

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED FINANCIAL STATEMENTS FOR THE
INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2022

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– 31 MARCH 2022**

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 31 MARCH 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

			Audited
	Footnotes	31 March 2022	31 December 2021
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	40.511	112.837
Financial Investments		64.576	-
Time Deposits		64.576	-
Trade Receivables		5.204.739	5.153.747
<i>Trade Receivables Due From Related Parties</i>	6,7	5.167.112	5.123.913
<i>Trade Receivables Due From Third Parties</i>	7	37.627	29.834
Other Receivables		3.642.203	1.859.666
<i>Other Receivables Due From Related Parties</i>	6,8	3.027.964	1.445.270
<i>Other Receivables Due From Third Parties</i>	8	614.239	414.396
Derivative Financial Assets		251.254	193.125
<i>Derivative Financial Assets Held for Trading</i>	26	3.149	3.793
<i>Derivative Financial Assets Held for Hedging</i>	26	248.105	189.332
Inventories	9	4.733.400	2.649.388
Prepayments		185.966	148.518
<i>Prepayments to Third Parties</i>	10	185.966	148.518
Current Tax Assets		11	-
Other Current Assets		17.510	3.344
<i>Other Current Assets Due From Third Parties</i>	17	17.510	3.344
TOTAL CURRENT ASSETS		14.140.170	10.120.625

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 31 MARCH 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

			Audited
	Footnotes	31 March 2022	31 December 2021
NON-CURRENT ASSETS			
Other Receivables		22.997	17.901
<i>Other Receivables Due From Third Parties</i>	8	22.997	17.901
Property, Plant and Equipments		3.495.121	3.274.859
<i>Land and Premises</i>	11	755.907	755.907
<i>Land Improvements</i>	11	62.455	64.057
<i>Buildings</i>	11	1.112.797	1.123.688
<i>Machinery and Equipments</i>	11	1.331.575	1.205.534
<i>Vehicles</i>	11	208	236
<i>Fixtures and Fittings</i>	11	55.946	49.319
<i>Leasehold Improvements</i>	11	4.965	4.700
<i>Construction in Progress</i>	11	171.268	71.418
Right of Use Assets	12	178.573	132.955
Intangible Assets and Goodwill		290.569	271.950
<i>Other Rights</i>	13	156	158
<i>Capitalized Development Costs</i>	13	267.972	249.183
<i>Other Intangible Assets</i>	13	22.441	22.609
Prepayments		332.575	238.345
<i>Prepayments to Third Parties</i>	10	332.575	238.345
Deferred Tax Asset	24	137.722	132.778
TOTAL NON-CURRENT ASSETS		4.457.557	4.068.788
TOTAL ASSETS		18.597.727	14.189.413

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 31 MARCH 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

			Audited
	Footnotes	31 March 2022	31 December 2021
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		2.346.124	623.480
Current Borrowings from Related Parties		3.178	2.399
<i>Lease Liabilities</i>	5,6	3.178	2.399
Current Borrowings From Third Parties		2.342.946	621.081
<i>Bank Loans</i>	5	2.305.741	597.237
<i>Lease Liabilities</i>	5	37.205	23.844
Current Portion of Non-current Borrowings		75.239	311.896
Current Portion of Non-current Borrowings from Third Parties		75.239	311.896
<i>Bank Loans</i>	5	72.407	308.458
Issued Debt Instruments		2.832	3.438
Trade Payables		8.185.907	5.842.718
<i>Trade Payables to Related Parties</i>	6	581.091	273.646
<i>Trade Payables to Third Parties</i>	7	7.604.816	5.569.072
Employee Benefit Obligations	16	109.660	68.864
Other Payables		842.446	1.431.678
<i>Other Payables to Related Parties</i>	6	842.446	1.431.678
Derivative Financial Liabilities		147.561	233.435
<i>Derivative Financial Liabilities Held for Trading</i>	26	128.257	233.435
<i>Derivative Financial Liabilities Held for Hedging</i>	26	19.304	-
Deferred Income		545.134	-
<i>Deferred Income from Related Parties</i>	6	545.134	-
Current Tax Liabilities, Current	24	1.577	939
Current Provisions		7.313	9.724
<i>Other Current Provisions</i>	14	7.313	9.724
Other Current Liabilities		83.804	39.302
<i>Other Current Liabilities to Third Parties</i>	17	83.804	39.302
TOTAL CURRENT LIABILITIES		12.344.765	8.562.036

