, transfer or other disposition;
 - (ii) upon any sale, exchange, transfer or other disposition of all or substantially all of the assets of such Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not the Issuer or a Restricted Subsidiary (and which sale, exchange, transfer or other disposition is not prohibited by these Conditions);
 - (iii) as a result of a transaction permitted by Condition 5.7;
 - (iv) upon the reorganisation (whether by way of merger or accession and which is not prohibited by these Conditions) of the relevant Guarantor pursuant to which such Guarantor accedes to or is merged into the Issuer or another Guarantor or upon the relevant Guarantor transferring all or substantially all of its properties and assets to the Issuer or another Guarantor in accordance with the applicable provisions of the Trust Deed, and as a result of, or in connection with, such transaction such Guarantor winding down, dissolving or otherwise ceasing to exist;

- (v) if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with these Conditions;
- (vi) with respect to the Guarantee of any Guarantor that was required to provide such Guarantee pursuant to Condition 5.8(a) or 5.8(b), if (1) conditions set out in such Condition 5.8(a) above are no longer met with respect to such Restricted Subsidiary for a period of at least 2 consecutive fiscal quarters; or (2) if such Guarantor being unconditionally released and discharged from its liability with respect to the Indebtedness giving rise to the requirement to provide such Guarantee so long as no Potential Event of Default or Event of Default would arise as a result and no other Indebtedness is at that time guaranteed by the relevant Guarantor that would result in the requirement that such Guarantor provide a Guarantee pursuant to Condition 5.8(b);
- (vii) upon the payment in full of principal, interest and all other obligations on the Notes (or the Notes have otherwise been purchased and cancelled in whole, and not in part, in accordance with these Conditions); and
- (viii) pursuant to an Extraordinary Resolution of the Noteholders,

provided that, in the case of any release under paragraphs (i) – (vi) above, the Issuer shall deliver to the Trustee an Officer's Certificate confirming that the conditions precedent to the addition of such Guarantor have been satisfied. The Trustee shall be entitled to accept and rely on the Officers' Certificate referred to in the preceding sentence without further enquiry or liability to any Person as sufficient evidence of the matters certified or opined on therein.

- (j) The Issuer will give not less than five Business Days' prior written notice to the Trustee in accordance with the Trust Deed of any Guarantor becoming or ceasing to be a Guarantor (upon which the Trustee shall be entitled to rely without further enquiry or liability) and, so long as the Notes are listed on the Stock Exchange and/or any other stock exchange on which the Notes may be listed or quoted from time to time, shall comply with applicable rules of the Stock Exchange and/or such other exchange in relation to any Guarantor becoming or ceasing to be a Guarantor (including by way of announcement).
- (k) The Issuer shall maintain a list of Guarantors from time to time which shall be available to Noteholders as specified in the preamble to these Conditions.

5.9 Designation of Restricted and Unrestricted Subsidiaries

- (a) The Board of Directors of the Issuer may designate any Restricted Subsidiary (including any newly acquired or newly formed Restricted Subsidiary) to be an Unrestricted Subsidiary if that designation would not cause a Potential Event of Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Condition 5.3 (*Limitation on Restricted Payments*) or under one or more paragraphs of the definition of Permitted Investments, as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Issuer may re-designate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Potential Event of Default.
- (b) Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by delivering to the Trustee a copy of a resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the conditions set forth in Condition 5.9(a) and was permitted by Condition 5.3 (*Limitation on Restricted Payments*). The Trustee shall be entitled to rely on any such Officers' Certificate and resolution without further investigation and without liability to any person. If, at any time, any Unrestricted Subsidiary would fail to meet the requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of these Conditions and any Indebtedness of such Subsidiary will be deemed to be Incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be Incurred as of such date under Condition 5.1 (*Incurrence of Indebtedness*) the Issuer will be in default of such covenant. The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such

Unrestricted Subsidiary, and such designation will only be permitted if (i) such Indebtedness is permitted under Condition 5.1 (*Incurrence of Indebtedness*), calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (ii) no Potential Event of Default or Event of Default would be in existence following such designation.

5.10 Ring Fence Covenant

The Issuer shall, and shall procure that each Restricted Subsidiary shall:

- (a) maintain an arms' length relationship with its non-Group Affiliates;
- (b) not guarantee or become obligated for the liabilities of the debts of any non-Group Affiliate or hold out its credit as available to satisfy the obligations of a non-Group Affiliate;
- (c) not pledge its assets for the benefit of any non-Group Affiliate;
- (d) maintain its books and records separately from any non-member of the Group;
- (e) maintain its accounts separately from any non-member of the Group;
- (f) not commingle its assets with those of any non-member of the Group;
- (g) conduct its own business in its own name (or in the name of another member of the Group);
- (h) maintain separate financial statements (unless included in the consolidated financial statements of the Group);
- (i) pay its own liabilities out of its own funds (or from funds contributed by any other member of the Group);
- (j) observe all corporate or other formalities required by its constitutional documents.

5.11 Financial Information

- (a) (A) the Issuer shall publish on its website as soon as they become available but in any event (x) within 120 days after the end of each of its financial years, an English language copy of the Issuer's audited annual consolidated financial statements for such financial year, prepared in accordance with the Accounting Standards consistently applied, together with the audit report thereon by the Issuer's independent auditors, and (y) within 60 days after the end of each of the first three fiscal quarters of each of its financial years, an English language copy of the Issuer's consolidated financial statements for such fiscal quarter, prepared in accordance with the Accounting Standards consistently applied, together with, in the case of financial statements for the second fiscal quarter only, the review report thereon by the Issuer's independent auditors; (B) the Issuer shall ensure that the following information is separately published in English on its website by no later than the time at which the foregoing financial statements are published in Turkish: (1) Consolidated Net Debt as at the end of the most recently ended fiscal quarter; (2) Consolidated EBITDA for the period of 12 months preceding the end of such relevant fiscal quarter; and (3) the calculation of the Consolidated Net Leverage Ratio and the Non-Guarantor Debt Ratio for the Issuer and (C) the Issuer shall maintain all such financial statements and reports and additional information on its website for so long as any Notes remain outstanding.
- (b) Promptly after the occurrence of (i) any material acquisition, disposition or restructuring, (ii) any senior executive officer changes at the Issuer, (iii) any change in auditors of the Issuer or (iv) any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, the Issuer shall deliver to the Trustee an Officer's Certificate containing information describing such event (*provided that*, in the case of any such acquisition, disposition, restructuring, change or material event announced publicly, the requirement for delivery to the Trustee of a report thereof may be satisfied by delivery to the Trustee of a copy of such announcement).
- (c) At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken as together as one Subsidiary, constitutes a Material Subsidiary of the Issuer, then the annual and quarterly financial information delivered pursuant to Conditions 5.11(a) above will include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results

of operations of the Unrestricted Subsidiaries of the Issuer or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Issuer and its Subsidiaries.

- (d) The Issuer will deliver to the Trustee, without undue delay, such additional information regarding the financial position and/or the business of the Issuer and the Guarantors (or, so far as permitted by applicable law, any information, and in such form, as it requires for the purposes of the discharge of the duties and discretions vested in it under the Trust Deed or by operation of law) as the Trustee may request.
- (e) The Issuer shall deliver to the Trustee at the time of delivery of the annual financial statements pursuant to Condition 5.11(a) above and within 14 Business Days (or such longer period as the Trustee may approve) of any request by the Trustee, an Officers' Certificate (i) stating whether or not to the best of the knowledge of the signatories thereof an Event of Default or Potential Event of Default has occurred and is continuing, and, if such an event has occurred, specifying all such Events of Default or Potential Events of Default, the nature and status thereof of which the signatories may have knowledge and what action the Issuer is taking or proposes to take with respect thereto, (ii) stating whether or not to the best of the knowledge of the signatories thereof a Change of Control has occurred and (iii) certifying which Restricted Subsidiaries are Material Subsidiaries. The Trustee may rely on such Officers' Certificate absolutely without liability to any person for so doing and without further enquiry.
- (f) So long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) of the Exchange Act, the Issuer shall furnish to the Noteholders (with a copy to the Trustee) and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

5.12 Change of Business

The Issuer shall not, and shall cause its Restricted Subsidiaries not to, make any material change to the Core or Related Business.

5.13 Maintenance of Authorisations

- (a) the Issuer will, and will cause each Guarantor to, obtain or make, and procure the continuance or maintenance of, all registrations, recordings, filings, consents, licenses, approvals and authorisations, which may at any time be required to be obtained or made in any relevant jurisdiction for the purposes of the execution, delivery or performance of the Notes Documents and for the validity and enforceability thereof,

provided that, in any case, if the Issuer, a Guarantor or the relevant Material Subsidiary remedies any failure to comply with Conditions 5.13(a) and 5.13(b) within 90 days of such failure, then this covenant shall be deemed not to have been breached.

5.14 Suspension of Covenants when Notes rated Investment Grade

- (a) If on any date following the Issue Date (i) the Notes have achieved an Investment Grade Rating and (ii) no Potential Event of Default or Event of Default shall have occurred and be continuing on such date, then the Issuer will notify the Trustee in writing, and beginning on that date and continuing until such time, if any, at which the Notes cease to have an Investment Grade Rating (such period, the "**Suspension Period**"), the Conditions enumerated below and the related provisions of Condition 11 (*Events of Default*) will no longer be applicable to the Issuer, the Guarantors or any of the Restricted Subsidiaries of the Issuer: Condition 5.1 (*Incurrence of Indebtedness*); Condition 5.3 (*Limitation on Restricted Payments*); Condition 5.4 (*Transactions with Affiliates*), Condition 5.5 (*Dividend and other Payment Restrictions Affecting Subsidiaries*), Condition 5.6 (*Asset Sales*), Condition 5.7(a)(iv) (*Mergers and Similar Transactions*) and Condition 5.9 (*Designation of Restricted and Unrestricted Subsidiaries*) and 5.10 (*Ring-Fence Covenant*). Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.
- (b) Such Conditions and the related provisions of Condition 11 (*Events of Default*) will again apply in accordance with their terms from the first day on which a Suspension Period ceases to be in effect

without regard to actions of the Issuer or any Restricted Subsidiary properly taken during the continuance of the Suspension Period, provided that (i) the covenant under Condition 5.3 (*Limitation on Restricted Payments*) will be interpreted as if it had been in effect since the Issue Date, except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while such covenant was suspended and (ii) all Indebtedness incurred or issued during the Suspension Period will be classified to have been incurred pursuant to Condition 5.1(b)(ii).

- (c) For the avoidance of doubt, the Issuer, the Guarantors and any Restricted Subsidiary of the Issuer is entitled to honour any contractual commitment in the future after any date on which the Notes cease to have Investment Grade Status without it causing an Event of Default or Potential Event of Default, as long as the contractual commitments were entered into in good faith during the continuance of the Suspension Period and not in anticipation of the Notes no longer having Investment Grade Status.

5.15 Financial Calculations

- (a) When determining the availability under any basket or ratio under these Conditions in connection with any transaction or whether such transaction is permitted under this Indenture (including, for the avoidance of doubt and without limitation, testing any incurrence or assumption of Indebtedness or Liens, the making of any Restricted Payment, Permitted Payment or Investment, any Asset Sale, any acquisition, merger, consolidation, amalgamation or other business combination and any other transaction requiring the testing of any basket based on the Consolidated EBITDA of the Issuer), the date of determination of such basket or ratio or the testing of any such transaction and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such transaction are entered into (the “**Transaction Commitment Date Election**”).
- (b) If the Issuer makes a Transaction Commitment Date Election, such baskets or ratios shall be calculated with such pro forma adjustments as are appropriate and consistent with the pro forma provisions set forth in the definition of Consolidated Net Leverage Ratio after giving effect to such transaction and other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such transaction, and, for the avoidance of doubt (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in the Consolidated Net Income or Consolidated EBITDA of the Issuer or that arises from an asset or a target company subject to such transaction) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions.

If the Issuer makes a Transaction Commitment Date Election, any such transactions (including any incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered into for purposes of calculating any baskets or ratios under this Indenture after the date of such agreement and before the consummation of such transaction. To the extent the date of determination of a basket or ratio is tested prior to the date of consummation of a transaction, such basket or ratio shall be deemed utilised to the same extent until the earlier of the date of consummation of such transaction or the date such transaction is terminated or expires without consummation, except that, in the case of an acquisition, merger or consolidation, any calculation of Consolidated EBITDA for purposes other than incurrences of Indebtedness or Liens or the making of Restricted Payments (not related to such acquisition, merger or consolidation) shall not reflect such transaction until it has been consummated.

6 Interest

6.1 Interest Accrual

Each Note bears interest from (and including) 15 May 2024 (the “**Issue Date**”) at the rate of 9.750 per cent. per annum (the “**Rate of Interest**”) payable semi-annually in arrear on 15 November and 15 May in each year commencing on 15 November 2024 (each, an “**Interest Payment Date**”), subject as provided in Condition 7 (*Payments*). The period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an “**Interest Period**”.

6.2 Cessation of Interest

Each Note will cease to bear interest from the due date for final redemption unless, upon due surrender of the relevant Note, payment of principal is improperly withheld or refused. In such case, it will continue to bear interest at such rate (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five Business Days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth Business Day (except to the extent that there is any subsequent default in payment to the relevant holders under these Conditions) in accordance with Condition 14 (*Notices*).

6.3 Calculation of Interest for an Interest Period

The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Rate of Interest to the then outstanding principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6.4 Calculation of Interest for any other Period

If interest is required to be calculated for any period other than an Interest Period, it will be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed on the basis of a month of 30 days.

7 Payments

7.1 Principal

Payment of principal and premium in respect of each Note will be made in United States dollars upon application by the holder to the Specified Office of the Registrar and Transfer Agent or any Paying Agent not less than 15 days before the due date for any such payment, by transfer to a United States dollar account maintained by the payee with a bank in New York City and subject to the surrender (or, in the case of part payment only, endorsement) of the relevant Definitive Note at the Specified Office of the Registrar and Transfer Agent or of the Paying Agents.

7.2 Interest

Payments of interest in respect of each Note will be made to the persons shown on the Register at close of business on the Record Date.

7.3 Record Date

Each payment in respect of a Note will be made to the person shown in the Register at the close of business on the fifteenth day before the due date for the relevant payment (the “**Record Date**”).

7.4 Payments

Each payment in respect of the Notes pursuant to Conditions 7.1 (*Principal*) and 7.2 (*Interest*) will be made by United States dollar cheque, drawn on a branch of a bank in New York City and mailed to the holder of the relevant Note at their address appearing in the Register. However, upon application by the holder to the Specified Office of the Registrar and Transfer Agent or any Paying Agent not less than 15 days before the due date for any payment in respect of a Note, such payment may be made by transfer to a United States dollar account maintained by the payee with a bank.

Where payment is to be made by cheque, the cheque will be mailed on the Business Day preceding the due date for payment or, in the case of payments referred to in Condition 7.1 (*Principal*), if later, on the Business Day on which the relevant Definitive Note is surrendered (or endorsed as the case may be) as specified in Condition 7.1 (*Principal*) (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder).

Where payment is to be made by transfer to a United States dollar account, payment instructions (for value the due date, or, if the due date is not a Business Day, for value the next succeeding Business Day) will be initiated, in the case of principal, on the later of the due date for payment and the day on which the relevant Definitive Note is surrendered (or, in the case of part payment only, endorsed) and, in the case of interest on the due date for payment.

7.5 Agents

The names of the initial Paying Agents and Registrar and Transfer Agent and their Specified Offices are set out below. The Issuer may at any time appoint additional Agents and/or terminate the appointment of any Agent at any time with the prior written approval of the Trustee (such consent not to be unreasonably withheld or delayed) by giving to the relevant Agent concerned at least 60 days' prior written notice, which notice shall expire at least 30 days before or after any due date for payment in respect of the Notes, to vary or terminate the appointment of any Paying Agent or the Registrar and Transfer Agent (including in circumstances where the Paying Agent does not become or ceases to be, a Participating FFI at a time when the Issuer or any Guarantor would be required to withhold or deduct any amount from any payment made by it to the Paying Agent pursuant to FATCA) and to appoint successor or additional Paying Agents or another Registrar and Transfer Agent, provided that it will at all times maintain:

- (a) a Principal Paying Agent;
- (b) a Paying Agent in a jurisdiction other than the Relevant Jurisdiction; and
- (c) a Registrar and Transfer Agent.

Notice of any such removal or appointment and of any change in the Specified Office of any Paying Agent or Registrar and Transfer Agent will be given to Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable.

7.6 Payments Subject to Fiscal Laws; Commissions

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and any withholding or deduction required pursuant to FATCA. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

7.7 Delay in Payment

Noteholders will not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for payment not being a Payment Business Day or (ii) a cheque mailed in accordance with this Condition 7 (*Payments*) arriving after the due date for payment or being lost in the mail.

7.8 Payment Business Days

Where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) and, where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated (i) in the case of payments of principal and interest payable on redemption, on the later of the due date for payment and the Payment Business Day on which the relevant Definitive Note is surrendered (or endorsed as the case may be) and (ii) in the case of payments of interest payable other than on redemption, on the due date for payment. In this Condition 7 (*Payments*), "**Payment Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City and, in the case of surrender of a Definitive Note, the place of the Specified Office of the Registrar and Transfer Agent or relevant Paying Agent, to whom the relevant Definitive Note is surrendered.

8 Redemption and Purchase

8.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided elsewhere in this Condition 8 (*Redemption and Purchase*), each Note will be redeemed at its then outstanding principal amount on 15 May 2029 (the "**Maturity Date**") subject as provided in Condition 7 (*Payments*).

8.2 Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable) at 100 per cent. of their aggregate principal amount, together with interest accrued

to (but excluding) the date fixed for redemption then due and which will become due on the date of the redemption as a result of the redemption or otherwise (subject to the right of Noteholders of such Notes on the relevant Record Date to receive interest due on the relevant Interest Payment Date in respect thereof), if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (a) the Issuer (or if a Guarantee were called, the relevant Guarantor) has become or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment is publicly announced and becomes effective on or after 13 May 2024 (or, if the Relevant Jurisdiction did not become a Relevant Jurisdiction until after 13 May 2024, after such later date); and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the relevant Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor, as the case may be, would be obliged to pay such additional amounts if a payment in respect of the Notes (or the relevant Guarantee, as the case may be) were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 8.2 (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Trustee (x) an Officers' Certificate stating that the obligation referred to in (a) above cannot be avoided by the Issuer or, as the case may be, the relevant Guarantor taking reasonable measures available to it and (y) an opinion (which opinion may be addressed to the Issuer or, as the case may be, the relevant Guarantor) in form and substance satisfactory to the Trustee of independent legal or tax advisers of recognised standing to the effect that the Issuer or, as the case may be, the relevant Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled to accept such Officers' Certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (a) above without further investigation and without liability to any person, in which event it shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 8.2 (*Redemption for Taxation Reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.2 (*Redemption for Taxation Reasons*).

8.3 Redemption at the Option of the Issuer (Equity Offering)

At any time prior to 15 May 2026, the Issuer may on any one or more occasions, upon giving not less than 10 days nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (*Notices*), redeem up to 35 per cent. of the aggregate principal amount of the Notes at a redemption price equal to 109.750 per cent. of the principal amount of the Notes redeemed, plus accrued and unpaid interest to the date of redemption (subject to the rights of holders of the Notes on the relevant Record Date to receive interest on the relevant Interest Payment Date), with the net cash proceeds of an Equity Offering to the extent the proceeds from such Equity Offering are contributed to the shares of common stock of or other common equity interests of the Issuer or are paid to the Issuer as consideration for the issuance of or as Subordinated Shareholder Funding, provided that:

- (a) at least 60 per cent. of the aggregate principal amount of the Notes originally issued (excluding the Notes held by the Issuer, any Guarantor and their respective Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and
- (b) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including but not limited to, completion of the related Equity Offering.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

8.4 Redemption at the Option of the Issuer (Premium)

The Issuer may, at any time, having given:

- (a) not less than 10 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (*Notices*); and
- (b) not less than seven days before the giving of the notice referred to in paragraph (a) above, notice to the Trustee and to the Principal Paying Agent,

(which notices shall specify the date fixed for redemption), redeem all, or some only, of the Notes at a price equal to the sum of the principal amount of Notes then outstanding, plus any interest accrued and unpaid to (but excluding) the date fixed for redemption, plus the following applicable premium:

Applicable Period	Applicable Premium
From (and including) the Issue Date to (but excluding) 15 May 2026	the Make-Whole Premium
From (and including) 15 May 2026 to (but excluding) 15 May 2027	U.S.\$1,048.75 per U.S.\$1,000 of outstanding principal amount of Notes
From (and including) 15 May 2027 to (but excluding) 15 May 2028	U.S.\$1,024.38 per U.S.\$1,000 of outstanding principal amount of Notes
From (and including) 15 May 2028 to (but excluding) the Maturity Date	Nil

Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed, provided that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person. In no event shall the Trustee be responsible for monitoring, or charged with knowledge of, the maximum aggregate amount of the Notes eligible under these Conditions to be redeemed.

For the purposes of this Condition 8.4:

"Make-Whole Premium" means, with respect to any Note redeemed pursuant to this Condition 8.4, the greater of:

- (a) the amount equal to 1.0 per cent. of the then outstanding principal amount of such Note; and
- (b) the excess (to the extent positive) of (as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage):
 - (i) the present value of the remaining scheduled payments of principal and interest due on such Note to and including 15 May 2026 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over
 - (ii) the outstanding aggregate principal amount of the Note at the relevant redemption date,

for the purposes of which, **"Treasury Rate"** means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the

most recent Federal Reserve Statistical Release H.15 (“**Statistical Release**”) that has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to 15 May 2026; provided, however, that if the period from the redemption date to 15 May 2026 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. For the avoidance of doubt, the calculation of the Make-Whole Premium shall not be an obligation of the Trustee or any Agent.

8.5 Redemption at the Option of Noteholders (Change of Control)

Upon the occurrence of a Change of Control Event (as defined below), and unless a notice of redemption of all of the Notes has previously been given by the Issuer in accordance with, and pursuant to, Conditions 8.2 (*Redemption for Taxation Reasons*), 8.3 (*Redemption at the Option of the Issuer (Equity Offering)*) or 8.4 (*Redemption at the Option of the Issuer (Premium)*), the Issuer shall, at the option of the holder of any Note, upon the holder of such Note giving notice to the Issuer as provided in this Condition 8.5 (*Redemption at the Option of Noteholders (Change of Control)*) at any time during the Redemption Period (as defined below), redeem such Note on the Redemption Date (as defined below) at 101 per cent. of its principal amount together (if applicable) with interest accrued and unpaid to (but excluding) the Redemption Date.

Immediately upon the Issuer becoming aware that a Change of Control Event has occurred, and in any case no later than 30 days thereafter, the Issuer shall give notice (a “**Change of Control Notice**”) to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Change of Control Event and the procedure for exercising the put option contained in this Condition 8.5 (*Redemption at the Option of Noteholders (Change of Control)*).

To exercise the right to require the Issuer to redeem a Note pursuant to this Condition 8.5 (*Redemption at the Option of Noteholders (Change of Control)*), the Noteholder must deposit, at the Specified Office of any Paying Agent at any time during normal business hours of such Paying Agent on a Business Day falling within the Redemption Period, the relevant Note(s), together with a duly completed and signed notice of exercise (a “**Put Notice**”) in the form (for the time being current) obtainable from the Specified Office of any Paying Agent. The Paying Agent with which a Note and Put Notice are so deposited shall deliver a duly completed receipt (in the form specified in the Agency Agreement) (the “**Put Receipt**”) to the depositing Noteholder. Payment by the Issuer (failing whom, a Guarantor) in respect of any Note so delivered shall be made to the bank account or otherwise as specified in the Put Notice by transfer to that account (or as otherwise specified in the Put Notice) on the relevant Redemption Date. No Note, once deposited with a duly completed Put Notice in accordance with this Condition 8.5 (*Redemption at the Option of Noteholders (Change of Control)*), may be withdrawn; *provided, however*, that if, prior to the relevant Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Notice and shall hold the relevant Note(s) at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 8.5 (*Redemption at the Option of Noteholders (Change of Control)*), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

For the purpose of this Condition 8.5 (*Redemption at the Option of Noteholders (Change of Control)*):

a “**Change of Control Event**” shall occur if (other than the Main Shareholder and any Subsidiary thereof) a person or group of persons acting in concert (in Turkish: *birlikte hareket eden kişiler*) (as such term is defined in the Capital Markets Law, No. 6362 and Communiqué No. II-26.1 on Takeover Bids) becomes the owner(s) or otherwise acquires control, directly or indirectly, of (i) more than 50 per cent. of the votes which may ordinarily be cast at a general assembly meeting of the Issuer; or (ii) more than 50 per cent. of the issued share capital of the Issuer; or (iii) privileged shares which grant the right to elect an absolute majority of the members of the Board of Directors of the Issuer or the right to nominate an absolute majority of members in the general assembly meeting of the Issuer.

“**Main Shareholder**” means:

- (a) Zorlu Holding A.Ş. or any successor thereto;
- (b) respective subsidiary undertakings from time to time of the entity listed in (a) above;

- (c) any funds, vehicles or limited partnerships managed or advised by the entities listed in (a) and (b) above; and
- (d) any entity which is controlled by any of the foregoing listed in (a) through (c) above, directly or indirectly, individually or collectively.

“Redemption Date” means, in respect of any Note, the date which falls 14 days after the date on which the relevant holder exercises its option in accordance with this Condition 8.5 (*Redemption at the Option of Noteholders (Change of Control)*); and

“Redemption Period” means the period from and including the first date on which a Change of Control Event has occurred (whether or not the Issuer has given a Change of Control Notice in respect of such event) to and including the date falling 60 days after the date on which such Change of Control Notice is given, provided that if no Change of Control Notice is given, the Redemption Period shall not terminate.

8.6 No other Redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in this Condition 8 (*Redemption and Purchase*).

8.7 Selection and Notice

In the case of a partial redemption of any Note under these Conditions, the Notes shall be redeemed on a *pro rata* basis according to the holding of each Noteholder; subject, in each case, to compliance with any applicable laws and Stock Exchange or other relevant regulatory requirements. Only Notes in an amount equal to, or in excess of, the Authorised Denomination may be redeemed under these Conditions.

If the Notes are represented by Global Certificates and held through DTC, Euroclear and/or Clearstream, Luxembourg, in the case of a partial redemption of Notes, the Notes to be redeemed will be selected in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg and/or DTC (to be reflected in the records of Euroclear, Clearstream, Luxembourg and/or DTC as either a pool factor or a reduction in principal amount, at their discretion).

8.8 Purchase

The Issuer, any Guarantor or any other Subsidiary of the Issuer may at any time purchase (or procure others to purchase for its account) Notes in the open market or otherwise and at any price. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent or the Registrar for cancellation.

8.9 Cancellation of Notes

All Notes which are redeemed pursuant to Conditions 8.2 (*Redemption for Taxation Reasons*) to 8.5 (*Redemption at the Option of Noteholders (Change of Control)*) (inclusive) or submitted for cancellation pursuant to Condition 8.8 (*Purchase*) will be cancelled and may not be reissued or resold. For so long as the Notes are admitted to trading on the Global Exchange Market (the **“GEM”**) of the Stock Exchange (or any other stock exchange on which the Notes may be listed or quoted from time to time) and the rules of the Stock Exchange (or such other exchange) so require, the Issuer shall promptly inform the Stock Exchange (or such other exchange) of the cancellation of any Notes under this Condition 8.9 (*Cancellation of Notes*).

9 Taxation

- 9.1 All payments of principal, premium and interest in respect of the Notes made by or on behalf of the Issuer or under or pursuant to a Guarantee by or on behalf of a Guarantor shall be made free and clear of, and without withholding or deduction for, any taxes, imposts, duties, assessments or governmental charges (including any penalties, interest and additions to tax related thereto) of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction (**“Taxes”**), unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the relevant Guarantor, shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required (including any deduction or withholding attributable to the additional amounts), except that no such additional amounts shall be payable in respect of any Note, or under or pursuant to any Guarantee, where any Note is:

- (a) **Other Connection:** presented for payment by or on behalf of a holder who is liable to such Taxes in respect of such Note by reason of a holder having some connection with a Relevant Jurisdiction other than the mere holding of such Note; or
- (b) **Presentation in a Relevant Jurisdiction:** presented for payment in a Relevant Jurisdiction; or
- (c) **Presentation more than 30 days after the Relevant Date:** where (in the case of a payment of principal, premium or interest on redemption) the relevant Definitive Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering such Definitive Note for payment on the last day of such period of 30 days.

For the avoidance of doubt, none of the Issuer or, as the case may be, any Guarantor, or any Agent or any other person will be obliged to make any additional payments to the Noteholders in respect of amounts withheld or deducted pursuant to FATCA.

9.2 Taxing Jurisdiction

If the Issuer or, as the case may be, a Guarantor, becomes subject at any time to any taxing jurisdiction other than a Relevant Jurisdiction, references in this Condition 9 (*Taxation*) to Relevant Jurisdiction shall, subject to clause 4.2 of the Trust Deed, be construed as references to the Republic of Türkiye and/or such other jurisdiction or, in each case, any political subdivision or any authority thereof or therein having power to tax.

10 Prescription

Claims in respect of principal, premium and interest will become void unless the relevant Definitive Note is surrendered for payment as required by Condition 7 (*Payments*) within a period of 10 years, in the case of principal and premium, or five years, in the case of interest, from the appropriate Relevant Date.

11 Events of Default

- 11.1** The Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction and, for this purpose, the Trustee may demand prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it), give notice to the Issuer that the Notes are, and shall thereupon immediately become, due and repayable, in each case at their principal amount together with accrued interest if any of the following events (each, an “**Event of Default**”) occurs and is continuing, provided that, in the case of Condition 11.1(c) (*Breach of Other Obligations*) and Condition 11.1(m) (*Invalidity or Unenforceability*), the Trustee shall have received an Opinion of Counsel addressed to it confirming that such event is, or that there is a reasonable likelihood that such event is or will become, materially prejudicial to the interests of the Noteholders:

- (a) **Non-Payment.** (i) The Issuer or any Guarantor, as the case may be, fails to pay any amount of principal or premium in respect of the Notes when the same becomes due and payable either at maturity, by declaration or otherwise or (ii) the Issuer or any Guarantor, as the case may be, is in default with respect to the payment of interest or any additional amount payable in respect of any of the Notes and such default in respect of interest or additional amounts continues for a period of 30 days.
- (b) **Breach of Certain Limitations.** The Issuer or any Guarantor, as the case may be, does not perform or comply with its obligations set out in Condition 5.2 (*Limitation on Liens*) or Condition 5.7 (*Mergers and Similar Transactions*).
- (c) **Breach of Other Obligations.** The Issuer or any Guarantor, as the case may be, defaults in the performance or observance of any of its other obligations under the Notes or the Note Documents and such default: (i) is in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 60 days after the Trustee has given written notice thereof, addressed to the Issuer and/or the relevant Guarantor(s), as the case may be.
- (d) **Cross-Acceleration.**

- (i) Any Indebtedness of the Issuer or any Guarantor or any of the Issuer's other Material Subsidiaries becomes due and payable prior to its Stated Maturity by reason of any event of default or the like (howsoever described) (which, for the avoidance of doubt, excludes any Indebtedness becoming due and payable pursuant to any scheduled early repayment or exercise of any option to require early repayment); or
 - (ii) any such Indebtedness is not repaid at maturity or, as the case may be, within the originally applicable grace period for the payment thereof;
 - (iii) the Issuer or any Guarantor or any of the Issuer's other Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,
- provided that* the amount of such Indebtedness individually or in the aggregate exceeds U.S.\$35 million (or its equivalent in any other currency or currencies).
- (e) **Judgment Default.** One or more final, non-appealable judgments or orders or arbitration awards for the payment in an amount in excess of U.S.\$35 million (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered or granted against the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date thereof or, if later, the date therein specified for payment.
 - (f) **Enforcement Proceedings.** A distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any Guarantor or any of the Issuer's other Material Subsidiaries.
 - (g) **Security Enforced.** Any Lien, present or future, created or assumed by the Issuer or any Guarantor or any of the Issuer's other Material Subsidiaries (in each case where the value of the underlying asset or the obligation secured by it, individually or in the aggregate, exceeds U.S.\$35 million) becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 60 days.
 - (h) **Insolvency etc.** (i) the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries fails or is unable to pay its debts generally as they come due, (ii) the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries seeks, consents or acquiesces in the introduction of proceedings for its liquidation or bankruptcy or the appointment to it of a liquidation commission or a similar officer; (iii) the commencement of any proceedings in respect of the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries in any court, arbitration court or before any agency for its bankruptcy, insolvency, dissolution or liquidation which, in the case of any proceedings that are commenced pursuant to a petition presented or filed by a Person other than the Issuer, such Guarantor or such Material Subsidiary of the Issuer, as the case may be, is not dismissed within 60 days; (iv) the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries takes any action for a readjustment, deferment, concordat (*konkordato*) or a moratorium of payment of its debts generally or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally; or (v) the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries ceases or threatens to cease to carry on all or (in the case of the Issuer) any substantial part of or (in the case of a Guarantor or any of the Issuer's other Material Subsidiary) substantially all of its business, save in each case in connection with a Permitted Reorganisation or except as a result of a disposal permitted under Condition 5.6 (*Asset Sales*) or a transaction permitted by Condition 5.7 (*Mergers and Similar Transactions*).
 - (i) **Winding-up.** If an order is made by any competent court or an effective resolution is passed for the winding-up or dissolution of the Issuer, any Guarantor or any of the Issuer's other Material Subsidiaries and is not discharged or stayed within 30 days and save in connection with a Permitted Reorganisation or except as a result of a disposal permitted under Condition 5.6 (*Asset Sales*) or a transaction permitted by Condition 5.7 (*Mergers and Similar Transactions*).
 - (j) **Analogous Events.** Any event occurs which under the laws of any Relevant Jurisdiction has an analogous effect to any of the events referred to in paragraphs (e)-(j) above.
 - (k) **Guarantee.** Any Guarantee is not (or is claimed by the Issuer or the relevant Guarantor not to be) in full force and effect.

(l) **Invalidity or Unenforceability.**

- (A) Any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and each Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Guarantees or any Note Document, (ii) to ensure that those obligations are legal, valid, binding and enforceable, and (iii) to make the Notes, the Guarantees and the Note Documents admissible as evidence in the courts of the Relevant Jurisdiction, in each case is not taken, fulfilled or done; or
- (B) It is or will become unlawful for the Issuer or, as the case may be, any Guarantor to perform or comply with any of its obligations under or in respect of the Note Documents including, without limitation, the payment of interest on the Notes, as a result of any change in law or regulation in any Relevant Jurisdiction or any ruling of any court in any Relevant Jurisdiction whose decision is final and unappealable or for any reason such obligations cease to be in full force and effect.

12 Replacement of Notes

If any Definitive Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar and Transfer Agent or any Paying Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, collateral, indemnity and otherwise as the Issuer may require (*provided that* the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Definitive Notes must be surrendered before replacements will be issued.

13 Meetings of Noteholders; Modification and Waiver

13.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matters relating to the Notes, including the modification of any provision of these Conditions or the Note Documents. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee or the Issuer, or by the Trustee upon the request in writing of Noteholders holding not less than one-tenth in principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing in the aggregate more than one-half in principal amount of the Notes for the time being outstanding, or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes for the time being outstanding so held or represented; *provided, however*, that certain proposals (including any proposal (i) to change any date fixed for payment of principal, premium or interest in respect of the Notes, or to modify the relevant provisions of Condition 11.1(a), (ii) to reduce or cancel the amount of principal or interest or additional amounts payable on any date in respect of the Notes or to reduce the rate of interest on the Notes, (iii) to change the currency of payment under the Notes, (iv) to amend this proviso or (v) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution, (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than two-thirds or, at any adjourned meeting, not less than one-third of the aggregate principal amount of the outstanding Notes form a quorum. The Noteholders may also sanction by Extraordinary Resolution the waiver of any or all past or existing Events of Default and rescind any declaration that the Notes are immediately due and repayable as a result of any such Event of Default (including any failure to pay any principal and/or interest following such declaration); *provided, however*, that any proposal for any waiver of any Potential Event of Default or Event of Default (or related rescission of a declaration that the Notes are immediately due and repayable) arising from a matter (including any modification of any provisions of these Conditions or the Trust Deed) to effect a proposal which would be a Reserved Matter shall itself be a Reserved Matter. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present at the meeting(s) or not.

References to “**meeting**” shall include a meeting conducted by means of video or telephone conference facilities.

13.2 Electronic Consent

- (a) Where the terms of a resolution proposed by the Issuer have been notified to the Noteholders through the relevant clearing system(s), the Issuer shall be entitled to rely upon approval of such resolution given

by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Paying Agents ("**Electronic Consent**") by close of business on the Consent Date (as defined below). Any resolution passed in such manner shall be binding on all Noteholders even if the relevant consent or instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.

- (b) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least 10 days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Noteholders through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consent may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Consent Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).
- (c) If, on the Consent Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent a majority in aggregate principal amount of the Notes outstanding, the resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Such determination shall be notified in writing to all other parties. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform the Noteholders that insufficient consents were received in relation to the original resolution and the information specified in paragraph (a) above. For the purpose of such further notice, reference to the Consent Date shall be construed accordingly.
- (d) For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened in accordance with paragraph (a) above, unless that meeting is or shall be cancelled or dissolved.

13.3 Written Resolution

The Trust Deed provides that a resolution in writing will take effect as if it were an Extraordinary Resolution if it is signed (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed or (ii) if such Noteholders have been given at least 21 days' notice of such resolution, by or on behalf of persons holding not less than three-quarters of the aggregate principal amount of the outstanding Notes. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

13.4 Modification Without Noteholders' Consent

The Trustee may from time to time and at any time, without any consent or sanction of the Noteholders, concur with the Issuer or any other person, in making (a) any modification to the Trust Deed (other than in respect of Reserved Matters (as specified and defined in this Condition 13 (*Meetings of Noteholders; Modification and Waiver*)) or any provision of the Trust Deed referred to in that specification), the Notes or any other Note Document which in the opinion of the Trustee it may be proper to make provided the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders as a class, (b) any modification to the Trust Deed, the Notes or any other Note Document if in the opinion of the Trustee such modification is of a formal, minor or technical nature or made to correct a manifest error or to comply with mandatory provisions of law.

The Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee, would have the effect of: (a) exposing the Trustee to any loss, damage, cost, charge, award, claim, demand, expense, judgment, action, proceeding or other liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (b) increasing the obligations or duties, or decreasing the rights or protections, of the Trustee in the Note Documents and/or these Conditions.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive, on such terms as may seem expedient to it, any proposed breach or breach of these Conditions, the Trust Deed or any Note Document (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby, provided that the Trustee will

not do so in contravention of an express direction given by an Extraordinary Resolution. No such direction or request will affect a previous waiver, authorisation or determination.

Any such modification, waiver or authorisation or determination may be made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding upon the Noteholders and shall be notified by the Issuer to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

14 Notices

Notices required to be given to Noteholders pursuant to these Conditions will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses recorded in the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. Notices to Noteholders will be valid if published through the facilities of the Stock Exchange for so long as the Notes are admitted to trading on the Stock Exchange and the rules of the Stock Exchange so require.

So long as any of the Notes are represented by the Global Certificates, notices required to be published in accordance with Condition 14 (*Notices*) may instead be given by delivery of the relevant notice to DTC, Euroclear and Clearstream, Luxembourg for communication by them to the relevant accountholders, *provided however*, that, so long as the Notes are admitted to trading on the Stock Exchange, and its rules so require, notices will also be published on the website of the Stock Exchange.

15 Trustee

15.1 Indemnification

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of any creditors. In addition, the Trustee is entitled to enter into business transactions with the Issuer, any Guarantor or any other person without accounting for any profit and to act as trustee or security agent for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, any Guarantor and/or any of their respective Subsidiaries.

15.2 Exercise of Power and Discretion

In the exercise of its powers and discretion under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

15.3 Enforcement; Reliance

The Trustee may at any time after the Notes become due and payable, at its discretion and without notice, institute such proceedings as it thinks fit under or in connection with any Note Documents to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the holders of at least one-quarter in principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) the Trustee has been indemnified and/or prefunded and/or secured to its satisfaction.

Until the Trustee has received written notice to the contrary, the Trustee may assume that no Event of Default, Potential Event of Default or Change of Control Event (as defined in the Trust Deed) has occurred.

The Trustee is not liable for any failure to monitor compliance by the Issuer or any Guarantor with the Conditions (including Conditions 5 (*Covenants*) and 11 (*Events of Default*)), however, the Trust Deed obliges the Issuer to furnish the Trustee with a certificate annually, on which the Trustee may rely as to such compliance.

15.4 Failure to Act

No Noteholder nor, in respect of any Global Notes any Accountholder nor any assignee thereof, may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

For purposes of this provision, “**Accountholder**” means any accountholder or participant with a Clearing System (as defined below) which has credited to its securities account with such Clearing System one or more Entries in respect of a Global Note Certificate, except for any Clearing System in its capacity as an accountholder of another Clearing System. “**Entry**” means, in relation to a Global Note, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Notes represented by such Global Note.

15.5 Confidentiality

Unless ordered to do so by a court of competent jurisdiction or unless required by the rules of the Stock Exchange, the Trustee shall not be required to disclose to any Noteholder any confidential financial or other information made available to the Trustee by the Issuer or any Guarantor.

16 Further Issues

The Issuer may from time to time, without notice to or the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the date for and amount of the first payment of interest) so as to be consolidated and form a single series with the Notes (“**Further Notes**”). The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

17 Currency Indemnity

The Trust Deed provides that if any Noteholder receives or recovers any amount in a currency other than the Contractual Currency (as defined in the Trust Deed) (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding up or dissolution of the Issuer, any Guarantor or otherwise), in respect of any sum expressed to be due to it from the Issuer or, as the case may be, any Guarantor, that amount will only discharge the Issuer or, as the case may be, such Guarantor to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt of recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the relevant Noteholder under the Notes, the Issuer or, as the case may be, the relevant Guarantor will indemnify such Noteholder against any loss sustained by it as a result on the written demand of such Noteholder addressed to the Issuer or, as the case may be, the relevant Guarantor and delivered to the Issuer or to the Specified Office of the Registrar and Transfer Agent or any Paying Agent with its Specified Office in London. In any event, the Issuer and the Guarantors will indemnify the relevant Noteholder against the cost of making any such purchase.

18 Governing Law and Jurisdiction

18.1 Governing Law

The Notes, including any non-contractual obligations arising out of or in connection with the Notes, are governed by, and shall be construed in accordance with, the laws of England.

18.2 Jurisdiction

Each of the Issuer and the Guarantors agrees for the benefit of the Trustee that the High Court of Justice in London (the “**High Court of Justice**”) (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally from the High Court of Justice) shall have exclusive jurisdiction to hear and determine any suit, action or proceedings arising out of or in connection with the Notes (including any non-contractual obligations arising out of or in connection with the Notes) (“**Proceedings**”) and, for such purposes, irrevocably submits to the jurisdiction of such courts. Nothing in this paragraph shall (or shall be construed so as to) limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings by the Trustee in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

18.3 Appropriate Forum

For the purposes of Condition 18.2 (*Jurisdiction*), each of the Issuer and the Guarantors irrevocably waives any objection which it might now or hereafter have to the High Court of Justice in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally from the High Court

of Justice) being nominated as the forum to hear and determine any Proceedings and agrees not to claim that any such court is not a convenient or appropriate forum.

18.4 Consent to Enforcement

Each of the Issuer and the Guarantors agrees, without prejudice to the enforcement of a judgment obtained in the High Court of Justice (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally from the High Court of Justice) according to the provisions of Article 54 of the International Private and Procedural Law of Türkiye (Law No. 5718), that in the event that any action is brought in relation to the Issuer and/or any Guarantor in a court in Türkiye in connection with the Notes, in addition to other permissible legal evidence pursuant to the Civil Procedure Code of Türkiye (Law No. 6100), any judgment obtained in the High Court of Justice (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally from the High Court of Justice) in connection with such action shall constitute conclusive evidence of the existence and amount of the claim against the Issuer and/or any Guarantor pursuant to the provisions of the first sentence of Article 193 of the Civil Procedure Code of Türkiye (Law No. 6100) and Articles 58 and 59 of the International Private and Procedural Law of Türkiye (Law No. 5718).