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 31 MARCH 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

			Audited
	Footnotes	31 March 2022	31 December 2021
NON-CURRENT LIABILITIES			
Long Term Borrowings		423.810	399.464
Long Term Borrowings From Related Parties		153.980	120.472
Lease Liabilities	5,6	153.980	120.472
Long Term Borrowings FromThird Parties		269.830	278.992
Bank Loans	5	3.092	9.922
Lease Liabilities	5	1.738	4.070
Issued Debt Instruments		265.000	265.000
Trade Payables		188.486	181.003
Trade Payables toThird Parties	7	188.486	181.003
Non-current Provisions		163.231	151.875
Non-current Provisions for Employee Benefits	16	163.231	151.875
Other Non-current Liabilities		-	2.380
Other Non-current Liabilities toThird Parties		-	2.380
TOTAL NON-CURRENT LIABILITIES		775.527	734.722
TOTAL LIABILITIES		13.120.292	9.296.758

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 31 MARCH 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

			Audited
	Footnotes	31 March 2022	31 December 2021
EQUITY			
Equity Attributable to Owners of Parent		5.477.435	4.892.655
Issued Capital	18	1.600.000	1.600.000
Inflation Adjustments on Capital	18	9.734	9.734
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		1.373.980	1.400.337
Gains (Losses) on Revaluation and Remeasurement		1.373.980	1.400.337
<i>Increases (Decreases) on Revaluation of Property, Plant and Equipment</i>		1.453.828	1.467.974
<i>Gains (Losses) on Remeasurements of Defined Benefit Plans</i>		(79.848)	(67.637)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		166.239	141.999
Gains (Losses) on Hedge		166.239	141.999
<i>Gains (Losses) on Cash Flow Hedges</i>		166.239	141.999
Restricted Reserves Appropriated From Profits		98.506	98.506
<i>Legal Reserves</i>	18	98.506	98.506
Prior Years' Profits or Losses	18	1.656.225	123.487
Current Period Net Profit		572.751	1.518.592
TOTAL EQUITY		5.477.435	4.892.655
TOTAL LIABILITIES AND EQUITY		18.597.727	14.189.413

Financial statements for the period 1 January – 31 March 2022 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 29 April 2022.

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIODS 1 JANUARY - 31 MARCH 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		1 January - Footnotes 31 March 2022	1 January - 31 March 2021
PROFIT OR LOSS			
Revenue	19	5.417.752	2.969.371
Cost of Sales	19	(4.296.697)	(2.474.831)
GROSS PROFIT FROM COMMERCIAL OPERATIONS		1.121.055	494.540
GROSS PROFIT		1.121.055	494.540
General Administrative Expenses	21	(52.699)	(27.492)
Marketing Expenses	21	(295.816)	(40.932)
Research and Development Expense	21	(42.003)	(25.306)
Other Income from Operating Activities	22	631.763	413.033
Other Expenses from Operating Activities	22	(728.530)	(489.742)
PROFIT FROM OPERATING ACTIVITIES		633.770	324.101
PROFIT BEFORE FINANCING INCOME (EXPENSE)		633.770	324.101
Finance Income	23	711.248	329.859
Finance Costs	23	(779.823)	(354.830)
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		565.195	299.130
Tax (Expense) Income, Continuing Operations		7.556	11.937
Current Period Tax (Expense) Income	24	(1.577)	(1.488)
Deferred Tax (Expense) Income	24	9.133	13.425
PROFIT FROM CONTINUING OPERATIONS		572.751	311.067
PROFIT		572.751	311.067
Earnings Per Share with a TL 1 of Par Value	25	0,36	0,19

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIODS 1 JANUARY - 31 MARCH 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	1 January - 31 March 2022	1 January - 31 March 2021
OTHER COMPREHENSIVE INCOME		
Other Comprehensive Income that will not be Reclassified to Profit or Loss	(12.211)	(1.328)
Gains (Losses) on Remeasurements of Defined Benefit Plans	(15.263)	(1.661)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	3.052	333
<i>Taxes Relating to Remeasurements of Defined Benefit Plans</i>	<i>3.052</i>	<i>333</i>
Other Comprehensive Income that will be Reclassified to Profit or Loss	24.240	61.319
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	31.481	76.649
<i>Gains (Losses) on Cash Flow Hedges</i>	<i>31.481</i>	<i>76.649</i>
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(7.241)	(15.330)
<i>Taxes Relating to Cash Flow Hedges</i>	<i>(7.241)</i>	<i>(15.330)</i>
OTHER COMPREHENSIVE INCOME	12.029	59.991
TOTAL COMPREHENSIVE INCOME	584.780	371.058