18.5 Proceedings in Türkiye

To the extent that the Issuer and/or any Guarantor may, in any suit, action or proceeding brought before a court of Türkiye or elsewhere arising out of or in connection with the Notes, be entitled to the benefit of any provisions of law requiring the Trustee in such suit, action or proceeding to post security for the costs of the Issuer and/or any Guarantor, as the case may be (*cautio judicatum solvi*), or to post a bond or to take similar action, the Issuer and each of the Guarantors hereby irrevocably waives such benefit, in each case to the fullest extent now or hereafter permitted under the laws of the Republic of Türkiye or, as the case may be, such other jurisdiction.

18.6 Service of Process

Each of the Issuer and the Guarantors has irrevocably appointed Vestel Holland B.V. UK Branch Office at its registered office for the time being, currently at Vestel House, Waterside Drive, Langley, Berkshire SL3 6EZ, United Kingdom as its agent in England to receive service of process in any Proceedings in England. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer and each of the Guarantors, the Issuer and/or the Guarantors shall, on the written demand of the Trustee, appoint a further person in England to accept service of process on its or their behalf and, failing such appointment within 14 days, the Trustee shall be entitled to appoint such a person by written notice to the Issuer and/or the Guarantors. Nothing in this paragraph shall affect the right of the Trustee to serve process in any other manner permitted by law.

19 Definitions

For the purposes of these Conditions:

Any reference in these Conditions or the Notes to principal, premium and/or interest shall be deemed to include any additional amounts which may be payable under Condition 9 (*Taxation*) or any undertaking given in addition to or substitution for it under the Trust Deed.

“Accounting Standards” means (i) IFRS, (ii) TFRS, or (iii) any other internationally recognised set of accounting standards deemed equivalent to IFRS by the Committee of European Securities Regulators from time to time; *provided however*, that where such term is used with respect to the financial statements of the Restricted Subsidiaries, it shall, where financial statements prepared in accordance with IFRS or TFRS are not available, be deemed to include any other generally accepted accounting standards of the jurisdiction of incorporation of the relevant Restricted Subsidiary from time to time;

“Acquired Debt” means, with respect to any specified Person:

- (a) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and
- (b) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person;

“Affiliate” of any specified Person means any other Person, directly or indirectly controlling, controlled by, or under direct or indirect common control with, such specified Person. For the purposes of this definition, **“control”** (including, with correlative meanings, the terms **“controlling”**, **“controlled by”** and **“under common control with”**), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise;

“Affiliate Transaction” shall have the meaning given to such term in Condition 5.4 (*Transactions with Affiliates*);

“Agency” means any agency, authority, central bank, department, committee, government, legislature, minister, ministry, official or public or statutory person (whether autonomous or not);

“Approved Jurisdiction” means any member state of the Pre-Expansion European Union (including the United Kingdom), the United States of America, any state thereof or the District of Columbia, Canada or Switzerland;

“Asset Sale” means any lease, sale, sale and lease-back, transfer or other disposition either in one transaction or in a series of related transactions, including any disposition by means of a merger, consolidation or similar transaction, of any assets (including any shares of Capital Stock of a Restricted Subsidiary (other than directors’ qualifying shares or shares required by applicable law to be held by a Person other than the Issuer or a Restricted Subsidiary)) or properties, other than:

- (a) the sale, lease, transfer or other disposition of any asset or property in a single transaction or a series of related transactions with an aggregate Fair Market Value of less than U.S.\$20 million;
- (b) by and amongst the Issuer and its Restricted Subsidiaries;
- (c) a disposition of all or substantially all the assets of the Issuer, in accordance with Condition 5.7 (*Mergers and Similar Transactions*);
- (d) the creation of a Lien (but not the sale or other disposition of the property subject to such Lien) in compliance with Condition 5.2 (*Limitation on Liens*);
- (e) the licensing or sublicensing of rights to software, intellectual property or other intangibles in the ordinary course of business and on arms’ length terms;
- (f) the abandonment, sale, lease or other disposition of obsolete, redundant, written-off (in accordance with Accounting Standards), damaged, worn out, negligible, surplus or outdated plant, equipment or machinery or other assets, in each case which is no longer used or useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;
- (g) sales or other dispositions of assets or property received by the Issuer or any Restricted Subsidiary upon the foreclosure on a Lien granted in favour of the Issuer or any Restricted Subsidiary or any other transfer of title with respect to any ordinary course secured investment in default;
- (h) the foreclosure, condemnation or any similar action with respect to any property or other assets or the surrender or waiver of contract rights or the settlement, release, or surrender of contract, tort or other claims, in the ordinary course of business;
- (i) sales inventory, stock-in-trade, goods, services and other current assets (including accounts receivable) in the ordinary course of business;
- (j) sales and dispositions of cash and Cash Equivalents;
- (k) any sale, transfer or other disposition of receivables in any factoring or forfaiting transaction or any other receivables in the ordinary course of business (including in connection with any receivables financing permitted by these Conditions);
- (l) the lease, assignment or sublease of any property in the ordinary course of business;
- (m) the close out of unwinding of any Hedging Obligations;

- (n) a Restricted Payment that does not violate Condition 5.3 (*Limitation on Restricted Payments*) or any transaction specifically excluded from the definition of Restricted Payment or a Permitted Investment;
- (o) any sale or other disposition of Capital Stock in Vestel Mobilite Sanayi ve Ticaret A.Ş. pursuant to any initial public offering of such Capital Stock;
- (p) any transaction permitted pursuant to Condition 5.4(b)(vii) (*Transactions with Affiliates*); and
- (q) any sale or other disposition of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary, for so long as such entities are Unrestricted Subsidiaries;

“Asset Sale Offer” has the meaning given in Condition 5.6 (*Asset Sales*);

“Authorised Signatory” means any person who (i) is a member of the Board of Directors of the Issuer or a Guarantor (as the case may be) duly authorised to sign documents and to do other acts and things on behalf of the Issuer or a Guarantor (as the case may be) for the purposes of the Notes Documents or (ii) has been notified by the Issuer or a Guarantor (as the case may be) in writing to the Trustee as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer or such Guarantor (as the case may be) for the purposes of the Notes Documents (for the avoidance of doubt, the Trustee will deem that those persons are duly authorised to represent the Issuer or such Guarantor (as the case may be));

“Board of Directors” means, as to any Person, the board of directors, supervisory board or other equivalent executive body of such Person (including, without limitation, a general director) or any duly authorised committee thereof;

“Capital Stock” means, with respect to any Person, any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) of such Person’s equity, including any Preferred Stock of such Person, whether now outstanding or issued after the Issue Date, including without limitation, all series and classes of such Capital Stock but excluding any debt securities convertible into or exchangeable for such Capital Stock;

“cash” for any Person, means cash on hand and in bank as determined in accordance with the Accounting Standards;

“Cash Equivalents” for any Person, means cash equivalents as determined in accordance with the Accounting Standards;

“Central Bank Investment Loans” means advance credits and financings with investment commitments provided under the provisions of the Central Bank of the Republic of Türkiye’s Discount and Advance Regulation;

“CMB” means the Capital Markets Board of Türkiye;

“Code” means the U.S. Internal Revenue Code of 1986, as amended;

“Consolidated EBITDA” means, for any specified period, the reported EBITDA of the Group;

“Consolidated Interest Expense” means, for any period the consolidated interest expense of the Group determined in accordance with the Accounting Standards);

“Consolidated Net Debt” means at any Determination Date the aggregate amount of Indebtedness of the Group (excluding (i) Hedging Obligations and (ii) for the avoidance of doubt, any other Indebtedness of the type specified in sub-paragraph (viii) of the definition of Permitted Indebtedness) reflected on the consolidated balance sheet of the Group as of such date, *less* the aggregate amount of cash and Cash Equivalents of the Group, in each case in accordance with the Accounting Standards;

“Consolidated Net Income” means, for any period, the net profit (or loss) of the Group for such period, on a consolidated basis, determined in accordance with the Accounting Standards;

“Consolidated Net Leverage Ratio” as of any date of determination (a **“Determination Date”**) means the ratio of (x) Consolidated Net Debt to (y) Consolidated EBITDA the Relevant Period ending prior to such Determination Date (the **“EBITDA Calculation Period”**); *provided, however*, that:

- (a) if (i) any member of the Group has incurred any Indebtedness since the balance sheet date (the **“Balance Sheet Date”**) of the most recent consolidated financial statements of the Group which remains outstanding on the Determination Date or (ii) the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is an incurrence of Indebtedness, or both, the Consolidated Net Leverage Ratio shall be calculated by adjusting the Consolidated Net Debt for such period to give effect to the incurrence of any Indebtedness mentioned in (i) or (ii) above, or both, as if such Indebtedness had been incurred on the Balance Sheet Date; *provided* that no effect shall be given to any cash or Cash Equivalents received by any member of the Group as proceeds of such Indebtedness that gave rise to the need to calculate the Consolidated Net Leverage Ratio;
- (b) if (i) any member of the Group has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the Balance Sheet Date or (ii) if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio, or both, the Consolidated Net Leverage Ratio shall be calculated by adjusting the Consolidated Net Debt for such period to give effect to such repayment, repurchase, defeasement or discharge mentioned in (i) or (ii) above, as if such repayment, repurchase, defeasement or discharge had occurred on the Balance Sheet Date;
- (c) if since the Balance Sheet Date any member of the Group has made an Asset Sale as a result of which a Person ceased to be a member of the Group, the Consolidated Net Leverage Ratio shall be calculated by adjusting the Consolidated Net Debt for such period to give effect to any reduction of Indebtedness (to the extent originally included) equal to the Indebtedness of such Person as if such disposal had occurred on the Balance Sheet Date;
- (d) if since the beginning of the EBITDA Calculation Period any member of the Group (by merger or otherwise) shall have made an investment in any Person which as a result of such investment becomes a member of the Group or an acquisition of assets which constitutes all or substantially all of an operating unit of a business (including any acquisition of assets occurring in connection with a transaction requiring a calculation to be made hereunder), the Consolidated Net Leverage Ratio shall be calculated by adjusting the Consolidated EBITDA for such EBITDA Calculation Period as if such investment or acquisition had occurred on the first day of such EBITDA Calculation Period; and
- (e) if since the beginning of the EBITDA Calculation Period any member of the Group shall have made an Asset Sale, the Consolidated Net Leverage Ratio shall be calculated by reducing the Consolidated EBITDA for such EBITDA Calculation Period by an amount equal to the Consolidated EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Sale, or increased by an amount equal to the Consolidated EBITDA (if negative), directly attributable thereto for such period as if such Asset Sale had occurred on the first day of such EBITDA Calculation Period.

The Consolidated Net Leverage Ratio shall be determined in good faith by an authorised officer of the Issuer, whose determination will be conclusive (in the absence of manifest error); **“Consolidated Total Assets”** as of any date means the total assets of the Group as shown in the most recently available consolidated financial statements of the Issuer prepared in accordance with the Accounting Standards;

“Core or Related Business” means the development, manufacturing and sale of consumer electronics products, household goods and appliances and batteries, chargers and other electric mobility components and any business related, ancillary or complementary to any of the foregoing and as further described in the Offering Circular;

“Contingent Obligations” means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness (**“primary obligations”**) of any other Person (the **“primary obligor”**) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent,

- (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (b) to advance or supply funds;
- (c) for the purchase or payment of any such primary obligation;
- (d) to maintain working capital or equity capital of the primary obligor or otherwise;
- (e) to maintain the net worth or solvency of the primary obligor, or
- (f) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof;

“Credit Facility” means one or more debt facilities, instruments or arrangements or any revolving credit facility or commercial paper facilities, overdraft facilities, indentures or trust deeds, in each case with banks or other institutional lenders or investors providing for revolving credit loans, term loans, inventory financing, bonds, notes, debentures or other corporate debt instruments or other Indebtedness, but excluding the Indebtedness represented by the Notes and any Guarantees, in each case, as amended (including to extend maturity thereof), restated, modified, renewed, replaced (whether upon or after termination or otherwise) or Refinanced in whole or in part from time to time in one or more agreements or indentures;

“Currency Agreement” means any foreign exchange contract, currency swap agreement or other similar agreement with respect to currency values;

“Designated Non-cash Consideration” means the Fair Market Value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officers’ Certificate, setting forth the basis of such valuation, executed by a principal financial or accounting officer of the Issuer, less the amount of Cash Equivalents received in connection with a subsequent sale, redemption or repurchase of or collection or payment on such Designated Non-cash Consideration;

“Disinterested Director” means, with respect to any Affiliate Transaction or Asset Sale, a member of the Board of Directors of the Issuer or the relevant Restricted Subsidiary having no material direct or indirect financial interest in or with respect to such Affiliate Transaction or Asset Sale and who is not an officer or director of the Affiliate that is the counterparty to the Affiliate Transaction or Asset Sale. For the avoidance of doubt, the members of the Board of Directors will not be deemed to have such a financial interest solely by virtue of having been appointed to such position by a Permitted Holder or by reason of such member’s holding Capital Stock of the Issuer or a Restricted Subsidiary of the Issuer or any options, warrants or other rights in respect of such Capital Stock;

“Disqualified Stock” means, Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is six months after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provided that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Condition 5.3 (*Limitation on Restricted Payments*). The amount of Disqualified Stock deemed to be outstanding at any time for purposes of the Trust Deed will be the maximum amount that the Issuer and its Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends;

“EBITDA” means, for any period, the Consolidated Net Income for the period and adding back share of net profit of associates accounted for using the equity method, finance income, finance expenses, tax expenses, other operating income, other operating expenses, monetary gain and depreciation and amortisation expenses;

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock);

“Equity Offering” means any public or private sale or issuance of Shares or preferred stock of the Issuer (excluding Disqualified Stock or any Excluded Contributions) other than issuances to any Material Subsidiary of the Issuer;

“Event of Default” shall have the meaning given to such term in Condition 11 (*Events of Default*);

“Excess Proceeds” has the meaning set out in Condition 5.6 (*Asset Sales*);

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended;

“Excluded Contribution” means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Issuer;

“Existing Indebtedness” means all Indebtedness of the Issuer and its Restricted Subsidiaries in existence as at the Issue Date assuming such facilities are fully drawn;

“Extraordinary Resolution” has the meaning given in the Trust Deed;

“Fair Market Value” means with respect to any property, asset or Investments, the fair market value of such property, asset or Investment at the time of the event requiring such determination, as determined in good faith by the Board of Directors of the Issuer;

“FATCA” means sections 1471 to 1474 of the Code, any regulations or agreements promulgated thereunder, any official interpretations thereof, any agreement described in section 1471(b) of the Code, or any law implementing an intergovernmental approach thereto;

“FFI” means a “foreign financial institution” as such term is defined pursuant to FATCA;

“Finance Lease” means any lease or hire purchase contract, a liability under which would, in accordance with the Accounting Standards, be treated as a balance sheet liability;

“Fitch” means Fitch Ratings Inc. and any successor to its rating agency business;

“Group” means the Issuer and its Restricted Subsidiaries (including, for the avoidance of doubt, the Initial Guarantors);

“guarantee” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise);

“Guarantees” has the meaning given in the preamble to these Conditions;

“Guarantors” has the meaning given in the preamble to these Conditions;

“Hedging Obligations” means, with respect to any specified Person, the obligations of such Person under:

- (a) currency exchange, interest rate or commodity swap agreements, currency swap, interest rate or commodity cap agreements, currency exchange, interest rate or commodity collar agreements and foreign exchange contracts or futures contracts;
- (b) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (c) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates commodity prices or equity risks;

“Holding Company” means, in relation to any Person, any other Person in respect of which it is a Subsidiary;

“IFRS” means International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (**“IASB”**) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re issued from time to time);

“Indebtedness” means, with respect to any specified Person, on any date of determination:

- (a) the principal amount in respect of borrowed money;
- (b) evidenced by bonds, notes, debentures or similar instruments;
- (c) representing reimbursement obligations in respect of letters of credit, banker’s acceptances or similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments *plus* the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent any such reimbursement obligations relate to trade payables and such obligations are satisfied within 60 days of incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;
- (d) representing Lease Obligations;
- (e) representing the balance deferred and unpaid of the purchase price of any property or services (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;
- (f) the principal component or liquidation preference of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary, any preferred stock (but excluding, in each case, any accrued dividends);
- (g) representing any Hedging Obligations;
- (h) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however, that* the amount of such Indebtedness will be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons; and
- (i) the principal component of Indebtedness of other Persons to the extent guaranteed by such Person;

provided that the foregoing indebtedness (other than items set out in (c), (g) and (i)) shall be included in this definition of Indebtedness only if, and to the extent that, the indebtedness would appear as a liability upon a consolidated balance sheet of such Person prepared in accordance with IFRS.

The term Indebtedness shall not include:

- (i) Subordinated Shareholder Funding;
- (ii) any contingent obligations in respect of workers’ compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes;
- (iii) Contingent Obligations incurred in the ordinary course of business, obligations under or in respect of securitisation transactions and accrued liabilities incurred in the ordinary course of business that are not more than 120 days past due;
- (iv) any accrued expenses and trade payables;

“Independent Appraiser” means any independent, reputable firm of appraisers, banking firm, firm of public accountants or other expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required which is either internationally recognized or approved by the Capital Markets Board of Türkiye, and which is selected by the Issuer, *provided* it is not an Affiliate of the Issuer or any Restricted Subsidiary of the Issuer; and *provided further that* if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its

sole discretion) and the Trustee has been indemnified and/or secured and/or prefunded to its satisfaction in connection with such appointment, such firm may be appointed by the Trustee (at the costs of the Issuer without liability for so doing), and notified to the issuer;

“Interest Rate Agreement” means any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement with respect to exposure to interest rates;

“Investments” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including by way of guarantee or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business or advances or extensions of credit to customers or suppliers made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with the Accounting Standards. If the Issuer or any Subsidiary of the Issuer sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Issuer, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer’s Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in Condition 5.3(c) (*Limitation on Restricted Payments*). The acquisition by the Issuer or any Subsidiary of the Issuer of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in Condition 5.3(c) (*Limitation on Restricted Payments*). The amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer’s option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment;

“Lease Obligations” means an obligation that is required to be classified and accounted for as a capitalised lease for financial reporting purposes on the basis of the Accounting Standards. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalised on a balance sheet (excluding any notes thereto) prepared in accordance with the Accounting Standards, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty;

“Lien” means with respect to any asset, any mortgage (*ipoteke*), lien, pledge (*rehin*), charge, privilege (*rüçhan hakkı*), surety (*kefalet*), superficies right (*üst hakkı*), servitude (*irtifak hakkı*), usufruct (*intifa hakkı*), transfer by way of security (*teminat maksatlı devir*), real estate sale undertaking (*gayrimenkul satış vaadi*), assignment/transfer undertaking (*temlik vaadi*), security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the laws of any jurisdiction;

“Management Advances” means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Issuer or any Restricted Subsidiary:

- (a) in respect of travel, entertainment or moving-related expenses incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries;
- (b) in respect of moving-related expenses incurred in connection with any closing or consolidation of any facility or office of the Issuer or any of its Restricted Subsidiaries; or
- (c) any other such loans, advances or guarantees provided that they are made in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries and do not exceed U.S.\$5 million in the aggregate outstanding at any time;

“Material Adverse Effect” means a material adverse effect on:

- (a) the business, results of operations, property, assets, condition (financial or otherwise) or prospects of the Issuer, any Guarantor or any Material Subsidiary; or
- (b) the Issuer’s or any Guarantor’s ability to perform its obligations under the Notes Documents; or

- (c) the validity, legality or enforceability of the Trust Deed or the rights or remedies of the Noteholders or the Trustee under the Note Documents;

“Material Subsidiary” means at any relevant time a Restricted Subsidiary:

- (a) whose total assets, EBITDA or revenue represent not less than 10 per cent. of the Consolidated Total Assets, Consolidated EBITDA or consolidated revenue of the Group (determined by reference to the most recent publicly available annual or quarterly consolidated financial statements of the Group prepared in accordance with Accounting Standards and the latest annual or quarterly financial statements of the Restricted Subsidiary prepared in accordance with Accounting Standards);
- (b) to which is transferred all or substantially all the assets and undertakings of a Restricted Subsidiary (the **“Original Material Subsidiary”**) of the Issuer which immediately prior to such transfer is a Material Subsidiary provided that (i) the transferee (the **“New Material Subsidiary”**) shall cease to be a Material Subsidiary if upon delivery of any of the financial statements referred to in paragraph (a) above it no longer constitutes a Material Subsidiary under paragraph (a) above and (ii) the Original Material Subsidiary shall cease to be a Material Subsidiary on the date of such transfer until such time as it may constitute a Material Subsidiary again under paragraph (a) above; or
- (c) that is a Guarantor;

“Moody’s” means Moody’s Investors Service, Inc. and any successor to its rating agency business;

“Net Cash Proceeds” means: with respect to any Asset Sale, the proceeds thereof in the form of cash or Cash Equivalents actually received (except to the extent that such obligations are financed or sold with recourse to the Issuer or any Restricted Subsidiary), net of:

- (a) brokerage commissions and other fees and expenses (including, without limitation, fees and expenses of legal counsel, accountants, investment banks and other consultants) related to such Asset Sale;
- (b) provisions for all taxes paid or payable, or required to be accrued as a liability under IFRS as a result of such Asset Sale;
- (c) all distributions and other payments required to be made to any Person (other than the Issuer or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale; and
- (d) appropriate amounts required to be provided by the Issuer or any Restricted Subsidiary, as the case may be, as a reserve in accordance with IFRS against any liabilities associated with such Asset Sale and retained by the Issuer or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations or potential purchase price adjustments associated with such Asset Sale;

“Non-Guarantor Debt Ratio” as of any Determination Date means the ratio of (x) the aggregate amount of Indebtedness of Restricted Subsidiaries of the Issuer that are not Guarantors (excluding (i) Hedging Obligations and (ii) for the avoidance of doubt, any other Indebtedness of the type specified in sub-paragraph (viii) of the definition of Permitted Indebtedness) reflected on the balance sheet of the Restricted Subsidiaries of the Issuer that are not Guarantors on the last day of the Relevant Period to (y) the aggregate amount of the Consolidated EBITDA for the Relevant Period ending prior to such Determination Date, with such additional adjustments as are set out in the definition of Consolidated Net Leverage Ratio, sub-paragraphs (a)-(e);

“Non-Recourse Indebtedness” means Indebtedness as to which neither the Issuer nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), except as permitted under paragraph (y) of the definition of Permitted Liens or (b) is directly or indirectly liable as a guarantor or otherwise;

“Note Documents” means the Notes, the Trust Deed and the Agency Agreement;

“Obligations” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness;

“Offering Circular” means the offering circular dated on or about 13 May 2024 prepared for the purpose of the offering of the Notes by the Issuer and the Initial Guarantors;

“Officers’ Certificate” means a certificate signed by two Authorised Signatories of the Issuer;

“Opinion of Counsel” means a written opinion from legal counsel of international standing which is acceptable to the Trustee;

“Participating FFI” means an FFI that is a “participating foreign financial institution” as from the effective date of withholding on “passthru payments” (as terms are defined pursuant to FATCA);

“Participating Member State” means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union;

“Permitted Indebtedness” has the meaning set out in Condition 5.1(b);

“Permitted Investments” means:

- (a) any Investment in the Issuer or any Restricted Subsidiary (by the Issuer or a Restricted Subsidiary;
- (b) any Investment in cash, (for the avoidance of doubt, including cash held in any current account with any bank or financial institution) or Cash Equivalents;
- (c) any Investment by the Issuer or a Restricted Subsidiary in a Person, if as a result of such Investment: (i) such Person becomes a Restricted Subsidiary; or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;
- (d) any Investment made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Sale, in each case, that was made pursuant to and in compliance with Condition 5.6 (*Asset Sales*);
- (e) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Issuer;
- (f) any Investments received in settlement of debts created in the ordinary course of business or in compromise or resolution of (i) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary, including pursuant to any plan of reorganisation or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (ii) litigation, arbitration or other disputes with persons who are not Affiliates;
- (g) Investments in receivables owing to the Issuer or any Restricted Subsidiary if created or acquired in the ordinary course of business, *provided* that this paragraph may not be used by the Issuer or any Restricted Subsidiary for purposes of any Investment in any Indebtedness, equity securities, or any other obligations (whether or not constituting Indebtedness) of any direct or indirect shareholder (or their respective Affiliates) of the Issuer;
- (h) Investments represented by Hedging Obligations not prohibited by Condition 5.1 (*Incurrence of Indebtedness*);
- (i) (i) any guarantee of Indebtedness not prohibited by Condition 5.1 (*Incurrence of Indebtedness*) hereof other than a guarantee of Indebtedness of an Affiliate of the Issuer that is not a Subsidiary of the Issuer and (ii) (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;
- (j) Pledges or deposits (i) with respect to leases or utilities provided to third parties in the ordinary course of business or (ii) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under Condition 5.2 (*Limitation on Liens*);
- (k) (i) Investments in the Notes and (ii) any Investments in any other Indebtedness of the Issuer or any Restricted Subsidiary;
- (l) any Investment existing on, or made pursuant to legally binding commitments existing on, the Issue Date and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (i) as required by the terms of such Investment or (ii) as otherwise permitted under the Trust Deed;

- (m) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries or all or substantially all of the assets of another Person, in each case, in a transaction that is not prohibited by Condition 5.7 (*Mergers and Similar Transactions*) after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (n) Management Advances;
- (o) any performance, bid, completion, surety or appeal bonds or similar instruments, guarantees or obligations entered into in the ordinary course of business;
- (p) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to the definition of “Permitted Liens”;
- (q) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this paragraph(s) that are at the time outstanding do not exceed U.S.\$150 million; *provided* that if an Investment is made pursuant to this paragraph in a Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to Condition 5.3 (*Limitation on Restricted Payments*), such Investment shall thereafter be deemed to have been made pursuant to paragraph (a) or (c) above and not this paragraph (q), and *provided further* that this paragraph may not be used by the Issuer or any Restricted Subsidiary for purposes of any Investment in any Indebtedness, equity securities, or any other obligations (whether or not constituting Indebtedness) of any direct or indirect shareholder (or their respective Affiliates) of the Issuer; and
- (r) any Investment pursuant to an Affiliate Transaction permitted by paragraph (vii) of Condition 5.4(a);

“Permitted Liens” means:

- (a) Liens to secure Hedging Obligations incurred in the ordinary course of business;
- (b) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary of the Issuer or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary of the Issuer; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary of the Issuer or such merger or consolidation and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary of the Issuer or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary of the Issuer;
- (c) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Issuer or any Restricted Subsidiary of the Issuer, including any acquisition by means of a merger or consolidation with the Issuer or any Restricted Subsidiary of the Issuer; *provided* that such Liens were in existence prior to such acquisition and not incurred in contemplation of, such acquisition;
- (d) Liens (including deposits) to secure the performance of trade contracts, government contracts, leases, customs duties, guarantees, statutory obligations, letters of credit, insurance, performance and return of money bonds, surety bonds, bid bonds, appeal bonds, workers compensation obligations, unemployment insurance and other social security benefits, liabilities to insurance carriers under insurance of self-insurance arrangements and/or other obligations of a like nature incurred in the ordinary course of business;
- (e) any netting or set-off arrangement (and any Lien given in connection therewith) entered into by the Issuer or any Restricted Subsidiary of the Issuer with a bank or financial institution in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of the Issuer or any Restricted Subsidiary of the Issuer with that bank or financial institution;
- (f) any payment or close out netting or set-off arrangements pursuant to any hedging transaction entered into by the Issuer or any Restricted Subsidiary of the Issuer for the purpose of (x) hedging any risk to which the Issuer or any Restricted Subsidiary of the Issuer is exposed in its ordinary course of trading; or

- (y) its interest rate or currency management operations which are carried out in the ordinary course of business and intended for non-speculative purposes only, including, in each case, any Lien under a credit support arrangement in relation to such a hedging transaction;
- (g) Liens to secure Indebtedness (including Finance Lease) permitted by Condition 5.1(b)(iv) (*Incurrence of Indebtedness*) covering only the assets acquired with or financed by such Indebtedness;
 - (h) Liens existing on the Issue Date;
 - (i) Liens for taxes, assessments or governmental charges and similar charges or claims, including VAT, which either are not yet delinquent or are being contested in good faith by appropriate proceedings; provided that any reserve or other appropriate provision as is required in conformity with the Accounting Standards has been made therefor;
 - (j) Liens imposed by law or any governmental authority or by agreement having the same effect, including (without limitation) carriers', warehousemen's, landlord's, supplier's, repairmen's and mechanics' or other similar Liens, in each case, incurred in the ordinary course of business;
 - (k) survey exceptions, easements or reservations of, or rights of others for, licences, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
 - (l) any Lien given in connection with receivables owing to the Issuer or any Restricted Subsidiary payable or dischargeable in accordance with customary trade terms; *provided, however, that* such trade terms may include such concessionary trade terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;
 - (m) Liens created from time to time for the benefit of (or to secure) the Notes or the Guarantees;
 - (n) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under Condition 5.1(b)(v) (*Incurrence of Indebtedness*); *provided, however, that*
 - (i) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and
 - (ii) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness Refinanced with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;
 - (o) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;
 - (p) filing of financing statements as a precautionary measure in connection with operating leases;
 - (q) bankers' Liens, rights of setoff, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;
 - (r) any Lien securing reimbursement obligations of the Issuer or any of its Restricted Subsidiaries with respect to letters of credit or bank guarantees encumbering only documents and other property relating to such letters of credit or bank guarantees and the products or proceeds thereof in the ordinary course of business;
 - (s) any Lien given in connection with Indebtedness to finance goods in transit or exports of specified goods and secured thereon;
 - (t) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

- (u) (i) mortgages, liens, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any real property leased by the Issuer or any Restricted Subsidiary and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;
- (v) Liens on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
- (w) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;
- (x) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;
- (y) Liens on any proceeds loan made by the Issuer, any Subsidiary of the Issuer or a special purpose financing entity to the Issuer or a Restricted Subsidiary in connection with, and in the amount not exceeding the proceeds of, any future Incurrence of Indebtedness and securing that Indebtedness, *provided* that the Incurrence of such Indebtedness and the Incurrence of such proceeds loan are permitted by these Conditions;
- (z) pledges of goods, the related document of title and/or other related documents arising or created in the ordinary course of the Issuer's or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exist;
- (aa) Liens given in connection with receivables owing to the Issuer or any Restricted Subsidiary of the Issuer payable or dischargeable in accordance with customary trade terms; *provided, however, that* such trade terms may include such concessionary trade terms as the Issuer or the relevant Restricted Subsidiary of the Issuer deems reasonable under the circumstances;
- (bb) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (cc) grants of software and other technology licenses in the ordinary course of business;
- (dd) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods or supply of goods to the Issuer or any of its Restricted Subsidiaries entered into in the ordinary course of business;
- (ee) Liens in favour of the Issuer or any of its Restricted Subsidiaries;
- (ff) any Lien created or outstanding with the approval of an Extraordinary Resolution of the Noteholders;
- (gg) Liens securing any Indebtedness pursuant to any machinery or equipment financing or similar arrangements, including any guarantees thereof (and letters of credit or letters of guarantee regarding the same) and any Indebtedness that Refinances any such Indebtedness; plus the aggregate amount of fees (including original issue discount), underwriting discounts, premiums and other costs and expenses incurred in connection with any refinancing of any such Indebtedness; *provided* that that any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;
- (hh) Liens securing any Indebtedness incurred under Condition 5.1(b)(xv) (*Incurrence of Indebtedness*);
- (ii) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing paragraphs, *provided* that any such extension, renewal or replacement shall not extend to any additional property or assets; or
- (jj) other Liens; *provided* that the maximum amount of Indebtedness secured in the aggregate at any time pursuant to this paragraph (jj) does not exceed U.S.\$125 million;

“Permitted Refinancing Indebtedness” means any Indebtedness of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to Refinance other Indebtedness of the Issuer or any of its Subsidiaries (other than intercompany Indebtedness); *provided* that:

- (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness Refinanced (*plus* all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);
- (b) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity that is (a) equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being Refinanced or (b) after the final maturity date of the Notes;
- (c) if the Indebtedness being Refinanced is subordinated in right of payment to the Notes or any Guarantee, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or such Guarantee on terms at least as favourable to the holders of Notes as those contained in the documentation governing the Indebtedness being Refinanced; and
- (d) such Indebtedness shall not include Indebtedness of a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or Indebtedness of a Restricted Subsidiary that is not a Guarantor refinancing Indebtedness of the Issuer or a Guarantor,

Permitted Refinancing Indebtedness in respect of any Indebtedness may be incurred from time to time after the termination, discharge or repayment of any such Indebtedness;

“Permitted Reorganisation” means:

- (a) any disposal by the Issuer, any Guarantor, or any of their Restricted Subsidiaries of the whole or substantially all of their respective business, undertaking or assets either to the Issuer, the Guarantors or any other Restricted Subsidiary of the Issuer or the Guarantors, *provided*, in the case of the sale of all or substantially all of the assets of the Issuer or a Guarantor to any non-Guarantor Subsidiary, the acquiror assumes the obligations of the Issuer or such Guarantor under the Notes Documents pursuant to supplements thereto;
- (b) any amalgamation, consolidation or merger or voluntary winding-up or dissolution whilst solvent of a Restricted Subsidiary with or into:
 - (i) the Issuer or a Guarantor (provided that the Issuer or such Guarantor is the surviving entity of such amalgamation, consolidation or merger); or
 - (ii) any other Restricted Subsidiary of the Issuer or the Guarantors;

“Person” means any individual, corporation, firm, partnership, joint venture, association, trust, unincorporated organisation or government or judicial entity or any Agency or political subdivision thereof, in each case, whether or not having a separate legal personality;

“Potential Event of Default” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default;

“Pre-Expansion European Union” means the European Union as of 1 January 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after 1 January 2004;

“Preferred Stock”, as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person;

“Qualifying Equity Interests” means Equity Interests of the Issuer other than Disqualified Stock;

“Rating Agency” means each of S&P, Fitch and Moody’s;

“Refinance” means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease, discharge or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part; **“Refinanced”** and **“Refinancing”** shall have correlative meanings;

“Relevant Date” means, in relation to a payment of principal, premium and/or interest, whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in New York City by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount plus any accrued interest having been so received) notice to that effect shall have been given to the Noteholders by the Issuer in accordance with Condition 14 (*Notices*);

“Relevant Jurisdiction” means (i) in the case of the Issuer and the Initial Guarantors, the Republic of Türkiye or any political subdivision or any authority thereof or therein having power to tax, and (ii) in the case of any other Guarantor, the jurisdiction in which the relevant Guarantor is incorporated, or any political subdivision or any authority thereof or therein having power to tax;

“Relevant Period” means the most recently ended four fiscal quarters for which the Group’s financial statements are prepared in accordance with Accounting Standards and are delivered or deliverable to the Trustee pursuant to Condition 5.11 (*Financial Information*);

“Restricted Investment” means an Investment other than a Permitted Investment;

“Restricted Payment” shall have the meaning given to such term in Condition 5.3 (*Limitation on Restricted Payments*);

“Restricted Subsidiary” means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary;

“Senior Indebtedness” means, whether outstanding on the Issue Date or thereafter incurred, all amounts payable by, under or in respect of all other Indebtedness of the Issuer or any Restricted Subsidiary including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganisation relating to the Issuer or such Restricted Subsidiary at the rate specified in the documentation with respect thereto whether or not a claim for post filing interest is allowed in such proceeding) and fees relating thereto; *provided, however*, that Senior Indebtedness will not include:

- (a) any obligation of the Issuer or any Restricted Subsidiary to the Issuer or any Restricted Subsidiary of the Issuer;
- (b) any liability for taxes owed or owing by the Issuer or any Restricted Subsidiary of the Issuer;
- (c) any Indebtedness of the Issuer or any Restricted Subsidiary in respect of Subordinated Obligations or Disqualified Stock;
- (d) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities); and
- (e) that portion of any Indebtedness which at the time of incurrence is incurred in violation of these Conditions;

“S&P” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., and any successor to its rating agency business;

“Shares” means fully paid ordinary shares in the capital of the Issuer with, on the Closing Date, a nominal value of TL 0.01 (1 *Kuruş*) each;

“Stated Maturity” means with respect to any instalment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the first date it was incurred in compliance with these Conditions, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof;

“Stock Exchange” means the Irish Stock Exchange plc trading as Euronext Dublin;

“Subordinated Obligation” means, with respect to a Person, any Indebtedness of such Person (whether outstanding on the Issue Date or thereafter Incurred) which is subordinate or junior in right of payment to the Notes or a Guarantee, pursuant to a written agreement to that effect;

“Subordinated Shareholder Funding” means, collectively, any funds provided to the Issuer or any Subsidiary by any direct or indirect parent of the Issuer in exchange for or pursuant to any collateral, instrument or agreement other than Capital Stock, in each case, issued to and held by any of the foregoing Persons, provided that such Subordinated Shareholder Funding:

- (a) does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the final maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);
- (b) does not require, prior to the first anniversary of the final maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts, except for any such payments made in compliance with Condition 5.3 (*Limitation on Restricted Payments*);
- (c) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Maturity Date;
- (d) does not provide for or require any Lien or encumbrance over any property or asset of the Issuer or any of its Subsidiaries; and
- (e) is made to the Issuer or any Subsidiary and pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to a written agreement or deed poll;

“Subsidiary” means, with respect to any specified Person any other company whose financial statements are, in accordance with the Accounting Standards consolidated with those of such Person;

“Taxes” has the meaning set out in Condition 9 (*Taxation*);

“TFRS” means the Turkish Accounting Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority (*Kamu Gözetimi, Muhasebe ve Denetim Standartları Kurumu*);

“Unrestricted Subsidiary” means any Subsidiary of the Issuer that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary at the time of such designation:

- (a) has no Indebtedness other than Non-Recourse Indebtedness;
- (b) except as permitted by Condition 5.4 (*Transactions with Affiliates*), is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favourable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer; and
- (c) is a Person with respect to which neither the Issuer nor any Restricted Subsidiary has any direct or indirect obligation to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results;

“USD Equivalent” means with respect to any amount denominated in a currency other than euros, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such other currency involved into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Bloomberg at approximately 11:00 a.m. (London time) on the date not more than two Business Days prior to the date of determination; and

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (a) the sum of the products obtained by multiplying:
 - (i) the amount of each then remaining instalment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof (provided that any payments of principal, the making of which is subject to any conditions, including availability of cash of an obligor, shall be not treated as “required” for the purposes of this paragraph (i)), by
 - (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment, by
- (b) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness.

THE GLOBAL NOTES

The Global Notes contain the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Notes, some of which modify the effect of the Terms and Conditions. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below.

Form of the Notes

All Notes will be in global, fully registered form, without interest coupons attached. Notes offered and sold outside the United States in reliance on Regulation S will be represented by interests in the Regulation S Global Note, in global fully registered form, without interest coupons attached, which will be deposited on or about the Issue Date with a Common Depositary for Euroclear and Clearstream, Luxembourg and registered in the name of The Bank of New York Depository (Nominees) Limited as nominee for such Common Depositary in respect of interests held through Euroclear and Clearstream, Luxembourg.

Notes offered and sold in reliance on Rule 144A will be represented by interests in one or more Rule 144A Global Notes, in global fully registered form, without interest coupons attached, which will be registered in the name of Cede & Co., as nominee of DTC and which will be deposited on or about the Issue Date with The Bank of New York Mellon, acting as custodian (the “**Custodian**”) for DTC. The Rule 144A Global Note (and any Definitive Registered Notes (as defined below) issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Note as set forth under paragraph 3 below.

For the purposes of the Rule 144A Global Note and the Regulation S Global Note, any reference in the Terms and Conditions to “**Definitive Registered Note**” or “**Definitive Registered Notes**” shall, except where the context otherwise requires, be construed so as to include the Rule 144A Global Note or, as the case may be, the Regulation S Global Note and interests therein.

Notices

So long as the Notes are represented by a Global Note and the Global Note is held on behalf of a common depositary for Euroclear, Clearstream, Luxembourg or a custodian for DTC (as applicable) or any other clearing system, notices to Noteholders required may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for notification as required by Condition 14 (*Notices*). Any such notice shall be deemed to have been given to such Noteholders on the day after the day on which such notice is delivered to such clearing system. Provided that whilst the Notes are listed on Euronext Dublin, notices will also be given in accordance with the rules and guidelines of Euronext Dublin.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system’s operational procedures and otherwise in such manner as the Trustee and the applicable clearing system may approve for this purpose.

Exchange of Interests in Global Notes for Definitive Registered Notes

The Rule 144A Global Note will become exchangeable, free of charge to the holder, in whole but not in part, for Note certificates in definitive form (“**Rule 144A Definitive Registered Notes**”) if DTC (a) notifies each of the Issuer or the Guarantors that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Rule 144A Global Note or ceases to be a “**clearing agency**” registered under the Exchange Act, or is at any time no longer eligible to act as such and each of the Issuer or the Guarantor is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC or (b) an Event of Default (as defined and set out in Condition 11 (*Events of Default*) of the Notes) occurs. In such circumstances, such Rule 144A Definitive Registered Notes shall be registered in such names as DTC shall direct in writing and the Issuer or the Guarantors will procure that the Registrar notify the holders as soon as practicable after the occurrence of the events specified in (a) and/or (b).

The Regulation S Global Note will become exchangeable, free of charge to the holder, in whole but not in part, for Note certificates in definitive form ("**Regulation S Definitive Registered Notes**") if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (b) an Event of Default (as defined and set out in Condition 11 (*Events of Default*) of the Notes) occurs. In such circumstances, such Regulation S Definitive Registered Notes will be registered in such names as Euroclear and Clearstream, Luxembourg shall direct in writing and the Issuer or the Guarantors will procure that the Registrar notify the holders as soon as practicable after the occurrence of the events specified in (a) and/or (b).

In the event that the Rule 144A Global Note is to be exchanged for Rule 144A Definitive Registered Notes or the Regulation S Global Note is to be exchanged for Regulation S Definitive Registered Notes (together "**Definitive Registered Notes**") the relevant Global Note shall be exchanged in full for the relevant Definitive Registered Notes and the Issuer or the Guarantor will, without charge to the holder or holders thereof, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange, cause sufficient Definitive Registered Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders.

On exchange, a person having an interest in a Global Note must provide the Registrar with (i) a written order containing instructions and such other information as the Issuer, the Guarantors and the Registrar may require to complete, execute and deliver such Definitive Registered Notes and (ii) in the case of the Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Registered Notes issued in exchange for a beneficial interest in the Rule 144A Global Note shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*". Rule 144A Definitive Registered Notes issued as described above will not be exchangeable for beneficial interests in the Regulation S Global Note and Regulation S Definitive Registered Notes issued as described above and will not be exchangeable for beneficial interests in the Rule 144A Global Note.

In addition to the requirements described under "*Transfer Restrictions*", the holder of a Note may transfer such Note only in accordance with the provisions of Condition 3 (*Transfer of Notes*) of the Notes.

Upon the transfer, exchange or replacement of a Rule 144A Definitive Registered Note bearing the legend referred to under "*Transfer Restrictions*", or upon specific request for removal of the legend on a Rule 144A Definitive Registered Note, the Issuer will deliver only Rule 144A Definitive Registered Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer, the Guarantors and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer or the Guarantors that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Registrar will not register the transfer of any Notes or exchange of interests in a Global Note for Definitive Registered Notes for a period of 15 calendar days ending on the due date of any payment of principal, premium or interest in respect of such Notes.

Holders

So long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their Common Depositary is the registered holder of a Global Note, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Agency Agreement, the Trust Deed and the Notes. Payments of principal, premium, interest and additional amounts, if any, in respect of Global Notes will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Guarantors, the Trustee, any Principal Paying Agent, Transfer Agent or the Joint Bookrunners or any affiliate of any of the above or any person by whom any of the above is controlled for the

purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The holdings of book-entry interests in the Notes through Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book entry accounts of each such institution. As necessary, the Registrar and Transfer Agent will adjust the amounts of each series of Notes on the Register for the accounts of (i) a nominee of a common depository for Euroclear and Clearstream, Luxembourg (ii) Cede & Co. to reflect the amounts of each series of Notes held through Euroclear and Clearstream, Luxembourg on the one hand and DTC on the other. Beneficial ownership of Notes will be held directly through DTC, Euroclear or Clearstream, Luxembourg in the case of accountholders ("**Direct Participants**") or indirectly through organisations that are accountholders therein ("**Indirect Participants**" and, together with Direct Participants, "**Participants**").

Prescription

Claims against the Issuer in respect of principal, premium, interest and other amounts on the Notes whilst the Notes are represented by a Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal and premium) and five years (in the case of interest or any other amount) from the appropriate Relevant Date (as defined in Condition 9 (*Taxation*) of the Notes).

Payments

So long as the Notes are represented by a Global Note, payments of principal, premium and interest in respect of Notes represented by a Global Note shall be made to the person(s) shown as the Noteholder(s) in the Register at the close of business on the Record Date, which shall be the Clearing System Business Day before the due date for payment, where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note is being held is open for business and shall be made against presentation for endorsement and if no further payment falls to be made in respect of the Notes, surrender of the Global Note.

Meetings

The holder of a Global Note will be treated as being one person for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each U.S.\$1,000 in principal amount of Notes for which the Global Note may be exchanged.

Purchase and Cancellation

Cancellation of any Note required by the Terms and Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the relevant Global Note.

Trustee's Powers

In considering the interests of Noteholders whilst a Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Note and may consider such interests as if such accountholders were the holder of the Global Note.

Call Option

No drawing of Notes will be required under Condition 8.3 (*Redemption at the option of the Issuer (Equity Offering)*) or under Condition 8.4 (*Redemption at the option of the Issuer (Premium)*) of the Notes in the event that the Issuer exercises its call option in such Condition whilst the Notes are represented by a Global Note in respect of less than the aggregate principal amount of Notes outstanding. In such event, the partial redemption will be effected in accordance with the rules and procedures of DTC, Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

Put Option

The Noteholders' put option in Condition 8.5 (*Redemption at the option of Noteholders (Change of Control)*) of the Notes may be exercised by the holder of the relevant Global Note giving notice to the Principal Paying Agent and Transfer Agent of the principal amount of Notes in respect of which the option is exercised and presenting the Global Note for endorsement of exercise within the time limits specified in such Condition.

CLEARING AND SETTLEMENT

Custodial and depositary links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross market transfers of the Notes associated with secondary market trading. Investors may hold their interests in a Global Note directly through DTC, Euroclear or Clearstream, Luxembourg as Direct Participants or indirectly through organisations that are accountholders therein as Indirect Participants.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

DTC

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the Issuer of New York, a “banking organisation” under the laws of the Issuer of New York, a member of the US Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants (“**DTC Participants**”) and facilitate the clearance and settlement of securities transactions between DTC Participants through electronic computerised book entry changes in accounts of its DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly.

Investors may hold their interests in the Rule 144A Global Note directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which are Direct Participants in such system.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Rule 144A Global Note as to which such Participant or Participants has or have given such direction. However, in the circumstances described under “*The Global Notes—Exchange of Interest in Global Notes for Global Notes*”, DTC will cause the Custodian to surrender the Rule 144A Global Note for exchange for a Rule 144A Definitive Registered Note.

Book Entry Ownership

Euroclear and Clearstream, Luxembourg

The Regulation S Global Note will have an ISIN and a Common Code and will be registered in the name of a nominee for and deposited with a Common Depository on behalf of, Euroclear and Clearstream, Luxembourg.

The address of Euroclear is 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L 1855, Luxembourg.

DTC

The Rule 144A Global Note will have an ISIN and a CUSIP number and will be deposited with the Custodian for and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of any Note evidenced by a Global Note must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the Common Depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant Common Depositary or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in any Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder of such Global Note in respect of each amount so paid. None of the Issuer or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Euroclear, Clearstream, Luxembourg and DTC Arrangements

So long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their Common Depositary is the registered holder of a Global Note, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Agency Agreement, the Trust Deed and the Notes. Payments of principal, premium, interest and additional amounts, if any, in respect of Global Notes will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Trustee, any Paying Agent or the Joint Bookrunners or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal, premium and interest with respect to book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system's rules and procedures.

Holders of book entry interests in the Notes through DTC will receive, to the extent received by DTC from the Principal Paying Agent, all distributions of principal, premium and interest with respect to book entry interests in the Notes from the Principal Paying Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Note to such persons will be limited. Because DTC, Euroclear and Clearstream, Luxembourg can only act on behalf of Participants, who in

turn act on behalf of Indirect Participants, the ability of a person having an interest in a Global Note to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book entry interests in the Notes in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book entry accounts of each such institution. As necessary, the Registrar and Transfer Agent will adjust the amounts of Notes on the Register for the accounts of a nominee of the Common Depositary for Euroclear and Clearstream, Luxembourg and Cede & Co. to reflect the amounts of Notes held through Euroclear and Clearstream, Luxembourg on the one hand and DTC, on the other. Beneficial ownership in Notes will be held through financial institutions as Direct and Indirect Participants in Euroclear, Clearstream, Luxembourg and DTC.

Interests in the Regulation S Global Note and the Rule 144A Global Note will be in uncertificated book entry form.

Trading between Euroclear and/or Clearstream, Luxembourg Account Holders

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants

Secondary market sales of book entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same Day Funds Settlement System. Under Rule 15c6 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade agree otherwise.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Note (subject to such certification procedures as are provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12:00 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder. On the settlement date, the Custodian will instruct the Registrar and Transfer Agent to (a) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note(s) and (b) increase the amount of Notes registered in the name of the nominee of the Common Depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note. Book entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first Business Day following the settlement date. See *"The Global Notes"* concerning the Record Date for payment of interest.

Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser

When book entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Rule 144A Global Note (subject to such certification procedures as are provided in the Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m. Brussels or Luxembourg time, one Business Day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the Common Depositary for Euroclear and Clearstream, Luxembourg and the Registrar and

Transfer Agent to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg account holder, as the case may be. On the settlement date, the Common Depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the Custodian who will in turn deliver such book entry interest in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar and Transfer Agent to (i) decrease the amount of Notes registered in the name of the nominee for the Common Depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note. See *"The Global Notes"* concerning the Record Date for payment of interest.

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the Notes amongst participants of DTC, Clearstream, Luxembourg and Euroclear, none of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time. None of the Issuer, the Trustee, any Principal Paying Agent, Transfer Agent or any of the Joint Bookrunners or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

CERTAIN INSOLVENCY AND ENFORCEABILITY CONSIDERATIONS

The following is a brief description of certain insolvency and enforceability considerations in Türkiye. The descriptions below do not purport to be complete or discuss all of the limitations or considerations that may affect the Notes or the Guarantee. Proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect Noteholders' ability to enforce their rights and to collect payment in full under the Notes and the Guarantee. Prospective investors in the Notes should consult their own legal advisers with respect to such limitations and considerations. See "Risk Factors—Risks Relating to Enforcement".

Türkiye

Enforceability of Judgments

The Issuer is a public joint stock company (*halka açık anonim şirket*) and the Guarantors are incorporated as a joint stock company (*anonim şirket*) under the laws of Türkiye. All of the directors and officers of the Issuer and the Guarantors reside inside Türkiye. It should be noted that enforcement of court judgments obtained in countries other than Türkiye is subject to certain limitations. In accordance with Articles 50-59 of the Turkish International Private and Procedure Law No. 5718, the courts of Türkiye will not enforce any judgment obtained in a court established in a country other than Türkiye unless:

- there is in effect a treaty between such country and Türkiye providing for reciprocal enforcement of court judgments (*de jure reciprocity*);
- there is *de facto* enforcement in such country of judgments rendered by Turkish courts (*de facto reciprocity*); or
- there is a provision in the laws of such country that provides for the enforcement of judgments of Turkish courts.

There is no treaty between the United States and Türkiye or between the United Kingdom and Türkiye providing for reciprocal enforcement of judgments. As to *de facto reciprocity* between the State of New York and Türkiye, the Issuer is aware of at least one court decision of the State of New York where a Turkish court judgment rendered in commercial matters was enforced. However, there is no *de facto reciprocity* between the United States and Türkiye. Moreover, there is uncertainty as to the ability of an investor to bring an original action in Türkiye based on United States federal or non-Turkish securities laws.

As to *de facto reciprocity* between the United Kingdom and Türkiye, Turkish courts have rendered at least one judgment in the past confirming *de facto reciprocity* between the United Kingdom and Türkiye. However, since *de facto reciprocity* is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the United States or the United Kingdom by the Turkish courts.

In addition, the Turkish courts will not enforce any judgment obtained in a court established in a country other than Türkiye if:

- the defendant was not duly summoned or represented;
- the defendant's fundamental procedural rights were not observed and the defendant brings an objection before the Turkish court against the request for enforcement on either of these grounds;
- the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the Turkish courts;
- the judgment is incompatible with a judgment of a Turkish court between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Türkiye;

- the judgment is not of a civil nature;
- the judgment is clearly against public policy rules of Türkiye;
- the court rendering the judgment did not have jurisdiction to render such judgment;
- the judgment is not final and binding with no further recourse for appeal under the laws of the country where the judgment has been rendered; or
- the judgment was rendered by a foreign court, which treated itself as competent even though it had no actual relationship with the parties or the subject matter at hand and the defendant brings an objection before the Turkish court against the request for enforcement on this ground.

Furthermore, to be enforceable under the laws of Türkiye, the choice of laws of a foreign jurisdiction or submission to the jurisdiction of the courts of such a foreign jurisdiction should indicate the competent courts with sufficient precision. Therefore, lack of precision whilst determining the competent court of a foreign jurisdiction may render the choice of foreign court unenforceable.

As a result, it may not be possible to:

- effect service of process outside Türkiye upon any of the directors and executive officers named in this Offering Circular; or
- enforce, in Türkiye, court judgments obtained in courts of jurisdictions other than Türkiye against the Issuer or the Guarantors or any of the directors and executive officers named in this Offering Circular in any action.

In addition, it may be difficult or impossible to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon securities laws of the United States.

Furthermore, as a matter of Turkish law, the choice of jurisdiction requires explicit agreement of the parties as to the exclusive jurisdiction of a particular court, defined with sufficient precision. Non-exclusive jurisdiction clauses or general references to courts of a country may not be honoured by Turkish courts. Therefore, any Turkish court may claim jurisdiction if a lawsuit is filed in Türkiye by the parties in relation to a document regarding matters arising thereunder and may refrain from honouring relevant jurisdiction clauses in the event it is considered that such explicit agreement is lacking as to the jurisdiction of a particular court(s).

In any suit or action against a company in the Turkish courts, a foreign plaintiff may be required to deposit security for court costs (*cautio judicatum solvi*), *provided, however*, that the court may in its discretion waive such requirement for security in the event that the plaintiff is considered to be (i) a national of one of the contracting states of the Convention Relating to Civil Procedures signed at The Hague on 1 March 1954 (ratified by Türkiye by Law No. 1574); save for legal entities incorporated under the laws of such contracting states or (ii) a national of a state that has signed a bilateral treaty with Türkiye which is duly ratified and contains, *inter alia*, a waiver of the *cautio judicatum solvi* requirement on a reciprocal basis.

Bankruptcy

Bankruptcy proceedings may be initiated either by (i) application to the commercial court after initiation of a debt collection proceeding in which the debtor objects to the debt or does not pay the claimed amount whilst not objecting, or (ii) direct application to the commercial court by the debtor itself or the creditors under certain conditions.

The general cause for bankruptcy is the inability of a debtor to pay their debts as they become due, in spite of the bankruptcy suit.

In such cases, where a creditor initiates a bankruptcy proceeding through request for payment of a due debt, the debtor may avoid the bankruptcy by payment of the claimed debt or raising a valid objection against such request. On the other hand, the creditors may directly file a bankruptcy lawsuit against the debtor without

being required to start a debt collection proceeding if the debtor (a) does not have a permanent residence and is likely to change its location for the purposes of avoiding the discharge of its obligations; (b) executes or attempts to execute fraudulent transactions to the detriment of its creditors; (c) conceals its assets during attachment procedures; (d) permanently suspends its payments; (e) fails to make any payment despite an execution order based on a court judgment; or (f) if the concordat (*konkordato*) request of the debtor is not approved by the relevant court.

Finally, the debtor is obliged to file for its own bankruptcy if (i) half of the assets are attached as a result of a debt collection proceeding(s) and the other half is not adequate to cover its due and payable debts and the debts that will become due and payable within a year or (ii) if the assets of the company are not sufficient to cover its liabilities. The creditors will have 15 days as of the said announcement to intervene to the court proceeding to object to the bankruptcy. However, the filing or the declaration of the bankruptcy is not individually notified or served to the creditors.

In case where the bankruptcy request is filed by the creditors, the commercial court hearing the request may decide to enforce protective measures over the assets of the debtor.

In the event a person is declared bankrupt, all its assets will form the bankrupt's estate over which the bankruptcy administration would have utmost control. In this case, the bankruptcy administration would liquidate all the assets of the relevant person and distribute the proceeds thereof to the creditors pursuant to the ranking of receivables prescribed by the Code of Execution and Bankruptcy of the Republic of Türkiye numbered 2004 (the "**Bankruptcy Code**"). However, the rights secured with pledges have priority to the other receivables. The debts for which the bankrupt person issued a suretyship are recorded with the bankruptcy estate although they are not due.

In case of the declaration of the bankruptcy, any person possessing an asset of the bankrupt person is required to deliver such asset to the order of the bankruptcy estate regardless under what capacity they hold such assets. If the assets are not delivered in the required time, then the holder of the asset will not be able to use its priority rights (e.g. pledge) and would be subject to penalty. This rule also covers the assets located outside of Türkiye.

Once a person is declared bankrupt by the court, all of its unsecured debts are accelerated. All of its assets are liquidated by the bankruptcy office for repayment of its debts. All debt of a bankrupt person is converted to Turkish Lira as of the date of the bankruptcy decision. In the liquidation of assets, secured claims and unsecured claims are treated separately in terms of priority. Upon the sale of the secured assets by the bankruptcy administration and the deduction of the sale and bankruptcy administration expenses, the secured creditors of the bankrupt person will have priority over its other creditors with respect to the receivables covered by the assets pledged to them. If the secured assets are insufficient to pay the secured creditors for the debts of the bankrupt person, such creditors will be entitled to proceed against the remaining assets of the bankrupt person as unsecured creditors.

Impact of the Bankruptcy over (if any) the Guarantee provided by the Turkish Guarantors

The guarantee undertaken by Turkish Guarantors of the debts of the Issuer will need to be treated differently than a pledge of assets by the Guarantor under Turkish bankruptcy law, as an independent obligation from the underlying contract, constituting a personal and ordinary claim against such Guarantors. This claim will be satisfied according to the priority of claims set forth in Article 206 of the Bankruptcy Code, as amended. Claims arising from a guarantee, as unsecured claims, are paid on a pro rata basis out of the sale proceeds of the Guarantors' estate in the fourth rank, behind payment of expenses of the bankruptcy administration, public claims relating to the secured assets, such as taxes relating to the *in rem* rights of the assets, assets subject to security and legally privileged claims as listed in the first three ranks of Article 206 of the Bankruptcy Code.

The obligations and liabilities of (if any) the Guarantors under the Guarantee will rank at least *pari passu* with all other unsecured obligations of the Guarantor to the extent permitted by applicable laws relating to creditors' rights in the event of insolvency and other than those obligations which are preferred by law.

Furthermore, any claim against Turkish Guarantors which is denominated in a foreign currency may only be recorded in Turkish Lira by the bankruptcy estate. In such circumstances, the relevant exchange rate for determining the Turkish Lira amount of any such claim would be the Central Bank of Türkiye's effective selling rate of the relevant currency by the date when the court declares the bankruptcy.

Other Forms of Insolvency Proceedings

There are two types of other formal debt reorganisation procedures under Turkish bankruptcy law: (i) concordat (*konkordato*) and (ii) restructuring upon settlement. Secured creditor rights are not affected in principle by these organisations, but enforcement of the security rights may be delayed.

As explained below, in concordat, no execution proceeding may be initiated against the debtor and pending execution proceedings are suspended, except for those initiated by the secured creditors. Nevertheless, proceedings for the enforcement of a pledge may be initiated by the secured creditors, but the secured assets may not be sold during the course of the concordat.

In the restructuring upon settlement, which is not a common method used in the Turkish practice, terms and conditions of enforcement of the security and debt collection proceedings would be subject to the restructuring project that is accepted by (i) the majority of the creditors who are affected by the restructuring project and (ii) the receivables of such majority corresponding to two-thirds of the receivables the creditors who are affected by the restructuring and participated to the voting. It should also be noted that the court is entitled to reject the restructuring plan although these quorums are met.

Concordat

The purpose of the concordat is for the debtor to gain the ability to pay the debts whilst avoiding bankruptcy to protect both the continuity of the business and the creditors. The restructuring can be carried out in a variety of methods, including but not limited to by extending the maturity of the debts and/or by making a discount on the debts due to its creditors. Creditors are also entitled to request a debtor to be subject to the concordat in certain cases.

If there is no missing document in the concordat application, the commercial court will declare immediately a temporary standstill period (*geçici mühlet*). The initial temporary standstill period may be three months. Prior to expiry of such three-month period, the commercial court may extend the temporary standstill period for a maximum of two months. The total period of temporary standstill cannot exceed five months.

In its decision to declare a temporary standstill period, the commercial court shall also appoint one to three temporary concordat trustee(s), whose main duty is examining the likelihood of success of concordat and acting as a custodian to the operations.

The main consequences of a concordat period which apply to the temporary standstill period are as follows:

- Suspension of execution proceedings: During the temporary stay, except for any employee claims, the existing execution proceedings are suspended and no new execution proceeding can be initiated. Further, the courts and execution offices cannot enforce any decision imposing an interim injunction (*ihtiyati tedbir*) or interim attachment (*ihtiyati haciz*). Limitation periods that may restart through an execution proceeding are suspended.
- Invalidity regarding assigned future receivables: If any future receivables (i.e. receivable that are not in existence by the date of assignment) prior to when the temporary standstill period is assigned and such receivable has arisen during the temporary standstill period; such assignment becomes automatically invalid.
- Suspension of sale of pledged assets: The secured creditors can initiate execution proceedings or continue existing proceedings for their pledges during the temporary standstill period. However, no interim measures can be imposed over the assets within the scope of such execution and the asset cannot be liquidated as a result of such execution proceeding.

- Impact to certain contractual provisions: As for the agreements, which are important for the continuity of the operations (material agreements), irrespective as to whether the counterparty of an agreement is affected by the concordat project, the following provisions are deemed to be inapplicable and in any case, the counterparty may not terminate the agreement due to the concordat request:
 - (a) Concordat request is a breach of the agreement.
 - (b) Concordat request is a valid ground for termination.
 - (c) Concordat request accelerates the debt under the agreement.
- Termination of certain agreements on the grounds of concordat: The debtor is entitled to terminate continuing performance agreements (i.e. an agreement regarding long-term service supply) preventing the successful completion of the concordat project, upon approval of the commercial court and the affirmative consent of the concordat trustees. Any indemnification that the debtor is obliged to pay as a result of such termination is subject to the concordat project.
- Continuing the operations during the temporary standstill period: During the temporary standstill period, in principle, the debtor can continue its operations, under the custody of the concordat trustee. However, when declaring the standstill period, the court may order that the concordat trustee, rather than management of the debtor, will continue the operations of the debtor. Alternatively, the court may also order that, certain transactions of the debtor can only be effected upon approval of the concordat trustee. If this is the case and the concordat trustee commissar does not approve such transactions, those will be deemed invalid.
- Prohibition on granting security and providing guarantees: As of the temporary standstill period, the debtor cannot (i) grant any pledge over its assets, (ii) sell real estate or permanent assets of the business or establish any encumbrance over thereof, (iii) cannot issue suretyship for any debt and (iv) cannot dispose of any asset without consideration. The debtor subject to concordat can only consummate such transactions upon approval of the commercial court. If the commercial court does not approve such transactions, those will be deemed invalid.

If the commercial court arrives at the judgment that the successful completion of concordat is likely, it declares a definite standstill period (*kesin mühlet*). When deciding on the definite standstill, the commercial court considers the opinion of the temporary concordat trustee, or panel of trustees, as well as objections of the creditors, if any. The commercial court is obliged within the temporary standstill period to decide whether it will grant a definite standstill. The initial period for definite standstill is one year. This period may be extended for a maximum of six months.

The commercial court orders the temporary concordat trustee to continue its duty during the definite standstill, unless there is a reasonable reason for his/her removal from duty.

The commercial court hearing the concordat request may also order the formation of a creditors' committee, consisting of a maximum of seven persons and in an odd number. The creditors' committee takes decisions with a simple majority of the attendants at its meetings. The creditors' committee's main duty is examining the activities of the concordat trustee and submitting complaints to the commercial court about such activities, if necessary.

Unless otherwise included in the restructuring project, unsecured debts shall not accrue interest during the definitive stay period.

Upon declaration of temporary standstill, the temporary concordat trustee invites the creditors to declare their receivables from the debtor within 15 days.

After the declarations of receivables and completion of the verification of these declared receivables, the commercial court invites the creditors to negotiate the concordat project submitted by the debtor in a meeting set on a date at least 15 days later than such invitation.

The concordat trustee chairs such meeting and reports on the status of the debtor. The proposed concordat project is accepted if:

- (1) Approved by a majority exceeding (a) 50 per cent. of the declared creditors and (b) 50 per cent. of the declared receivable; or
- (2) Approved by a majority exceeding (a) 25 per cent. of the declared creditors and (b) two-thirds of the declared receivable.

Only the creditors affected by the project can vote. The secured creditors' receivables are taken into account; to the extent the value of their security is not sufficient to cover the total amount of their receivables.

The creditors present at the aforementioned meeting sign the minutes of the meeting to indicate their affirmative or dissenting vote. Alternatively, within seven days from the meeting, any creditor can participate in the voting by signing the minutes of the meeting and indicating its affirmative or dissenting vote. After the expiry of such period of seven days, the concordat trustee submits a reasoned report to the commercial court within seven days, along with the minutes of the meeting and all other documents regarding the concordat.

The last step for the concordat project to be binding, is its approval by the commercial court. The commercial court shall decide after hearing the concordat trustee and examining its reasoned report regarding concordat and in any case, before the end of the standstill period. The commercial court requires the following conditions to be met for approving the concordat project:

- The actual amount proposed to be paid to the creditors in the concordat project should be higher than the amount which can be collected by the creditors in a possible scenario of bankruptcy;
- The actual amount proposed to be paid to the creditors should be proportionate to the resources of the debtor;
- The concordat project is duly approved by the majority of creditors and receivables, in accordance with the quorums described above;
- Full repayment of the receivables of the employees of the debtor and the receivables arisen due to agreements executed within the standstill period with the approval of the concordat trustee must be sufficiently secured with collateral; and
- Litigation expenses for approval of concordat and charges to be collected over the amount agreed to be paid to the creditors in case of approval of the concordat should be deposited.

The commercial court is entitled to make adjustments in the concordat project *ex officio* or upon demand.

The decision on approval of the concordat request contains the rates of discounts made in the receivables and the timetable of payments of the debts.

Further, in its decision to approve the concordat project, the commercial court shall also be entitled to appoint a custodian (*kayyım*) to the debtor to supervise the operations of the debtor and take the necessary measures for the concordat to succeed.

Consequences of approval of the concordat project

If the project is accepted by the required creditors and approved by the commercial court, it covers certain obligations of the debtor and binds certain creditors as detailed below. The discount rates and repayment schedule as approved in the concordat project become applicable to all the creditors affected by the concordat. The attachments within the scope of the execution proceedings initiated prior to the temporary standstill period become invalid, provided that the attached assets are not liquidated.

The creditors of the following privileged/secured receivables are not affected by the concordat, in respect of their privileged receivables:

- proceedings of secured debts;
- public debts in relation to specific assets, e.g. real estate tax for immovable, customs tax for movables,
- privileged receivables, which are registered during the concordat period, defined in the applicable law, e.g. employee receivables, alimony debts, receivables of Savings Deposit Insurance Fund; and
- receivables arising from transactions executed with the approval of the concordat trustee during the concordat period.

In addition, upon request of the debtor, in its decision of approval of the concordat project, the commercial court may postpone seizure and the sale of collateral as a result of the enforcement proceedings of secured creditors *provided that*:

- The secured debt has arisen before filing the concordat request.
- Whole interest accrued on the secured debt prior to the date of concordat request has been repaid.
- The debtor plausibly proves that the asset given as security for such debt is mandatory for its operations and if it is sold, the debtor's economic integrity and operations will be endangered.

Bankruptcy during the concordat process and revocation of the concordat

If any of the following cases occur during the standstill period, the commercial court dismisses the concordat request and declares the bankruptcy of the debtor *ex officio*, upon receiving the written report of the concordat trustee:

- Bankruptcy is a better option to protect the creditors and the estate of the debtor.
- It is understood that the concordat cannot be completed successfully.
- The debtor acts in breach of prohibition on providing security and guarantees, on orders/instructions of the concordat trustee.
- The debtor requests its own bankruptcy.

Separately, in any case, if the commercial court rejects to approve the concordat project, it should declare the company bankrupt *ex officio*, in the presence of a reason for direct bankruptcy.

Finally, after the approval of the concordat project, any creditor against whom the debtor has failed to fulfil its obligations in accordance with the approved project, can request revocation of the concordat or disapplication of the project specifically for itself. Furthermore, any creditor can request the revocation of concordat in case the concordat becomes ineffective due to bad faith of the debtor. Accordingly, any secured creditor against whom the debtor has failed to fulfil its obligations in accordance with the agreement reached for restructuring of its secured obligations, can request cancellation of such agreement. Further, if the cancellation of such agreements results in the overall secured receivable which agreed to the restructuring of secured obligations falling below the threshold of two-thirds of the secured receivable; (i) the dissenting secured creditors will be no longer subject to the longest maturity in the agreements made with other secured creditors and (ii) other secured creditors will be entitled to unilaterally terminate the restructuring agreement that they have reached with the debtor.

Restructuring of secured obligations

As a relatively new mechanism introduced by the Law No. 7101 on Amendment of Enforcement and Bankruptcy Code, secured receivables can also be restructured under certain circumstances.

For restructuring the secured obligations, the debtor must indicate its plan to restructure its secured obligations in the preliminary project for concordat. This restructuring process runs in parallel with the ordinary restructuring of unsecured receivables.

Within the period of the definitive stay, the concordat trustee invites all secured creditors for negotiating the restructuring proposals made in the preliminary project for concordat, such as discounts in principal or interest and extensions of maturity. In such a meeting of the secured creditors, the proposed restructuring of secured obligations is deemed accepted if the debtor reaches an agreement to restructure with creditors having two-thirds of the total secured debt. Similar to the process described above for approval of the concordat project, within seven days from the meeting, the debtor may agree with any secured creditor to restructure and such agreement will also be taken into account for the calculation whether the aforementioned meets the required quorum.

If the debtor succeeds to agree with the creditors on the restructuring by the quorum mentioned above; the secured creditors who have not agreed to restructure, become subject to the longest maturity in the agreements made with other secured creditors.

If the agreements meet the foregoing requirements; the commercial court includes the agreements executed with the secured creditors and the repayment plan for secured creditors in the decision approving the concordat project. Accordingly, if the proposed concordat project is not accepted by the majority of the creditors as described above; the agreements made to restructure the secured debts are also deemed refused and the repayment plan relating to the secured creditors would not be valid.

Out-of-Court Restructuring

In addition to the foregoing, certain formal out-of-court restructuring regimes are available to debtors, notably under restructuring framework agreements executed by Turkish creditor institutions (i.e. mainly banks and financial institutions) under the “Financial Restructuring Program (FYY)” introduced by the Banking Regulation and Supervision Authority.

Within the scope of this programme, debtors may conclude out-of-court financial restructuring agreements with creditor institutions that are signatories of the framework agreements executed under such programme and (if any) other creditors opting-into the restructuring.

The restructuring agreement is in principle approved by two or more creditors holding two thirds of the total debt within the restructuring and binding over all creditor institutions that are signatories to the framework agreement.

The framework agreements prescribe a contractual standstill on the creditor institutions that are signatories of the framework agreement or otherwise opted-into the restructuring, such that, during the restructuring negotiations and during the continuation of the restructuring programme, no execution or bankruptcy proceedings, or enforcement of security may be initiated by them against the debtor or any ongoing execution, bankruptcy or enforcement proceedings initiated by such creditors against the debtor cannot be continued, save for certain exceptions.

Voidability of Liens

Articles 277, 278, 279 and 280 of the Bankruptcy Code govern the cancellation lawsuits with respect to certain transactions. However, the transactions identified in these articles of the Bankruptcy Code are not exhaustive. The Turkish Court of Cassation has explicitly stated in various instances that Turkish courts have the discretion to cancel transactions in addition to those identified in Articles 278, 279 and 280 of the Bankruptcy Code. The legal framework established in such articles of the Bankruptcy Code would be applied by the court in such instances.

Pursuant to Article 277 of the Bankruptcy Code, (i) each creditor holding a certificate of insolvency (*aciz vesikası*) (either temporary (*muavakkat*) or conclusive (*kat'i*)), (ii) the bankruptcy administration, or (iii)

creditors in the cases which Article 245 or Article 255(3) of the Bankruptcy Code apply, may file a cancellation lawsuit.

Under Article 278 of the Bankruptcy Code, gratuitous dispositions and donations by a debtor (other than those undertaken in the ordinary course of business) within two years preceding the date of the bankruptcy, insolvency or attachment may be deemed void. “Gratuitous dispositions” and “donations” are those transactions with a material imbalance between the considerations exchanged by the parties. In the case of attachment, the date to be taken into account to determine the two years is the date attachment is made. If the debtor has no property to be attached or such property is not sufficient to satisfy the debt, this situation is registered in the attachment report prepared by the execution office and constitutes a determination of the borrower’s inability to pay its debts. This report is deemed to be a certificate of insolvency.

Under Article 279 of the Bankruptcy Code, certain dispositions may be deemed void if (i) they are realised within one year preceding a bankruptcy judgment, the debtor’s inability to pay its debts (as determined by the execution office), or a judgment of attachment and (ii) the debtor was insolvent at the time of the disposition. The dispositions subject to this article are: (i) prepayments of undue debts, (ii) payments made by means other than cash or other regular payment method, (which may include by check, commercial bill and interest coupon), (iii) pledges established by the debtor to secure an existing debt save for cases where the debtor has previously undertaken to provide security and (iv) registration of a personal right with the land registry to strengthen its effect against third parties. Turkish law assumes that the recipient of the relevant disposition was aware of the debtor’s insolvency at the time of the disposition and the burden is on the recipient to prove otherwise.

Finally, Article 280 of the Bankruptcy Code governs other statutory claims of voidability, especially fraudulent conveyances. Under this article, all dispositions realised (i) within five years preceding the date on which attachment or bankruptcy proceedings are initiated against an insolvent debtor, (ii) that were realised with the intent of harming the creditors of the debtor and (iii) where the counterparty of the disposition was aware or should reasonably have been aware of such intent and of the financial status of the debtor, may be deemed void.

Under Article 284 of the Bankruptcy Code, the general statute of limitations for initiating cancellation lawsuits against dispositions subject to cancellation is five years.

Apart from the grounds established in the Bankruptcy Code for voiding a disposition, an action for the recovery of property (*istihkak davası*) or unjust enrichment (*sebepsiz zenginleşme*) could be initiated in the event of “simulation,” i.e. a sham contract. “Simulation” covers the situation in which the parties to a contract agree that such contract will not actually have any effect between them or will have the effect of an agreement other than as set forth in the contract. Pursuant to Article 19 of the TCO, contracts constituting simulations will not be taken into account and the actual intention of the parties will be considered.

Additional Considerations Regarding Guarantees by Turkish Guarantors

Pursuant to Article 203 of the TCC, in case the controlling company directly or indirectly holds 100 per cent. of the shares and voting rights in Turkish Guarantors, the controlling company’s board of directors can give instructions concerning the direction and management of such Guarantor even if it is of a nature which can cause results that could lead to a loss, provided that it is a requirement of the specified and concrete policies of the group of companies. The decision making bodies of Turkish Guarantors are obliged to comply with the instructions.

To the extent it is determined by a Turkish court or other competent authority that the execution and delivery of the Guarantee by any Turkish Guarantors and the performance of obligations under such Guarantee in favour of its controlling company does not sufficiently benefit such Guarantor and due compensation is not provided within the given timeframe, as contemplated under articles 202, 203 and 206 of the TCC, shareholders and creditors of such Guarantor may request due compensation of the Guarantor from the controlling company and the directors of the controlling company which caused damages to the respective Guarantor.

As per Article 18 of the Decision Regarding Protection of the Value of the Turkish Currency, persons domiciled in Türkiye that provide guarantees in favour of a person domiciled outside of Türkiye, have to notify the Ministry of Treasury and Finance within 30 days of execution of the guarantee agreement.

TAXATION

The following is a general description of certain United States and Türkiye tax considerations relating to the Notes. It does not constitute tax advice, nor does it purport to be a complete analysis of all tax considerations relating to the Notes in the United States, Türkiye or elsewhere. Prospective investors in the Notes and Noteholders should consult their tax advisers as to which countries' tax laws could be relevant to their acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

The information and analysis contained within this section are limited to taxation issues and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Certain Turkish Tax Considerations

The following discussion is a summary of certain Turkish tax considerations relating to an investment by a person who is a non-resident of Türkiye in Notes of a Turkish company issued abroad. The discussion is based upon current law and is for general information only. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership or disposition of the Notes that may be relevant to a decision to make an investment in the Notes. Furthermore, the discussion only relates to the investment by a person in the Notes where the Notes will not be held in connection with the conduct of a trade or business through a permanent establishment in Türkiye. Each investor should consult its own tax advisors concerning the tax considerations applicable to its particular situation. This discussion is based upon laws and relevant interpretations thereof in effect as of the date of this Offering Circular, all of which are subject to change, possibly with retroactive effect. In addition, it does not describe any tax consequences: (a) arising under the laws of any taxing jurisdiction other than Türkiye or (b) applicable to a resident of Türkiye or a permanent establishment in Türkiye that is constituted either by the existence of a fixed place of business or appointment of a permanent representative. This summary does not discuss all of the income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special rules, such as regulated investment companies, certain financial institutions or insurance companies. Prospective investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership or disposition of the Notes (or the purchase, ownership or disposition by an owner of beneficial interests therein). References to "resident" herein refer to tax residents of Türkiye and references to "non-resident" herein refer to persons who are not tax residents of Türkiye.

For Turkish tax purposes, a legal entity is a resident of Türkiye if its corporate domicile is in Türkiye or its effective place of management is in Türkiye. A resident legal entity is subject to Turkish taxes on its worldwide income, whereas a non-resident legal entity is only liable to the Turkish taxes for the trading income made through a permanent establishment or for the income sourced in Türkiye otherwise.

An individual is a resident of Türkiye if such individual has established domicile in Türkiye or stays in Türkiye more than six months in a calendar year. On the other hand, foreign individuals who stay in Türkiye for six months or more for a specific job or business or particular purposes that are specified in the Turkish Income Tax Law may not be treated as a resident of Türkiye, depending on the characteristics of the stay. A resident individual is liable for Turkish taxes on his/her worldwide income, whereas a non-resident individual is liable for Turkish tax for the income sourced in Türkiye.

Income from capital investment is sourced in Türkiye when the principal is invested in Türkiye. Capital gain derived from trading income is considered sourced in Türkiye when the activity or transaction generating such income is performed or accounted for in Türkiye, which means that a payment is made in Türkiye, or if the payment is made abroad, it is recorded in the books in Türkiye or apportioned from the profits of the payer or the person on whose behalf the payment is made in Türkiye.

Any withholding tax levied on income derived by a non-resident person is the final tax for such non-resident and no further declaration is required. Any other income of a non-resident person sourced in Türkiye that has

not been subject to withholding tax will be subject to taxation through declaration where treaty relief and exemptions are reserved.

Interest paid on debt instruments (such as the Notes) issued abroad by a resident corporation is subject to withholding tax, as regulated through the Decrees. The withholding tax rates are set according to the original maturity of notes issued abroad by resident corporations as follows:

- 7 per cent. withholding tax for notes with an original maturity of less than one year;
- 3 per cent. withholding tax for notes with an original maturity of at least one year and less than three years; and
- 0 per cent. withholding tax for notes with an original maturity of three years or more.

In general, capital gains are not taxed through withholding tax and therefore any capital gain sourced in Türkiye with respect to the Notes may be subject to declaration. However, pursuant to Provisional Article 67 (which is effective until 31 December 2025) of the Turkish Income Tax Law, as amended by laws numbered 6111, 6655 and 7256, special or separate tax returns will not be submitted for capital gains from the notes of a resident corporation issued abroad when the income is derived by a non-resident. Therefore, no tax is levied in Türkiye on non-residents in respect of capital gains from such Notes and no declaration is required.

A non-resident holder will not be liable for Turkish estate, inheritance or similar tax with respect to its investment in the Notes, nor will it be liable for any Turkish stamp, registration or similar tax or duty relating thereto.

Reduced Withholding Tax Rates

Under current laws and regulations in Türkiye, interest payments on certain debt instruments issued abroad by a resident holder will be subject to withholding tax at a rate between 7 per cent. and 0 per cent. in Türkiye, as detailed above.

If a bilateral tax treaty is in effect between Türkiye and the jurisdiction of which the holder of the notes is a resident for the purposes of such bilateral taxation (in some cases, the term “beneficial owner” is used concerning the provisions stipulated therein) that provides for the application of a lower withholding tax rate than the local rate to be applied by the issuer corporation, then the rate in such treaty may be applicable. For the application of withholding at such a treaty-reduced rate, an original copy of the certificate of residence signed by the competent authority, which is usually defined in Article 3 of Türkiye’s bilateral tax treaties, is required (along with certain other requirements and procedures sought by the related tax office, the banks and intermediary institutions) prior to the application of withholding tax is required. In the event the certificate of residence is not delivered prior to the application of withholding tax, then upon the subsequent delivery of the certificate of residency, a refund of the excess tax shall be granted to the beneficial owner pursuant to the provisions of the relevant treaty and the Turkish tax legislation.

Value Added Tax (“VAT”)

Note issuances and interest payments on the bonds are exempt from the VAT pursuant to Article 17/4-g of the VAT Law No. 3065, as amended pursuant to the Turkish Tax Bill Regarding Improvement of the Investment Environment Law No. 6728, published in the *Official Gazette* dated 9 August 2016 and numbered 29796.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below) but does not purport to be a complete analysis of all potential tax effects. This summary deals only with initial purchasers of Notes at the “issue price” (the first price at which a substantial amount of Notes are sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) in the initial offering that are U.S. Holders and that will hold the Notes as capital assets (generally,

assets held for investment). The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws (such as estate or gift tax laws). This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as banks and other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, traders in securities that elect mark-to-market tax accounting for their securities holdings, partnerships or other pass-through entities and investors in such entities, investors that will hold the Notes as part of a hedge, straddle, constructive sale, wash sale, or conversion, integrated or similar transaction, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad, investors that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement or investors whose functional currency is not the U.S. dollar).

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

If a partnership or other entity or arrangement taxable as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Each partner should consult its own tax advisor as to the tax consequences of the purchase, ownership and disposition of the Notes by a partnership in which the partner holds an interest.

This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, final, temporary and proposed U.S. Treasury regulations promulgated thereunder, administrative pronouncements and judicial decisions, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Characterisation of the Notes

In certain circumstances (see “*Terms and Conditions—Redemption at the Option of the Issuer (Premium)*”, “*Terms and Conditions—Redemption at the Option of the Issuer (Equity Offering)*” and “*Terms and Conditions—Redemption at the Option of Noteholders (Change of Control)*”), the Issuer may be obligated to redeem the Notes prior to maturity or to pay amounts on the Notes that are in excess of stated interest or principal on the Notes. These potential payments may implicate the provisions of U.S. Treasury regulations relating to “contingent payment debt instruments,” but the Issuer does not intend to treat the possibility of such contingent payments on the Notes as subjecting the Notes to the contingent payment debt instrument rules. The Issuer’s determination that the Notes are not subject to the contingent payment debt instrument rules is binding on a U.S. Holder, unless such U.S. Holder discloses its contrary position in the manner required by applicable U.S. Treasury regulations. It is possible that the Internal Revenue Service (“IRS”) may take a different position, in which case, if such position is sustained, a U.S. Holder might be required to accrue ordinary interest income at a higher rate than the stated interest rate and to treat as ordinary income rather

than capital gain any gain realised on the taxable disposition of the Notes. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments. U.S. Holders are encouraged to consult their own tax advisors regarding the possible application of the contingent payment debt instrument rules to the Notes.

Payments of Interest

Payments of stated interest on a Note (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) will be includible in the gross income of a U.S. Holder as ordinary interest income at the time such payments are received or accrued, in accordance with such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the Notes will not be considered as issued with original issue discount ("**OID**") for U.S. federal income tax purposes.

Stated interest on a Note will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. Any non-U.S. withholding tax paid in respect of a payment of interest to a U.S. Holder on the Notes may be eligible for a foreign tax credit (or a deduction in lieu of such credit) for U.S. federal income tax purposes. However, there are significant complex limitations on a U.S. Holder's ability to claim such a credit or deduction. U.S. Holders should consult their tax advisors concerning the foreign tax credit and deductibility implications of any non-U.S. taxes withheld with respect to the Notes generally and in their particular circumstances.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder generally will recognise gain or loss equal to the difference, if any, between (i) the amount realised upon such sale, exchange, retirement, redemption or other taxable disposition (other than any amount equal to any accrued but unpaid stated interest (and any additional amounts paid with respect thereto), which, if not previously included in such U.S. Holder's income, will be taxable as ordinary interest income in accordance with the U.S. Holder's method of tax accounting as discussed above) and (ii) such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note will generally equal the amount such U.S. Holder paid for such Note, decreased (but not below zero) by any payments received by a U.S. Holder other than payments of qualified stated interest with respect to the Notes. Any gain or loss recognised upon the sale, exchange, retirement, redemption or other taxable disposition of a Note generally will be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the sale, exchange, retirement, redemption or other taxable position. Non-corporate U.S. Holders (including individuals) generally are subject to tax on long-term capital gains at reduced rates. The deductibility of capital losses is subject to limitations.

Further Issues

The Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Foreign Financial Assets Reporting

Certain U.S. Holders are required to disclose on their U.S. federal income tax returns certain information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). U.S. Holders should consult their own tax advisors regarding the effect, if any, of these rules on their ownership and disposition of the Notes and regarding their tax reporting obligations.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to payments of principal and interest on the Notes and to the proceeds from the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. Holder unless such U.S. Holder is an exempt recipient and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. Holder fails to provide a taxpayer identification number or a certification that it is not subject to backup withholding and otherwise comply with any applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Prospective purchasers of Notes are urged to consult their own tax advisors regarding their qualification for an exemption from backup withholding and information reporting and the procedures for obtaining such an exemption, if applicable.

TRANSFER RESTRICTIONS

Holders of the Notes are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantee have not been registered under the Securities Act and, unless so registered, the Notes and the Guarantee may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Issuer is offering and selling the Notes to the Joint Bookrunners for re-offer and resale only:

- in the United States to “qualified institutional buyers”, commonly referred to as “QIBs”, in compliance with Rule 144A; and
- in offers and sales that occur outside the United States in accordance with Regulation S.