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY - 31 MARCH 2022 AND 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Issued Capital	Inflation Adjustments on Capital	Share Premiums or Discounts								Restricted Reserves Appropriate d From Profits				Equity attributable to owners of parent	Equity
					Other Accumulated Comprehensive Income that will not be Reclassified in Profit or (Loss)			Other Accumulated Comprehensive Income that will be Reclassified in Profit or (Loss)	Prior Years' Profits		Net Profit	Retained Earnings			
			Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasurements of Defined Benefit Plans		Gains (Losses) on Revaluations and Remeasurements	Cash Flow Hedges						Reserve Of Gains or (Losses) on Hedge		
190.000	9.734	109.031	800.187	(28.514)	771.673	771.673	(29.447)	(29.447)	(29.447)	187.190	792.276	1.331.308	2.123.584	3.361.765	3.361.765
-	-	-	(3.047)	-	(3.047)	(3.047)	-	-	-	36	1.334.319	(1.331.308)	3.011	-	-
-	-	-	-	(1.328)	(1.328)	(1.328)	61.319	61.319	61.319	-	-	311.067	311.067	371.058	371.058
-	-	-	-	-	-	-	-	-	-	-	-	311.067	311.067	311.067	311.067
-	-	-	-	(1.328)	(1.328)	(1.328)	61.319	61.319	61.319	-	-	-	-	59.991	59.991
190.000	9.734	109.031	797.140	(29.842)	767.298	767.298	31.872	31.872	31.872	187.226	2.126.595	311.067	2.437.662	3.732.823	3.732.823
1.600.000	9.734	-	1.467.974	(67.637)	1.400.337	1.400.337	141.999	141.999	141.999	98.506	123.487	1.518.592	1.642.079	4.892.655	4.892.655
-	-	-	(14.146)	-	(14.146)	(14.146)	-	-	-	-	1.532.738	(1.518.592)	14.146	-	-
-	-	-	-	(12.211)	(12.211)	(12.211)	24.240	24.240	24.240	-	-	572.751	572.751	584.780	584.780
-	-	-	-	-	-	-	-	-	-	-	-	572.751	572.751	572.751	572.751
-	-	-	-	(12.211)	(12.211)	(12.211)	24.240	24.240	24.240	-	-	-	-	12.029	12.029
1.600.000	9.734	-	1.453.828	(79.848)	1.373.980	1.373.980	166.239	166.239	166.239	98.506	1.656.225	572.751	2.228.976	5.477.435	5.477.435

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31
MARCH 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	1 January - 31 March 2022	1 January - 31 March 2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		1.266.297	378.089
Profit		572.751	311.067
Profit from Continuing Operations		572.751	311.067
Adjustments to Reconcile Profit (Loss)		288.759	224.142
Adjustments for Depreciation and Amortisation Expense	11,12,13	126.505	87.694
Adjustments for Impairment Loss (Reversal of Impairment Loss)		5.749	2.060
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	5.749	2.060
Adjustments for Provisions		9.514	17.083
Adjustments for (Reversal of) Provisions Related with Employee Benefits	16	11.925	16.726
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	14	(2.411)	357
Adjustments for Interest (Income) Expenses		85.548	28.514
Adjustments for Interest Income	23	(41.753)	(16.904)
Adjustments for Interest Expense	23	127.301	45.418
Adjustments for Unrealised Foreign Exchange Losses (Gains)		182.359	93.462
Adjustments for Fair Value Losses (Gains)		(112.522)	10.783
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(112.522)	10.783
Adjustments for Tax (Income) Expenses	24	(7.556)	(11.937)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(811)	(1.115)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(811)	(1.115)
Other Adjustments to Reconcile Profit (Loss)	4	(27)	(2.402)