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

By its purchase of Notes, each purchaser of the Notes will be deemed to have acknowledged, represented and agreed with the Joint Bookrunners and the Issuer as follows:

- (1) the Notes and the Guarantees have not been registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, and unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.
- (2) it is not the Issuer’s “affiliate” (as defined in Rule 144A), it is not acting on its behalf and it is either:
 - a QIB and is aware that any sale of these Notes to it will be made in reliance on Rule 144A and such acquisition will be for its own account or for the account of another QIB; or
 - it is purchasing Notes in an offshore transaction in accordance with Regulation S.
- (3) it acknowledges that none of the Issuer, the Guarantors or the Joint Bookrunners or any person representing any of them has made any representation to it with respect to the Issuer or the offer or sale of any of the Notes, other than the information contained in this Offering Circular, which Offering Circular has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. Such purchaser also acknowledges that neither the Joint Bookrunners nor any person representing the Joint Bookrunners makes any representation or warranty as to the accuracy or completeness of this Offering Circular. It has had access to such financial and other information concerning the Issuer and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Joint Bookrunners.
- (4) it is purchasing these Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any other securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act.
- (5) it agrees on its own behalf and on behalf of any investor account or accounts for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the Resale Restriction Termination Date,

only (i) to the Joint Bookrunners and/or the Issuer, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Group's and the trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing in the Trust Deed or Agency Agreement, as applicable, is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

- (6) It acknowledges that this Offering Circular relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.
- (7) Each purchaser acknowledges that each Note will contain a legend substantially in the following form:

THE NOTES AND THE GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THE NOTES, THE GUARANTEE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THE NOTES BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) OR (B) IT IS ACQUIRING THE NOTES IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTES, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS (IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THE NOTES WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S)) (IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THE NOTES (OR ANY PREDECESSOR OF THE NOTES) ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT

TO THE COMPANY'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING IN THE TRUST DEED IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THE NOTES OR THE GUARANTEE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If a Holder purchase Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- (8) it acknowledges that the Registrar will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Group and the Registrar that the restrictions set forth herein have been complied with.
- (9) it acknowledges that:
 - a. the Issuer, the Guarantors, the Joint Bookrunners and others will rely upon the truth and accuracy of its acknowledgements, representations and agreements set forth herein and it agrees that, if any of its acknowledgements, representations or agreements herein cease to be accurate and complete, it will notify the Group and the Joint Bookrunners promptly in writing; and
 - b. if it is acquiring any Notes as fiduciary or agent for one or more investor accounts, it represents with respect to each such account that:
 - i. it has sole investment discretion; and
 - ii. it has full power to make the foregoing acknowledgements, representations and agreements.
- (10) it acknowledges and agrees that:
 - a. the Notes are being offered to investors in member states of the EEA in reliance upon an exemption under the Prospectus Regulation;
 - b. the Notes are being offered to investors in the UK in reliance upon an exemption under the UK Prospectus Regulation; and
 - c. any offer or resale of Notes in any member state of the EEA or the UK must be for a minimum purchase price or a minimum consideration of at least \$200,000.
- (11) if it is an investor in a member state of the EEA, it represents that it is not a "retail investor". For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following:
 - a. a "retail client" as defined in point (11) of Article 4(1) of MiFID II; or
 - b. a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.
- (12) if it is an investor in the UK, it represents that it is not a "retail investor". For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following:
 - a. a "retail client" as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - b. a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that

customer would not qualify as a professional client as defined in point (8) of Article 2(1) of UK MiFIR.

- (13) it agrees that it will give to each person to whom it transfers these Notes notice of any restrictions on the transfer of the Notes.
- (14) it understands that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Guarantors or the Joint Bookrunners that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under “*Subscription and Sale*”.
- (15) it acknowledges that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.
- (16) it understands that, according to Article 15(d)(ii) of Decree 32, residents of Türkiye will be free to purchase and sell securities and other capital market instruments traded on financial markets abroad on an unsolicited (reverse inquiry) basis through licensed banks authorised by the BRSA and/or licenced brokerage institutions authorised pursuant to the CMB regulations, and to transfer funds for the purchase of such securities abroad only through such licenced banks.

SUBSCRIPTION AND SALE

J.P. Morgan Securities plc, Merrill Lynch International and Emirates NBD Bank PJSC (the “**Joint Bookrunners**”) have agreed with the Issuer and the Guarantors, pursuant to a subscription agreement to be dated on or about the date of this Offering Circular (the “**Subscription Agreement**”), severally (and not jointly or jointly and severally) and subject to the satisfaction of certain conditions, to subscribe the Notes. The Issuer will pay the Joint Bookrunners a customary fee and will reimburse the Joint Bookrunners for certain expenses related to the Offering.

The Issuer and the Guarantors have agreed, jointly and severally, to indemnify the Joint Bookrunners against certain liabilities, including liabilities under the Securities Act. The Joint Bookrunners are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the Offering, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the Issue Date. In this situation, the Offering may not be completed. Investors will have no rights against the Issuer, the Guarantors or the Joint Bookrunners in respect of any expense incurred or loss suffered in these circumstances.

If a jurisdiction requires that the Offering be made by a licenced broker or dealer and one or more of the Joint Bookrunners is/are or any affiliate of one or more of the Joint Bookrunners is/are a licenced broker or dealer in that jurisdiction, the Offering shall be deemed to be made by such Joint Bookrunner(s) or such affiliate(s) on behalf of the Issuer and the Guarantors in such jurisdiction.

The Terms and Conditions will not incorporate, or include any of, or otherwise be subject to, the provisions of the U.S. Trust Indenture Act of 1939, as amended.

Commissions and Discounts

The Joint Bookrunners propose initially to offer the Notes at the offering price set forth on the cover page of this Offering Circular. After such initial offering, the offering price or any other term of such offering of the Notes may be changed. The Joint Bookrunners may offer and sell Notes through certain of their affiliates.

New Issue of Notes

The Notes are a new issue of securities with no established trading market. The Group does not intend to apply for listing of the Notes on any national securities exchange or for inclusion of the notes on any automated dealer quotation system; however, application has been made to Euronext Dublin for the Notes to be admitted to the Exchange and to trading on the GEM and application has been made to Euronext Dublin for the approval of this Offering Circular as listing particulars. The GEM is not a regulated market for the purposes of MiFID II.

The Group has been advised by the Joint Bookrunners that they presently intend to make a market in the Notes after completion of the Offering. However, the Joint Bookrunners are under no obligation to do so and may discontinue any market-making activities at any time without any notice. The Group cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the Group’s operating performance and financial condition, general economic conditions and other factors.

Settlement

The Group expects that delivery of the Notes will be made to investors on or about 15 May 2024, which will be the 5 business day following the date of pricing (such settlement being referred to as “T + 5”). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T + 5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed

settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

Each of the Issuer and the Guarantors has agreed that, for a period of 60 calendar days after the issue of the Notes, the Issuer and the Guarantors will not issue, arrange or syndicate any substantially similar offering of debt securities in the capital markets which is listed or capable of being listed, without the prior written consent of the Joint Bookrunners, except for the Notes sold to the Joint Bookrunners pursuant to the Subscription Agreement.

Short Positions

In connection with the Offering, the Joint Bookrunners may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Joint Bookrunners of a greater principal amount of Notes than they are required to purchase in the Offering. The Joint Bookrunners must close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the Joint Bookrunners are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the Offering.

Similar to other purchase transactions, the Joint Bookrunners' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither the Group nor the Joint Bookrunners make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Group nor the Joint Bookrunners make any representation that the Joint Bookrunners will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Selling Restrictions

United States

This Offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See *"Transfer Restrictions"*.

This Offering Circular is being provided (i) to a limited number of U.S. investors reasonably believed to be Qualified Institutional Buyers ("**QIBs**") under Rule 144A under the U.S. Securities Act of 1993, as amended (the "**Securities Act**") for informational use solely in connection with their consideration of the purchase of the Notes; and (ii) to investors outside the United States pursuant to offshore transactions complying with Rule 903 or Rule 904 of Regulation S. By purchasing the Notes, investors are deemed to have made the acknowledgments, representations, warranties and agreements set forth under *"Transfer Restrictions"*. Investors should be aware that they may be required to bear the financial risks of their investment in the Notes for an indefinite period of time. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes described in this Offering Circular have not been registered with, recommended by or approved by the Securities Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence.

European Economic Area

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Offering Circular has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) from a requirement to publish a prospectus for offers of such securities. This Offering Circular is not a prospectus for the purposes of the Prospectus Regulation.

United Kingdom

Prohibition of sales to United Kingdom retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**United Kingdom**” or the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Circular has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”) from a requirement to publish a prospectus for offers of Notes. This Offering Circular is not a prospectus for the purpose of the UK Prospectus Regulation.

Other United Kingdom regulatory restrictions

In the United Kingdom this Offering Circular is for distribution only to persons who (i) are outside the United Kingdom; (ii) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”); (iii) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as (“**Relevant Persons**”)). This Offering Circular is directed only at Relevant Persons and must not be acted or relied upon by persons who are not Relevant Persons. Any investment or investment activity to which the Offering Circular relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes other than in circumstances in which Section 21(1) of the FSMA does not apply.

Türkiye

The Offering has been authorised by the CMB on 18 April 2024 through the approval of the Issuance Certificate (*İhraç Belgesi*) only for the purpose of the sale of the Notes outside of Türkiye in accordance with Article 11 of the Capital Markets Law, Article 15(b) of Decree 32 and the Communiqué on Debt Instruments. The Notes (or beneficial interests therein) must be offered or sold outside of Türkiye and the CMB has approved the issuance certificate (*İhraç Belgesi*); provided that, no transaction that may be deemed as a sale of the notes (or beneficial interests therein) in Türkiye by way of private placement or public offering may be engaged in.

Notwithstanding the foregoing, in accordance with Article 15(d)(ii) of Decree 32, residents of Türkiye may purchase or sell notes denominated in a currency other than Turkish Lira (or beneficial interests therein) in offshore transactions on an unsolicited (reverse inquiry) basis, *provided* that such purchase or sale is made in the financial markets outside of Türkiye through licensed banks authorised by the BRSA and/or licenced brokerage institutions authorised pursuant to the CMB regulations and the purchase price is transferred through such licenced banks. As such, Turkish residents should use such banks or licenced brokerage institutions whilst purchasing the notes (or beneficial interests therein) and transfer the purchase price through such licensed banks.

Any directed selling efforts within Türkiye in connection with the Notes are strictly prohibited. Under no circumstances, no form of general solicitation or general advertising in connection with any offer and sale of the notes in Türkiye is permitted and no disclosure in Türkiye in relation to the Issuer, the Notes or the Offering Circular may be made without the prior consent of the Issuer, save as may be required by applicable law, court order or regulation.

Dubai International Financial Centre

This Offering Circular relates to an Exempt Offer in accordance with the Markets Rule Module of the Dubai Financial Services Authority (the “**DFSA**”) Rulebook. This Offering Circular is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Offering Circular nor taken steps to verify the information set forth herein and has no responsibility for the Offering Circular. The Notes to which this Offering Circular relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this Offering Circular you should consult an authorised financial advisor.

Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the “**C(WUMPO)**”), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the C(WUMPO), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes

be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, then securities (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (ii) where no consideration is or will be given for the transfer; (iii) where the transfer is by operation of law; (iv) as specified in Section 276(7) of the SFA; or (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulation 2018 of Singapore.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to Article 652 and/or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in Switzerland. For these purposes, a retail investor means a person who is a retail client as defined in Article 4 of the Swiss Financial Services Act (“FinSA”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (or any equivalent document under the FinSA) has been or will be prepared in relation to any Notes and therefore, any Notes with a derivative character within the meaning of Article 86 (2) of the Swiss Financial Services Ordinance may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland.

General

No action has been or will be taken in any jurisdiction by any Joint Bookrunner, the Issuer or the Guarantors that would permit a public offering of the Notes, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Circular does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Circular comes are advised to inform themselves about, and to observe any restrictions relating to, the Offering, the distribution of this Offering Circular and the re-sale of the Notes. See *“Transfer Restrictions”*.

Other Relationships

The Joint Bookrunners and their affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities.

The Joint Bookrunners and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Group or the Group's affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer (including the Notes) or the Issuer's affiliates. The Joint Bookrunners and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. The Joint Bookrunners and/or their affiliates may, in the future, act as hedge counterparties to the Issuer or the Issuer's affiliates consistent with their customary risk management policies. Typically, the Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer or the Issuer's affiliates, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

Authorisations

The Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in Türkiye in connection with the issue of the Notes and the execution and performance of their respective obligations under Notes and the Guarantee, respectively.

The issue of the Notes was duly authorised by resolutions of the Board of Directors of the Issuer dated 14 March 2024. The giving of the Guarantee was duly authorised by a resolution of the board of directors of each of the Guarantors passed on 14 March 2024. The Guarantors established in Türkiye will notify the Guarantee to the Ministry of Treasury and Finance as per the provisions of Decree No. 32 within 30 days following the issuance of the Notes.

Clearing Systems

The Notes have been accepted for clearance through the DTC, Clearstream, Luxembourg and Euroclear systems.

The ISIN for the Regulation S Notes is XS2817919587 and for the Rule 144A Notes is US92548MAA53. The Common Code for the Regulation S Notes is 281791958 and for the Rule 144A Notes is 282312271. The CUSIP number for the Rule 144A Notes is 92548M AA5.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Admission to Trading

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the GEM. It is expected that admission of the Notes to the Official List and to trading on the GEM will become effective on or about 15 May 2024.

Listing Agent

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Republic in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the GEM.

Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer, the Guarantors or of the Group since 31 December 2023 and no material adverse change in the financial position or prospects of the Issuer, the Guarantors or of the Group since 31 December 2023.

Litigation

Neither the Issuer, the Guarantors nor other member of the Group is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the 12 months preceding the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer, the Guarantors or of the Group.

Material Contracts

Except as disclosed in this Offering Circular, the Issuer nor the Guarantors has not entered into any material contract outside the ordinary course of its business that could result in the Issuer being under an obligation or entitlement that is material to its ability to meet its obligations in respect of the Notes.

Documents on Display

For as long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the GEM, copies of the following documents will be available in physical form for inspection at the registered office of the Issuer and at the specified offices of the Principal Paying Agent for the time being at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom:

- the constitutional documents of the Issuer and the Guarantors;
- the 2023 Financial Statements and the 2022 and 2021 Financial Statements, together with the independent auditor's reports in connection therewith;
- the Trust Deed;
- the Agency Agreement; and
- this Offering Circular and any supplements thereto.

Guarantor Disclosure Requirements

As at the date of this Offering Circular, each Guarantor is a wholly owned subsidiary of the Issuer.

Based on the 2023 Financial Statements:

- the Guarantors (collectively) recorded an aggregate Adjusted EBITDA of TL 662 million (EUR 20 million) and net assets of TL 1,794 million (EUR 55 million), representing 6 per cent. and 4 per cent., respectively, of the Group's EBITDA and net assets;
- the members of the Group that are not Guarantors (collectively) recorded an aggregate Adjusted EBITDA of TL 6,608 million (EUR 203 million) and net assets of TL 21,404 million (EUR 657 million) representing 64 per cent. and 52 per cent., respectively, of the Group's Adjusted EBITDA and net assets; and
- the Issuer recorded an Adjusted EBITDA of TL 3,136 million (EUR 96 million) and net assets of TL 17,662 million (EUR 542 million), representing 30 per cent. and 43 per cent., respectively, of the Group's Adjusted EBITDA and net assets,

each on a consolidated basis after intercompany eliminations. For presentational purposes, the foregoing amounts presented in Euros have been translated into Euros from the corresponding Turkish Lira amounts, at an exchange rate as of 31 December 2023 of EUR 1.00 to TL 32.57, which is the Central Bank's buying rate on 31 December 2023.

Vestel Trade is responsible for the sales transactions of the Group in domestic and export markets. The Issuer and the Guarantors represent nearly all of the Group's revenue, given their functions within the Group. Vestel Mobility is a strategic entity for the Group as they recently entered into and intend to grow in the mobility electronics business, and this company will be the Group entity to be used for this strategic product segment. Therefore, the Group expects substantial revenue growth in Vestel Mobility in the upcoming years. Furthermore, the Issuer and the Guarantors, together, represent 72 per cent. of the Group's total assets (with 41 per cent. from the Issuer and 31 per cent. from the Guarantors).

The Guarantors will, pursuant to the Trust Deed, unconditionally and fully guarantee, on a joint and several basis, the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes.

The 2023 Financial Statements include both Guarantors and non-Guarantors.

The financial information presented in this Offering Circular is the audited consolidated financial information of the Group, which includes, the Issuer as well as the Guarantors and non-Guarantor subsidiaries of the Issuer.

As the Group members who are not Guarantors represent more than 25 per cent. of the Adjusted EBITDA and net assets of the Group, the consolidated financial information may be of limited use in assessing the financial position of the Guarantors on a solo basis.

Independent Auditors

The 2022 and 2021 Financial Statements have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., independent auditors, as stated in their audit report appearing herein. KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is an independent certified public accountant in Türkiye, authorised by the Public Oversight, Accounting and Auditing Standards Authority to conduct independent audits of companies in Türkiye. It is located at Adalet Mahallesi Manas Bulvarı, No: 39 Folkart Towers, B Kule, Kat: 35 35530, Bayraklı/Izmir, Türkiye.

The 2023 Financial Statements have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., independent auditors, as stated in their audit report appearing herein. PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is an independent certified public accountant in Türkiye, authorised by the Public Oversight, Accounting and Auditing Standards Authority to conduct independent audits of companies in Türkiye. It is located at Kılıçali Paşa Mah. Meclis-i Mebusan Cad. No: 8, Galataport İstanbul D Blok, Beyoğlu/İstanbul, Türkiye.

Conflicts of Interest

There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Issuer towards the Issuer and their private interests and/or other duties.

Yield

The yield of the Notes is 9.875 per cent. per annum. The yield is calculated as at 15 May 2024 on the basis of the issue price. It is not an indication of future yield.

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**VESTEL ELEKTRONİK SANAYİ VE TİCARET
ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS
1 JANUARY – 31 DECEMBER 2023 TOGETHER WITH INDEPENDENT
AUDITOR'S REPORTS**



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi (the “Company”) and its subsidiaries (together the “Group”) as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial positions as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISA”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) and the Ethical Rules for Independent Auditors (including Independence Standards) the ethical requirements regarding independent audit in regulations issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (the “POA”); the regulations of the Capital Markets Board of Turkey; and other relevant legislation are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and applicable independence standards in Turkey.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kılıçali Paşa Mah. Meclis-i Mebusan Cad. No:8 İç Kapı No:301 Beyoğlu/İstanbul
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
Application of IAS 29, “Financial Reporting in Hyperinflationary Economies” As described in Note 2, the Group has applied IAS 29 “Financial reporting in hyperinflationary economies” (“IAS 29”) in its consolidated financial statements as at and for the year ending 31 December 2023. IAS 29 requires financial statements to be restated into the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect a price index that is current at the balance sheet date as of 31 December 2023. The application of IAS 29 has a pervasive and material impact on the consolidated financial statements and the impact of IAS 29 is reliant upon a number of key judgements. Considering the risk of inaccurate or incomplete data used in the application of IAS 29 and the additional associated audit effort, the application of IAS 29 has been identified as a key audit matter for our audit.	The following audit procedures were addressed in our audit work for the application of IAS 29: • Understanding and evaluating the process and controls related to the implementation of IAS 29 designed and implemented by management, • Verifying whether the determination of monetary and non-monetary items made by the management is in compliance with IAS 29, • Obtaining detailed lists of non-monetary items and testing the original entry dates and amounts on a sample basis, • Evaluating the calculation methods used by management and verifying whether they are consistently used in all periods, • Verifying the general price index rates used in calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute, • Evaluating the mathematical accuracy of non-monetary items, income statement, other comprehensive income statement and cash flow statement adjusted for inflation effects, • Evaluating the adequacy of disclosures related to the application of IAS 29 in the notes to the consolidated financial statements in accordance with IFRS.

Key Audit Matters	How the key audit matter was addressed in the audit
Fair value measurement of lands, land improvements and buildings	
As explained in Note 2 of the accompanying consolidated financial statements, in accordance with the relevant provisions of IAS 16 “Tangible Fixed Assets”, the Group measured its lands, land improvements and buildings at their fair values. As explained in Note 13 of the accompanying consolidated financial statements, as a result of the valuations made by the independent professional valuation firm appointed by the Group management as of 31 December 2023, the total fair value increase in the carrying values of lands, land improvements and buildings was TL8.873.580 thousands before deferred income tax and the total amount of the carrying value of those assets was TL23.735.163 thousands as of 31 December 2023. The aforementioned fair value increase was accounted for in the gains on “Revaluation of Property, Plant and Equipment” reserve under shareholders' equity in the accompanying consolidated statement of financial position by deducting the deferred income tax effect. We considered the fair value determination of lands, land improvements and buildings as a key audit matter, since the amount of those assets has a significant share in the Group's assets as of 31 December 2023 and the valuations techniques applied include significant judgements and assumptions, such as determination of benchmark prices and construction costs per m².	The following audit procedures were addressed in our audit work for the fair value measurement of lands, land improvements and buildings: • The competency, capability and objectivity of the independent professional valuers that who were appointed by the Group management were assessed. • The consistency of the data used by the independent professional valuation agency appointed by the Group management was checked with the Group's records on a sample basis. • We involved our auditor expert who holds CMB accreditation and valuation licence, on a sample basis to evaluate the assumptions and methods used by the Group management and the independent professional valuation company. The following audit procedures were performed based on the sampling method with the support of the auditor's expert: - o Comparison of the location, ownership and square meter information for the lands included in reports with the land registers. - o Evaluation of the qualifications of the lands, land improvements and buildings. - o Evaluation of the appropriateness of the valuation methods and estimates used. • We assessed the adequacy and appropriateness of the disclosures related to revaluation of lands, land improvements and buildings in the consolidated financial statements in accordance with IFRS.



Key Audit Matters	How the key audit matter was addressed in the audit
Recoverability of trade receivables (Refer to Notes 2 and 8)	
Trade receivables from third parties amounting to TL17.370.181 thousands as of 31 December 2023, constitute a significant portion of the consolidated financial statements of the Group. The assessment of the recoverability of these receivables made by the Group management includes considerations of the amount of guarantees/collateral received from the customers, past collection performance, analysis of aging of receivables and litigations regarding receivables. As a result of all of these assessments, determination of doubtful receivables and setting of impairment provision for these receivables also include management judgements and estimates. Therefore, recoverability of trade receivables is a key matter for our audit.	We performed the following procedures in relation to the audit of recoverability of trade receivables from third parties: • We understood and assessed the Group's credit risk management and receivables monitoring policies including credit limits. • We tested receivables from third party balances by obtaining confirmation letters on a sample basis. • We analysed the aging of receivables from third parties on a sample basis. • We tested, on a sample basis, collections in the subsequent period. • We tested, on a sample basis, guarantees/collaterals held from customers. • We performed inquiries with management in relation to any disputes or litigation for trade receivables from third parties and obtained formal assessment of legal counsels on outstanding litigations and disputes. • We performed inquired with the Group management to assess the basic assumptions and other judgments that form the basis of impairment calculations. • We assessed the appropriateness and adequacy of disclosures in the notes to the consolidated financial statements related to recoverability of trade receivables from third parties in accordance with IFRS.



Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another firm of auditors whose report, dated 5 April 2024, expressed an unmodified opinion on those statements.

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 IFRS, 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.

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 ISA 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 ISA, 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 actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Karakurt, SMMM
Independent Auditor

Istanbul, 6 April 2024

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited	Audited
		31 December	31 December
	Notes	2023	2022
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	2.294.683	2.557.953
Financial Assets		35.331	66.162
Trade Receivables		17.825.902	18.082.032
Trade Receivables Due from Related Parties	7	456.542	67.305
Trade Receivables Due from Third Parties	8	17.369.360	18.014.727
Other Receivables		2.255.571	4.152.974
Other Receivables Due from Related Parties	7	889.313	2.228.135
Other Receivables Due from Third Parties	9	1.366.258	1.924.839
Derivative Financial Instruments	29	187.106	176.676
Inventories	10	23.510.954	22.555.833
Prepaid Expenses		1.523.914	1.315.256
Prepayments to Related Parties		-	326.585
Prepayments to Third Parties	11	1.523.914	988.671
Current Tax Assets	27	13.878	56.388
Other Current Assets		457.449	259.960
Other Current Assets Due from Third Parties	20	457.449	259.960
TOTAL CURRENT ASSETS		48.104.788	49.223.234

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited 31 December 2023	Audited 31 December 2022
	Notes		
NON-CURRENT ASSETS			
Financial Assets		289.257	434.238
Associates Accounted by Using the Equity Method	12	5.857.271	5.123.316
Trade Receivables		821	111
Trade Receivables Due from Third Parties	8	821	111
Other Receivables		28.801.484	27.108.015
Other Receivables Due from Related Parties	7	28.767.776	27.052.676
Other Receivables Due from Third Parties	9	33.708	55.339
Property, Plant and Equipment	13	34.641.411	25.059.592
Right of Use Assets	14	1.231.084	989.329
Intangible Assets	15	3.913.790	3.288.045
Prepaid Expenses		2.340.924	874.830
Prepayments to Related Parties	8	1.982.111	-
Prepayments to Third Parties	11	358.813	874.830
TOTAL NON-CURRENT ASSETS		77.076.042	62.877.476
TOTAL ASSETS		125.180.830	112.100.710

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited 31 December 2023	Audited 31 December 2022
	Notes		
LIABILITIES			
CURRENT LIABILITIES			
Short Term Borrowings	6	24.062.917	31.220.451
Short Term Borrowings from Related Parties		-	17.591
Lease Liabilities	6	-	17.591
Short Term Borrowings from Third Parties		24.062.917	31.202.860
Bank Loans	6	20.281.985	29.112.556
Lease Liabilities	6	230.962	213.204
Issued Debt Instruments	6	3.549.970	1.877.100
Current Portion of Long Term Borrowings		2.824.663	2.301.781
Bank Loans	6	2.824.663	2.301.781
Other Financial Liabilities		1.259.701	-
Trade Payables		41.965.774	35.560.430
Trade Payables to Related Parties	7	112.528	72.605
Trade Payables to Third Parties	8	41.853.246	35.487.825
Payables Related to Employee Benefits	19	912.453	748.018
Other Payables		14.166	4.598
Other Payables to Third Parties	9	14.166	4.598
Derivative Financial Liabilities	29	626.360	981.337
Deferred Revenue		1.073.173	2.064.309
Deferred Revenue from Related Parties		4.022	-
Deferred Revenue from Third Parties	9	1.069.151	2.064.309
Current Tax Liabilities	27	15.668	-
Current Provisions		2.972.156	2.570.464
Other Current Provisions	17	2.972.156	2.570.464
Other Current Liabilities		2.410.560	2.006.927
Other Current Liabilities to Third Parties	20	2.410.560	2.006.927
TOTAL CURRENT LIABILITIES		78.137.591	77.458.315

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited	Audited
		31 December	31 December
	Notes	2023	2022
NON-CURRENT LIABILITIES			
Long Term Borrowings		2.532.241	1.798.009
Long Term Borrowings from Third Parties		2.532.241	1.798.009
Bank Loans	6	1.867.476	1.143.322
Lease Liabilities	6	664.765	654.687
Other Financial Liabilities		257.015	-
Trade Payables		178.174	301.331
Trade Payables to Third Parties	8	178.174	301.331
Non-current Provisions		1.930.013	2.293.122
Non-current Provisions for Employee Benefits	19	1.580.853	2.043.194
Other Non-current Provisions	17	349.160	249.928
Deferred Tax Liabilities	27	1.272.751	16.320
Other Non-current Liabilities		12.836	6.389
Other Non-current Liabilities to Third Parties		12.836	6.389
TOTAL NON-CURRENT LIABILITIES		6.183.030	4.415.171
TOTAL LIABILITIES		84.320.621	81.873.486

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
EQUITY			
Equity Attributable to Owners of Parent		36.044.256	27.374.845
Share Capital	21	335.456	335.456
Adjustments to Share Capital		15.514.508	15.514.508
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss		7.755.669	1.687.936
Revaluation of Property, Plant and Equipment	21	9.041.079	2.756.931
Gains (Losses) on Remeasurement of Defined Benefit Plans		(1.285.410)	(1.068.995)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss		1.505.072	1.050.027
Exchange Differences on Translation		1.609.481	1.180.759
Gains (Losses) on Cash Flow Hedges		(165.241)	(213.162)
Financial Assets Measured of Fair Value through Other Comprehensive Income	21	60.832	82.430
Restricted Reserves Appropriated from Profits		1.253.194	1.253.194
Legal Reserves	21	1.253.194	1.253.194
Retained Earnings		8.230.732	7.645.059
Current Period Net Profit Or (Loss)		1.449.625	(111.335)
Non-controlling Interests		4.815.953	2.852.379
TOTAL EQUITY		40.860.209	30.227.224
TOTAL LIABILITIES AND EQUITY		125.180.830	112.100.710

Consolidated financial statements for the period 1 January - 31 December 2023, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 5 April 2024. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023 AND 1 JANUARY – 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited	Audited
		1 January -	1 January -
		31 December	31 December
	Notes	2023	2022
PROFIT OR LOSS			
Revenue	22	112.215.734	111.124.940
Cost of Sales	22	(87.243.106)	(92.235.255)
GROSS PROFIT		24.972.628	18.889.685
General Administrative Expenses	24	(2.838.815)	(2.421.239)
Marketing Expenses	24	(14.094.334)	(13.005.692)
Research and Development Expense	24	(1.939.046)	(1.686.526)
Other Income from Operating Activities	25	2.104.711	5.826.950
Other Expenses from Operating Activities	25	(15.900.432)	(15.471.283)
(LOSS) / PROFIT FROM OPERATING ACTIVITIES		(7.695.288)	(7.868.105)
Share of Net Profit of Associates Accounted for Using the Equity Method		880.583	1.631.419
(LOSS) / PROFIT BEFORE FINANCING INCOME		(6.814.705)	(6.236.686)
Finance Income	26	18.431.136	20.062.681
Finance Costs	26	(18.340.172)	(19.388.094)
Monetary Gain / (Loss)		9.738.769	5.902.220
PROFIT BEFORE INCOME TAX		3.015.028	340.121
Tax (Expense) Income, Continuing Operations		(683.869)	(148.635)
Current Tax Expense	27	(322.063)	(38.618)
Deferred Tax Income / (Loss)	27	(361.806)	(110.017)
PROFIT FOR THE PERIOD		2.331.159	191.486
Profit / (loss), attributable to			
Non-controlling Interests		881.534	302.821
Owners of Parent	28	1.449.625	(111.335)
Earnings per share with a Kr 1 of Par Value (TL)	28	0,0432	(0,0033)

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023 AND 1 JANUARY – 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
	Notes		
PROFIT FOR THE PERIOD OTHER COMPREHENSIVE INCOME		2.331.159	191.486
Other Comprehensive Income that will not be Reclassified to Profit or Loss		7.099.878	(1.026.955)
Gains (Losses) on Revaluation of Property, Plant and Equipment	13	8.873.580	389.273
Gains (Losses) on Remeasurements of Defined Benefit Plans		(442.684)	(1.154.187)
Gains (Losses) on Revaluation of Property, Plant and Equipment of Associates Accounted by Using Equity Method		(185.417)	6.669
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss		(1.145.601)	(268.710)
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment		(1.329.160)	(499.547)
Taxes Relating to Remeasurements of Defined Benefit Plans		183.559	230.837
Other Comprehensive Income that will be Reclassified to Profit or Loss		453.076	(2.224.749)
Foreign Exchange Differences on Translation		614.139	(1.757.801)
Gains (Losses) on Remeasuring or Reclassification Adjustments on Financial Assets Through Other Comprehensive Income		(28.797)	71.067
Gains (Losses) on Cash Flow Hedges		68.612	(716.226)
Gains (Losses) on Exchange Differences on Translation of Investments Accounted by Using Equity Method		(185.417)	49.179
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss		(15.461)	129.032
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Financial Assets Through Other Comprehensive Income		7.199	(14.213)
Taxes Relating to Cash Flow Hedges		(22.660)	143.245
OTHER COMPREHENSIVE INCOME		7.552.954	(3.251.704)
TOTAL COMPREHENSIVE INCOME		9.884.113	(3.060.218)
Total Comprehensive Income Attributable to			
Non-controlling Interests		1.776.013	110.798
Owners of Parent		8.108.100	(3.171.016)

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023 AND 1 JANUARY – 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Previous Period																Equity attributable to owners of parent				Non-controlling interests		Equity	
	1 January - 31 December 2022																							
	Beginning of Period																							
Issued Capital	335,466	15,514,508	3,142,579	(238,309)	2,904,270	2,904,270	2,889,381	359,819	359,819	18,916	18,916	3,268,116	1,263,766	(345,687)	7,249,636	6,903,949	30,190,065	2,744,810	32,934,875					
	-	-	(238,156)	-	(238,156)	(238,156)	-	-	-	-	-	-	(3,366)	7,491,168	(7,249,636)	241,522	-	-	-					
Total Comprehensive Income (Loss)	-	-	(97,723)	(846,620)	(944,353)	(944,353)	(1,708,622)	(463,560)	(463,560)	56,854	56,854	(2,115,328)	-	-	(111,335)	(111,335)	(3,171,016)	110,798	(3,060,218)					
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(111,335)	(111,335)	(111,335)	302,821	191,486					
Other Comprehensive Income (Loss)	-	-	(97,723)	(846,620)	(944,353)	(944,353)	(1,708,622)	(463,560)	(463,560)	56,854	56,854	(2,115,328)	-	-	-	-	(3,059,681)	(192,023)	(3,251,704)					
Dividends Paid (Note 7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(243,384)	(243,384)					
Transactions with non-controlling	-	-	(46,799)	15,934	(33,825)	(33,825)	-	(109,421)	(109,421)	6,660	6,660	(102,761)	(7,206)	499,588	-	499,588	355,796	240,165	595,951					
End of Period	335,466	15,514,508	2,756,931	(1,048,995)	1,687,936	1,687,936	1,180,759	(213,162)	(213,162)	82,430	82,430	1,050,027	1,253,194	7,645,059	(111,335)	7,533,724	27,374,845	2,852,379	30,227,224					
Current Period																								
1 January - 31 December 2023																								
Opening Balance	335,466	15,514,508	2,756,931	(1,068,995)	1,687,936	1,687,936	1,180,759	(213,162)	(213,162)	82,430	82,430	1,050,027	1,253,194	7,645,059	(111,335)	7,533,724	27,374,845	2,852,379	30,227,224					
Transfers	-	-	(133,309)	-	(133,309)	(133,309)	-	-	-	-	-	-	-	21,974	111,335	133,309	-	-	-					
Total Comprehensive Profit (Loss)	-	-	6,442,622	(233,151)	6,209,471	6,209,471	428,722	41,880	41,880	(21,598)	(21,598)	449,004	-	-	1,449,625	1,449,625	8,108,100	1,776,013	9,884,113					
Other Comprehensive Income (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,449,625	1,449,625	1,449,625	881,534	2,331,159					
Dividends Paid (Note 7)	-	-	6,442,622	(233,151)	6,209,471	6,209,471	428,722	41,880	41,880	(21,598)	(21,598)	449,004	-	-	-	-	6,658,475	894,479	7,552,954					
Transactions with non-controlling	-	-	(25,165)	16,736	(8,429)	(8,429)	-	6,041	6,041	-	-	6,041	-	563,699	-	563,699	561,311	301,192	863,223					
Closing Balance	335,466	15,514,508	9,041,079	(1,285,410)	7,755,669	7,755,669	1,609,481	(165,241)	(165,241)	60,832	60,832	1,505,072	1,253,194	8,220,732	1,449,625	9,680,357	36,044,256	4,815,953	40,860,209					

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023****AND 1 JANUARY – 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
	Notes		
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		7.060.960	(3.999.835)
Profit for the Period		2.331.159	191.486
Profit (Loss) from Continuing Operations		2.331.159	191.486
Adjustments to Reconcile Profit for the Period		(1.344.852)	(3.527.106)
Adjustments for Depreciation and Amortisation Expense	13	4.305.820	3.777.452
Adjustments for Impairment Loss			
(Reversal of Impairment Loss)		(230.540)	(119.376)
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Receivables	8,9	(281.227)	(216.628)
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Inventories	10	50.687	97.252
Adjustments for Provisions		1.016.046	(531.622)
Adjustments for (Reversal of) Provisions Related with			
Employee Benefits	19	515.122	258.975
Adjustments for (Reversal of) Lawsuit and/or			
Penalty Provisions	17	(23.201)	(27.715)
Adjustments for (Reversal of) Warranty Provisions	17	894.584	506.993
Adjustments for (Reversal of) Other Provisions	17	(370.459)	(1.269.875)
Adjustments for Interest (Income) Expenses		2.339.027	1.509.501
Adjustments for Interest Income	26	(3.239.009)	(2.807.965)
Adjustments for Interest Expense	26	5.578.036	4.317.466
Adjustments for Unrealised Foreign			
Exchange Losses (Gains)		(7.995.400)	(6.552.843)
Adjustments for Fair Value Losses (Gains)		(296.795)	(569.620)
Adjustments for Fair Value (Gains) Losses on			
Derivative Financial Instruments		(296.795)	(569.620)
Adjustments for Gains From Investments Accounted for Using Equity Method		(880.583)	(1.631.419)
Adjustments for Tax (Income) Expenses		683.869	148.635
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(57.240)	(43.922)
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets		(57.240)	(43.922)
Other Adjustments to Reconcile Profit (Loss)	5	14	24
Monetary Gain / (Loss)		(229.070)	486.084

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023****AND 1 JANUARY – 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
Changes in Working Capital		6.827.813	(496.208)
Decrease (Increase) in Financial Asset		737.546	923.902
Adjustments for Decrease (Increase) in Trade Accounts Receivable		536.647	201.150
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(389.237)	(29.053)
Decrease (Increase) in Trade Accounts Receivables from Third Parties		925.884	230.203
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		733.025	19.869
Decrease (Increase) in Other Third Party Receivables Related with Operations		733.025	19.869
Adjustments for Decrease (Increase) in Inventories		(1.005.808)	5.595.461
Decrease (Increase) in Prepaid Expenses		(208.658)	340.489
Adjustments for Increase (Decrease) in Trade Accounts Payable		6.597.093	(8.007.622)
Increase (Decrease) in Trade Accounts Payables to Related Parties		39.923	(106.061)
Increase (Decrease) in Trade Accounts Payables to Third Parties		6.557.170	(7.901.561)
Increase (Decrease) in Employee Benefit Liabilities		164.435	(8.518)
Adjustments for Increase (Decrease) in Other Operating Payables		9.568	(24.505)
Increase (Decrease) in Other Operating Payables to Third Parties		9.568	(24.505)
Increase (Decrease) in Deferred Revenue		(991.136)	943.746
Other Adjustments for Other Increase (Decrease) in Working Capital		255.101	(480.180)
Decrease (Increase) in Other Assets Related with Operations		(154.979)	314.094
Increase (Decrease) in Other Payables Related with Operations		410.080	(794.274)
Cash Flows from (used in) Operations		7.814.120	(3.831.828)
Payments Related with Provisions for Employee Benefits	19	(586.887)	(104.889)
Income Taxes Refund (Paid)	27	(166.273)	(63.118)

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023****AND 1 JANUARY – 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
	Notes		
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(7.705.365)	(7.454.754)
Proceeds from sales of Shares Without			
Change in Control of Subsidiaries or Other Businesses		863.223	595.951
Cash Outflows Arising from Purchase of Shares or Capital			
Increase of Associates		(561.734)	(1.056.499)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		67.076	77.548
Purchase of Property, Plant, Equipment and Intangible Assets		(5.459.819)	(6.867.303)
Purchase of Property, Plant and Equipment	13	(3.911.838)	(6.063.599)
Purchase of Intangible Assets	15	(1.547.981)	(803.704)
Cash Advances and Loans Made to Related Parties		(2.786.229)	(399.955)
Cash Advances and Loans Made to Third Parties		172.118	195.504
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		1.386.691	10.570.226
Proceeds from Borrowings	6	49.716.527	50.170.430
Proceeds from Loans		42.588.020	47.637.457
Proceeds from Issued Debt Instruments		5.926.697	2.532.973
Proceeds from Other Financial Borrowings		1.201.810	-
Repayments of Borrowings		(42.896.802)	(35.357.439)
Loan Repayments	6	(41.090.862)	(33.174.140)
Issued bonds repayments		(1.805.940)	(2.183.299)
Changes of Lease Liabilities		10.245	272.128
Dividends Paid	7	(114.351)	(243.384)
Interest Paid		(5.559.425)	(4.292.557)
Interest Received		230.497	21.048
NET INCREASE (DECREASE) IN CASH AND CASH		742.286	(884.363)
EFFECT OF MONETARY GAIN / LOSS ON CASH AND CASH EQUIVALENTS		(1.092.103)	(2.619.580)
Effect of Exchange Rate Changes on Cash and			
Cash Equivalents		86.561	407.200
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(263.256)	(3.096.743)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	2.557.917	5.654.660
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2.294.661	2.557.917

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

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NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi ("Vestel Elektronik" or "the Company") and its subsidiaries (together "the Group"), mainly produce and sell a range of brown goods and white goods. The Company's head office is located at Levent 199, Büyükdere Caddesi No:199, 34394 Şişli / Istanbul. The Group's facilities are located in Manisa Organized Industrial Zone, and İzmir Aegean Free Zone.

The ultimate controlling party of the Company is Zorlu Family.

Vestel Elektronik is registered to Capital Market Board ("CMB") and its shares have been quoted to Borsa Istanbul ("BİST") since 1990. As of 31 December 2023, 44,31% of the Group's shares are publicly traded (2022: 39,05%).

As of 31 December 2023 the number of personnel employed at Group is 19.304 (31 December 2022: 20.438).

The Company's subsidiaries and associates are as follows:

Subsidiaries	Country	Nature of operations
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Ticaret A.Ş.	Turkey	Sales
Vestel CIS Ltd.	Russia	Sales
Vestel Electronica SRL	Romania	Sales
Vestel Iberia SL	Spain	Sales
Vestel France SA	France	Sales
Vestel Holland BV	Holland	Sales
Vestel Holland B.V. Germany Branch Office	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel UK Ltd.	UK	Sales
Vestel Holland B.V. UK Branch Office	UK	Sales
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	Software
Vestel Trade Ltd.	Russia	Sales
Vestel Electronics Shanghai Trading Co. Ltd	China	Service
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Sales
Vestel Ventures Ar-ge A.Ş.	Turkey	Service
Vestel Holland B.V. Poland Branch Office	Polonya	Sales
Vestel Electronics Gulf DMC	UAE	Sales
Vestel U.S.A.	nited States	Sales

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NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Cont'd)

Associates	Country	Nature of operations
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş. ("Meta")	Turkey	Mining
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. ("TOGG")	Turkey	Automotive

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**2.1 Basis of presentation****2.1.1 Statement of compliance**

The consolidated financial statements of Vestel Elektronik have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretation Committee applicable to the companies reporting under IFRS. The financial statements comply with IFRS as issued by International Accounting Standards Board ("IASB"). The significant accounting policies adopted in the preparation of these consolidated financial statements have been consistently applied to the years presented, unless otherwise stated.

The accompanying consolidated financial statements are prepared on the historical cost basis as adjusted for the effects of inflation on Turkish Lira at the reporting date based on International Accounting Standard ("IAS") No. 29 "Financial Reporting in Hyperinflationary Economies" except for the monetary assets and liabilities and those assets and liabilities which are measured at fair value.

The Group and its subsidiaries operating in Turkey maintain their accounting records and prepare its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The consolidated financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL.

Consolidated subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate with the required adjustments and reclassifications reflected in accordance with International Financial Reporting Standards ("IFRS"). These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the IFRS.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023
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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**2.1 Basis of presentation (Cont'd)****2.1.1 Statement of compliance (Cont'd)**

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.

2.1.2 Financial Reporting in Hyperinflationary Economies

Since the cumulative three-year inflation rate has risen to above 100% as of March 2022, based on the Turkish nation-wide consumer price indices announced by the Turkish Statistical Institute ("TÜİK"), Turkey should be considered a hyperinflationary economy under IAS 29 starting from 30 April 2022.

IAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2022, on the purchasing power basis as of 31 December 2023.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the TÜİK. As of 31 December 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date Index Adjustment Coefficient Three -Year Inflation Rate:

Date	Index	Coefficient of Correction	Three-Year Compound Inflation Rate
31 December 2023	1.859,38	1,00000	268%
31 December 2022	1.128,45	1,64773	156%
31 December 2021	686,95	2,70672	74%

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023
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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1.2 Financial Reporting in Hyperinflationary Economies (Cont'd)

The main elements of the Group's adjustment for financial reporting purposes in hyperinflationary economies are as follows:

- The current period consolidated financial statements prepared in TL are expressed with the purchasing power at the balance sheet date, and the amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are currently expressed with current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of IAS 36 Impairment of Asset and IAS 2 Inventories are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been corrected using the relevant correction coefficient.
- All items included in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet, are indexed on a quarterly basis with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.
- The effect of inflation on the Group's net monetary liability position in the current period is recorded in the monetary gain account in the consolidated income statement.

The Group measures its lands, land improvements and buildings at fair value by way of revaluation policy. As part of transition provisions in IAS 29 associated revaluation funds recognised under equity was reclassified to the retained earnings as of 1 January 2021.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1.3 Currency used

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Turkish Lira ("TL"), which is the functional currency of Vestel Elektronik and the presentation currency of the Group. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

ii) Transactions and balances

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow and net investment which are included under shareholders' equity.

iii) Translation of financial statements of subsidiaries having functional currency other than TL

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using quarterly average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction) and then rearrangements made in accordance with TMS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the TÜİK.

Exchange differences arising from using average and balance sheet date rates are included in "exchange differences on translation" under equity.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1.4 Basis of consolidation

The consolidated financial statements include the accounts of the parent and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with IFRS by applying uniform accounting policies and presentation.

a) Subsidiaries

The Group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable /receivable balances and sales/ purchase transactions are eliminated. The carrying value of the investment held by Vestel Elektronik and its subsidiaries is eliminated against the related shareholders' equity.

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in shareholders' equity.

As of the balance sheet date, consolidated companies and the proportion of ownership interest of Vestel Elektronik in these subsidiaries are disclosed in note 3.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

b) Investments in associates

Investments in associates are accounted for by the equity method and are initially recognized at cost. These are entities in which the Group has an interest which is more than 20% and less than 50% of the voting rights or over which a significant influence is exercised. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates, whereas unrealized losses are eliminated unless they do not address any impairment of the asset transferred. Net increase or decrease in the net asset of associates is included in the consolidated statements of comprehensive income in regards with the Group's share.

The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group's interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized.

The carrying amounts of the investments accounted for using the equity method are reviewed whether there is any indication of impairment at each reporting date. If such an indicator exists, the recoverable amount of the asset is estimated.

The recoverable amount of the investments accounted for using the equity method refers to the higher of value-in-use or fair value less cost to sell. Value-in-use is the present value of future cash flows expected to be generated from an asset or cash generating unit.

If the carrying amount of the investments accounted for using the equity method exceeds the recoverable amount, the impairment is accounted for. Impairments are recognized in profit and loss accounts.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023
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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

b) Investments in associates (Cont'd)

Impairments are recorded in the statement of profit or loss. In investments accounted for using the equity method, impairments allocated in previous periods are re-evaluated in each reporting period in the event that impairment decreases or there are indicators that impairment is not valid. Impairment is reversed in case of changes in the estimates used when determining recoverable amount. The increase in the carrying amount of the investments due to the reversal of the impairment loss is accounted in such a way that it does not exceed the carrying amount determined if the impairment loss has not been included in the consolidated financial statements in the previous years.

Financial assets in which the Group has ownership interests below 20%, or in which a significant influence is not exercised by the Group that have quoted market prices in active markets and whose fair values can be reliably measured are classified as financial assets measured at fair value through other comprehensive income in the consolidated financial statements.

The non-controlling share in the net assets and results of Subsidiaries for the year are separately classified as “non-controlling interest” in the consolidated statements of financial position and consolidated statements of profit or loss

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.2 Comparatives

Consolidated financial statements of the Group have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the consolidated financial statements.

2.3 Changes in accounting policies and accounting estimates and errors

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If the changes in accounting estimates only apply to one period, then they are applied in the current period in which the change occurred; if the changes also apply to future periods, they are applied in both the period of change and in the future periods, prospectively.

2.4. Amendments in International Financial Reporting Standards

Standards, amendments, and interpretations applicable as of 31 December 2023:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Cooperation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The impact on the Group is being assessed.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in International Financial Reporting Standards (Cont'd)

- **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **IAS 21 Lack of Exchangeability;** a transaction or activity in a foreign currency that is not convertible into another currency at a effective from annual periods beginning on or after January 1, 2025. An entity is affected when it has particular measurement date for a particular purpose. A currency can be exchanged when the ability to obtain another currency is available (with a normal administrative delay) and the transaction occurs through a market or clearing mechanism that creates enforceable rights and obligations.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies

2.5.1 Revenue recognition

Group recognizes revenue in accordance with IFRS 15 “Revenue from contracts with customers” standard by applying the following five step model:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- b) Group can identify each party’s rights regarding the goods or services to be transferred,
- c) Group can identify the payment terms for the goods or services to be transferred,
- d) The contract has commercial substance,
- e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023
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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5 Summary of significant accounting policies (Cont'd)****2.5.1 Revenue recognition (Cont'd)****Revenue from sale of goods**

Group recognizes revenue based on the production and sale of white goods, consumer electronics, air conditioners and home appliance. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with retrospective volume discounts based on aggregate sales. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see Note 17. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the group transfers the good or service to a customer. When a group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The group is an agent if its performance obligation is to arrange for the provision of goods or services by another party.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Group uses moving weighted average method for costing.

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value less accumulated depreciation, based on valuations performed by independent valuers at 31 December 2023.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is the revalued amount of the asset.

Property, plant and equipment except for land, land improvements and buildings are carried at cost in the equivalent purchasing power of TL as at 31 December 2023, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements and buildings is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**2.5.3 Property, plant and equipment (Cont'd)**

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

Land is not depreciated. Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Useful lives of property, plant and equipment is as follows:

	<u>Useful life</u>
Land improvements	5 - 33 years
Buildings	10 - 36 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 30 years
Motor vehicles	5 - 10 years
Furniture and fixtures	5 - 14 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

Subsequent costs such as repairs and maintenance or part replacement of plant and equipment are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Leases

The Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Group assess whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the incremental borrowing rate of the relevant Group company.

Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The duration of the contracts, which constitute the lease obligation of the company, varies between 1 - 20 years.

The Group – as a lessor

The Group's activities as a lessor are not material.

Right of use assets:

The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group

To apply the cost model, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Group applies the depreciation requirements in IAS16 Property, Plant and Equipment in depreciating the right-of-use asset.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.4 Intangible assets

a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. Intangible assets arising from development (or from the development phase of an internal project) are recognized as intangible assets when the following criteria are met;

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

In other cases, development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

b) Rights and other intangible assets

Rights and other intangible assets consist of acquired computer software, computer software development costs and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and are amortized on a straight-line basis over their expected useful lives which are less than fifteen years.

Useful life of intangible assets is as follows:

	<u>Useful life</u>
Rights	2 - 15 years
Development cost	2 - 10 years
Other	2 - 15 years

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.5 Financial instruments

a) Financial assets

The Group classifies its financial assets into the following specified categories: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Group's financial assets carried at amortized cost comprise "trade receivables", "other assets" and "cash and cash equivalents" in the statement of financial position.

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Group and its expectations for the future indications.

Financial assets measured at fair value

Assets that are held by the Group for collection of contractual cash flows and for selling the financial assets are measured at their fair value.

If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and choose profit or loss or other comprehensive income for the presentation of fair value gain and loss:

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.5 Financial instruments (Cont'd)

- i) Financial assets carried at fair value through profit or loss Financial assets carried at fair value through profit or loss comprise of “derivative instruments” in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group’s financial instruments at fair value through profit or loss consist of forward contracts, and currency swaps.
- ii) Financial assets carried at fair value through other comprehensive income Financial assets carried at fair value through other comprehensive income comprise of “financial assets” in the statement of financial position. Gains or losses arising from financial assets, other than impairment and exchange rate income or expenses, are recognized in other comprehensive income. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

b) Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.5 Financial instruments (Cont'd)

c) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The derivative instruments of the Group mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under risk accounting, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognised in the consolidated profit or loss statement.

The hedging transactions of the Group that qualify for hedge accounting are accounted regarding to IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group's financial statements.

Cash flow hedges:

As long as a cash flow hedge meets the qualifying criteria, the hedging relationship shall be accounted for as follows:

(a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

(i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and

(ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of

the hedge.

(b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income.

(c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.6 Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.5.7 Related parties

Shareholders, key management personnel and board members, their close family members and companies controlled, jointly controlled or significantly influenced by them and Zorlu Holding Group companies are considered and referred to as related parties.

2.5.8 Taxation on income

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items directly recognized in equity. In that case, tax is recognized in shareholders' equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Investment incentives that are conducive to payment of corporate taxes at reduced rates are subject to deferred tax calculation when there is reasonable assurance that the Group will benefit from the related incentive.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.8 Taxation on income (Cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.5.9 Employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. Employment termination benefits are considered as being part of defined retirement benefit plan as per IAS 19. All actuarial gains and losses are recognized in consolidated statements of income.

The effects of the significant forecasts used in employment termination benefits provision calculations have been recognized as actuarial gains and losses and they have been explained in the relevant note.

2.5.10 Government grants

Government grants, including non-monetary grants at fair value, are recognized in consolidated financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received.

Incentives for research and development activities are recognized in consolidated financial statements when they are authorized by the related institutions.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.11 Earnings per share

Earnings per share disclosed in the consolidated statement of income is determined by dividing consolidated net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings or inflation adjustments. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

2.5.12 Statement of cash flows

In the consolidated statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Group's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipment and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.5.13 Contingent assets and liabilities:

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and are disclosed as contingent assets or liabilities Note 18. Contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. If an outflow of resources has become probable, contingent liabilities are recognised in the financial statements. Contingent assets are not recognised in financial statements but disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**2.5.14 Segment reporting**

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions.

The Group management evaluates the operational results at industrial and geographical level. Industrial segments are measured until gross profit level while geographical segments are measured only by revenue. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Group's operations are reported under two industrial segments:

- Consumer and mobility electronic
- Household appliances

Group's operations are reported under three geographical segments:

- Turkey
- Europe
- Other

2.5.15 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

2.5.16 Going Concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.17 Subsequent Events

Events after the balance sheet date, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue.

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.5.18 Trade payables

Trade payables are recognized at their fair values.

2.5.19 Borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income as finance cost over the period of the borrowings. Borrowing costs are expensed as incurred. If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which (at least a period of one year) are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

In non-monetary items where borrowing costs are adjusted for the effect of inflation and capitalized, the portion of the borrowing costs corresponding to the effect of inflation is separated and expensed.

2.6. Critical accounting estimates and judgments

Preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6. Critical accounting estimates and judgments (Cont'd)

Significant estimates of the Group management are as follows:

i. Revaluation of land, buildings and land improvements:

Land, land improvements and buildings are stated at fair value, based on valuations performed by independent valuers as at 31 December 2023 (Note 13).

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach and based on the following valuation techniques and assumptions:

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned land, building and land improvements are consistent to the highest and best use approach.
- In the market comparison method, current market information was utilized, taking into consideration the comparable market prices for the recent transactions in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m² sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.
- In the cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Group performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the IAS36 "Impairment of Assets", and no impairment indicator is identified.

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NOTE 3 – INTERESTS IN OTHER ENTITIES**Subsidiaries:**

As of 31 December 2023 and 31 December 2022 the Group's major subsidiaries are as follows:

Consolidated subsidiaries	Functional Currency	31 December 2023		31 December 2022	
		Voting rights	Effective ownership	Voting rights	Effective ownership
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	TL	77,33	77,33	80,66	80,66
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	TL	100,00	100,00	100,00	100,00
Vestel Ticaret A.Ş.	TL	100,00	100,00	100,00	100,00
Vestel CIS Ltd.	RUB	100,00	100,00	100,00	100,00
Vestel Holland B.V. Iberia Branch Office (**)	EUR	100,00	100,00	100,00	100,00
Vestel France SA	EUR	100,00	100,00	100,00	100,00
Vestel Holland B.V.	EUR	100,00	100,00	100,00	100,00
Vestel Holland B.V. Germany Branch Office	EUR	100,00	100,00	100,00	100,00
Cabot Communications Ltd.	GBP	90,80	90,80	90,80	90,80
Vestel UK Ltd.	GBP	100,00	100,00	100,00	100,00
Vestel Holland B.V. UK Branch Office	GBP	100,00	100,00	100,00	100,00
Vestek Elektronik Araştırma Geliştirme A.Ş.	TL	100,00	100,00	100,00	100,00
Vestel Trade Ltd.	RUB	100,00	100,00	100,00	100,00
Intertechnika LLC	RUB	99,90	99,90	99,90	99,90
Vestel Central Asia LLP	KZN	100,00	100,00	100,00	100,00
Vestel Holland B.V. Poland Branch Office (*)	PLN	100,00	100,00	100,00	100,00
Vestel Electronics Gulf DMC	AED	100,00	100,00	100,00	100,00
Vestel Electronics Shanghai Trading Co. Ltd.	CNY	100,00	100,00	100,00	100,00
Vestel Electronica SRL	RON	100,00	100,00	100,00	100,00
Vestel USA	USD	100,00	100,00	100,00	100,00

(*) Vestel Poland sp. z o.o., a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., a wholly owned subsidiary of Vestel Ticaret AŞ ("Vestel Ticaret"), a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., and Vestel Holland B.V., a wholly owned subsidiary of Vestel Ticaret B.V., a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş., a wholly owned subsidiary of Vestel Ticaret AŞ ("Vestel Ticaret"), domiciled in Poland, was merged under Vestel Holland B.V. With this merger, all assets, liabilities and operations of Vestel Poland sp. z o.o. were transferred to Vestel Holland B.V. Sp. z o.o., the Polish branch of Vestel Holland B.V., as of January 1, 2023. Oddział w Polsce.

(**) Vestel Iberia S.L, a wholly owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş. ("Vestel Ticaret") based in Spain, and Vestel Holland B.V., a wholly owned subsidiary of Vestel Ticaret A.Ş. ("Vestel Ticaret") based in the Netherlands, have been merged under Vestel Holland B.V. With this merger, all assets, liabilities and operations of Vestel Iberia S.L. have been transferred to Vestel Holland B.V. Sucursal En España, a branch of Vestel Holland B.V. established in Spain, as of October 1, 2023.

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NOTE 3 – INTERESTS IN OTHER ENTITIES (Cont'd)**Subsidiaries (Cont'd):**

Financial information of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. which is not wholly owned by the Group and has significant non-controlling interests is as follows.

	31 December 2023	31 December 2022
Accumulated non-controlling interests	4.894.403	2.621.429
Comprehensive income attributable to non-controlling interests	1.776.013	110.798

The financial statements of the subsidiary is adjusted to include the effects of revaluation of land, buildings and land improvements in accordance with the Group's accounting policies applied in preparation of the consolidated financial statements.

Balance sheet:

	31 December 2023	31 December 2022
Current assets	26.495.350	28.346.800
Non-current assets	24.418.676	17.443.660
Current liabilities	(25.211.536)	(30.365.082)
Non-current liabilities	(4.112.711)	(1.870.939)
Net assets	21.589.779	13.554.439

Statement of comprehensive income:

	1 January - 31 December 2023	1 January - 31 December 2022
Net sales	61.069.905	59.583.113
Income / (loss) before tax	5.500.684	466.115
Tax benefit / (expense)	(776.232)	(254.327)
Net income / (loss) for the period	4.724.452	211.788
Total comprehensive income	8.578.759	(750.869)

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NOTE 3 – INTERESTS IN OTHER ENTITIES (Cont'd)**Subsidiaries (Cont'd):****Statement of cash flows:**

	1 January - 31 December 2023	1 January - 31 December 2022
<u>Operating activities:</u>		
Changes in working capital	197.540	1.797.542
Net cash provided by operating activities	3.907.270	2.950.418
<u>Investing activities:</u>		
Net cash used in investing activities	(1.892.815)	(5.160.669)
<u>Financing activities:</u>		
Proceeds from bank borrowings	5.696.297	11.390.048
Repayment of bank borrowings	(8.025.750)	(3.120.555)
Dividends paid	(543.419)	(1.406.251)
Net cash (used in) / provided by financing activities	(1.900.663)	2.210.274
Cash and cash equivalents at the beginning of the period	953.628	305.359
Cash and cash equivalents at the end of the period	729.518	953.628

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NOTE 4 - SEGMENT REPORTING

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions.

Considering the fact that the Group's risks and rate of returns are dissimilar between product types and between geographical areas.

Industrial segments

	Consumer and mobility electronics	Household appliances	Total
1 January -31 December 2023			
Revenue	40.103.900	72.111.834	112.215.734
Cost of sales	(35.332.713)	(51.910.393)	(87.243.106)
Gross profit	4.771.187	20.201.441	24.972.628
Depreciation and amortization	2.389.442	1.916.378	4.305.820
1 January -31 December 2022			
Revenue	41.278.770	69.846.170	111.124.940
Cost of sales	(35.028.898)	(57.206.357)	(92.235.255)
Gross profit	6.249.872	12.639.813	18.889.685
Depreciation and amortization	1.863.021	1.914.431	3.777.452

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NOTE 4 - SEGMENT REPORTING (Cont'd)**Purchase of Property, Plant, Equipment and Intangible Assets**

	Consumer and mobility electronics	Household appliances	Total
1 January - 31 December 2023	1.527.126	3.932.693	5.459.819
1 January - 31 December 2022	1.743.983	5.123.320	6.867.303

Revenue by Geographic Location:

	1 January - 31 December 2023	1 January - 31 December 2022
Turkey	44.699.811	36.466.092
Europe	61.059.434	66.488.222
Other	15.187.478	15.393.463
Gross segment sales	120.946.723	118.347.777
Discounts (-)	(8.730.989)	(7.222.837)
Revenue	112.215.734	111.124.940

The amount of export for the period 1 January - 31 December 2023 is TL 76.246.912 (1 January - 31 December 2022: TL 81.881.685) Export sales are denominated in EUR, USD and other currencies as 67%, 22,4%, and 10,6% of total exports respectively. (1 January – 31 December 2022: 68,7% EUR, 25,3% USD, 6% other).

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NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash	14.455	5.188
Bank deposits		
- Demand deposits	2.063.224	2.005.463
- Time deposits	91.298	353.846
Cheques and notes	15.659	74.195
Other	110.025	119.225
	2.294.661	2.557.917
Blocked deposits	22	36
Cash and cash equivalents	2.294.683	2.557.953

The Group has time deposits amounting to TL 75.250 thousand and RUB 48.500 (31 December 2022: USD 1.003 thousand, TL 96.696 thousand, EUR 4.200 thousand and RUB 60.000). As of 31 December 2023 and 31 December 2022 the Group's time deposits have an average maturity of less than 3 months.

Based on the independent data with respect to the credit risk assessment of the banks, at which the Group has deposits, the credit quality of the banks is sufficient. The market values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet date.

Effective interest rates

	31 December 2023	31 December 2022
EUR	-	%0,01
TL	%34,45	%18,00
USD	-	%0,04
RUB	%10,00	%4,50

See Note 30 for the foreign currency details of the Group's demand deposits.

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NOTE 6 – FINANCIAL LIABILITIES

	31 December 2023	31 December 2022
Short term financial liabilities		
Short term bank loans	20.281.985	29.112.556
Short term portion of long term bank loans	2.824.663	2.301.781
Short term portion of long term lease liabilities	230.962	230.795
Short term issued bonds	3.549.970	1.877.100
	26.887.580	33.522.232
Long term financial liabilities		
Long term bank loans	1.867.476	1.143.322
Long term lease liabilities	664.765	654.687
	2.532.241	1.798.009

Details of the Group's short term bank loans are given below:

	31 December 2023			31 December 2022		
Currency	Weighted average of effective interest	Original currency	TL Equivalent	Weighted average of effective interest	Original currency	TL Equivalent
- USD	%10,48	317.322	9.358.238	%8,27	235.849	7.279.541
- EUR	%10,12	105.507	3.442.968	%8,75	64.505	2.122.631
- TL	%37,80	6.873.369	6.873.369	%16,75	19.407.973	19.407.973
- CNY	%7,96	145.484	607.410	%4,55	68.467	302.411
			20.281.985			29.112.556

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023
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NOTE 6 – FINANCIAL LIABILITIES (Cont'd)

Details of the Group's long term bank loans are given below:

31 December 2023				31 December 2022		
Currency	Weighted average of effective interest rates per	Original currency	TL Equivalent	Weighted average of effective interest rates per	Original currency	TL Equivalent
- USD	%11,03	28.587	843.068	%6,74	13.104	404.458
- EUR	%10,96	14.190	463.057	%5,37	20.097	661.321
- TL	%29,96	1.518.538	1.518.538	%14,82	1.236.002	1.236.002
Short term portion			2.824.663	2.301.781		
- USD	%11,21	15.690	462.718	%8,18	36.142	1.115.533
- EUR	%10,96	6.135	200.201	-	-	-
- TL	%20,65	1.204.557	1.204.557	%15,00	27.787	27.789
Long term portion			1.867.476	1.143.322		
			4.692.139	3.445.103		

Total amount of Group's floating bank loans is amounting to TL 12.749.785 (31 December 2022: TL 17.138.426).

The maturity schedule of Group's long term bank loans is given below:

	31 December 2023	31 December 2022
One to two years	985.120	749.372
Two years and more	882.356	393.950
	1.867.476	1.143.322

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NOTE 6 – FINANCIAL LIABILITIES (Cont'd)

The analysis of Group's bank loans in terms of periods remaining to contractual re-pricing dates is as follows:

	31 December 2023	31 December 2022
3 months or less	5.240.984	6.162.759
Between 3-6 months	3.100.190	4.432.596
Between 6-12 months	4.408.611	5.230.576
1 year or more	-	1.312.495
	12.749.785	17.138.426

Guarantees given for the bank loans are presented in Note 17.

Fair values of short-term bank borrowings are considered to approximate their carrying values. Fair values are determined using average effective annual interest rates. Long term bank borrowings are stated at amortized cost using effective interest rate method and their fair values are considered to approximate their carrying values since loans usually have a re-pricing period of six months.

The Company has fulfilled its financial commitments arising from its borrowings as of 31 December 2023 and 2022.

As of 31 December 2023 and 31 December 2022, the Group's net financial debt reconciliation is shown below:

	31 December 2023	31 December 2022
Net financial debt as of 1 January	32.762.324	27.142.986
Cash inflows from loans and issued bonds	48.514.717	50.170.431
Cash outflows from loan and bonds payments	(42.896.802)	(35.357.441)
Changes of lease liabilities	10.245	272.128
Unrealized exchange gain/loss	3.493.729	2.730.721
Changed interest	677.367	1.296.517
Change in cash and cash equivalents	263.256	(3.096.746)
Monetary gain / (loss)	(15.699.676)	(10.396.272)
Net financial debt at the end of the period	27.125.160	32.762.324

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NOTE 7 – RELATED PARTY DISCLOSURES**a) Short term trade receivables from related parties**

	31 December 2023	31 December 2022
Korteks Mensucat Sanayi ve Ticaret A.Ş. (1)	15.240	14.484
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (4)	385.373	165
Other related parties	55.929	52.656
	456.542	67.305

b) Short term trade payables to related parties

	31 December 2023	31 December 2022
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	17.496	18.746
Zorlu Holding A.Ş. (2)	40.366	22.722
Other related parties	54.666	31.137
	112.528	72.605

c) Other short term receivables from related parties

	31 December 2023	31 December 2022
Vestel Ventures A.Ş. (3)	-	1.226.622
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (4)	889.313	1.001.513
	889.313	2.228.135

As of 31 December 2023, the annual average effective interest rate of other receivables in TL and USD are 50% and 8%. (31 December 2022: USD 7%, TL 25%).

d) Other long term receivables from related parties

	31 December 2023	31 December 2022
Zorlu Holding A.Ş. (2)	11.331.567	10.647.491
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (4)	10.059.268	9.349.907
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A. Ş. (4)	7.376.941	7.055.278
	28.767.776	27.052.676

Other long term receivables from related parties mainly consists of cash fund deposits transferred to group companies. As of 31 December 2023, the annual average effective interest rate of other receivables in TL 50% and in USD is 8%. (31 December 2022: USD 7%, TL 25%).

(1) Zorlu Holding Group Company, (2) Parent, (3) Subsidiary, (4) Associate

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NOTE 7 – RELATED PARTY DISCLOSURES (Cont'd)**e) Long-term prepaid expenses to related parties**

	31 December 2023	31 December 2022
Zorlu Enerji Elektrik Üretim A.Ş. (1)	1.881.730	-
Other	100.381	-
	1.982.111	-

f) Transactions with related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Sales		
Zorlu Enerji Elektrik Üretim A.Ş. (1)	-	380.485
ZES Dijital Ticaret A.Ş. (1)	339.341	142.945
Rotor Elektrik Üretim A.Ş. (1)	-	120.383
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. (1)	-	115
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (4)	1.014.220	125.242
Other related parties	89.684	32.554
	1.443.245	801.724

	1 January - 31 December 2023	1 January - 31 December 2022
Operating expenses		
Zorlu Holding A.Ş. (2)	386.100	301.070
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	141.965	204.063
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. (1)	-	34.777
Zorlu Air Havaçılık A.Ş. (1)	-	19.376
Other related parties	152.288	130.703
	680.353	689.989

(1) Zorlu Holding Group Company, (2) Parent, (3) Subsidiary, (4) Associate

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NOTE 7 – RELATED PARTY DISCLOSURES (Cont'd)**f) Transactions with related parties (Cont'd)**

	1 January - 31 December 2023	1 January - 31 December 2022
Other income from operating activities		
Other related parties	617.841	22.401
Other expense from operating activities		
Other related parties	22.733	44.785
	1 January - 31 December 2023	1 January - 31 December 2022
Financial income		
Zorlu Holding A.Ş. (2)	5.417.491	4.764.523
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (4)	5.233.744	4.368.298
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. (4)	3.655.496	2.395.368
Other related parties	646.152	433.536
	14.952.883	11.961.725
	1 January - 31 December 2023	1 January - 31 December 2022
Financial expense		
Other related parties	6.620	992
	6.620	992

(1) Zorlu Holding Group Company, (2) Parent, (3) Subsidiary, (4) Associate

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NOTE 7 – RELATED PARTY DISCLOSURES (Cont'd)**f) Transactions with related parties (Cont'd)**

	1 January - 31 December 2023	1 January - 31 December 2022
Dividend payment to non-controlling interests	114.351	243.384

g) Guarantees received from and given to related parties are disclosed in note 17.

h) Compensation paid to key management including directors, the Chairman and members of Board of Directors, general managers and assistant general managers

Compensation paid to key management for the year ended 31 December 2023 is TL 230.840 (1 January - 31 December 2022: 133.301).

i) Financial income from related parties result from interest income from financial liabilities.

(1) Zorlu Holding Group Company, (2) Parent, (3) Subsidiary, (4) Associate

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NOTE 8 – TRADE RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
Short term trade receivables		
Trade receivables		
- <i>Related parties (note 7)</i>	456.542	67.305
- <i>Other parties</i>	15.853.901	16.092.096
Cheques and notes receivables	1.702.893	2.150.173
Other	81.101	192.986
	18.094.437	18.502.560
Unearned interest expense (-)		
- <i>Other parties</i>	(142.210)	(165.790)
Allowance for doubtful receivables (-)	(126.325)	(254.738)
Total short term trade receivables	17.825.902	18.082.032
Long term trade receivables		
Cheques and notes receivables	821	111
Total long term trade receivables	821	111

The Group has made a provision considering its past experience in collecting its trade receivables. Hence, the Group management made a provision assessment according to the expected credit losses model within the scope of IFRS 9 and as of 31 December 2023, no additional doubtful trade receivables risk was detected.

	31 December 2023	31 December 2022
Short term trade payables		
Trade payables		
- <i>Related parties (note 7)</i>	112.528	72.605
- <i>Other parties</i>	41.941.635	35.583.975
Other	5.790	8.115
	42.059.953	35.664.695
Unearned interest income (-)		
- <i>Other parties</i>	(94.179)	(104.265)
Total short term trade payables	41.965.774	35.560.430
Long term trade payables		
Trade payables		
- <i>Other parties</i>	178.174	301.331
Total long term trade payables	178.174	301.331

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NOTE 9 – OTHER RECEIVABLES

	31 December 2023	31 December 2022
Short term other receivables		
Receivables from public institutions	1.117.611	1.650.000
Receivables from related parties (note 7)	889.313	2.228.135
Deposits and guarantees given	228.618	272.073
Other	20.251	150.440
	2.255.793	4.300.648
Allowance for doubtful receivables (-)	(222)	(147.674)
	2.255.571	4.152.974

	31 December 2023	31 December 2022
Long term other receivables		
Deposits and guarantees given	20.617	55.111
Receivables from related parties (note 7)	28.767.776	27.052.676
Other	21.369	13.868
	28.809.762	27.121.655
Allowance for doubtful receivables (-)	(8.278)	(13.640)
	28.801.484	27.108.015

Short term other payables		
Other payables		
- Other parties	14.166	4.598
	14.166	4.598

Deferred revenue		
- Other parties	1.069.151	2.064.309
	1.069.151	2.064.309

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NOTE 10 – INVENTORIES

	31 December 2023	31 December 2022
Raw materials	12.009.261	10.790.482
Work in process	577.214	679.003
Finished goods	10.132.526	10.250.514
Merchandise	1.114.949	1.158.994
Other	30.671	61.712
	23.864.621	22.940.705
Provision for impairment on inventories (-)	(353.667)	(384.872)
	23.510.954	22.555.833

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance, 1 January	384.872	320.742
Current year additions	163.691	188.032
Realised due to sale of inventory	(113.004)	(90.780)
Currency translation differences	35.161	46.552
Monetary gain / (loss)	(117.053)	(79.674)
Balance at 31 December	353.667	384.872

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 31 December 2023 is TL 74.983.497 (2022: TL 81.069.122).

As of 31 December 2023, the Group does not have inventories pledged as security for liabilities (31 December 2022: None).

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NOTE 11 – PREPAID EXPENSES

	31 December 2023	31 December 2022
Prepaid expenses in current assets		
Order advances given	1.217.328	627.280
Prepaid expenses	297.905	353.502
Business advances given	8.681	7.889
	1.523.914	988.671
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	298.386	853.143
Prepaid expenses	60.427	21.687
	358.813	874.830

NOTE 12 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2023		31 December 2022	
	%	Amount	%	Amount
Investment in associates				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	%50	-	%50	1.347.022
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.	%23	5.857.271	%23	3.776.294
		5.857.271		5.123.316

Pursuant to the Group's goal to diversify its lines of business and achieve profitable growth by investing in new-generation technologies, the Group has purchased Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ("META") in 2018, which is a Zorlu Holding A.Ş. subsidiary and is involved in nickel-cobalt mining,

Within the framework of Turkey's Automobile Project, following the work undertaken by the Joint Initiative Group, to which Group's controlling shareholder, Zorlu Holding AŞ was a party, Vestel Elektronik Sanayi ve Ticaret AŞ decided to participated with 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which was planned to be established to produce mainly electric passenger cars and carry out supporting activities. In this respect, the Shareholders Agreement and Articles of Association have been signed on 31 May 2018. Establishment of the new Group was completed on 28 June 2018.

Within the scope of the decision taken at the Annual General Meeting of TOGG which was held on 31 May 2021, the Group's stake in TOGG has reached to 23%.

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NOTE 12 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

The movements of META, which is an investment accounted for using the equity method during the period 1 January – 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	1.347.022	2.003.747
Shares from profit / (loss)	(911.206)	71.383
Shares from other comprehensive income / (expense)	(185.417)	55.848
Currency translation differences	(250.399)	(783.956)
	-	1.347.022

The movements of TOGG, which is an investment accounted for using the equity method during the period 1 January – 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	3.776.294	2.214.904
Shares from profit / (loss)	1.542.790	506.154
Shares from other comprehensive income / (expense)	(23.547)	(1.263)
Capital Increase	561.734	1.056.499
	5.857.271	3.776.294

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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Disposals	Currency translation differences	Transfers	Fair value increase	31 December 2023
Cost or revaluation							
Land	5,263,712	-	-	67,839	-	8,368,816	13,700,367
Land improvements	458,233	2,406	-	(30,672)	888	807	431,662
Buildings	8,491,059	157,071	(44)	(324,443)	1,536,733	167,323	10,027,699
Leasehold improvements	1,284,914	95,160	(390)	(835)	6,385	-	1,385,234
Plant and machinery	31,255,594	1,610,566	(1,002,284)	(149,093)	1,695,165	-	33,409,948
Motor vehicles	58,923	5,737	(1,729)	(626)	1,979	-	64,284
Furniture and fixtures	5,455,403	256,314	(19,594)	(7,479)	63,082	-	5,747,726
Other tangible assets	13,829	-	-	-	-	-	13,829
Construction in progress (*)	3,299,938	1,784,584	-	-	(3,308,962)	-	1,775,560
	55,581,605	3,911,838	(1,024,041)	(445,309)	(4,730)	8,536,946	66,556,309
Accumulated depreciation							
Land improvements	30,561	20,855	-	(3,044)	-	(15,724)	32,648
Buildings	425,490	395,262	(5)	(107,920)	-	(320,910)	391,917
Leasehold improvements	1,082,147	54,658	(110)	(700)	-	-	1,135,995
Plant and machinery	24,029,516	2,280,259	(995,338)	(159,383)	-	-	25,155,054
Motor vehicles	49,266	4,189	(1,729)	(603)	-	-	51,123
Furniture and fixtures	4,891,204	269,129	(18,426)	(7,575)	-	-	5,134,332
Other tangible assets	13,829	-	-	-	-	-	13,829
	30,522,013	3,024,352	(1,015,608)	(279,225)	-	(336,634)	31,914,898
Net book value	25,059,592	-	-	-	-	-	34,641,411

*Substantial part of construction in progress consists of new dish washer factory investment. There is no finance cost capitalized on construction in progress.

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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	Fair value increase	31 December 2022
Cost or revaluation							
Land	4.668.250	-	-	(580.016)	-	1.175.478	5.263.712
Land improvements	596.880	693	-	(30.378)	536	(109.498)	458.233
Buildings	10.150.258	39.271	(6.810)	(813.149)	55.344	(933.855)	8.491.059
Leasehold improvements	1.247.562	121.297	(78.285)	(5.660)	-	-	1.284.914
Plant and machinery	29.253.998	1.645.637	(280.266)	(71.366)	707.591	-	31.255.594
Motor vehicles	55.666	5.088	(1.406)	(425)	-	-	58.923
Furniture and fixtures	5.068.235	391.763	(15.612)	(23.116)	34.133	-	5.455.403
Other tangible assets	13.829	-	-	-	-	-	13.829
Construction in progress	255.237	3.859.850	(17.451)	-	(797.698)	-	3.299.938
	51.309.915	6.063.599	(399.830)	(1.524.110)	(94)	132.125	55.581.605
Accumulated depreciation							
Land improvements	26.571	32.867	-	(6.249)	-	(22.628)	30.561
Buildings	352.504	385.746	(10)	(78.230)	-	(234.520)	425.490
Leasehold improvements	1.107.722	61.876	(76.525)	(10.926)	-	-	1.082.147
Plant and machinery	22.324.630	1,939.490	(272.996)	38.392	-	-	24.029.516
Motor vehicles	46.899	4.135	(1.387)	(381)	-	-	49.266
Furniture and fixtures	4.658.760	251.050	(15.286)	(3.320)	-	-	4.891.204
Other tangible assets	13.828	1	-	-	-	-	13.829
	28.530.914	2.675.165	(366.204)	(60.714)	-	(257.148)	30.522.013
Net book value	22.779.001	-	-	-	-	-	25.059.592

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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Cost and accumulated depreciation of land, land improvements and buildings before revaluation are as follows:

	Land improvements	
	Land	and buildings
31 December 2023		
Cost	918.017	5.970.197
Accumulated depreciation (-)	-	(1.653.137)
Net book value	918.017	4.317.060
	Land improvements	
	Land	and buildings
31 December 2022		
Cost	918.017	4.821.493
Accumulated depreciation (-)	-	(1.583.808)
Net book value	918.017	3.237.685

As of 31 December 2023, the Group has collateral on property, plant and equipment amounting to TL 3.000.000 (2022: None).

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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Allocation of current year depreciation and amortization expenses is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales	2.698.603	2.470.383
Research and development expenses	1.087.303	810.877
Marketing, selling and distribution expenses	356.556	260.611
General administrative expenses	156.609	212.964
Other operating expense (idle capacity depreciation expense)	6.749	22.617
	4.305.820	3.777.452

31 December 2023	Level 1	Level 2	Level 3
Tangible Assets			
Lands	- 13.700.367		-
Buildings and land improvements	- 10.459.361		-
31 December 2022	Level 1	Level 2	Level 3
Tangible Assets			
Lands	- 5.263.712		-
Buildings and land improvements	- 8.949.292		-

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NOTE 14 – RIGHT OF USE ASSETS

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Land and buildings	1.827.017	562.794	(21.164)	2.368.647
Motor vehicles	435.183	34.428	-	469.611
	2.262.200	597.222	(21.164)	2.838.258
Accumulated amortization				
Land and buildings	933.943	304.076	(21.165)	1.216.854
Motor vehicles	338.928	51.392	-	390.320
	1.272.871	355.468	(21.165)	1.607.174
Net book value	989.329			1.231.084

	1 January 2022	Additions	Disposals	31 December 2022
Cost				
Land and buildings	1.079.653	747.364	-	1.827.017
Motor vehicles	413.924	24.691	(3.432)	435.183
	1.493.577	772.055	(3.432)	2.262.200
Accumulated amortization				
Land and buildings	571.838	362.105	-	933.943
Motor vehicles	248.934	92.825	(2.831)	338.928
	820.772	454.930	(2.831)	1.272.871
	672.805			989.329

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NOTE 15 – INTANGIBLE ASSETS

	1 January			Currency		31 December
	2023	Additions	Disposals	translation	Transfers	2023
				differences		
Cost						
Rights	600.277	1.088	-	(994)	-	600.371
Development cost	10.534.702	1.412.488	-	-	-	11.947.190
Other intangible assets	1.723.550	134.405	(1.403)	(6.816)	4.730	1.854.466
	12.858.529	1.547.981	(1.403)	(7.810)	4.730	14.402.027
Accumulated amortization						
Rights	481.110	24.067	-	(886)	-	504.291
Development cost	7.784.831	836.361	-	-	-	8.621.192
Other intangible assets	1.304.543	65.572	-	(7.361)	-	1.362.754
	9.570.484	926.000	-	(8.247)	-	10.488.237
Net book value	3.288.045					3.913.790

	1 January			Currency		31 December
	2022	Additions	Disposals	translation	Transfers	2022
				differences		
Cost						
Rights	606.498	574	-	(6.795)	-	600.277
Development cost	9.818.601	688.220	-	27.881	-	10.534.702
Other intangible assets	1.599.054	114.910	(63)	9.555	94	1.723.550
	12.024.153	803.704	(63)	30.641	94	12.858.529
Accumulated amortization						
Rights	463.409	24.002	-	(6.301)	-	481.110
Development cost	7.216.167	568.664	-	-	-	7.784.831
Other intangible assets	1.265.453	54.691	(63)	(15.538)	-	1.304.543
	8.945.029	647.357	(63)	(21.839)	-	9.570.484
Net book value	3.079.124					3.288.045

Development costs, incurred by the Group on development projects relating to television and electronic devices, refrigerators, split air conditioners, washing machines, cookers, drying machines and dish washers are capitalized as intangible assets when it is probable that costs will be recovered through future commercial activity and only if the cost can be measured reliably.

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NOTE 16 – GOVERNMENT GRANTS

There are investment incentive certificates to which the Group has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Group in nature are as follows:

- i) Exemption from customs duty on machinery and equipment to be imported,
- ii) VAT exemption with respect to purchases of investment goods both from domestic and export markets,
- iii) Incentives under the jurisdiction of the research and development law, (Note 27)
- iv) Inward processing permission certificates,
- v) Cash refund from Tübitak - Teydeb for research and development expenses,
- vi) Discounted corporate tax incentive,
- vii) Insurance premium employer share incentive
- viii) Brand support incentive (Turquality) given by Republic of Turkey Ministry of Economy.

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NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**a) Provisions**

	31 December 2023	31 December 2022
Short term provisions		
Warranty and assembly provision	1.190.272	1.120.480
Other provisions	1.705.382	1.350.281
Provision for lawsuit risks	76.502	99.703
	2.972.156	2.570.464
Long term provisions		
Warranty and assembly provision	349.160	249.928
	349.160	249.928

As of 31 December 2023, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is TL 76.502 (2022: TL 99.703).

As of 31 December 2023 and 2022 movements of warranty and assembly provisions are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance, 1 January	1.370.408	1.544.099
Current year additions	3.101.504	1.965.400
Provisions no longer required	(2.206.920)	(1.458.407)
Monetary gain / (loss)	(725.560)	(680.684)
Balance at 31 December	1.539.432	1.370.408

b) Guarantees received by the Group**Guarantee letters, collaterals, cheques and notes received**

	31 December 2023	31 December 2022
Guarantee letters	3.651.597	3.622.978
Cheques and notes	2.066.302	3.433.116
Collaterals and pledges	4.491.421	4.326.868
	10.209.320	11.382.962

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given collaterals to various banks on behalf of the Company for its forward contracts and loans utilized. The table above has been prepared based on the lower of the limits used or the amounts of guarantees received regarding the guarantees received by the Group. The amount of guarantees received by the Group, including the total collaterals amount, is 202.526.651 TL.

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NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)**c) Collaterals, pledges and mortgages ("CPMB's") given by the Group**

CPMB's given by the Group	USD (('000))	EUR (('000))	GBP ('000)	TL	TL Equivalent
31 December 2023					
A. CPMB's given on behalf of its own legal entity	509	2.135	-	3.019.407	3.104.089
B. CPMB's given on behalf of fully consolidated subsidiaries (*)	2.182.426	148.778	60.346	14.141.412	85.630.248
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	36.565	-	-	20.100	1.098.448
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	36.565	-	-	20.100	1.098.448
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2.219.500	150.913	60.346	17.180.919	89.832.785

(*) Fully consolidated subsidiaries have given collaterals to various financial institutions on behalf of each other for their forward contracts and for the total amount of loans utilized.

The table above has been prepared based on the lower of the limits used or the amounts of guarantees received regarding the guarantees given by the Company. The total guarantee amount, as well as the guarantees, pledges, mortgages and guarantees given by the Company, are 6.253.522 thousand USD, 476.481 thousand Euro, 60.450 thousands GBP and 24.463.721 TL, equivalent to a total of 226.712.186 TL..

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NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)**c) Collaterals, pledges and mortgages ("CPMB's") given by the Group (Cont'd)**

CPMB's given by the Group	USD (('000))	EUR (('000))	GBP (('000))	TL	TL Equivalent
31 December 2022					
A. CPMB's given on behalf of its own legal entity	3.625	4.227	-	39.671	290.654
B. CPMB's given on behalf of fully consolidated subsidiaries (*)	2.226.653	83.116	450	6.921.021	78.399.068
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	34.991	-	-	31.938	1.111.944
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	34.991	-	-	31.938	1.111.944
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2.265.269	87.343	450	6.992.630	79.801.666

As of 31 December 2023, proportion of other CPM's given by the Group to its equity is 3% (31 December 2022: 4%).

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NOTE 18 – COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to 3.121.967 thousand USD (31 December 2022: 5.331.164 thousand USD) due to the export and investment incentive certificates obtained.

As of 31 December 2023, the Group has forward foreign currency purchase contract that amounts to USD 1.068.802 thousand, EUR 227.544 thousand, GBP 135.899 thousand, PLN 21.625 thousand and CNY 156.580 thousand against forward foreign currency sales contract that amounts to USD 419.731 thousand, EUR 704.294 thousand, GBP 142.433 thousand, PLN 60.525 thousand, RUB 987.000 and TL 4.029.267. (31 December 2022: USD 813.078 thousand, EUR 173.310 thousand, GBP 79.849 thousand, PLN 23.186 thousand, CNY 66.896 thousand, TL 5.563.115 thousand against forward foreign currency sales contract that amounts to USD 559.982 thousand, EUR 540.395 thousand, GBP 84.901 thousand, PLN 87.098 thousand, TL 3.178.893 thousand against forward foreign currency sales contract).

NOTE 19 – EMPLOYEE BENEFITS**Liabilities for employee benefits:**

	31 December 2023	31 December 2022
Due to personnel	511.160	451.240
Social security payables	401.293	296.778
	912.453	748.018

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NOTE 19 – EMPLOYEE BENEFITS (Cont'd)**Long-Term provisions for employee benefits:**

	31 December 2023	31 December 2022
Provision for employment termination benefits	1.580.853	2.043.194

Under Turkish law, the Group is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No.2422 and 25 August 1999, No.4447, the Group is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's salary for each year of service and is limited to a maximum of 23.489,83 TL/year as of 31 December 2023 (31 December 2022: 15.371,40 TL/year).

Provision for employment termination benefits is not subject to any funding.

The provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which are described below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently, in the accompanying financial statements as of 31 December 2023, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 31 December 2023 provision is calculated based on real discount rate of 49,25%, assuming 23,60% annual inflation rate and 3,72% discount rate (31 December 2022: 7,02% real discount rate, 9,16% inflation rate and 2% discount rate).