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31
MARCH 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	1 January - 31 March 2022	1 January - 31 March 2021
Changes in Working Capital		427.372	(153.064)
Decrease (Increase) in Financial Investments		(64.576)	-
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(50.992)	(168.299)
Decrease (Increase) in Trade Accounts Receivables from Related Parties	6	(43.199)	(165.294)
Decrease (Increase) in Trade Accounts Receivables from Third Parties	7	(7.793)	(3.005)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(204.939)	(47.045)
Decrease (Increase) in Other Third Party Receivables Related with Operations	8	(204.939)	(47.045)
Adjustments for Decrease (Increase) in Inventories	9	(2.089.761)	(771.188)
Decrease (Increase) in Prepaid Expenses	10	(131.678)	(78.033)
Adjustments for Increase (Decrease) in Trade Accounts Payable		2.350.672	884.527
Increase (Decrease) in Trade Accounts Payables to Related Parties	6	307.445	24.726
Increase (Decrease) in Trade Accounts Payables to Third Parties	7	2.043.227	859.801
Increase (Decrease) in Employee Benefit Liabilities	16	40.796	6.765
Adjustments for increase (decrease) in other operating payables		545.134	-
Adjustments for increase in other operating payables from related parties	6	545.134	-
Other Adjustments for Other Increase (Decrease) in Working Capital		32.716	20.209
Decrease (Increase) in Other Assets Related with Operations	17	(14.166)	(3.692)
Increase (Decrease) in Other Payables Related with Operations	17	46.882	23.901
Cash Flows from (used in) Operations		1.288.882	382.145
Payments Related with Provisions for Employee Benefits	16	(15.832)	(1.613)
Income Taxes refund (Paid)	24	(6.753)	(2.443)

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31
MARCH 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	1 January - 31 March 2022	1 January - 31 March 2021
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(1.934.467)	(714.092)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		10.164	7.110
Proceeds from Sales of Property, Plant and Equipment		10.164	7.110
Purchase of Property, Plant, Equipment and Intangible Assets		(361.937)	(138.715)
Purchase of Property, Plant and Equipment	11	(321.393)	(113.145)
Purchase of Intangible Assets	13	(40.544)	(25.570)
Cash Advances and Loans Made		(1.582.694)	(582.487)
Cash Advances and Loans Made to Related Parties	6	(1.582.694)	(582.487)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		595.817	244.124
Proceeds from Borrowings		1.854.927	300.243
Proceeds from Loans	5	1.854.927	300.243
Repayments of Borrowings		(566.332)	(283.872)
Loan Repayments	5	(566.332)	(283.872)
Decrease in Other Payables to Related Parties		(591.612)	256.218
Payments of Lease Liabilities		(21.283)	(1.253)
Interest Paid		(121.636)	(44.116)
Interest Received		41.753	16.904
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(72.353)	(91.879)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(72.353)	(91.879)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	112.815	187.136
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	40.462	95.257

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 1 – COMPANY’S ORGANISATION AND NATURE OF OPERATIONS

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (the “Company” or “Vestel Beyaz Eşya”) was incorporated in 1997 under the Turkish Commercial Code and its head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / İstanbul.

The Company started its operations in 1999 and produces refrigerators, room air conditioning units, washing machines, cookers, dishwashers and water heaters. The Company’s production facilities occupy 406.000 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 629.000 square meters.

The Company is a member of Vestel Group of Companies which are under the control of the Zorlu Family. The Company performs its foreign sales and domestic sales via Vestel Ticaret A.Ş. which is also a member of Vestel Group of Companies.

The Company is registered to Capital Market Board and its shares have been quoted to Borsa İstanbul (“BİST”) since 21 April 2006.

As of 31 March 2022, the number of personnel employed was 9.841 (31 December 2021: 9.822).

As of balance sheet dates, the shareholders of the Company and their percentage shareholdings were as follows:

	Shareholding %
Vestel Elektronik Sanayi ve Ticaret A.Ş.	82,53
Other shareholders	17,47
	100,00

As of 31 March 2022, Company have been quoted at the Borsa İstanbul (“BİST”) (31,47 % of its share capital; 31 December 2021: 31,47 %).

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**2.1 Basis of presentation****2.1.1 Statement of compliance**

The accompanying interim condensed financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, “Principals of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards (“TAS” / “TFRS”) and its addendum and interpretations (“IFRIC”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POAASA”) Turkish Accounting Standards Board.