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NOTE 19 – EMPLOYEE BENEFITS (Cont'd)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 35.058,58 which is effective from 1 January 2024 (1 January 2023: TL 19.982,83) has been taken into consideration in calculating the provision for employment termination benefits of the Group which is calculated once in every six months.

The movement in the provision for employment termination benefit is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	2.043.194	1.048.101
Increase during the year	335.515	108.541
Payments during the year	(586.887)	(104.889)
Actuarial (gain) /loss	442.684	1.154.187
Interest expense	179.607	150.434
Monetary gain / (loss)	(833.260)	(313.180)
Balance at 31 December	1.580.853	2.043.194

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NOTE 20 – OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Other current assets		
VAT carried forward	47.752	36.019
Rebates from suppliers and incentives income accruals	140.349	69.949
Other	269.348	153.992
	457.449	259.960

	31 December 2023	31 December 2022
Other current liabilities		
Taxes payables	1.238.471	984.532
Other	1.172.089	1.022.395
	2.410.560	2.006.927

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NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS**a) Paid in capital**

	31 December 2023	31 December 2022
Shares of par value Kr 1 each		
limit on registered share capital	2.000.000	2.000.000
Issued share capital	335.456	335.456

As of 31 December 2023 and 31 December 2022 the shareholding structures are as follows:

	Shareholding		Amount	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Zorlu Holding A.Ş.	%55,69	%60,95	186.815	204.460
Other shareholders	%44,31	%39,05	148.641	130.996
	%100	%100	335.456	335.456

b) Adjustment to share capital

Adjustment to share capital (restated to 31 December 2023 purchasing power of money) is the difference between restated share capital and historical share capital.

c) Share premium

Share premium account refers the difference between par value of the Company's shares and the amount the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may not be distributed. It may be used in capital increase.

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NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**d) Restricted Reserves Appropriated from Profits**

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. Under TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

	31 December 2023	31 December 2022
Legal reserves	1.253.194	1.253.194

e) Revaluation reserves

Fair value gains on financial assets	60.832	82.430
Revaluation of property, plant and equipment	9.041.079	2.756.931
	9.101.911	2.839.361

f) Dividend distribution

For quoted companies dividends are distributed in accordance with the Communiqué Serial II -19.1 on "Principals Regarding Distribution of Interim Dividends" issued by the CMB effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, dividend can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

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NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

f) Dividend distribution (Cont'd)

On the other hand, in accordance with the Articles of Association of the Company, the net period income is allocated after deducting the accumulated losses from the previous years, if any, as follows:

- a) As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.
- b) A dividend is allocated from the remaining amount, at the rate determined by the General Assembly over an amount to be found after the addition of a donation, which is made in line with the Turkish Commercial Code and Capital Market Legislation.
- c) After the deductions above, the General Assembly has the right to decide how to allocate the dividend to members of the board of directors and officers, employees and workers, foundations established with various purposes, and similar persons and corporations.
- d) After the amounts stated in paragraph (a), (b) and (c) are deducted from the net period profit, the General Assembly is authorized to allocate the remaining amount as a second dividend or to allocate the remaining amount to its own reserve as per Article 521 of the Turkish Commercial Code.
- e) One tenth of the amount obtained after a dividend of 5% of the paid in capital and other legal reserve are deducted from the amount that is agreed to be allocated to the shareholders and other persons participating to the profit is added to the general legal reserve as per paragraph (c) of the second clause of article 519 of the Turkish Commercial Code.

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. decided to distribute dividends as of 31 December 2023, amounted to TL 114.351 except Vestel Elektronik Sanayi ve Ticaret A.Ş.

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NOTE 22 – SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	44.699.811	36.466.092
Export sales	76.246.912	81.881.685
Gross sales	120.946.723	118.347.777
Sales discounts (-)	(8.730.989)	(7.222.837)
Net sales	112.215.734	111.124.940
Cost of sales	(87.243.106)	(92.235.255)
Gross profit	24.972.628	18.889.685

NOTE 23 – EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Raw materials, supplies and finished goods	74.983.497	81.069.122
Personnel expenses	11.017.297	8.741.387
Depreciation and amortization	4.299.071	3.754.835
Export, transportation, warehouse expenses	5.032.317	6.168.763
Warranty and assembly expenses	3.101.504	1.965.400
Advertising expenses	996.253	1.015.769
Other	6.685.362	6.633.436
	106.115.301	109.348.712

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**NOTE 24 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH
AND DEVELOPMENT EXPENSES****a) General administrative expenses:**

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	1.131.162	854.943
Depreciation and amortization	156.609	212.964
Consultancy expenses	304.062	321.061
Information technology expenses	296.365	236.747
Rent and office expenses	141.248	131.101
Tax and duties	57.821	153.108
Insurance expenses	56.258	74.632
Travelling expenses	37.603	33.153
Benefits and services provided externally	20.709	7.831
Other	636.978	395.699
	2.838.815	2.421.239

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**NOTE 24 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH
AND DEVELOPMENT EXPENSES (Cont'd)****b) Marketing expenses:**

	1 January - 31 December 2023	1 January - 31 December 2022
Export, transportation, warehouse expenses	4.787.073	5.901.806
Warranty and assembly expenses	3.101.504	1.965.400
Personnel expenses	2.913.524	2.307.766
Advertising expenses	992.953	1.012.439
Depreciation and amortization	356.556	260.611
Other	1.942.724	1.557.670
	14.094.334	13.005.692

c) Research and development expenses:

Depreciation and amortization	1.087.303	810.877
Personnel expenses	463.991	412.568
Other	387.752	463.081
	1.939.046	1.686.526

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NOTE 25 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES**a) Other income from operating activities:**

	1 January - 31 December 2023	1 January - 31 December 2022
Overdue interest charges	498.986	246.756
Foreign exchange gains arising from trading activities	1.290.875	4.806.318
Reversal of provisions	40.862	51.711
Other income	273.988	722.165
	2.104.711	5.826.950

b) Other expense from operating activities:

	1 January - 31 December 2023	1 January - 31 December 2022
Interest expense on term purchases	1.175.599	1.392.474
Foreign exchange expenses arising from trading activities	13.785.304	13.455.074
Provision expenses	27.645	20.548
Other expenses	911.884	603.187
	15.900.432	15.471.283

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NOTE 26 – FINANCIAL INCOME AND FINANCIAL EXPENSE**a) Financial income:**

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gains	12.214.951	11.408.004
Gains on derivative financial instruments	2.977.176	5.846.712
Interest income	3.239.009	2.807.965
	18.431.136	20.062.681

b) Financial expense:

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange losses	6.948.443	8.207.260
Losses on derivative financial instruments	4.678.507	6.100.758
Interest expense	5.578.036	4.317.466
Commission and other finance expenses	1.135.186	762.610
	18.340.172	19.388.094

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NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2023	31 December 2022
Corporation and income taxes	224.451	27.972
Prepaid taxes (-)	(222.661)	(84.360)
Current income tax liabilities - net	1.790	(56.388)
Deferred tax liabilities	(1.272.751)	(16.320)
Deferred tax assets	-	-
Deferred tax liabilities - net	(1.272.751)	(16.320)

Pursuant to paragraph 1 of Article 6 of the Corporate Tax Law No. 5520, corporate tax is calculated on the net corporate income of the taxpayers for an accounting period.

Pursuant to paragraph 2 of the same article, by taking into account the provisions of Income Tax Law No. 193 on commercial income, pure corporate income is calculated by adding legally unacceptable expenses to the commercial income and deducting the exempt earnings and discounts from the commercial income.

With the amendment made to Article 32 of the Corporate Tax Law No. 5520 with Article 21 of the Law No. 7456, corporate taxpayers other than banks, companies within the scope of the Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies are subject to corporate tax at the rate of 25% on their net corporate earnings in 2023 and the following taxation periods.

The above-mentioned amendment regarding the corporate tax rate will take effect starting from the declarations to be submitted on October 1, 2023. For the declarations submitted before this date, the corporate tax rate is 20%.

In addition to the corporate tax levied on corporate income, withholding income/corporate tax burden may arise if all or part of the profits of corporations are subject to profit distribution. By full taxpayer corporations;

Furthermore, consolidated financial statements consist of the deferred tax effect of the temporary differences accounted by the adjustments made regarding inflation accounting together with the notification of the Corporate Tax Law dated 30 December 2023 and numbered 32415.

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NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Full taxpayer real persons,

- For non-income and corporate taxpayers,
- For those exempt from income tax,
- Limited taxpayer real persons,
- Limited taxpayers exempt from income tax,
- Institutions exempt from corporate tax,
- To limited taxpayers corporations or limited taxpayers exempt from corporate tax, except for those who obtain dividends through a place of business or permanent representative in Turkey.

In case of dividend distribution, 10% with holding income/corporate tax is payable. According to the Turkish tax legislation, capitalization of profit is not considered as dividend distribution.

Corporations are required to calculate advance tax on their quarterly earnings for the first 9 months of their accounting periods in accordance with the principles set out in the Income Tax Law No. 193 and at the corporate tax rate and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day.

Advance tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year.

Corporations are exempt from corporate tax on 75% of the gains arising from the sale of participation shares included in their assets for at least two full years and 25% of the gains arising from the sale of immovables included in their assets on July 15, 2023 for the same period.

As of July 15, 2023, corporate tax exemption is not applied to the gains arising from the sale of immovables taken into assets. Except for the ones already sold in that date.

Under Turkish tax legislation, tax losses carried forward can be carried forward to offset against future taxable income for up to 5 years. However, tax losses cannot be offset against retained earnings.

In Turkey, there is no such practice as reconciliation with the tax authority on taxes payable. Corporate tax returns are required to be filed with the tax office by the 30th of the fourth month following the close of the accounting period and corporate tax is payable within the same period.

However, tax authorities may examine the accounting records within five years and the amount of tax payable may change if incorrect transactions are detected.

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NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Earnings from the Company's investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or completely until the investment contribution amount is reached.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized in respect of deductible temporary differences.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized in respect of deductible temporary differences, tax losses and tax advantages arising from investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax.

The tax results of Company's subsidiaries in other countries are not material to consolidated financial statements.

As of 1 January - 31 December 2023 and 2022 tax benefit in the consolidated statement of income is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Current period tax expense	(322.063)	(38.618)
Deferred tax income / (loss)	(361.806)	(110.017)
Total tax expense	(683.869)	(148.635)

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NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Reconciliation between the current period tax expense and deferred tax benefit as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Profit before tax	3.015.028	340.121
Local tax rate	%25	%23
Tax income calculated using local tax rate	(753.757)	(78.228)
Non-deductible expenses	(342.936)	(222.121)
Loss from equity accounted investment	(60.097)	(31.807)
Adjustments with no tax effects	(871.359)	(614.453)
Deduction and exemptions	898.323	401.816
Tax incentives	1.611.858	1.199.169
Deferred tax effect of change in legal tax rate	214.819	(118.365)
Other	131.692	357.220
Monetary gain / loss	(1.512.412)	(1.041.866)
Total tax benefit	(683.869)	(148.635)

Due to modernization, plant extension and investments incentive documents in Manisa Organized Industrial Zone, the Group is subject to reduced rate due to incentives.

Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Communiqué II, No. 14.1 and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for the Communiqué and tax purposes.

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NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided using principal tax rate as of the balance sheet dates is as follows:

	Cumulative temporary		Deferred tax	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred tax assets / (liabilities)				
Employment termination benefits	(1.580.853)	(2.043.194)	395.213	408.639
Investment incentive	-	-	741.782	878.182
Warranty provision	(1.539.432)	(1.370.408)	384.858	274.082
Provision for doubtful receivables	(126.325)	(254.738)	31.581	50.947
Net difference between book values and tax bases of property, plant and equipment and intangible asset	17.980.467	10.849.839	(3.416.841)	(1.830.019)
Net difference between book values and tax bases of inventories	1.792.476	1.349.022	(448.119)	(269.804)
Provision for derivative instruments	(439.254)	(804.661)	109.814	160.932
R&D incentives	-	-	873.770	487.074
Other	(220.764)	(757.699)	55.191	(176.353)
Deferred tax assets / (liabilities) - net			(1.272.751)	(16.320)

	31 December 2023	31 December 2022
Subsidiaries with net deferred tax liabilities	(1.272.751)	(16.320)
Subsidiaries with net deferred tax assets	-	-

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NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

The movement of net deferred tax assets and liabilities is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance, 1 January	(16.320)	(117.099)
Tax expense recognized in income statement	(361.806)	(110.017)
Recognized in other comprehensive income	(1.161.062)	(139.678)
Currency translation differences	266.437	350.474
Deferred tax (liabilities) / assets at the end of the period, net	(1.272.751)	(16.320)

NOTE 28 – EARNINGS PER SHARE

	1 January - 31 December 2023	1 January - 31 December 2022
Net income / (loss) attributable to equity holders of the parent	1.449.625	(111.335)
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.545.600	33.545.600
Earnings per share	0,0432	(0,0033)

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NOTE 29 – DERIVATIVE INSTRUMENTS

	31 December 2023		31 December 2022	
	Fair Value		Fair Value	
	Contract amount	Assets / (Liabilities)	Contract amount	Assets / (Liabilities)
<u>Derivative financial instruments:</u>				
Held for trading				
Forward foreign currency transactions	9.146.679	139.337	7.121.955	161.131
Foreign currency swap contracts				
Cash flow hedge				
Forward foreign currency transactions	7.701.144	47.769	4.900.810	15.545
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	10.275.821	(161.248)	6.512.363	(357.503)
Cross foreign currency swap transactions				
Cash flow hedge				
Forward foreign currency transactions	17.648.139	(465.112)	15.913.965	(623.834)
	44.771.783	(439.254)	34.449.093	(804.661)

NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**a) Capital risk management:**

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through optimization of the debt and equity balance.

The management considers the Group's cost of capital and the risks associated with each class of capital. The management aims to balance its overall capital structure through the payment of dividends, share issues and proceeds from or repayments of debt.

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2023 and 31 December 2022 the Group's net debt / total equity ratios are as follows:

	31 December 2023	31 December 2022
Total financial liabilities (Note 6)	29.419.821	35.320.241
Cash and cash equivalents (Note 5)	(2.294.661)	(2.557.917)
Net debt	27.125.160	32.762.324
Total shareholders equity	40.860.209	30.227.224
Total capital invested	67.985.369	62.989.548
Net debt/capital invested	40%	52%

b) Financial risk factors:

The Group's activities expose it to a variety of financial risks including the foreign currency exchange rates risk, credit risk and liquidity risk. The Group's overall risk management programme on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments in order to protect itself from various financial risks.

b.1) Credit risk:

The Group is exposed to credit risk arising from receivables from credit finance sales and deposits with banks. Credit risk of receivables from third parties is managed by securing receivables with highest possible coverage. Methods used are:

- Bank guarantees (guarantee letters, etc.)
- Credit insurance
- Mortgages
- Cheque-notes

For customers receivables from which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors and individual risk limits are determined and monitored regularly.

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Receivables					
	Trade receivables			Other receivables		
	Related party	Other party	Related party	Other party	Bank deposits	Other
31 December 2023						
Maximum exposed credit risk as of 31 December 2023 (A+B+C+D)	456.542	17.370.181	29.657.089	1.399.966	2.154.522	140.161
- Secured portion of the maximum credit risk by guarantees, etc.	-	(11.743.341)	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	456.542	8.369.692	29.657.089	1.399.966	2.154.522	140.161
- Secured portion by guarantees etc.	-	(7.503.719)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C. Net book value of the overdue but not impaired financial assets	-	9.000.489	-	-	-	-
- Secured portion by guarantees etc.	-	(4.239.622)	-	-	-	-
D. Net book value of the impaired financial assets	-	-	-	-	-	-
- Over due (gross book value)	-	(126.325)	-	8.500	-	-
- Impairment (-)	-	126.325	-	(8.500)	-	-
- Secured portion of the net value by guarantees etc.	-	-	-	-	-	-

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Receivables					
	Trade receivables			Other receivables		
	Related party	Other party	Related party	Other party	Bank deposits	Other
31 December 2022						
Maximum exposed credit risk as of 31 December 2022 (A+B+C+D)	67.305	18.014.822	29.280.811	1.980.178	2.359.309	198.644
- Secured portion of the maximum credit risk by guarantees, etc.	-	(12.123.273)	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	67.305	9.336.203	29.280.811	1.980.178	2.359.309	198.644
- Secured portion by guarantees etc.	-	(7.943.295)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C. Net book value of the overdue but not impaired financial assets	-	8.678.619	-	-	-	-
- Secured portion by guarantees etc.	-	(4.434.713)	-	-	-	-
D. Net book value of the impaired financial assets	-	-	-	-	-	-
- Over due (gross book value)	-	254.738	-	161.314	-	-
- Impairment (-)	-	(254.738)	-	(161.314)	-	-
- Secured portion of the net value by guarantees etc.	-	-	-	-	-	-

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Aging of trade receivable from other parties which are overdue but not impaired is as follows:

	31 December 2023	31 December 2022
Overdue 1 - 30 days	2.599.230	3.529.200
Overdue 1 - 3 months	1.908.942	1.983.068
Overdue 3 - 12 months	3.029.207	2.421.261
Overdue more than 1 year	1.463.110	745.090
Total	9.000.489	8.678.619

b.2) Liquidity risk:

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented by undiscounted net inflows and outflows.

The Group has classified letters of credit that used for the purchases of goods within the scope of its ordinary activities under trade payables. The amount of such letters of credit is TL 15.332.511 as of 31 December 2023 (31 December 2022: 9.423.298).

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2023, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	Carrying value	Contractual				More than 5
		cash flows	Up to 3 months	3 - 12 months	1 - 5 years	years
Non-derivative financial liabilities						
Financial and lease liabilities	29.419.821	33.914.872	9.695.481	19.891.984	2.786.855	1.540.552
Trade payables	42.143.948	42.237.535	35.391.978	6.301.969	429.269	114.319
Other payables	14.166	14.166	14.166	-	-	-
	71.577.935	76.166.573	45.101.625	26.193.953	3.216.124	1.654.871
Derivative financial instruments						
Derivative cash inflows		44.771.783	28.571.639	16.200.144	-	-
Derivative cash outflows		(41.407.613)	(25.359.096)	(16.048.517)	-	-
	439.254	3.364.170	3.212.543	151.627	-	-

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	Carrying value	Contractual	Up to 3 months	3 - 12 months	1 - 5 years	More than 5
		cash flows				years
Non-derivative financial liabilities						
Financial and lease liabilities	35.320.241	36.922.595	3.495.394	31.358.634	2.068.567	-
Trade payables	35.861.761	36.356.487	28.754.252	7.191.400	236.446	174.389
Other payables and liabilities	4.598	4.598	4.598	-	-	-
	71.186.600	73.283.680	32.254.244	38.550.034	2.305.013	174.389
Derivative financial instruments						
Derivative cash inflows		34.449.093	23.041.402	11.407.691	-	-
Derivative cash outflows		(38.194.305)	(27.961.735)	(10.232.570)	-	-
	804.661	(3.745.212)	(4.920.333)	1.175.121	-	-

b.3) Foreign currency risk:

The Group is exposed to exchange rate risk due to its foreign currency denominated transactions. The main principle of foreign currency risk management is to maintain foreign exchange position at the level that minimizes the impact of foreign exchange fluctuations.

Derivative instruments are used in foreign currency risk management where necessary. In this respect the Group mainly prefers using foreign exchange forward contracts.

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	USD	EUR	Other	
	(Thousand)	(Thousand)	(TL Equivalent)	TL Equivalent
31 December 2023				
1. Trade receivables	92.538	238.713	1.575.155	12.075.124
2a. Monetary financial assets (including cash and cash equivalents)	27.790	8.261	2.081	1.089.263
2b. Non-monetary financial assets	-	-	-	-
3. Other	68.685	893	-	2.051.052
4. Current assets (1+2+3)	189.013	247.867	1.577.236	15.215.439
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	18.643	3.115	-	650.277
7. Other	819.838	51	-	24.136.218
8. Non-current assets (5+6+7)	838.481	3.166	-	24.786.495
9. Total assets (4+8)	1.027.494	251.033	1.577.236	40.001.934
10. Trade payables	857.466	187.826	154.204	31.571.227
11. Financial liabilities	345.908	118.528	599.569	14.668.741
12a. Other monetary liabilities	80	1.415	-	48.528
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	1.203.454	307.769	753.773	46.288.497
14. Trade payables	-	5.460	-	178.174
15. Financial liabilities	15.690	16.633	-	1.005.474
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	15.690	22.093	-	1.183.648
18. Total liabilities (13+17)	1.219.144	329.862	753.773	47.472.145
19. Off-balance sheet derivative instruments	-	-	-	-
net asset / (liability) position (19a+19b)	649.071	(476.750)	108.175	3.692.531
19a. Hedged total assets	1.068.802	227.544	5.896.185	44.841.898
19b. Hedged total liabilities	(419.731)	(704.294)	(5.788.010)	(41.149.367)
20. Net foreign currency asset/ (liability) position (9-18+19)	457.421	(555.579)	931.638	(3.777.680)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(210.293)	(81.943)	823.463	(8.120.488)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(439.254)
23. Export	541.555	1.533.534	9.851.005	76.246.912
24. Import	1.404.462	207.252	542.079	39.158.737

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	USD	EUR	Other	TL	TL Equivalent
31 December 2022	(Thousand)	(Thousand)	(TL Equivalent)	(Historic Date)	TL Equivalent
1. Trade receivables	92.683	263.765	587.424	7.578.567	12.487.426
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-	-
	21.100	26.982	10.514	942.932	1.553.697
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	40.192	832	-	768.108	1.265.634
4. Current assets (1+2+3)	153.975	291.579	597.938	9.289.607	15.306.757
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	4.595	10.569	-	296.611	488.735
7. Other	783.367	51	-	14.648.648	24.137.005
8. Non-current assets (5+6+7)	787.962	10.620	-	14.945.259	24.625.740
9. Total assets (4+8)	941.937	302.199	597.938	24.234.866	39.932.496
10. Trade payables	677.301	217.665	95.485	17.129.632	28.224.995
11. Financial liabilities	248.953	84.602	183.531	6.536.488	10.770.362
12a. Other monetary liabilities	277	805	-	21.265	35.039
12b. Other non-monetary liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	926.531	303.072	279.016	23.687.385	39.030.396
14. Trade payables	-	9.157	-	182.873	301.325
15. Financial liabilities	36.142	-	-	677.012	1.115.532
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	36.142	9.157	-	859.885	1.416.857
18. Total liabilities (13+17)	962.673	312.229	279.016	24.547.270	40.447.254
19. Off-balance sheet derivative instruments	-	-	-	-	-
net asset / (liability) position (19a+19b)	253.096	(367.085)	(206.830)	(2.796.817)	(4.608.397)
19a. Hedged total assets	813.078	173.310	2.073.924	20.765.640	34.216.151
19b. Hedged total liabilities	(559.982)	(540.395)	(2.280.754)	(23.562.457)	(38.824.548)
20. Net foreign currency asset/ (liability) position (9-18+19)	232.360	(377.115)	112.092	(3.109.221)	(5.123.154)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(25.331)	(20.599)	318.922	(609.015)	(1.003.491)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(488.345)	(804.660)
23. Export	614.513	1.589.196	2.421.546	-	81.881.685
24. Import	1.279.169	264.044	157.073	25.932.596	42.729.895

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2023 and 31 December 2022 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2023				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(570.656)	570.656	(570.656)	570.656
Secured portion from USD risk (-)	5.203	(5.203)	741.858	(741.858)
USD net effect	(565.453)	565.453	171.202	(171.202)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(258.712)	258.712	(258.712)	258.712
Secured portion from EUR risk (-)	158.616	(158.616)	(998.860)	998.860
EUR net effect	(100.096)	100.096	(1.257.572)	1.257.572
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	82.346	(82.346)	82.346	(82.346)
Secured portion from other currency risk (-)	199.867	(199.867)	608.969	(608.969)
Other currency net effect	282.213	(282.213)	691.315	(691.315)

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2022				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(69.233)	69.233	(69.233)	69.233
Secured portion from USD risk (-)	(610.344)	610.344	(610.344)	610.344
USD net effect	(679.577)	679.577	(679.577)	679.577
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(31.159)	31.159	(31.159)	31.159
Secured portion from EUR risk (-)	(29.331)	29.331	(29.331)	29.331
EUR net effect	(60.490)	60.490	(60.490)	60.490
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	19.028	(19.028)	19.028	(19.028)
Secured portion from other currency risk (-)	(63.635)	63.635	543.176	(543.176)
Other currency net effect	(44.607)	44.607	562.204	(562.204)

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NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**b.4) Interest rate risk:**

The Group is exposed to interest rate risk as the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate hedge contracts and forward interest rate contracts.

Analysis of financial instruments of the Group which are sensitive to interest rate changes is as follows:

	31 December 2023	31 December 2022
Financial instruments with fixed interest rates		
Bank deposits	91.298	353.846
Financial liabilities	16.670.036	18.181.815
Financial instruments with floating interest rates		
Financial liabilities	12.749.785	17.138.426

On 31 December 2023, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has increased / decreased by 100 base point with all other variables held constant, income before taxes would have been TL 140.651 (2022:: TL 166.167) lower / higher as a result of interest expenses.

NOTE 31 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)**Categories of financial instruments and fair values**

Among Group's financial assets, cash and cash equivalents (note 5), trade receivables (notes 7 and 8) and other receivables (notes 9), are classified as amortized cost, as fair value through other comprehensive income, derivative instruments (note 29) as fair value through profit or loss.

Group's financial liabilities consist of financial liabilities (note 6), trade payables (note 7 and 8) and other payables (note 9) and are measured at amortized cost using the effective interest method, derivative instruments (note 29) are classified as fair value through profit or loss.

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NOTE 31 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgement is necessarily required interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange. Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Monetary assets

The book value of foreign currency denominated balances which are translated to TL using exchange rates prevailing on the date of the balance sheet approximate their fair values. For financial assets measured at cost including cash and cash equivalents, the carrying amounts are the same with fair values due to their short term nature. Carrying amounts of trade receivables net of impairments approximate their fair values.

Monetary liabilities

The fair values of short term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. Fair value is calculated by discounting the cash out flows regarding due dates of financial liabilities considering the changing country risk premium and changes in the market interest rates.

Fair value hierarchy

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

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NOTE 31 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value hierarchy tables as of 31 December 2023 and 31 December 2022 are as follows:

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	187.106	-	187.106
Financial investments	41.600	-	-	41.600
Financial liabilities				
Derivative financial liabilities	-	(626.360)	-	(626.360)
31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	176.676	-	176.676
Financial investments	116.000	-	-	116.000
Financial liabilities				
Derivative financial liabilities	-	(981.337)	-	(981.337)

An independent valuation of the Group's land, land improvements and buildings were performed by valuers to determine the fair value of the land and buildings as at 31 December 2023. The fair value of land, land improvements and buildings were determined using the inputs other than quoted prices (Level 2), (Note 2.6.i).

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(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

NOTE 32 - SUBSEQUENT EVENTS

In accordance with the authorization granted by article 11 of the Company's Articles of Association; the Board of Directors resolved to take all necessary actions and apply to the Capital Markets Board (CMB), the Central Securities Depository and other authorities and institutions for the issuance of debt securities up to a total amount of USD 500,000,000 or an equivalent amount to be sold outside Turkey through one or more issuances within one year from the date of the approval of CMB. In line with this decision, an application was made to the Capital Markets Board on March 14, 2024. Following the approval of the issuance certificate by the Capital Markets Board, the final amount, maturity, and interest rate of the issuance will be determined considering the market conditions on the issuance date, and a final decision regarding the issuance will be made. Due to the uncertainty of the debt instrument issuance until the outcome of the credit rating service received and the evaluation of the suitability of the market conditions, our Company's decision to conclude the financial consultancy and credit rating service agreements for the debt instrument issuance and to evaluate the debt instrument issuance has been postponed until the issuance decision is taken with the Board of Directors' decision dated 18.12.2023 within the scope of Article 6 of the Capital Markets Board's Communiqué on Material Events Disclosure.

Pursuant to our PDP statements dated 21.03.2019, 07.12.2020, 27.01.2023 and 29.11.2023; the 13th Chamber of the Council of State accepted the appeals of the Competition Authority and Vestel Ticaret AŞ (Vestel Ticaret), a wholly-owned subsidiary of our Company and decided to annul the appellate decision, affirming the legality of the Competition Board's decision and that the file should be sent back to the Court of Appeal (Ankara 8th Administrative Trial Chamber) to be decided in favor of Vestel Ticaret and Whirlpool (Whirlpool Ev Aletleri Pazarlama ve Ticaret AŞ and Whirlpool Beyaz Eşya Sanayi ve Ticaret AŞ), with its decision dated 10.04.2023 and numbered 2023/206 E., 2023/1767 K. Based on the reversal decision of the Council of State, the file was sent to Ankara 8th Administrative Trial Chamber, and in order to ensure that the Council of State's reversal decision was fulfilled, the investigation initiated against Whirlpool and Vestel Ticaret was terminated by the Competition Authority's decision numbered 23-37/689-238. At this stage, Ankara 8th Administrative Trial Chamber, with its decision numbered 2023/1627 E. and 2024/395, decided to reject the plaintiffs' appeal, complying with the reversal decision of the 13th Chamber of the Council of State. Thus, due to Whirlpool's decision to terminate its activities in Turkey, the agreement regarding the after-sales services of Whirlpool products in the market to be provided by Vestel Ticaret was found to be lawful by the decision of the Ankara 8th Administrative Trial Chamber. It is permissible procedurally to appeal against the decision in question.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET
ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS
1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021

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Independent Auditor's Report

To the Shareholders of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi

Opinion

We have audited the consolidated financial statements of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022 and 2021, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial positions of the Group as at 31 December 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Trade Receivables from Third Parties

Refer to Note 2 and Note 9 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for recoverability of trade receivables from third parties.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
Trade receivables from third parties, amounting to TL 10.933.054 thousand as of 31 December 2022, constitute a significant portion of the consolidated financial statements of the Group. The assessment of the recoverability of these receivables made by the Group management includes considerations of the amount of guarantees/collateral received from the customers, past collection performance, analysis of aging of receivables and litigations or disputes regarding receivables. As a result of all these assessments, determination of impairment on trade receivables from third parties include significant management judgement and estimations. Therefore, we have determined recoverability of trade receivables from third parties to be a key audit matter.	Our audit procedures in this area included, among others: - We have tested the design, implementation and operating effectiveness of the Company's key internal controls over the processes of credit control, collection of trade receivables. - We have assessed the Management's estimates for the recoverability of trade receivables by evaluating the aging of trade receivables, maturities profile of customers, guarantees pledges and insurances taken from customers. - Testing of trade receivable balances from third parties by sending confirmation letters on a sample basis. - Testing the selected invoices for the aging analysis of receivables from third parties on a sample basis. - Investigating whether there is any dispute or litigation related to the collection of trade receivables from third parties and obtaining formal assessment of legal counsels on outstanding litigations and dispute. - Testing of collections subsequent to the reporting period on a sampling basis. - Testing the expected credit loss model for trade receivables based on the guarantees obtained from customers, their past payment performance and credibility information and aging analysis of these trade receivables and taking into account the Group's expectations for the future. - Assessment of the appropriateness and adequacy of the disclosures in the notes to the consolidated financial statements related to recoverability of trade receivables from third parties in accordance with IFRS.

Fair Value Measurement of Property, Plant and Equipment

Refer to Note 2 and Note 14 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for fair Value measurement of property, plant and equipment.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
The Group has applied the accounting policy to measure its land, buildings and land improvements at fair value in its consolidated financial statements in accordance with IAS 16, "Property, Plant and Equipment". As a result of the revaluation in 2022, the Group recognized TL 236.248 thousand fair value increase on tangible assets. Fair values of the Group's revaluated tangible assets are determined by professional independent valuation expert. Fair value measurement of property, land and equipment is determined as a key audit matter, since the amount of fair value increase recognized in the consolidated financial statements as of 31 December 2022 is material to the consolidated financial statements of the Group and the inputs and calculations used in valuation methods are complex and includes significant estimates and judgements.	Our audit procedures in this area included, among others: - The evaluation of the competence, capabilities and objectivity of the independent professional valuation experts who have performed the valuation. - Evaluating the valuation methods and inputs used for fair value measurement of tangible assets with the participation of our valuation experts. - Evaluating the appropriateness of key estimates and inputs used in valuation methods, including comparison of current precedent values in the market and preceding values with the participation of our valuation experts. - Assessment of the appropriateness and adequacy of the consolidated financial statement disclosures, including the explanations of the key estimates and assumptions regarding the fair value measurement of tangible assets, in accordance with IFRS.

Impairment of Equity- Accounted Investees

Refer to Note 2 and Note 13 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for impairment of investments accounted for using the equity method.

<u>The key audit matter</u>	How the matter was addressed in our audit
As of 31 December 2022, the carrying value of Group's equity accounted investee, Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ("Meta"), amounted to TL 817.502 thousand. In accordance with International Accounting Standard 36 ("IAS 36"), Impairment of Assets, the Group shall assess at the end of each reporting period whether there is any indicator that assets may be impaired and perform impairment test accordingly. Impairment test is carried out by evaluating cash flow projections prepared according to business models based on significant management estimates and assumptions for future periods. The impairment testing of Meta is considered to be a key audit matter since the carrying value of Meta is material in the assets of the Group and due to the significant management estimates and assumptions sensitive to market and operational conditions such as discount rate, metal prices, mineral resource amount, facility capacity and efficiency in cash flows used in the projection.	Our audit procedures in this area included, among others: - The evaluation and assessment of the approval mechanisms for the impairment test and controls applied by the Group. - Evaluation of the appropriateness of the approach used in cash flow projections. - The significant assumptions and estimates used in the projection are evaluated with the participation of internal experts through interviews with the Group management and review of future plans and macroeconomic data. - Evaluating the significant estimates and assumptions such as valuation technique used by the Group management, the mathematical accuracy of the discounted cash flow model and the discount rate used in the cash flows together with our corporate finance specialist and checking the calculation of this discount rate. - Comparing the Group management's estimates about future nickel prices with those of the forecasts in analyst reports published by independent institutions and similar products. - Comparison of the amount of economically feasible mineral resources at the facility with the amount determined in the resource report issued by the independent expert appointed by the Group management, evaluation of the estimates used in the model such as facility production capacity and efficiency and production costs with the involvement of external experts by taking into account the investment budgets of the Group management. - Evaluation of tax advantages originating from investment incentive documents related with the completed investments to the applicable tax regulations by involving tax specialists. - Assessment of the appropriateness and adequacy of the disclosures in the notes to the consolidated financial statements related to impairment of equity accounted investees in accordance with IFRS.

Revenue recognition

Refer to Note 2 and Note 23 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

<u>The key audit matter</u>	How the matter was addressed in our audit
The Group's revenue is primarily generated from sales of produced white goods, and brown goods. The Group recognizes revenue in the consolidated financial statements at the point in time at when it transfers control of the good to the customer. Revenue recognition has been identified as a key audit matter since recognition of revenue in the relevant reporting period requires significant management judgment due to nature and size of the Group's operations.	Our audit procedures in this area included, among others: - Testing the effectiveness of the design, implementation and operating effectiveness of application controls and general IT controls over revenue process with the assistance of IT specialists. - Evaluating the compliance of accounting policies of revenue recognized in the current period with IFRS 15 and appropriateness of the disclosures related to revenue recognized by analyzing the current customer contracts. - Evaluation of the journal entries performed by the Group related to revenue in the reporting period. - Checking the existence and accuracy of trade receivables by confirmation letters obtained directly for selected customers via sampling method. - Testing the transfer of controls of the products of which sales documents and other supporting documents regarding the delivery of the goods have been completed through substantive procedures which includes samplings. - Evaluation the adequacy of Group's disclosure regarding the revenue in the consolidated financial statements in accordance with the IFRS 15.

Application of IAS 29, “Financial Reporting in Hyperinflationary Economies”

Refer to Note 2 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for Application of IAS 29, “Financial Reporting in Hyperinflationary Economies”.

<u>The key audit matter</u>	How the matter was addressed in our audit
The functional currency of the Company, Turkish Lira, is considered as the currency of a hyperinflationary economy as of 31 December 2023 and the Company has started to apply IAS 29 “Financial reporting in hyperinflationary economies”. In accordance with the provisions of IAS 29, the financial statements of the current period and the comparative financial statements of the prior period are presented in terms of the purchasing power of the Turkish Lira at the end of the reporting period, adjusted for the effects of inflation, using the Turkish Consumer Price Index to reflect changes in the general purchasing power of the Turkish Lira. Due to the material impact of IAS 29 on the reported results and financial position of the company, we have identified the application of IAS 29 as a key audit matter	Our audit procedures in this area included, among others: - Understanding and evaluating the process and controls related to application of IAS 29 designed and implemented by management. - Checking whether management’s determination of monetary and non-monetary items is in compliance with IAS 29. - Sample testing of the recording dates and amounts in the lists of non-monetary items to check the completeness and accuracy of the calculations. - Checking the general price index rates used in the adjustment of non-monetary items is compatible with the “Consumer Price Index” published by the Turkish Statistical Institute and applicable for the relevant date. - Testing the mathematical accuracy of the indexation of non-monetary items, income statement, and cash flow statement to reflect the impact of inflation. - Evaluating the adequacy of disclosures related to the application of IAS 29 in the notes to the consolidated financial statements in accordance with IFRS.

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 IFRS Accounting Standards 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.

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



İsmail Önder Ünal,

5 April 2024

İzmir, Turkey

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

		Audited 31 December 2022	Audited 31 December 2021
	Notes		
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1.552.411	3.431.827
Financial Assets		40.153	2.810
Trade Receivables		10.973.910	10.963.815
Trade Receivables Due from Related Parties	8	40.856	23.215
Trade Receivables Due from Third Parties	9	10.933.054	10.940.600
Other Receivables		2.520.423	2.400.014
Other Receivables Due from Related Parties	8	1.352.246	1.393.458
Other Receivables Due from Third Parties		1.168.177	1.006.556
Derivative Financial Instruments		107.224	474.358
Derivative Financial Instruments Held for Trading	30	97.790	23.246
Derivative Financial Instruments Held for Hedging	30	9.434	451.112
Inventories	11	13.689.041	17.143.925
Prepaid Expenses		798.224	1.004.865
Prepayments to Related Parties		198.203	-
Prepayments to Third Parties	12	600.021	1.004.865
Current Tax Assets	28	34.222	13.120
Other Current Assets		157.767	353.742
Other Current Assets Due from Third Parties	21	157.767	353.742
TOTAL CURRENT ASSETS		29.873.375	35.788.476

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

		Audited 31 December 2022	Audited 31 December 2021
	Notes		
NON-CURRENT ASSETS			
Financial Investments	6	263.538	220.408
Investments in subsidiaries, joint ventures	13	3.109.319	2.560.282
Trade Receivables		67	768
Trade Receivables Due from Third Parties	9	67	768
Other Receivables		16.451.742	17.813.322
Other Receivables Due from Related Parties	8	16.418.157	17.606.057
Other Receivables Due from Third Parties		33.585	207.265
Property, Plant and Equipment	14	15.208.565	13.824.480
Right of Use Assets	15	600.420	408.323
Intangible Assets	16	1.995.500	1.868.707
Prepaid Expenses		530.931	649.582
Prepayments to Third Parties	12	530.931	649.582
Deferred Tax Asset	28	-	1.335.165
Other Non-current Assets		-	15.752
TOTAL NON-CURRENT ASSETS		38.160.082	38.696.789
TOTAL ASSETS		68.033.457	74.485.265

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
LIABILITIES			
CURRENT LIABILITIES			
Short Term Borrowings	7	18.947.562	8.308.044
Short Term Borrowings from Related Parties		10.676	18.765
Lease Liabilities	8	10.676	18.765
Short Term Borrowings from Third Parties		18.936.886	8.289.279
Bank Loans	7	17.668.289	7.137.338
Lease Liabilities		129.393	104.202
Issued Debt Instruments	7	1.139.204	1.047.739
Current Portion of Long Term Borrowings		1.396.941	9.879.729
Current Portion of Long Term Borrowings from		1.396.941	9.879.729
Bank Loans	7	1.396.941	9.879.729
Trade Payables		21.581.477	26.326.813
Trade Payables to Related Parties	8	44.064	108.432
Trade Payables to Third Parties		21.537.413	26.218.381
Payables Related to Employee Benefits	20	453.969	459.139
Other Payables		2.791	17.663
Other Payables to Third Parties	10	2.791	17.663
Derivative Financial Liabilities	30	595.569	873.729
Derivative Financial Liabilities Held for Trading		216.967	806.401
Derivative Financial Liabilities Held for Hedging		378.602	67.328
Deferred Revenue		1.252.820	680.065
Deferred Revenue from Third Parties	10	1.252.820	680.065
Current Provisions		1.560.005	2.037.986
Other Current Provisions	18	1.560.005	2.037.986
Other Current Liabilities		1.217.998	1.699.914
Other Current Liabilities to Third Parties	21	1.217.998	1.699.914
TOTAL CURRENT LIABILITIES		47.009.132	50.283.082

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

		Audited	Audited
		31 December	31 December
	Notes	2022	2021
NON-CURRENT LIABILITIES			
Long Term Borrowings		1.091.203	1.716.983
Long Term Borrowings from Related Parties		-	17.537
Lease Liabilities	7,8	-	17.537
Long Term Borrowings from Third Parties		1.091.203	1.699.446
Bank Loans	7	693.877	1.032.394
Lease Liabilities	7	397.326	231.738
Issued Debt Instruments	7	-	435.314
Trade Payables		182.877	297.333
Trade Payables to Third Parties	9	182.877	297.333
Non-current Provisions		1.391.686	789.596
Non-current Provisions for Employee Benefits	20	1.240.006	636.088
Other Non-current Provisions	18	151.680	153.508
Deferred Tax Liabilities	28	9.905	1.406.232
Other Non-current Liabilities		3.877	4.000
Other Non-current Liabilities to Third Parties		3.877	4.000
TOTAL NON-CURRENT LIABILITIES		2.679.548	4.214.144
TOTAL LIABILITIES		49.688.680	54.497.226

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
EQUITY			
Equity Attributable to Owners of Parent		16.613.680	18.322.225
Issued Capital	22	335.456	335.456
Adjustments on Capital		9.283.822	9.283.822
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss		1.024.401	1.762.589
Gains (Losses) on Revaluation and Remeasurement		1.024.401	1.762.589
Increases (Decreases) on Revaluation of Property, Plant and Equipment	22	1.673.170	1.907.218
Gains (Losses) on Remeasurement of Defined Benefit Plans		(648.769)	(144.629)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss		637.257	1.983.406
Exchange Differences on Translation		716.598	1.753.554
Gains (Losses) on Hedge		(129.367)	218.373
Gains (Losses) on Cash Flow Hedges		(129.367)	218.373
Gains (Losses) on Revaluation and Reclassification		50.026	11.479
Gains (Losses) on Remeasuring			
Financial Assets Measured of Fair Value through Other Comprehensive Income	22	50.026	11.479
Reserves		760.558	766.974
Retained Earnings		4.639.755	(209.796)
Current Period Net Profit Or Loss		(67.569)	4.399.774
Non-controlling Interests		1.731.097	1.665.814
TOTAL EQUITY		18.344.777	19.988.039
TOTAL LIABILITIES AND EQUITY		68.033.457	74.485.265

Consolidated financial statements for the period 1 January - 31 December 2022 and 1 January - 31 December 2021, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 5 April 2024.

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

		Audited	Audited
		1 January -	1 January -
		31 December	31 December
	Notes	2022	2021
PROFIT OR LOSS			
Revenue	23	67.441.264	64.793.641
Cost of Sales	23	(55.977.193)	(49.059.763)
GROSS PROFIT		11.464.071	15.733.878
General Administrative Expenses	25	(1.469.440)	(1.327.179)
Marketing Expenses	25	(7.893.101)	(6.921.853)
Research and Development Expense	25	(1.023.546)	(1.018.298)
Other Income from Operating Activities	26	3.536.352	6.078.943
Other Expenses from Operating Activities	26	(9.389.457)	(12.694.719)
PROFIT / (LOSS) FROM OPERATING ACTIVITIES		(4.775.121)	(149.228)
Share of equity accounted investees		990.102	148.168
PROFIT / (LOSS) BEFORE FINANCING INCOME		(3.785.019)	(1.060)
Finance Income	27	12.175.958	15.519.798
Finance Costs	27	(11.766.554)	(14.397.608)
Monetary Gain		3.582.033	3.289.435
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		206.418	4.410.565
Tax (Expense) Income, Continuing Operations		(90.206)	491.416
Current Tax Expense	28	(23.437)	(22.775)
Deferred Tax Income	28	(66.769)	514.191
PROFIT / (EXPENSE) FROM CONTINUING OPERATIONS		116.212	4.901.981
PROFIT FOR THE PERIOD		116.212	4.901.981
Profit (loss), attributable to			
Non-controlling Interests		183.781	502.207
Owners of Parent	29	(67.569)	4.399.774
Earnings per 100 share with a Kr 1 of Par Value (TL)	29	(0,20)	13,12

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss			
		(623.255)	1.135.725
Gains (Losses) on Revaluation of Property, Plant and Equipment	14	236.248	1.339.514
Gains (Losses) on Remeasurements of Defined Benefit Plans		(700.471)	(227.960)
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss		4.047	112.530
Gains (Losses) on Revaluation of Property, Plant and Equipment of Associates Accounted by Using Equity Method		4.047	112.530
Taxes Relating to Components of Other Comprehensive Income		(163.079)	(88.359)
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment		(303.173)	(133.951)
Taxes Relating to Remeasurements of Defined Benefit Plans		140.094	45.592
Other Comprehensive Income that will be Reclassified to Profit or Loss			
		(1.350.192)	685.646
Foreign Exchange Differences on Translation		(1.066.803)	333.342
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		43.130	(17.602)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges		(434.675)	395.288
Gains (Losses) on Cash Flow Hedges		(434.675)	395.288
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss		29.847	50.156
Gains (Losses) on Exchange Differences on Translation of Investments Accounted for Using Equity Method		29.847	50.156
Taxes Relating to Components of Other Comprehensive Income		78.309	(75.538)
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		(8.626)	3.520
Taxes Relating to Cash Flow Hedges		86.935	(79.058)
OTHER COMPREHENSIVE INCOME		(1.973.447)	1.821.371
TOTAL COMPREHENSIVE INCOME		(1.857.235)	6.723.352
Total Comprehensive Income Attributable to			
Non-controlling Interests		67.243	595.891
Owners of Parent		(1.924.478)	6.127.461

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

Previous Period													
1 January -31 December 2021													
Beginning of Period	335,456	9,283,822	90,795	714,322	-	714,322	1,370,056	(97,857)	25,561	1,297,760	366,306	3,546,994	16,458,655
Transfers	-	-	-	(72,535)	-	(72,535)	-	-	-	-	-	72,535	-
Total Comprehensive Income (Loss)	-	-	-	1,265,431	(171,140)	1,094,291	383,498	263,980	(14,082)	633,396	-	4,399,774	6,127,461
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	4,399,774	595,891
Other Comprehensive Income	-	-	-	1,265,431	(171,140)	1,094,291	383,498	263,980	(14,082)	633,396	-	-	6,127,461
(Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid (Note 8)	-	-	(590,106)	-	-	-	-	-	-	-	410,892	(5,177,375)	(5,357,289)
Transactions with non-controlling	-	-	(320,689)	-	26,511	26,511	-	52,250	(9,724)	52,250	1,345,050	-	1,093,398
End of Period	335,456	9,283,822	-	1,907,218	(144,629)	1,762,589	1,753,554	218,373	11,479	1,983,406	766,974	4,399,774	18,322,225
Current Period													
1 January -31 December 2022													
Opening Balance	335,456	9,283,822	-	1,907,218	(144,629)	1,762,589	1,753,554	218,373	11,479	1,983,406	766,974	(203,796)	18,322,225
Transfers	-	-	-	(144,536)	-	(144,536)	-	-	-	-	(2,043)	4,546,353	-
Total Comprehensive	-	-	-	(59,314)	(513,810)	(573,124)	(1,036,956)	(281,333)	34,504	(1,283,785)	-	(67,569)	(1,924,478)
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	(67,569)	(67,569)
Other Comprehensive Income	-	-	-	(59,314)	(513,810)	(573,124)	(1,036,956)	(281,333)	34,504	(1,283,785)	-	-	(1,856,909)
(Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid (Note 8)	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling	-	-	-	(30,198)	9,670	(20,528)	-	(66,407)	4,043	(62,364)	(4,373)	303,198	215,933
Closing Balance	335,456	9,283,822	-	1,673,170	(443,749)	1,024,401	716,598	(129,367)	50,026	637,257	760,588	4,639,755	16,613,680
												(67,569)	1,731,097
													15,344,777

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022****AND 1 JANUARY – 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

		Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
	Notes		
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		(2.427.483)	8.233.361
Profit		116.212	4.901.981
Profit from Continuing Operations		116.212	4.901.981
Adjustments to Reconcile Profit		(2.140.591)	1.835.015
Adjustments for Depreciation and Amortisation Expense	14	2.292.519	2.529.259
Adjustments for Impairment Loss			
(Reversal of Impairment Loss)		(72.450)	(124.393)
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Receivables	9	(131.472)	(160.886)
Adjustments for Impairment Loss of Inventories	11	59.022	36.493
Adjustments for Provisions		(322.638)	490.927
Adjustments for (Reversal of) Provisions Related with			
Employee Benefits	20	157.171	128.679
Adjustments for (Reversal of) Lawsuit and/or			
Penalty Provisions	18	(16.819)	12.066
Adjustments for (Reversal of) Warranty Provisions	18	307.692	346.626
Adjustments for (Reversal of) Other Provisions	18	(770.682)	3.556
Adjustments for Interest (Income) Expenses		916.109	703.436
Adjustments for Interest Income	27	(1.704.143)	(1.676.680)
Adjustments for Interest Expense	27	2.620.252	2.380.116
Adjustments for Unrealised Foreign			
Exchange Losses (Gains)		(3.976.893)	(5.450.092)
Adjustments for Fair Value Losses (Gains)		(345.701)	366.828
Adjustments for Fair Value (Gains) Losses on			
Derivative Financial Instruments		(345.701)	366.828
Adjustments for Losses From Investments Accounted for Using Equity Method		(990.102)	(148.168)
Adjustments for Tax (Income) Expenses		90.206	(491.416)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(26.656)	(41.293)
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets		(26.656)	(41.293)
Other Adjustments to Reconcile Profit (Loss)	5	14	47.397
Monetary Gain / Loss		295.001	3.952.530

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022****AND 1 JANUARY – 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 1 January - 31 December	Audited 1 January - 31 December
Changes in Working Capital		(301.141)	1.597.098
Decrease (Increase) in Financial Investments		560.712	171.464
Adjustments for Decrease (Increase) in Trade Accounts Receivable		122.078	1.300.547
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(17.641)	(23.215)
Decrease (Increase) in Trade Accounts Receivables from Third Parties		139.719	1.323.762
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		12.059	(393.999)
Decrease (Increase) in Other Third Party Receivables Related with Operations		12.059	(393.999)
Adjustments for Decrease (Increase) in Inventories		3.395.862	(7.917.630)
Decrease (Increase) in Prepaid Expenses		206.641	(490.532)
Adjustments for Increase (Decrease) in Trade Accounts Payable		(4.859.792)	8.468.566
Increase (Decrease) in Trade Accounts Payables to Related Parties		(64.368)	42.262
Increase (Decrease) in Trade Accounts Payables to Third Parties		(4.795.424)	8.426.304
Increase (Decrease) in Employee Benefit Liabilities		(5.170)	(89.801)
Adjustments for Increase (Decrease) in Other Operating Payables		(14.872)	(143.112)
Increase (Decrease) in Other Operating Payables to Third Parties		(14.872)	(143.112)
Increase (Decrease) in Deferred Revenue		572.755	312.497
Other Adjustments for Other Increase (Decrease) in Working Capital		(291.414)	379.098
Decrease (Increase) in Other Assets Related with Operations		190.625	(88.022)
Increase (Decrease) in Other Payables Related with Operations		(482.039)	467.120
Cash Flows from (used in) Operations		(2.325.520)	8.334.094
Payments Related with Provisions for Employee Benefits	20	(63.657)	(47.142)
Income Taxes Refund (Paid)	28	(38.306)	(53.591)

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022
AND 1 JANUARY – 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

		Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
	Notes		
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(4.524.261)	(3.315.188)
Proceeds from sales of Shares Without			
Change in Control of Subsidiaries or Other Businesses		361.682	1.565.115
Cash Outflows Arising from Purchase of Shares or Capital			
Increase of Associates and/or Joint Ventures		(641.185)	(150.047)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		47.063	60.309
Purchase of Property, Plant, Equipment and Intangible Assets		(4.167.741)	(2.852.247)
Purchase of Property, Plant and Equipment	14	(3.679.976)	(1.834.641)
Purchase of Intangible Assets	16	(487.765)	(1.017.606)
Net Cash Advances and Loans		(124.080)	(1.938.318)
Cash Advances and Loans Made to Related Parties		(242.731)	(1.487.649)
Cash Advances and Loans Made to Third Parties		118.651	(450.669)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		6.415.026	(4.640.520)
Proceeds from Borrowings	7	30.448.226	26.229.651
Proceeds from Loans		28.910.975	24.405.733
Proceeds from Issued Debt Instruments		1.537.251	1.823.918
Repayments of Borrowings	7	(21.458.283)	(23.463.548)
Loan Repayments	7	(20.133.248)	(23.372.666)
Issued bonds repayments		(1.325.035)	(90.882)
Changes of Lease Liabilities		165.153	(148.049)
Dividends Paid	8	(147.709)	(5.606.641)
Interest Paid		(2.605.135)	(2.266.203)
Interest Received		12.774	614.270
NET INCREASE (DECREASE) IN CASH AND CASH			
EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(536.718)	277.653
EFFECT OF MONETARY GAIN / LOSS ON CASH AND CASH EQUIVALENTS		(1.589.812)	(4.262.241)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		247.128	307.035
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1.879.402)	(3.677.553)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	3.431.791	7.109.344
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1.552.389	3.431.791

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022
AND 1 JANUARY – 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi ("Vestel Elektronik" or "the Company") and its subsidiaries (together "the Group"), mainly produce and sell a range of brown goods and white goods. The Company's head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / İstanbul. The Group's facilities are located in Manisa Organized Industrial Zone, İzmir Aegean Free Zone.

The ultimate controller of the Company is Zorlu Family.

Vestel Elektronik is registered to Capital Market Board ("CMB") and its shares have been quoted to Borsa İstanbul ("BİST") since 1990. As of 31 December 2022, 39,05 % of the Group's shares are publicly traded (2021: 36,3%).

As of 31 December 2022 the number of personnel employed at Group is 20.438 (31 December 2021: 19.119).

The Company's subsidiaries and associates are as follows:

Subsidiaries	Country	Nature of operations
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Ticaret A.Ş.	Turkey	Sales
Vestel CIS Ltd.	Russia	Sales
Vestel Electronica SRL	Romania	Sales
Vestel Iberia SL	Spain	Sales
Vestel France SA	France	Sales
Vestel Holland BV	Holland	Sales
Vestel Germany Branch Office	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel UK Ltd.	UK	Sales
Vestel Holland B.V. UK Branch Office	UK	Sales
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	Software
Vestel Trade Ltd.	Russia	Sales
Vestel Electronics Shanghai Trading Co. Ltd.	China	Service
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Sales
Vestel Ventures Ar-ge A.Ş.	Turkey	Service
Vestel Poland sp. z.o.o.	Poland	Sales
Vestel Electronics Gulf DMC	UAE	Sales
Vestel U.S.A.	USA	Sales

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022
AND 1 JANUARY – 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Cont'd)

Investments accounted for using equity method	Country	Nature of operations
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	Turkey	Mining
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.	Turkey	Automotive

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**2.1 Basis of presentation****2.1.1 Statement of compliance**

The accompanying consolidated financial statements are prepared on the historical cost basis as adjusted for the effects of inflation on Turkish Lira at the reporting date based on International Accounting Standard ("IAS") No. 29 "Financial Reporting in Hyperinflationary Economies" except for the monetary assets and liabilities and those assets and liabilities which are measured at fair value.

The Group and its subsidiaries operating in Turkey maintain their accounting records and prepare its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The consolidated financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL.

Consolidated subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate with the required adjustments and reclassifications reflected in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB). These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the IFRS.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022
AND 1 JANUARY – 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**2.1.2 Financial Reporting in High-Inflation Economies**

The consolidated financial statements of entities whose functional currency was Turkish Lira have been restated for the changes in the general purchasing power of the Turkish Lira based on IAS 29 "Financial Reporting in Hyperinflationary Economies" as at 31 December 2005. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The cumulative three-year inflation rate in Turkey has been 35.61% as at 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by the Turkish Statistical Institute ("TÜİK"). By taking this in to consideration, together with the sustained positive trend in quantitative factors, such as the stabilisation in financial and monetary markets, decrease in interest rates and the appreciation of TL against USD and other hard currencies, it was declared that Turkey should be considered a non-hyperinflationary economy under IAS 29 from 1 January 2006. Therefore, IAS 29 has not been applied from 1 January 2006 to 31 December 2022.

"Since the cumulative three-year inflation rate has risen to above 100% as of March 2022, based on the Turkish nation-wide consumer price indices announced by the TÜİK, Turkey should be considered a hyperinflationary economy under IAS 29 starting from 30 April 2022. Consequently, the financial statements of the entities whose functional currency TL are restated for the changes in the general purchasing power of the Turkish Lira as at 31 December 2022 based on IAS 29. The restatement is calculated by means of conversion factors derived from the Turkish countrywide consumer price index published by the TÜİK. For the last three years, such indices and conversion factors used to restate the accompanying consolidated financial statements are as follows:

For the last three years, such indices and conversion factors used to restate the accompanying consolidated financial statements are as follows:

Date	Index	Coefficient of Correction
31 December 2022	1.128,45	1,00000
31 December 2021	686,95	1,64270
31 December 2020	504,81	2,23540

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022
AND 1 JANUARY – 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1.2 Financial Reporting in High-Inflation Economies (Cont'd)

The main elements of the Group's adjustment for financial reporting purposes in high-inflation economies are as follows:

- The current period consolidated financial statements prepared in TL are expressed with the purchasing power at the balance sheet date, and the amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are currently expressed with current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of IAS 36 Impairment of Asset and IAS 2 Inventories were applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been corrected using the relevant correction coefficient.
- "All items included in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet, are indexed on a quarterly basis with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period is recorded in the monetary gain / loss account in the consolidated statement of profit or loss.

In the reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, not having been hyperinflationary in the prior period, the entity shall apply the requirements of IAS 29 as if the economy had always been hyperinflationary. Therefore, in relation to non-monetary items measured at historical cost, the entity's opening statement of financial position at the beginning of the earliest period presented in the financial statements have been restated to reflect the effects of inflation from the date the assets were acquired and the liabilities were incurred or assumed until the end of the reporting period. For non-monetary items carried at the opening statement of financial position at amounts current at dates other than those of acquisition or incurrence, that restatement shall reflect instead the effect of inflation from the dates those carrying amounts were determined until the end of the reporting period.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022
AND 1 JANUARY – 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1.3 Currency used

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company. These consolidated financial statements are presented in TL, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

ii) Transactions and balances

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow and net investment which are included under shareholders' equity.

iii) Translation of financial statements of subsidiaries having functional currency other than TL

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using monthly 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 IAS rates prevailing at the date of the transaction) and then adjustments made in accordance with IAS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TURKSTAT").

Exchange differences arising from using average and balance sheet date rates are included in "currency translation differences" under equity.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1.4 Basis of consolidation

The consolidated financial statements include the accounts of the parent and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with IFRS by applying uniform accounting policies and presentation.

a) Subsidiaries

The Group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable /receivable balances and sales/ purchase transactions are eliminated. The carrying value of the investment held by Vestel Elektronik and its subsidiaries is eliminated against the related shareholders' equity.

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in shareholders' equity.

As of the balance sheet date, consolidated companies and the proportion of ownership interest of Vestel Elektronik in these subsidiaries are disclosed in note 3.

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.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

b) Investments in associates

Investments in associates are accounted for by the equity method and are initially recognized at cost. These are entities in which the Group has an interest which is more than 20% and less than 50% of the voting rights or over which a significant influence is exercised. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates, whereas unrealized losses are eliminated unless they do not address any impairment of the asset transferred. Net increase or decrease in the net asset of associates is included in the consolidated statements of comprehensive income in regards with the Group's share.

The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group's interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized.

Since Lentatek and Aydın Yazılım have net liability positions as of 31 December 2022, carrying value of such investment accounted for by equity method is reduced to zero in the consolidated balance sheets.

The Group's voting rights and effective ownership rates in Lentatek and Aydın Yazılım are 35% and 21%, respectively (31 December 2021: 35%, 21%).

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.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

b) Investments in associates (Cont'd)

Impairments are recorded in the statement of profit or loss 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.

2.2 Comparatives

Consolidated financial statements of the Group have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the consolidated financial statements.

2.3 Changes in accounting policies and accounting estimates and errors

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If the changes in accounting estimates only apply to one period, then they are applied in the current period in which the change occurred; if the changes also apply to future periods, they are applied in both the period of change and in the future periods, prospectively.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in International Financial Reporting Standards

Standards, amendments, and interpretations applicable as of 31 December 2022:

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3**, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Cooperation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in International Financial Reporting Standards (Cont'd)

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in International Financial Reporting Standards (Cont'd)

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis
- **IAS 21 Lack of Exchangeability;** a transaction or activity in a foreign currency that is not convertible into another currency at a effective from annual periods beginning on or after January 1, 2025. An entity is affected when it has particular measurement date for a particular purpose. A currency can be exchanged when the ability to obtain another currency is available (with a normal administrative delay) and the transaction occurs through a market or clearing mechanism that creates enforceable rights and obligations.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies

2.5.1 Revenue recognition

Group recognizes revenue in accordance with IFRS 15 “Revenue from contracts with customers” standard by applying the following five step model:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- b) Group can identify each party’s rights regarding the goods or services to be transferred,
- c) Group can identify the payment terms for the goods or services to be transferred,
- d) The contract has commercial substance,
- e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

Revenue from sale of goods

Group recognizes revenue based on the production and sale of white goods, consumer electronics, air conditioners and home appliance. Revenue is recognized when the control of the goods is transferred to the customer. In addition, Group provides legal warranty commitment to its customers depending on the type of goods and the location of sale between 1-3 years. These legal warranty commitments are mandatory by regulations, have not a separate price apart from the good and are not separately sold. Therefore, they are not treated as a separate good or service apart from the sale of good. The group makes sales through various channels at Turkey and abroad. The Group uses a built combination of dealers, e-commerce and other distribution and retail sale points.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Group uses moving weighted average method for costing.

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value less accumulated depreciation, based on valuations performed at 31 December 2022.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is the revalued amount of the asset.

Property, plant and equipment except for land, land improvements and buildings are carried at cost in the equivalent purchasing power of TL as at 31 December 2022, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements and buildings is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**2.5.3 Property, plant and equipment (Cont'd)**

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

Land is not depreciated. Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Useful lives of property, plant and equipment is as follows:

	<u>Useful life</u>
Land improvements	5 - 35 years
Buildings	10 - 46 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 30 years
Motor vehicles	5 - 10 years
Furniture and fixtures	5 - 14 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

Subsequent costs such as repairs and maintenance or part replacement of plant and equipment are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Leases

The Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Group assess whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use;
- d) The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the incremental borrowing rate of the relevant Group company.

Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The duration of the contracts, which constitute the lease obligation of the company, varies between 1 - 20 years.

The Group – as a lessor

The Group's activities as a lessor are not material.

Right of use assets:

The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group

To apply the cost model, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Group applies the depreciation requirements in IAS16 Property, Plant and Equipment in depreciating the right-of-use asset.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**2.5.4 Intangible assets****a) Research and development costs**

Research costs are recognized as expense in the period in which they are incurred. Intangible assets arising from development (or from the development phase of an internal project) are recognized as intangible assets when the following criteria are met;

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

In other cases, development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

b) Rights and other intangible assets

Rights and other intangible assets consist of acquired computer software, computer software development costs and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and are amortized on a straight-line basis over their expected useful lives which are less than fifteen years.

Useful life of intangible assets is as follows:

	<u>Useful life</u>
Rights	2 - 15 years
Development cost	2 - 10 years
Other	2 - 15 years

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.5 Financial instruments

a) Financial assets

The Group classifies its financial assets into the following specified categories: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Group's financial assets carried at amortized cost comprise "trade receivables", "other assets" and "cash and cash equivalents" in the statement of financial position.

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Group and its expectations for the future indications.

Financial assets measured at fair value

Assets that are held by the Group for collection of contractual cash flows and for selling the financial assets are measured at their fair value.

Impairment of financial assets

Impairment of the financial and contractual assets measured by using "Expected credit loss model". The impairment model applies for amortized financial and contractual assets.

b) Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.5 Financial instruments (Cont'd)

c) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The derivative instruments of the Group mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under risk accounting, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognised in the consolidated profit or loss statement.

The hedging transactions of the Group that qualify for hedge accounting are accounted regarding to IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group's financial statements.

Cash flow hedges:

As long as a cash flow hedge meets the qualifying criteria, the hedging relationship shall be accounted for as follows:

(a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

(i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and

(ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

(b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income.

(c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**2.5.6 Foreign currency transactions**

Transactions in foreign currencies during the period are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are translated to local currency at the rates prevailing on the balance sheet date. Exchange differences on foreign currency denominated monetary assets and liabilities are recognized in profit or loss in the period in which they arise except for the effective portion of the foreign currency hedge of net investments in foreign operations. Monetary items which are denominated in foreign currency and measured with historical costs are translated using the exchange rates at the dates of initial transactions.

Foreign currency transactions during the period are recorded at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currency in the balance sheet are translated into TL using the exchange rates prevailing in balance sheet date.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, and then rearrangements made in accordance with IAS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TURKSTAT"). Exchange differences arising are recognized in other comprehensive income and in equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

2.5.7 Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.8 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.

2.5.9 Related parties

Shareholders, key management personnel and board members, their close family members and companies controlled, jointly controlled or significantly influenced by them and Zorlu Holding Group companies are considered and referred to as related parties.

2.5.10 Taxation on income

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items directly recognized in equity. In that case, tax is recognized in shareholders' equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Investment incentives that are conducive to payment of corporate taxes at reduced rates are subject to deferred tax calculation when there is reasonable assurance that the Group will benefit from the related incentive.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.10 Taxation on income (Cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.5.11 Employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. Employment termination benefits are considered as being part of defined retirement benefit plan as per IAS 19. All actuarial gains and losses are recognized in consolidated statements of income.

The effects of the significant forecasts used in employment termination benefits provision calculations have been recognized as actuarial gains and losses and they have been explained in the relevant note.

2.5.12 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.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.13 Earnings per share

Earnings per share disclosed in the consolidated statement of income is determined by dividing consolidated net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

2.5.14 Statement of cash flows

In the consolidated statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Group's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipment and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.5.15 Segment reporting

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategical decisions.

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.

Group's operations are reported under two industrial segments:

- Consumer and mobility electronics
- Household appliances

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.15 Segment reporting (Cont'd)

Group's operations are reported under three geographical segments:

- Turkey
- Europe
- Other

2.5.16 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

2.5.17 Subsequent Events

Events after the balance sheet date, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue. Subsequent events consist of all events between the balance sheet date and the date of validity authorisation, even if they existed after public explanation of an announcement about profit or other financial information. If events requiring an adjustment to the financial statements occur after the balance sheet date, the Group makes the necessary corrections in the consolidated financial statements. In the case that events require a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.5.18 Going Concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

2.5.19 Trade payables

Trade payables are recognized at their fair values.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.20 Borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income as finance cost over the period of the borrowings. Borrowing costs are expensed as incurred. If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which (at least a period of one year) are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.6. Critical accounting estimates and judgments

Preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions.

Significant estimates of the Group management are as follows:

i. Revaluation of land, buildings and land improvements:

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2022 (Note 14).

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of market reference comparison whereas revaluations of buildings and land improvements were based on the method of depreciated replacement and based on the following valuation techniques and assumptions:

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6. Critical accounting estimates and judgments (Cont'd)

- The method of cost approach, considering existing utilization of the aforementioned land, building and land improvements are consistent to the highest and best use approach.
- In the market comparison method, current market information was utilized, taking into consideration the comparable market prices for the recent transactions in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m² sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.
- In the cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Group performs impairment assessment for buildings and land improvements of which valuations are based on revaluation approach, accordance with the IAS36 "Impairment of Assets", and no impairment indicator is identified.

ii. Impairment tests of investments accounted for using the equity method

As stated in the accounting policies in Note 2.1.4.b, if there is an indicator of impairment related to the carrying amount of investments accounted for using the equity method, such investments are subjected to impairment tests.

The impairment test is performed by comparing the carrying amounts of the calculated cash flows with the recoverable amount calculated with the value-in-use of the investment. Significant estimates and assumptions used in determining the cash flows and their sensitivity analysis are presented in Note 13. As of 31 December 2022, no impairment was identified as a result of the impairment tests performed (Note 13).

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NOTE 3 – INTERESTS IN OTHER ENTITIES**Subsidiaries:**

As of 31 December 2022, and 31 December 2021 the Group's major subsidiaries are as follows:

Consolidated subsidiaries	31 December 2022		31 December 2021	
	Voting rights	Effective ownership	Voting rights	Effective ownership
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (*)	80,66	80,66	82,53	82,53
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100	100	100	100
Vestel Ticaret A.Ş.	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Iberia SL	100	100	100	100
Vestel France SA	100	100	100	100
Vestel Holland BV	100	100	100	100
Vestel Germany GmbH (**)	100	100	100	100
Cabot Communications Ltd.	90,80	90,80	90,80	90,80
Vestel UK Ltd.	100	100	100	100
Vestel Holland B.V. UK Branch Office	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99,90	99,90	99,90	99,90
Vestel Central Asia LLP	100	100	100	100
Vestel Poland sp. z.o.o.	100	100	100	100
Vestel Electronics Gulf DMC	100	100	100	100
Vestel Electronics Shanghai Trading Co. Ltd.	100	100	100	100
Vestel Electronica SRL	100	100	100	100
Vestel USA (***)	100	100	-	-

(*) Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 30,000,000 shares on 20 September 2022 on Borsa Istanbul. Following the transaction, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 80.66%.

(**) Within the scope of the restructuring of sales and marketing subsidiaries abroad, Vestel Germany GmbH, which is based in Germany and wholly owned by Vestel Ticaret AŞ (Vestel Ticaret), a fully owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ (Vestel Elektronik), has been merged into Vestel Holland B.V., another wholly owned subsidiary of Vestel Ticaret. With the merger, all assets, liabilities and operations of Vestel Germany GmbH have been transferred to Vestel Holland B.V. Germany Branch Office, which is established in Germany by Vestel Holland B.V. The merger took place as of 31 December 2022.

(***) Our wholly-owned subsidiary Vestel Ticaret AŞ established a new company named Vestel USA Inc. under its 100% ownership in the New York state of the USA. Through this new company, we aim to closely monitor and manage our increasing business volume and customer portfolio in North America, accurately identify market needs through market research and adapt our existing product range and develop products specifically for the US market.

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NOTE 3 – INTERESTS IN OTHER ENTITIES (Cont'd)**Subsidiaries (Cont'd):**

Financial information of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. which is not wholly owned by the Group and has significant non-controlling interests is as follows.

	31 December 2022	31 December 2021
Accumulated non-controlling interests	1.590.934	1.665.814
Comprehensive income attributable to non-controlling interests	67.243	595.891

The financial statements of the subsidiary is adjusted to include the effects of revaluation of land, buildings and land improvements in accordance with the Group's accounting policies applied in preparation of the consolidated financial statements.

Balance sheet:

	31 December 2022	31 December 2021
Current assets	17.203.555	16.875.552
Non-current assets	10.586.485	7.992.315
Current liabilities	(18.428.442)	(14.064.782)
Non-current liabilities	(1.135.465)	(1.267.802)
Net assets	8.226.133	9.535.283

Statement of comprehensive income:

	1 January - 31 December 2022	1 January - 31 December 2021
Net sales	36.160.744	32.337.877
Income / (loss) before tax	282.883	1.979.013
Tax benefit / (expense)	(154.350)	315.698
Net income / (loss) for the period	128.533	2.294.711
Total comprehensive income	(455.699)	3.629.048

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NOTE 3 – INTERESTS IN OTHER ENTITIES (Cont'd)**Subsidiaries (Cont'd):****Statement of cash flows:**

	1 January - 31 December 2022	1 January - 31 December 2021
<u>Operating activities:</u>		
Changes in working capital	1.090.921	(811.410)
Net cash provided by operating activities	1.790.596	(10.144.674)
<u>Investing activities:</u>		
Net cash used in investing activities	(3.131.989)	11.667.894
<u>Financing activities:</u>		
Proceeds from bank borrowings	6.912.573	3.278.942
Repayment of bank borrowings	(1.893.852)	(3.878.201)
Dividends paid	(853.448)	(2.488.317)
Net cash (used in) / provided by financing activities	1.341.406	(1.773.336)
Cash and cash equivalents at the beginning of the period	185.321	435.437
Cash and cash equivalents at the end of the period	578.753	185.321

The financial information of Group's 50% associate META which is accounted for using the equity method, is disclosed in note 13.

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NOTE 4 - SEGMENT REPORTING

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions.

Considering the fact that the Group's risks and rate of returns are dissimilar between product types and between geographical areas, The Group management uses industrial segments as primary reporting format and geographical segments as secondary reporting format.

Industrial segments

	Consumer and mobility electronics	Household appliances	Total
1 January -31 December 2022			
Revenue	25.051.914	42.389.350	67.441.264
Cost of sales	(21.258.893)	(34.718.300)	(55.977.193)
Gross profit	3.793.021	7.671.050	11.464.071
Depreciation and amortization	1.130.660	1.161.859	2.292.519
1 January -31 December 2021			
Revenue	26.037.010	38.756.631	64.793.641
Cost of sales	(20.946.954)	(28.112.809)	(49.059.763)
Gross profit	5.090.056	10.643.822	15.733.878
Depreciation and amortization	1.434.446	1.094.813	2.529.259

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NOTE 4 - SEGMENT REPORTING (Cont'd)**Purchase of Property, Plant, Equipment and Intangible Assets**

	Consumer and mobility electronics	Household appliances	Total
1 January -31 December 2022	1.058.416	3.109.325	4.167.741
1 January -31 December 2021	1.663.670	1.188.577	2.852.247

Geographical segments:

	1 January - 31 December 2022	1 January - 31 December 2021
Turkey	22.131.120	17.120.946
Europe	40.351.426	44.455.685
Other	9.342.229	7.254.181
Gross segment sales	71.824.775	68.830.812
Discounts (-)	(4.383.511)	(4.037.171)
Revenue	67.441.264	64.793.641

The amount of export for the period 1 January - 31 December 2022 is TL 49.693.655 (1 January - 31 December 2021: TL 51.709.866). Export sales are denominated in EUR, USD and other currencies as 68,7%, 25,3%, and 6% of total exports respectively (1 January – 31 December 2021: 63,3% EUR, 28% USD, 8,7% other).

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NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	3.148	3.594
Bank deposits		
- Demand deposits	1.217.107	2.316.481
- Time deposits	214.747	904.789
Cheques and notes	45.029	65.369
Other	72.358	141.558
	1.552.389	3.431.791
Blocked deposits	22	36
Cash and cash equivalents	1.552.411	3.431.827

The Group has time deposits amounting to USD 1.003 thousand, TL 96.696 thousand, EUR 4.200 thousand and RUB 60.000 (31 December 2021: USD 1.000 thousand, TL 459.171 thousand, EUR 5.167 thousand, KZT 500 thousand, and RUB 16.000). As of 31 December 2022, and 31 December 2021 the Group's time deposits have a maturity of less than 3 months.

See Note 31 for the foreign currency details of the Group's demand deposits.

NOTE 6 – FINANCIAL ASSETS

	Country	Ownership		Amount	
		31 December	31 December	31 December	31 December
		2022	2021	2022	2021
Financial assets measured at fair value through other comprehensive income:					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	70.400	27.270
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	62	62
Other	Turkey	-	-	729	729
				71.191	28.061

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NOTE 6 – FINANCIAL ASSETS (Cont'd)

Non-consolidated subsidiaries on the grounds of materiality:	Country	Ownership		Amount	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Vestel Ventures Ar-ge A.Ş.	Turkey	%100	%100	192.347	192.347
				192.347	192.347

NOTE 7 – FINANCIAL LIABILITIES

	31 December 2022	31 December 2021
Short term financial liabilities		
Short term bank loans	17.668.289	7.137.338
Short term portion of long term bank loans	1.396.941	9.879.729
Short term portion of long term lease liabilities	140.069	122.967
Short term issued bonds	1.139.204	1.047.739
	20.344.503	18.187.773
Long term financial liabilities		
Long term bank loans	693.877	1.032.394
Long term lease liabilities	397.326	249.275
Long term issued bonds	-	435.314
	1.091.203	1.716.983

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NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

Details of the Group's short term bank loans are given below:

31 December 2022				31 December 2021			
	Weighted average of effective interest	Original currency	TL Equivalent	Weighted average of effective interest	Original currency	TL Equivalent	
Currency							
- USD	8,27%	235.849	4.417.923	3,71%	130.232	2.776.296	
- EUR	8,75%	64.505	1.288.216	3,74%	16.636	401.243	
- TL	16,75%	11.778.618	11.778.618	24,97%	3.959.799	3.959.799	
- CNY	4,55%	68.467	183.532	-	-	-	
			17.668.289				7.137.338

Details of the Group's long term bank loans are given below:

	Weighted average of effective interest rates per	Original currency	TL Equivalent	Weighted average of effective interest rates per	Original currency	TL Equivalent
- USD	6,74%	13.104	245.464	3,54%	257.296	5.485.069
- EUR	5,37%	20.097	401.353	4,36%	38.620	931.450
- TL	14,82%	750.124	750.124	16,12%	3.463.210	3.463.210
Short term portion			1.396.941	9.879.729		
- USD	8,18%	36.142	677.012	5,97%	23.342	497.600
- EUR	-	-	-	3,00%	19.455	469.229
- TL	15,00%	16.865	16.865	12,31%	65.565	65.565
Long term portion			693.877	1.032.394		
			2.090.818	10.912.123		

Total amount of Group's floating bank loans is amounting to TL 10.401.240 (31 December 2021: TL 9.495.062).

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NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

The maturity schedule of Group's long term bank loans is given below:

	31 December 2022	31 December 2021
One to two years	454.791	631.270
Two to three years	239.086	401.124
	693.877	1.032.394

The analysis of Group's bank loans in terms of periods remaining to contractual re-pricing dates is as follows:

	31 December 2022	31 December 2021
3 months or less	3.740.153	1.286.336
Between 3-6 months	2.690.124	28.943
Between 6-12 months	3.174.415	7.116.691
1 year or more	796.548	1.063.092
	10.401.240	9.495.062

Guarantees given for the bank loans are presented in Note 18.

Fair values of short-term bank borrowings are considered to approximate their carrying values. Fair values are determined using average effective annual interest rates. Long term bank borrowings are stated at amortized cost using effective interest rate method and their fair values are considered to approximate their carrying values since loans usually have a re-pricing period of six months.

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NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

As of 31 December 2022, and 31 December 2021, the Group's net financial debt reconciliation is shown below:

	31 December 2022	31 December 2021
Net financial debt as of 1 January	16.472.965	12.612.025
Cash inflows from loans and issued bonds	30.448.226	26.229.651
Cash outflows from loan and bonds payments	(21.458.284)	(23.463.548)
Changes of lease liabilities	165.153	(148.049)
Unrealized Fx gain/loss	1.657.263	3.319.354
Changed interest	786.851	(9.372)
Change in cash and cash equivalents	1.879.402	3.677.553
Monetary gain / (loss)	(10.068.259)	(5.744.649)
Net financial debt at the end of the period	19.883.317	16.472.965

NOTE 8 – RELATED PARTY DISCLOSURES**a) Short term trade receivables from related parties**

	31 December 2022	31 December 2021
Korteks Mensucat Sanayi ve Ticaret A.Ş. (1)	8.790	9.703
Linens Pazarlama A.Ş. (1)	-	6.784
Other related parties	32.066	6.728
	40.856	23.215

The short term receivables from related parties consist of goods and service sales.

b) Short term trade payables to related parties

	31 December 2022	31 December 2021
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	11.377	862
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (3)	11	102.476
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. (1)	-	506
Zorlu Air Havacılık A.Ş. (1)	963	2.114
Zorlu Holding A.Ş. (2)	13.790	-
Other related parties	17.923	2.474
	44.064	108.432

The short term payables to related parties consist of goods and service purchases.

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)**c) Other short term receivables from related parties**

	31 December 2022	31 December 2021
Vestel Ventures A.Ş. (3)	744.432	641.134
Lentatek Uzun Havaçılık ve Teknoloji A.Ş. (3)	607.814	752.324
	1.352.246	1.393.458

Other receivables from related parties mainly consists of cash fund deposits transferred to the Group companies. As of 31 December 2022, the annual average effective interest rate of other receivables in TL is 25%. and in USD is 7%. (31 December 2021: USD 7%, TL 20%).

d) Other long term receivables from related parties

	31 December 2022	31 December 2021
Zorlu Holding A.Ş. (2)	6.461.918	7.257.585
Lentatek Uzun Havaçılık ve Teknoloji A.Ş. (3)	5.674.420	6.603.973
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A. Ş. (3)	4.281.819	3.744.499
	16.418.157	17.606.057

Other long term receivables from related parties mainly consists of cash fund deposits transferred to the Group companies. As of 31 December 2022, the annual average effective interest rate of other receivables in TL is 25% and in USD is 7%. (31 December 2021: USD 7%, TL 20%).

e) Lease liabilities to related parties

	31 December 2022	31 December 2021
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.(1)	9.447	32.123
Zorlu Yapı Yatırım A.Ş.(1)	1.229	4.179
	10.676	36.302

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)**f) Transactions with related parties**

	1 January - 31 December 2022	1 January - 31 December 2021
Sales		
Zorlu Enerji Elektrik Üretim A.Ş. (1)	230.915	51
ZES Dijital Ticaret A.Ş. (1)	86.753	27.236
Rotor Elektrik Üretim A.Ş. (1)	73.060	20
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. (1)	70	9.510
Other related parties	88.029	8.864
	478.827	45.681

	1 January - 31 December 2022	1 January - 31 December 2021
Operating expenses		
Zorlu Holding A.Ş. (2)	182.718	177.235
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	123.845	18.492
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. (1)	21.106	28.090
Zorlu Air Havacılık A.Ş. (1)	11.759	14.096
Other related parties	79.323	53.885
	418.751	291.798

The sales and operating transactions to related parties consist of goods and service purchases.

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)**f) Transactions with related parties (Cont'd)**

	1 January - 31 December 2022	1 January - 31 December 2021
Other income from operating activities		
Other related parties	13.595	21.010
Other expense from operating activities		
Other related parties	27.180	107.687
	1 January - 31 December 2022	1 January - 31 December 2021
Financial income		
Zorlu Holding A.Ş. (2)	2.891.569	4.817.227
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (3)	2.651.102	2.612.982
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. (3)	1.453.739	1.822.837
Other related parties	263.111	262.877
	7.259.521	9.515.923
	1 January - 31 December 2022	1 January - 31 December 2021
Financial expense		
Other related parties	602	13.025
	602	13.025

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)**f) Transactions with related parties (Cont'd)**

	1 January - 31 December 2022	1 January - 31 December 2021
Dividend payment to non-controlling interests	147.709	5.606.641

g) Guarantees received from and given to related parties are disclosed in note 18.

h) Compensation paid to key management including directors, the Chairman and members of Board of Directors, general managers and assistant general managers

Compensation paid to key management for the year ended 31 December 2022 is TL 80.900 (1 January - 31 December 2021: TL 131.213).

Financial income from related parties result from interest income from financial liabilities.

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NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Short term trade receivables		
Trade receivables		
- <i>Related parties (note 8)</i>	40.856	23.215
- <i>Other parties</i>	9.766.217	10.286.347
Cheques and notes receivables	1.304.931	688.526
Other	117.122	300.012
	11.229.126	11.298.100
Unearned interest expense (-)		
- <i>Other parties</i>	(100.618)	(48.215)
Allowance for doubtful receivables (-)	(154.598)	(286.070)
Total short term trade receivables	10.973.910	10.963.815
Long term trade receivables		
Cheques and notes receivables	67	768
Total long term trade receivables	67	768

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NOTE 9 – TRADE RECEIVABLES AND PAYABLES (Cont'd)

	31 December 2022	31 December 2021
Short term trade payables		
Trade payables		
- Related parties (note 8)	44.064	108.432
- Other parties	21.595.766	26.251.327
Other	4.925	6.914
	21.644.755	26.366.673
Unearned interest income (-)		
- Other parties	(63.278)	(39.860)
Total short term trade payables	21.581.477	26.326.813
Long term trade payables		
Trade payables		
- Other parties	182.877	297.333
Total long term trade payables	182.877	297.333

NOTE 10 – OTHER RECEIVABLES AND OTHER PAYABLES

	31 December 2022	31 December 2021
Short term other receivables		
Receivables from public institutions	1.001.378	816.967
Receivables from related parties (note 8)	1.352.246	1.393.458
Deposits and guarantees given	165.120	179.449
Other	91.302	157.440
	2.610.046	2.547.314
Allowance for doubtful receivables (-)	(89.623)	(147.300)
	2.520.423	2.400.014

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NOTE 10 – OTHER RECEIVABLES AND OTHER PAYABLES (Cont'd)

	31 December 2022	31 December 2021
Long term other receivables		
Deposits and guarantees given	33.447	39.886
Receivables from related parties (note 8)	16.418.157	17.606.057
Other	8.416	180.978
	16.460.020	17.826.921
Allowance for doubtful receivables (-)	(8.278)	(13.599)
	16.451.742	17.813.322
Short term other payables		
Other payables		
- Related parties	2.791	17.663
	2.791	17.663
Deferred revenue from third parties		
- Other parties	1.252.820	680.065
	1.252.820	680.065

NOTE 11 – INVENTORIES

	31 December 2022	31 December 2021
Raw materials	6.548.699	8.027.163
Work in process	412.084	379.315
Finished goods	6.220.995	8.387.791
Merchandise	703.389	530.175
Other	37.451	14.138
	13.922.618	17.338.582
Provision for impairment on inventories (-)	(233.577)	(194.657)
	13.689.041	17.143.925

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NOTE 11 – INVENTORIES (Cont'd)

Movement of provision for impairment on inventories is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	194.657	132.798
Current year additions	114.116	63.492
Realised due to sale of inventory	(55.094)	(26.999)
Currency translation differences	28.252	52.114
Monetary gain / (loss)	(48.354)	(26.748)
Balance at 31 December	233.577	194.657

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 31 December 2022 is TL 49.200.514 (2021: TL 42.525.361).

As of 31 December 2022, the Group does not have inventories pledged as security for liabilities (31 December 2021: None).

NOTE 12 – PREPAID EXPENSES

	31 December 2022	31 December 2021
Prepaid expenses in current assets		
Order advances given	380.694	757.422
Prepaid expenses	214.539	240.845
Business advances given	4.788	6.598
	600.021	1.004.865
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	517.769	469.761
Prepaid expenses	13.162	179.821
	530.931	649.582

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NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2022		31 December 2021	
	%	Amount	%	Amount
Investment in associates				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	817.502	50%	1.216.066
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	2.291.817	23%	1.344.216
		3.109.319		2.560.282

Pursuant to the Group's goal to diversify its lines of business and achieve profitable growth by investing in new-generation technologies, the Group has purchased 916.335.000 shares (each with a nominal value of TL 1 and representing 50% of the Group's share capital) of Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ("META"), which is a Zorlu Holding A.Ş. subsidiary and is involved in nickel-cobalt mining, from Ahmet Nazif Zorlu, Olgun Zorlu, Mehmet Emre Zorlu, Selen Zorlu Melik, Meta Madencilik Enerji Turizm Danışmanlık Sanayi ve Ticaret A.Ş. and Zorlu Holding AŞ, for a total consideration of US\$250 mn (TL 1.152.075) in order to secure the supply of nickel sulphate and cobalt sulphate compounds, which are critical raw materials for the production of EV batteries. The acquisition value is in accordance with the valuation range of US\$447,2 million and US\$572 million stated in the independent appraisal report dated 29 June 2018 and prepared by Ernst & Young Advisory Services, which is licensed by the Capital Markets Board.

META was founded in 2000 to undertake nickel mining in Turkey, has been operating under Zorlu Group since 2007. The Group's nickel cobalt mining facility in Gördes, Manisa was commissioned at the end of 2014. The facility has a production capacity of 10.000 tons of nickel content and 550 tons of cobalt content per annum. Besides Gördes, META also has a licensed field in Eskişehir and undertakes surveying activities in various regions of Turkey. Currently, META produces nickel-cobalt hydroxide (MHP), which is an intermediate product, and plans to undertake an investment for the production of nickel sulfate and cobalt carbonate compounds, which are critical for Li-ion battery production.

Within the framework of Turkey's Automobile Project, following the work undertaken by the Joint Initiative Group, to which Group's controlling shareholder, Zorlu Holding AŞ was a party, Vestel Elektronik Sanayi ve Ticaret AŞ decided to participated with 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which was planned to be established to produce mainly electric passenger cars and carry out supporting activities. In this respect, the Shareholders Agreement and Articles of Association have been signed on 31 May 2018. Establishment of the new Group 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 to 23%.

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NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

The Group's voting rights and effective ownership rates in Lentatek and Aydın Yazılım are 35% and 21% respectively (31 December 2021: 35%, 21%).

The movements of META, which is an investment accounted for using the equity method during the period 1 January – 31 December 2022 and 2021 is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	1.216.066	1.508.810
Shares from profit / loss	43.322	(256.410)
Shares from other comprehensive income / expense	33.894	162.686
Currency translation differences	(475.780)	(199.020)
	817.502	1.216.066

Summary financial statement information of META is as follows:

	31 December 2022	31 December 2021
Total Assets	12.312.082	12.655.363
Total Liabilities	(12.020.507)	(12.416.779)
	291.575	238.584

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NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

	1 January - 31 December 2022	1 January - 31 December 2021
Net sales	2.252.089	1.453.135
Income / (loss) before tax	(485.487)	(204.718)
Tax benefit / (expense)	572.131	(308.101)
Net income / (loss) for the period	86.644	(512.819)
Total comprehensive loss	146.338	(223.129)

Impairment test of investments accounted for using the equity method:

As stated in the accounting policies in Note 2.1.3.b, on the grounds of materiality, the Group has performed impairment analysis for META in accordance with the provisions of IAS 36 "Impairment of Assets", which is accounted for using the equity method. The recoverable amount was determined based on discounted cash flow analysis prepared on the basis of the mine resources of META in licensed mine areas in Gördes.

As a result of impairment tests, no impairment was identified related to META as of 31 December 2022 (2021: None).

The sensitivity analysis performed for the estimates and assumptions used in determining the cash flows is as follows:

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NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)**Sensitivity analysis:**

Sensitivity scenarios are analysis by comparing base scenario to the scenarios where significant assumptions used in impairment tests show negative deviations in defined percentages. In the related sensitivity analysis performed as of 31 December 2022, the deviations of the recoverable amount compared to the carrying amount including goodwill are summarized in the table below:

**Percentage of META's carrying amount in
financials****Sensitivity analysis**

1% increase in discount rate	347%
10% decrease in nickel prices	244%
10% decrease in cobalt carbonat prices	356%
10% decrease in metal equivalent mine resource amount	351%

In accordance with the loan agreement of Meta Nikel as amended on 23 August 2020:

- Pursuant to the Commercial Enterprise Pledge Agreement, a first-degree pledge amounting to TL 3.000.000 thousand is placed on behalf of creditors Meta Nikel's assets indefinitely and the pledge will be valid until payment of the mentioned loans.
- In accordance with the Mining License Mortgage Agreement a top limit mining license first degree mortgage amounting to USD 420,000 thousand is established.
- Pursuant to the share pledge agreement, first degree pledge was established on all shares representing 100% of Meta Nikel's share capital, including all shares to be issued by Meta Nikel.
- In accordance with the Transfer of Receivables Agreement, Vestel Elektronik, Zorlu Holding and Zorlu Dış Ticaret are the Successor Creditors in the collection of receivables from Meta Nikel in order to establish a permanent guarantee of the performance of the debts of Meta Nikel resulting from the loan agreement subject to collateral.

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NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	Net off Accumulated Depreciation Before Revaluation	Fair value increase	31 December 2022
Cost or revaluation								
Land	2.833.141	-	-	(352.009)	-	-	713.393	3.194.525
Land improvements	362.244	421	-	(18.436)	325	(13.733)	(52.721)	278.100
Buildings	6.160.149	23.834	(4.133)	(493.497)	33.588	(142.329)	(424.424)	5.153.188
Leasehold improvements	757.140	73.616	(47.511)	(3.435)	-	-	-	779.810
Plant and machinery	17.754.130	998.730	(170.092)	(43.312)	429.434	-	-	18.968.890
Motor vehicles	33.784	3.087	(853)	(258)	-	-	-	35.760
Furniture and fixtures	3.075.891	237.759	(9.475)	(14.029)	20.715	-	-	3.310.861
Other tangible assets	8.392	-	-	-	-	-	-	8.392
Construction in progress (*)	154.902	2.342.529	(10.591)	-	(484.119)	-	-	2.002.721
	31.139.773	3.679.976	(242.655)	(924.976)	(57)	(156.062)	236.248	33.732.247
Accumulated depreciation								
Land improvements	16.126	19.946	-	(3.792)	-	(13.733)	-	18.547
Buildings	213.933	234.109	(6)	(47.477)	-	(142.329)	-	258.230
Leasehold improvements	672.272	37.552	(46.443)	(6.631)	-	-	-	656.750
Plant and machinery	13.548.725	1.177.068	(165.680)	23.300	-	-	-	14.583.413
Motor vehicles	28.463	2.509	(842)	(231)	-	-	-	29.899
Furniture and fixtures	2.827.382	152.361	(9.277)	(2.015)	-	-	-	2.968.451
Other tangible assets	8.392	-	-	-	-	-	-	8.392
	17.315.293	1.623.545	(222.248)	(36.846)	-	(156.062)	-	18.523.682
Net book value	13.824.480							15.208.237

*Substantial part of construction in progress consists of new dish washer factory investment. There is no finance cost capitalized on construction in progress.

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NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2021	Additions	Disposals	Currency translation differences	Transfers	Net off Accumulated Depreciation Before Revaluation	Fair value increase	31 December 2021
Cost or revaluation								
Land	2.547.835	-	-	28.364	-	-	256.942	2.833.141
Land improvements	284.820	528	-	46.094	34	(205)	30.973	362.244
Buildings	4.486.362	59.356	(14.901)	599.137	18.904	(40.308)	1.051.599	6.160.149
Leasehold improvements	713.781	34.573	(39)	6.602	2.223	-	-	757.140
Plant and machinery	16.428.846	1.444.437	(591.599)	192.222	280.224	-	-	17.754.130
Motor vehicles	31.385	1.649	(140)	872	18	-	-	33.784
Furniture and fixtures	2.913.847	132.948	(21.178)	30.930	19.344	-	-	3.075.891
Other tangible assets	8.392	-	-	-	-	-	-	8.392
Construction in progress	318.210	161.150	(3.251)	-	(321.207)	-	-	154.902
	27.733.478	1.834.641	(631.108)	904.221	(460)	(40.513)	1.339.514	31.139.773
Accumulated depreciation								
Land improvements	197	9.558	-	6.576	-	(205)	-	16.126
Buildings	3.987	159.901	(3.617)	93.970	-	(40.308)	-	213.933
Leasehold improvements	633.396	34.219	(39)	4.696	-	-	-	672.272
Plant and machinery	12.800.281	1.292.952	(589.739)	45.231	-	-	-	13.548.725
Motor vehicles	23.799	4.093	(140)	711	-	-	-	28.463
Furniture and fixtures	2.668.791	146.302	(20.144)	32.433	-	-	-	2.827.382
Other tangible assets	8.389	3	-	-	-	-	-	8.392
	16.138.840	1.647.028	(613.679)	183.617	-	(40.513)	-	17.315.293
Net book value	11.594.638							13.824.480

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NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Cost and accumulated depreciation of land, land improvements and buildings before revaluation are as follows:

	Land improvements	
	Land	and buildings
31 December 2022		
Cost	558.088	2.926.144
Accumulated depreciation (-)	-	(961.206)
Net book value	558.088	1.964.938
	Land improvements	
	Land	and buildings
31 December 2021		
Cost	558.088	2.659.361
Accumulated depreciation (-)	-	(924.770)
Net book value	558.088	1.734.591

As of 31 December 2022, the Group does not have property, plant and equipment pledged (2021: None)

Allocation of current year depreciation and amortization expenses is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Cost of sales	1.499.264	1.515.092
Research and development expenses	492.118	606.795
Marketing, selling and distribution expenses	158.164	315.335
General administrative expenses	129.247	82.799
Other operating expense (idle capacity depreciation expense)	13.726	9.238
	2.292.519	2.529.259

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NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)***Fair value hierarchy table***

The group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

31 December 2022	Level 1	Level 2	Level 3
Tangible Assets			
Lands	-	3.194.525	-
Buildings and land improvements	-	5.154.511	-
31 December 2021	Level 1	Level 2	Level 3
Tangible Assets			
Lands	-	2.833.141	-
Buildings and land improvements	-	6.292.334	-

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NOTE 15 – RIGHT OF USE ASSETS

	1 January 2022	Additions	Disposals	31 December 2022
Cost				
Land and buildings	655.237	453.572	-	1.108.809
Motor vehicles	251.209	14.985	(2.083)	264.111
	906.446	468.557	(2.083)	1.372.920
Accumulated amortization				
Land and buildings	347.046	219.760	-	566.806
Motor vehicles	151.077	56.335	(1.718)	205.694
	498.123	276.095	(1.718)	772.500
Net book value	408.323			600.420

	1 January 2021	Additions	Disposals	31 December 2021
Cost				
Land and buildings	567.456	92.361	(4.580)	655.237
Motor vehicles	188.245	66.634	(3.670)	251.209
	755.701	158.995	(8.250)	906.446
Accumulated amortization				
Land and buildings	157.081	192.076	(2.111)	347.046
Motor vehicles	86.550	65.128	(601)	151.077
	243.631	257.204	(2.712)	498.123
	512.070			408.323

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NOTE 16 – INTANGIBLE ASSETS

	1 January			Currency translation differences		31 December
	2022	Additions	Disposals		Transfers	2022
Cost						
Rights	368.081	349	-	(4.124)	-	364.306
Development cost	5.958.868	417.678	-	16.921	-	6.393.467
Other intangible assets	970.459	69.738	(38)	5.799	57	1.046.015
	7.297.408	487.765	(38)	18.596	57	7.803.788
Accumulated amortization						
Rights	281.241	14.567	-	(3.824)	-	291.984
Development cost	4.379.462	345.120	-	-	-	4.724.582
Other intangible assets	767.998	33.192	(38)	(9.430)	-	791.722
	5.428.701	392.879	(38)	(13.254)	-	5.808.288
Net book value	1.868.707					1.995.500

	1 January			Currency translation differences		31 December
	2021	Additions	Disposals		Transfers	2021
Cost						
Rights	360.849	212	(141)	7.161	-	368.081
Development cost	5.007.502	951.366	-	-	-	5.958.868
Other intangible assets	891.258	66.028	(2.845)	15.558	460	970.459
	6.259.609	1.017.606	(2.986)	22.719	460	7.297.408
Accumulated amortization						
Rights	259.668	14.649	(97)	7.021	-	281.241
Development cost	3.807.761	571.701	-	-	-	4.379.462
Other intangible assets	717.037	38.677	(1.303)	13.587	-	767.998
	4.784.466	625.027	(1.400)	20.608	-	5.428.701
Net book value	1.475.143					1.868.707

Development costs, incurred by the Group on development projects relating to television and electronic devices, refrigerators, split air conditioners, washing machines, cookers, drying machines and dish washers are capitalized as intangible assets when it is probable that costs will be recovered through future commercial activity and only if the cost can be measured reliably.

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NOTE 17 – GOVERNMENT GRANTS

There are investment incentive certificates to which the Group has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Group in nature are as follows:

- i) Exemption from customs duty on machinery and equipment to be imported,
- ii) VAT exemption with respect to purchases of investment goods both from domestic and export markets,
- iii) Incentives under the jurisdiction of the research and development law, (Note 28)
- iv) Inward processing permission certificates,
- v) Cash refund from Tübitak - Teydeb for research and development expenses,
- vi) Discounted corporate tax incentive,
- vii) Insurance premium employer share incentive
- viii) Brand support incentive (Turquality) given by Republic of Turkey Ministry of Economy.

Research and development incentive premium from Tübitak Technology and Innovation Funding programs directorate ("TEYDEB") amounts to TL 5.956 for the period 1 January - 31 December 2022. (1 January - 31 December 2021 TL 34.350).

Brand support incentive Turquality obtained from Republic of Turkey Ministry of Economy amounts to TL 48.536 in year 2022. (2021: TL 13.356).

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NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**a) Provisions**

	31 December 2022	31 December 2021
Short term provisions		
Warranty and assembly provision	680.015	783.599
Other provisions	819.480	1.177.058
Provision for lawsuit risks	60.510	77.329
	1.560.005	2.037.986
Long term provisions		
Warranty and assembly provision	151.680	153.508
	151.680	153.508

As of 31 December 2022, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is TL 60.510 (2021: TL 77.329).

As of 31 December 2022 and 2021 movements of warranty and assembly provisions are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	937.107	866.918
Current year additions	1.192.793	1.165.452
Provisions no longer required	(885.101)	(818.826)
Monetary gain / (loss)	(413.104)	(276.437)
Balance at 31 December	831.695	937.107

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NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)**b) Guarantees received by the Group****Guarantee letters, collaterals, cheques and notes received**

	31 December 2022	31 December 2021
Guarantee letters	2.198.770	2.288.463
Cheques and notes	2.083.544	2.094.564
Collaterals and pledges	2.625.958	2.522.107
	6.908.272	6.905.134

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given collaterals to various banks on behalf of the Company for its forward contracts and loans utilized.

c) Collaterals, pledges and mortgages ("CPMB's") given by the Group

CPMB's given by the Group	USD ('000)	EUR ('000)	GBP ('000)	TL	TL Equivalent
31 December 2022					
A. CPMB's given on behalf of its own legal entity	3.625	4.227	-	24.076	176.397
B. CPMB's given on behalf of fully consolidated subsidiaries (*)	2.226.653	83.116	450	4.200.339	47.580.069
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	34.991	-	-	19.383	674.834
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	34.991	-	-	19.383	674.834
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2.265.269	87.343	450	4.243.798	48.431.300

(*) Fully consolidated subsidiaries have given collaterals to various financial institutions on behalf of each other for their forward contracts and for the total amount of loans utilized.

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NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

	USD	EUR	GBP		
CPMB's given by the Group	('000)	('000)	('000)	TL	TL Equivalent
31 December 2021					
A. CPMB's given on behalf of its own legal entity	8.879	22.206	450	197.386	935.147
B. CPMB's given on behalf of fully consolidated subsidiaries (*)	2.205.303	64.201	81	7.028.787	55.592.387
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	43.137	-	-	34.774	954.372
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	43.137	-	-	34.774	954.372
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2.257.319	86.407	531	7.260.947	57.481.906

As of 31 December 2022, proportion of other CPMB's given by the Group to its equity is 4% (31 December 2021: 5%).

NOTE 19 – COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to 5.331.164 thousand USD (31 December 2021: 5.198.333 thousand USD) due to the export and investment incentive certificates obtained.

As of 31 December 2022, the Group has forward foreign currency purchase contracts that amounts to USD 813.078 thousand, EUR 173.310 thousand, GBP 79.849 thousand, PLN 23.186 thousand, CNY 66.896 thousand, TL 5.563.115 thousand against forward foreign currency sales contract that amounts to USD 559.982 thousand, EUR 540.395 thousand, GBP 84.901 thousand, PLN 87.098 thousand, TL 3.178.893 thousand. (31 December 2021: USD 889.644 thousand, EUR 182.045 thousand, GBP 94.967 thousand, PLN 26.510 thousand, RON 10.508 thousand, TL 2.083.288 thousand against forward foreign currency sales contract that amounts to USD 430.365 thousand, EUR 638.255 thousand, GBP 106.292 thousand, RUB 993.900 thousand, RON 18.031 thousand, PLN 65.490 thousand, SEK 9.447 thousand and TL 1.008.312 thousand against forward foreign currency sales contract).

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NOTE 20 – EMPLOYEE BENEFITS**Liabilities for employee benefits:**

	31 December 2022	31 December 2021
Due to personnel	273.856	215.413
Social security payables	180.113	243.726
	453.969	459.139

Long-Term provisions for employee benefits:

	31 December 2022	31 December 2021
Provision for employment termination benefits	1.240.006	636.088

Under Turkish law, the Group is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No.2422 and 25 August 1999, No.4447, the Group is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's salary for each year of service and is limited to a maximum of 15.371,40 TL/year as of 31 December 2022 (31 December 2021: 8.284,51 TL/year).

Provision for employment termination benefits is not subject to any funding.

The provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which are described below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently, in the accompanying financial statements as of 31 December 2021, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 31 December 2022 provision is calculated based on real discount rate of 2%, assuming 7,02% annual inflation rate and 9,16% discount rate (31 December 2021: 4,44% real discount rate, 15,8% inflation rate and 20,9% discount rate).

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NOTE 20 – EMPLOYEE BENEFITS (Cont'd)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 19.982,83 which is effective from 1 January 2023 (1 January 2022: TL 10.848,59) has been taken into consideration in calculating the provision for employment termination benefits of the Group which is calculated once in every six months.

The movement in the provision for employment termination benefit is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	636.088	505.886
Increase during the year	65.873	31.415
Payments during the year	(63.657)	(47.142)
Actuarial (gain) /loss	700.471	227.960
Interest expense	91.298	97.264
Monetary gain / (loss)	(190.067)	(179.295)
Balance at 31 December	1.240.006	636.088

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NOTE 21 – OTHER ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Other current assets		
VAT carried forward	21.860	41.815
Rebates from suppliers and incentives income accruals	42.452	124.905
Other	93.455	187.022
	157.767	353.742

	31 December 2022	31 December 2021
Other current liabilities		
Taxes payable	597.508	776.153
Other	620.490	923.761
	1.217.998	1.699.914

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NOTE 22 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS**a) Paid in capital**

	31 December 2022	31 December 2021
Shares of par value Kr 1 each		
limit on registered share capital	2.000.000	2.000.000
Issued share capital	335.456	335.456

As of 31 December 2022 and 31 December 2021 the shareholding structures are as follows:

	Shareholding		Amount	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Zorlu Holding A.Ş.	%60,95	%63,70	204.460	213.685
Other shareholders	%39,05	%36,30	130.996	121.771
	%100	%100	335.456	335.456

Zorlu Holding A.Ş. sold Vestel Elektronik Sanayi ve Ticaret A.Ş. shares with a nominal amount of TL 5.983.545 on 28 April 2022, TL 2.727.657 on 26 August 2022, TL 2.000.000 on 28 December 2022. Amounts are expressed in purchasing power of TL as of December 31, 2022. Following the transaction, Zorlu Holding A.Ş.'s share in Vestel Elektronik Sanayi ve Ticaret A.Ş. declined to 60.95%.

b) Adjustment to share capital

Adjustment to share capital (restated to 31 December 2004 purchasing power of money) is the difference between restated share capital and historical share capital.

c) Share premium

Share premium account refers the difference between par value of the Company's shares and the amount the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may not be distributed. It may be used in capital increase.

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NOTE 22 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**d) Restricted Reserves Appropriated from Profits**

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. Under TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

	31 December 2022	31 December 2021
Legal reserves	760.558	766.974

e) Revaluation reserve

Financial Assets Measured of Fair Value through Other Comprehensive Income	50.026	11.479
Revaluation of property, plant and equipment	1.673.170	1.907.218
	1.723.196	1.918.697

f) Dividend distribution

For quoted companies dividends are distributed in accordance with the Communiqué Serial II -19.1 on "Principals Regarding Distribution of Interim Dividends" issued by the CMB effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, dividend can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

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NOTE 22 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

f) Dividend distribution (Cont'd)

On the other hand, in accordance with the Articles of Association of the Company, the net period income is allocated after deducting the accumulated losses from the previous years, if any, as follows:

- a) As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.
- b) A dividend is allocated from the remaining amount, at the rate determined by the General Assembly over an amount to be found after the addition of a donation, which is made in line with the Turkish Commercial Code and Capital Market Legislation.
- c) After the deductions above, the General Assembly has the right to decide how to allocate the dividend to members of the board of directors and officers, employees and workers, foundations established with various purposes, and similar persons and corporations.
- d) After the amounts stated in paragraph (a), (b) and (c) are deducted from the net period profit, the General Assembly is authorized to allocate the remaining amount as a second dividend or to allocate the remaining amount to its own reserve as per Article 521 of the Turkish Commercial Code.
- e) One tenth of the amount obtained after a dividend of 5% of the paid in capital and other legal reserve are deducted from the amount that is agreed to be allocated to the shareholders and other persons participating to the profit is added to the general legal reserve as per paragraph (c) of the second clause of article 519 of the Turkish Commercial Code.

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. decided to distribute dividends related to 2021 financial period amounting to TL 1.136.198 (TL 0,43644 gross, TL 0,39280 net for each TL 1.00 nominal value per share). As of 31 December 2022, dividends paid amounted to TL 147.709 except Vestel Elektronik Sanayi ve Ticaret A.Ş.

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NOTE 23 – SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Domestic sales	22.131.120	17.120.946
Export sales	49.693.655	51.709.866
Gross sales	71.824.775	68.830.812
Sales discounts (-)	(4.383.511)	(4.037.171)
Net sales	67.441.264	64.793.641
Cost of sales	(55.977.193)	(49.059.763)
Gross profit	11.464.071	15.733.878

NOTE 24 – EXPENSES BY NATURE

	1 January - 31 December 2022	1 January - 31 December 2021
Raw materials, supplies and finished goods	49.200.514	42.525.361
Personnel expenses	5.305.112	4.801.922
Depreciation and amortization	2.278.793	2.520.021
Export, transportation, warehouse expenses	3.743.797	2.874.705
Warranty and assembly expenses	1.192.793	1.165.452
Advertising expenses	616.466	663.447
Other	4.025.805	3.776.185
	66.363.280	58.327.093

The expenses by nature consists of cost of sales, general administrative expenses, marketing expenses, and research and development expense.

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NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES**a) General administrative expenses:**

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	518.861	497.554
Depreciation and amortization	129.247	82.799
Consultancy expenses	194.851	178.243
Information technology expenses	143.681	121.554
Rent and office expenses	79.564	88.920
Tax and duties	92.921	35.670
Insurance expenses	45.294	55.888
Travelling expenses	20.120	15.933
Benefits and services provided externally	4.752	9.729
Other	240.149	240.889
	1.469.440	1.327.179

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**NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH
AND DEVELOPMENT EXPENSES (Cont'd)****b) Marketing expenses:**

	1 January - 31 December 2022	1 January - 31 December 2021
Export, transportation, warehouse expenses	3.581.781	2.728.284
Warranty and assembly expenses	1.192.793	1.165.452
Personnel expenses	1.400.573	1.201.419
Advertising expenses	614.445	662.023
Depreciation and amortization	158.164	315.335
Other	945.345	849.340
	7.893.101	6.921.853

c) Research and development expenses:

Depreciation and amortization	492.118	606.795
Personnel expenses	250.386	202.844
Other	281.042	208.659
	1.023.546	1.018.298

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NOTE 26 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES**a) Other income from operating activities:**

	1 January - 31 December 2022	1 January - 31 December 2021
Interest arising from trading activities	149.755	59.370
Foreign exchange gains arising from trading activities	2.916.934	4.975.424
Reversal of provisions	31.383	26.901
Other income	438.280	1.017.248
	3.536.352	6.078.943

b) Other expense from operating activities:

	1 January - 31 December 2022	1 January - 31 December 2021
Debit finance charges and interest income arising from trading	845.087	497.921
Foreign exchange expenses arising from trading activities	8.165.829	11.702.054
Provision expenses	12.471	61.791
Other expenses	366.070	432.953
	9.389.457	12.694.719

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NOTE 27 – FINANCIAL INCOME AND FINANCIAL EXPENSE**a) Financial income:**

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange gains	6.923.470	10.085.553
Gains on derivative financial instruments	3.548.345	3.757.565
Interest income	1.704.143	1.676.680
	12.175.958	15.519.798

b) Financial expense:

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange losses	4.980.952	6.092.430
Losses on derivative financial instruments	3.702.525	5.677.099
Interest expense	2.620.252	2.380.116
Other finance expenses	462.825	247.963
	11.766.554	14.397.608

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NOTE 28 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2022	31 December 2021
Corporation and income taxes	17.204	21.791
Prepaid taxes (-)	(51.426)	(34.911)
Current tax liabilities - net	(34.222)	(13.120)
Deferred tax liabilities	(9.905)	(1.406.232)
Deferred tax assets	-	1.335.165
Deferred tax liabilities - net	(9.905)	(71.067)

In Turkey, advance tax returns are filed on a quarterly basis at the rate of 23%, until the 17th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

Turkish Tax Legislation does not permit a parent company its subsidiaries and investments in associates to file a consolidated tax return. Therefore, tax liabilities as reflected in these consolidated financial statements have been calculated on a separate entity basis for the fully consolidated subsidiaries.

Corporate tax rate is applied to tax base by adding back non deductible expenses; deducting exceptions and discounts which are stated in taxation law. In case of any undistributed dividend, there is not any other tax payment. Therefore, in case of a distribution of the profit to;

- Individuals,
- Individuals and legal entities who are not subject to income and corporate tax,
- Individuals and legal entities who are limited taxpayers,

is subject to 15% income tax withholding tax. In case of addition to capital from current year's profit, it is not considered as profit distribution and withholding tax is not applied.

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and 75% of the earning from investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

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NOTE 28 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed until 25th April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

In accordance with the regulation, corporate tax rate for the year 2022 has set for 23%, 2023 for 20%.

The tax results of Company's subsidiaries in other countries are not material to consolidated financial statements.

As of 1 January - 31 December 2022 and 2021 tax benefit in the consolidated statement of income is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Current period tax benefit/(expense)	(23.437)	(22.775)
Deferred tax benefit/(expense)	(66.769)	514.191
Total tax benefit	(90.206)	491.416

Reconciliation between the current period tax expense and deferred tax benefit as follows:

		1 January - 31 December 2022		1 January - 31 December 2021
Profit before tax	Effective Tax Rate	206.418	Effective Tax Rate	4.410.565
Local tax rate		%23		%25
Tax income calculated using local tax rate	23,0%	(47.476)	25,0%	(1.102.641)
Non-deductible expenses	65,3%	(134.804)	3,8%	(167.332)
Loss from equity accounted investment	9,4%	(19.303)	0,5%	(20.399)
Adjustments with no tax effects	180,7%	(372.909)	2,1%	(91.629)
Deduction and exemptions	(118,1%)	243.860	(10,4%)	456.554
Reduced tax incentives	(352,6%)	727.770	(22,3%)	985.527
Deferred tax effect of change in legal tax rate	34,8%	(71.835)	0,6%	(27.400)
Monetary gain / loss	201,3%	(415.509)	(10,4%)	458.736
Total tax benefit	43,8%	(90.206)	(11,1%)	491.416

Due to modernization, plant extension and investments incentive documents in Manisa Organized Industrial Zone, the Group is subject to reduced rate due to incentives.

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NOTE 28 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**Deferred tax assets and liabilities**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which is used in the computation of taxable profit.

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided using principal tax rate as of the balance sheet dates is as follows:

	Cumulative temporary		Deferred tax	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Deferred tax assets / (liabilities)				
Employment termination benefits	(1.240.006)	(636.088)	248.001	127.218
Investment incentive	-	-	532.965	375.241
Warranty provision	(831.695)	(937.107)	166.339	187.421
Provision for doubtful receivables	(154.598)	(286.070)	30.920	57.214
Net difference between book values and tax bases of property, plant and equipment and intangible asset	6.584.722	6.859.766	(1.110.631)	(1.137.302)
Net difference between book values and tax bases of inventories	818.716	1.548.882	(163.743)	(309.776)
Provision for derivative instruments	(488.345)	(399.371)	97.669	79.874
Carryforward tax losses and R&D incentives	-	-	295.603	170.743
Other	(459.845)	(1.891.500)	(107.028)	378.300
Deferred tax assets / (liabilities) - net			(9.905)	(71.067)
	31 December 2022	31 December 2021		
Subsidiaries with net deferred tax liabilities		(9.905)		(1.406.232)
Subsidiaries with net deferred tax assets		-		1.335.165

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NOTE 28 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

The movement of net deferred tax assets and liabilities is as follows:

	31 December 2022	31 December 2021
Opening balance, 1 January	(71.067)	(20.067)
Tax benefit recognized in income statement	(66.769)	514.191
Recognized in shareholders' equity	(84.770)	(163.897)
Currency translation differences	212.701	(401.294)
Deferred tax (liabilities) / assets		
at the end of the period, net	(9.905)	(71.067)

NOTE 29 – EARNINGS PER SHARE

	1 January - 31 December 2022	1 January - 31 December 2021
Net income / (loss) attributable to equity holders of the parent	(67.569)	4.399.774
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.545.600	33.545.600
Earnings per share	(0,20)	13,12

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NOTE 30 – DERIVATIVE INSTRUMENTS

	31 December 2022		31 December 2021	
	Contract	Fair Value	Contract	Fair Value
	amount	Assets / (Liabilities)	amount	Assets / (Liabilities)
<u>Derivative financial instruments:</u>				
Held for trading				
Forward foreign currency transactions	4.322.285	97.790	2.645.881	23.246
Foreign currency swap contracts				
Cash flow hedge				
Forward foreign currency transactions	2.974.281	9.434	12.804.385	451.112
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	3.952.326	(216.967)	9.855.772	(806.401)
Cross foreign currency swap transactions				
Cash flow hedge				
Forward foreign currency transactions	9.658.119	(378.602)	2.257.760	(67.328)
	20.907.011	(488.345)	27.563.798	(399.371)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**a) Capital risk management:**

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through optimization of the debt and equity balance.

The management considers the Group's cost of capital and the risks associated with each class of capital. The management aims to balance its overall capital structure through the payment of dividends, share issues and proceeds from or repayments of debt.

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NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022, and 31 December 2021 the Group's net debt / total equity ratios are as follows:

	31 December 2022	31 December 2021
Total financial liabilities (Note 7)	21.435.706	19.904.756
Cash and cash equivalents (Note 5)	(1.552.411)	(3.431.827)
Net debt	19.883.295	16.472.929
Total shareholders equity	18.344.777	19.988.039
Total capital invested	38.228.072	36.460.968
Net debt/capital invested	52%	45%

b) Financial risk factors:

The Group's activities expose it to a variety of financial risks including the foreign currency exchange rates risk, credit risk and liquidity risk. The Group's overall risk management programme on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments in order to protect itself from various financial risks.

b.1) Credit risk:

The Group is exposed to credit risk arising from receivables from credit finance sales and deposits with banks. Credit risk of receivables from third parties is managed by securing receivables with highest possible coverage. Methods used are:

- Bank guarantees (guarantee letters, etc.)
- Credit insurance
- Mortgages
- Cheque-notes

For customers receivables from which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors and individual risk limits are determined and monitored regularly.

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NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Receivables					
	Trade receivables			Other receivables		
	Related party	Other party	Related party	Other party	Bank deposits	Other
31 December 2022						
Maximum exposed credit risk as of 31 December 2022 (A+B+C+D)	40.856	10.933.121	17.770.403	1.201.762	1.431.854	120.557
- Secured portion of the maximum credit risk by guarantees, etc.	-	(7.357.564)	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	40.856	5.666.103	17.770.403	1.201.762	1.431.854	120.557
- Secured portion by guarantees etc.	-	(4.820.753)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C. Net book value of the overdue but not impaired financial assets	-	5.267.018	-	-	-	-
- Secured portion by guarantees etc.	-	(2.691.409)	-	-	-	-
D. Net book value of the impaired financial assets	-	-	-	-	-	-
- Over due (gross book value)	-	-	-	97.901	-	-
- Impairment (-)	-	(154.598)	-	(97.901)	-	-
- Secured portion of the net value by guarantees etc.	-	154.598	-	-	-	-

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NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Receivables					
	Trade receivables			Other receivables		
	Related party	Other party	Related party	Other party	Bank deposits	Other
31 December 2021						
Maximum exposed credit risk as of 31 December 2021 (A+B+C+D)	23.215	10.941.368	18.999.515	1.213.821	3.221.270	210.557
- Secured portion of the maximum credit risk by guarantees, etc.	-	(6.396.849)	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	23.180	8.345.206	18.999.515	1.213.821	3.221.270	210.557
- Secured portion by guarantees etc.	-	(5.674.365)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C. Net book value of the overdue but not impaired financial assets	35	2.595.857	-	-	-	-
- Secured portion by guarantees etc.	-	(1.008.555)	-	-	-	-
D. Net book value of the impaired financial assets	-	305	-	-	-	-
- Over due (gross book value)	-	-	-	160.899	-	-
- Impairment (-)	-	(286.070)	-	(160.899)	-	-
- Secured portion of the net value by guarantees etc.	-	286.070	-	-	-	-

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NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Aging of financial assets which are overdue but not impaired is as follows:

	31 December 2022	31 December 2021
Overdue 1 - 30 days	2.141.857	1.327.044
Overdue 1 - 3 months	1.203.516	772.908
Overdue 3 - 12 months	1.469.453	400.447
Overdue 1 - 5 years	452.192	95.458
Total	5.267.018	2.595.857

There is no additional guarantee for receivables from related parties. The ultimate parent declares that such receivables will be paid in case of need.

b.2) Liquidity risk:

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented by undiscounted net inflows and outflows.

The Group has classified letters of credit that used for the purchases of goods within the scope of its ordinary activities under trade payables. The amount of such letters of credit is TL 5.718.961 as of 31 December 2022 (31 December 2021: TL 10.221.617).

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NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	Carrying value	Contractual cash flows	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities						
Financial and lease liabilities	21.435.706	22.408.170	2.121.340	19.031.425	1.255.405	-
Trade payables	21.764.354	22.064.601	17.450.836	4.364.431	143.498	105.836
Other payables	2.791	2.791	2.791	-	-	-
	43.202.851	44.475.562	19.574.967	23.395.856	1.398.903	105.836
Derivative financial instruments						
Derivative cash inflows		20.907.011	13.983.731	6.923.280	-	-
Derivative cash outflows		(23.179.965)	(16.969.861)	(6.210.104)	-	-
	488.345	(2.272.954)	(2.986.130)	713.176	-	-

As of 31 December 2021, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	Carrying value	Contractual cash flows	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities						
Financial and lease liabilities	19.904.756	21.529.123	9.336.672	10.349.422	1.532.417	310.612
Trade payables	26.624.146	27.382.653	10.520.188	16.862.378	87	-
Other payables and liabilities	17.663	17.662	17.662	-	-	-
	46.546.565	48.929.438	19.874.522	27.211.800	1.532.504	310.612
Derivative financial instruments						
Derivative cash inflows		27.563.798	20.780.316	6.783.482	-	-
Derivative cash outflows		(26.941.470)	(20.390.550)	(6.550.920)	-	-
	399.371	622.328	389.766	232.562	-	-

b.3) Foreign currency risk:

The Group is exposed to exchange rate risk due to its foreign currency denominated transactions. The main principle of foreign currency risk management is to maintain foreign exchange position at the level that minimizes the impact of foreign exchange fluctuations.

Derivative instruments are used in foreign currency risk management where necessary. In this respect the Group mainly prefers using foreign exchange forward contracts.

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NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	USD	EUR	Other (TL)	
31 December 2022	(Thousand)	(Thousand)	Equivalent)	TL Equivalent
1. Trade receivables	92.683	263.765	587.424	7.578.567
2a. Monetary financial assets (including cash and cash equivalents)	21.100	26.982	10.514	942.932
2b. Non-monetary financial assets	-	-	-	-
3. Other	40.192	832	-	768.108
4. Current assets (1+2+3)	153.975	291.579	597.938	9.289.607
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	4.595	10.569	-	296.611
7. Other	783.367	51	-	14.648.648
8. Non-current assets (5+6+7)	787.962	10.620	-	14.945.259
9. Total assets (4+8)	941.937	302.199	597.938	24.234.866
10. Trade payables	677.301	217.665	95.485	17.129.632
11. Financial liabilities	248.953	84.602	183.531	6.536.488
12a. Other monetary liabilities	277	805	-	21.265
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	926.531	303.072	279.016	23.687.385
14. Trade payables	-	9.157	-	182.873
15. Financial liabilities	36.142	-	-	677.012
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	36.142	9.157	-	859.885
18. Total liabilities (13+17)	962.673	312.229	279.016	24.547.270
19. Off-balance sheet derivative instruments	-	-	-	-
net asset / (liability) position (19a+19b)	253.096	(367.085)	(206.830)	(2.796.817)
19a. Hedged total assets	813.078	173.310	2.073.924	20.765.640
19b. Hedged total liabilities	(559.982)	(540.395)	(2.280.754)	(23.562.457)
20. Net foreign currency asset/ (liability) position (9-18+19)	232.360	(377.115)	112.092	(3.109.221)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(25.331)	(20.599)	318.922	(609.015)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(488.345)
23. Export	614.513	1.589.196	2.421.546	49.693.655
24. Import	1.279.169	264.044	157.073	25.932.596

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NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	USD	EUR	Other	TL	TL Equivalent
31 December 2021	(Thousand)	(Thousand)	(TL Equivalent)	(Historic Date)	TL Equivalent
1. Trade receivables	123.693	259.585	536.015	5.952.546	9.778.223
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-	-
	32.874	15.189	1.480.246	2.129.878	3.498.742
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	28.598	781	-	382.597	628.491
4. Current assets (1+2+3)	185.165	275.555	2.016.261	8.465.021	13.905.456
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	5.876	8.483	-	200.806	329.863
7. Other	746.115	51	-	9.683.456	15.906.974
8. Non-current assets (5+6+7)	751.991	8.534	-	9.884.262	16.236.837
9. Total assets (4+8)	937.156	284.089	2.016.261	18.349.283	30.142.293
10. Trade payables	930.274	159.275	48.129	14.459.283	23.752.206
11. Financial liabilities	387.528	55.256	-	5.840.434	9.594.057
12a. Other monetary liabilities	6.306	1.395	-	102.318	168.077
12b. Other non-monetary liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	1.324.108	215.926	48.129	20.402.035	33.514.340
14. Trade payables	-	12.328	-	181.003	297.333
15. Financial liabilities	23.342	19.455	-	588.561	966.827
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	23.342	31.783	-	769.564	1.264.160
18. Total liabilities (13+17)	1.347.450	247.709	48.129	21.171.599	34.778.500
19. Off-balance sheet derivative instruments	-	-	-	-	-
net asset / (liability) position (19a+19b)	459.279	(456.210)	(529.994)	(1.267.913)	(2.082.796)
19a. Hedged total assets	889.644	182.045	1.773.263	15.991.457	26.269.102
19b. Hedged total liabilities	(430.365)	(638.255)	(2.303.257)	(17.259.370)	(28.351.898)
20. Net foreign currency asset/ (liability) position (9-18+19)	48.985	(419.830)	1.438.138	(4.090.229)	(6.719.003)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(416.170)	27.897	1.968.132	(3.023.122)	(4.966.070)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(243.119)	(399.371)
23. Export	750.685	1.444.050	2.060.349	25.942.328	51.709.866
24. Import	1.580.568	253.795	9.959	15.716.719	25.817.791

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NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022 and 31 December 2021 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2022				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(42.017)	42.017	(42.017)	42.017
Secured portion from USD risk (-)	(370.415)	370.415	(370.415)	370.415
USD net effect	(412.432)	412.432	(412.432)	412.432
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(18.910)	18.910	(18.910)	18.910
Secured portion from EUR risk (-)	(17.801)	17.801	(17.801)	17.801
EUR net effect	(36.711)	36.711	(36.711)	36.711
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	11.548	(11.548)	11.548	(11.548)
Secured portion from other currency risk (-)	(38.620)	38.620	329.651	(329.651)
Other currency net effect	(27.072)	27.072	341.199	(341.199)

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NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2021				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(1.005.545)	1.005.545	(1.005.545)	1.005.545
Secured portion from USD risk (-)	(254.173)	254.173	(117.545)	117.545
USD net effect	(1.259.718)	1.259.718	(1.123.090)	1.123.090
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	67.283	(67.283)	67.283	(67.283)
Secured portion from EUR risk (-)	(205.406)	205.406	(636.173)	636.173
EUR net effect	(138.123)	138.123	(568.890)	568.890
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	323.304	(323.304)	323.304	(323.304)
Secured portion from other currency risk (-)	277.676	(277.676)	541.516	(541.516)
Other currency net effect	600.980	(600.980)	864.820	(864.820)

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NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**b.4) Interest rate risk:**

The Group is exposed to interest rate risk as the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate hedge contracts and forward interest rate contracts.

Analysis of financial instruments of the Group which are sensitive to interest rate changes is as follows:

	31 December 2022	31 December 2021
Financial instruments with fixed interest rates		
Bank deposits	214.747	904.789
Financial liabilities	11.034.466	10.409.694
Financial instruments with floating interest rates		
Financial liabilities	10.401.240	9.495.062

On 31 December 2022, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has increased / decreased by 100 base point with all other variables held constant, income before taxes would have been TL 100.848 (2021: TL 27.024) lower / higher as a result of interest expenses.

NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)**Categories of financial instruments and fair values**

Among Group's financial assets, cash and cash equivalents (note 5), trade receivables (notes 8 and 9) and other receivables (notes 10), are classified as amortized cost, financial assets (note 6) as fair value through other comprehensive income, derivative instruments (note 30) as fair value through profit or loss.

Group's financial liabilities consist of financial liabilities (note 7), trade payables (note 8 and 9) and other payables (note 10) and are measured at amortized cost using the effective interest method, derivative instruments (note 30) are classified as fair value through profit or loss.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgement is necessarily required interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange. Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Monetary assets

The book value of foreign currency denominated balances which are translated to TL using exchange rates prevailing on the date of the balance sheet approximate their fair values. For financial assets measured at cost including cash and cash equivalents, the carrying amounts are the same with fair values due to their short term nature. Carrying amounts of trade receivables net of impairments approximate their fair values.

Monetary liabilities

The fair values of short term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. Fair value is calculated by discounting the cash out flows regarding due dates of financial liabilities considering the changing country risk premium and changes in the market interest rates.

Fair value hierarchy

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

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NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value hierarchy tables as of 31 December 2022 and 31 December 2021 are as follows:

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	107.224	-	107.224
Financial investments	70.400	-	-	70.400
Financial liabilities				
Derivative financial liabilities	-	(595.569)	-	(595.569)

31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	474.358	-	474.358
Financial investments	27.270	-	-	27.270
Financial liabilities				
Derivative financial liabilities	-	(873.729)	-	(873.729)

In addition to the financial assets and financial liabilities above, the Company has certain non-financial assets that are held at fair value (Note 14).

An independent valuation of the Group's land, land improvements and buildings were performed by valuers to determine the fair value of the land and buildings as at 31 December 2022. The fair value of land, land improvements and buildings were determined using the inputs other than quoted prices (Level 2), (Note 2.6.i).

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NOTE 33 - SUBSEQUENT EVENTS

In accordance with the Board of Directors Decision dated 3 May 2023, the Company proposes not to make any profit distribution and after setting aside the required amount of TL 97.283.602 as special reserves as per the Article 5/1-e of the Corporate Tax Law No. 5520, to transfer the remaining amount of TL 273.188.218 to extraordinary reserves in order to strengthen the financial structure of the Company and to prevent new financing needs. In accordance with the Board of Directors Decision dated 3 May 2023, the Company's subsidiary Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. paid TL 352.827.815 of cash dividends to its shareholders, which corresponds to a gross cash dividend of TL 0.2205 and a net cash dividend of TL 0.1985 per share on July 31, 2023.

On July 5, 2023, with the "Law Proposal on the Amendment of Certain Laws and the Decree Law No. 375 on the Amendment of Certain Laws and the Decree Law No. 375 on Additional Motor Vehicles Tax for the Compensation of the Economic Losses Caused by the Earthquakes Occurring on February 6, 2023", the corporate tax rate was increased from 20% to 25% as a result of a 5 percentage point increase in the corporate tax rate, and it was proposed to terminate the regulation exempting the income from the sale of immovable property from corporate tax.

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