The Company prepared its condensed interim financial statements for the period ended 31 March 2022 in accordance with (“TAS”) 34 “Interim Financial Reporting” in the framework of the Communiqué Serial II, No: 14.1, and its related announcement. The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.1 Basis of presentation (Cont'd)****2.1.1 Statement of compliance (Cont'd)**

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its condensed financial statements.

The Company's condensed interim financial statements do not include all disclosure and notes that should be included at year-end financial statements. Therefore the condensed interim financial statements should be read in conjunction with the financial statements as at 31 December 2021.

The Company maintains its accounting records and prepares 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 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. 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 TAS/IFRS.

With the decision 11/367 taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

2.2 Comparative information and restatement of prior period financial statements

Financial statements of the Company 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 financial statements.

2.3 Restatement and errors in the accounting estimates

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**2.4. Amendments in Turkey Financial Reporting Standards****New standards, amendments and interpretations issued and effective for the financial year beginning 31 March 2022*****Standards issued but not yet effective and not early adopted***

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment for the deferral of application was issued by POA on 15 January 2021.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 1

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.4. Amendments in Turkey Financial Reporting Standards (Cont'd)****Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes**

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TAS 12

Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.4. Amendments in Turkey Financial Reporting Standards (Cont'd)**

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TAS 8)

Disclosure of Accounting Policies (Amendments to TAS 1)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TAS 1)

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.4. Amendments in Turkey Financial Reporting Standards (Cont'd)****Amendments are effective on 1 January 2022**

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2022:

- 1- Annual Improvements to IFRS Standards 2018–2020 -Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture
- 2- Reference to the Conceptual Framework – Amendments to IFRS 3 Business Combinations
- 3- Property, Plant and Equipment – Proceeds before Intended Use: Amendments to IAS 16 Property, Plant and Equipment
- 4- Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

These newly adopted amendments to standards have not been a significant impact on the financial statements of the Company.

2.5. Summary of significant accounting policies**2.5.1 Revenue**

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) Company can identify each party's rights regarding the goods or services to be transferred,
- (c) Company can identify the payment terms for the goods or services to be transferred,
- (d) The contract has commercial substance,
- (e) It is probable that Company 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.

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. Company uses moving weighted average method for costing.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)**

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, based on valuations performed at 31 December 2021 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Property, plant and equipment except for land, land improvements and buildings acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements 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.

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.

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.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.3 Property, plant and equipment (Cont'd)**

Subsequent costs such as repairs and maintenance or part replacement of plant and equipment are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

Leases*The Company – as a lessee*

At inception of a contract, the Company 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 Company 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 Company 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 Company has the right to direct use of the asset, The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
 - i. The Company 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 Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At the actual commencement date of the contract, the Company reflects a right-of-use asset and a lease liability in its financial statements.

The Company rents various buildings, warehouses, forklifts and machinery. The duration of the leasing contracts for machine and equipment is usually 5 years; for building and warehouses is usually fixed from 2 to 10 years.

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 Vestel Group Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Lease Liability (Cont'd)

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.

c) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewable period if the Company is reasonably certain to exercise an extension option. and penalties for early termination of a lease unless the Company 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 - 10 years.

The Company – as a lessor

The Company'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 Company

To apply the cost model, the Company 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 Company applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

2.5.4 Intangible assets

a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. An intangible asset arising from development (or from the development phase of an internal project) if and only if an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**2.5. Summary of significant accounting policies (Cont’d)****2.5.4 Intangible assets (Cont’d)****a) Research and development costs (Cont’d)**

- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development
- Other development costs are recognized as expense as incurred. If it is not possible to distinguish the research phase from the development phase of an internal project, the entity treats the expenditure on that project as if it were incurred in the research phase only.

b) Rights and other intangible fixed assets

Rights and other intangible assets consist 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 five years.

2.5.5 Financial instruments**a) Financial assets**

The Company classifies its financial assets into the following specified categories: financial assets as at fair value through profit or loss, loans and receivables and available for sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Company’s financial assets carried at amortized cost comprise “trade receivables” and “cash and cash equivalents” in the statement of financial position.

Company 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, Company 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 Company and its expectations for the future indications.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**2.5. Summary of significant accounting policies (Cont’d)****2.5.5 Financial instruments****a) Financial assets**Financial assets carried at fair value

Assets that are held by the management 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.

The Company has preferred to apply “simplified approach” for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Company measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

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.

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 Company 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 profit or loss statement.

The hedging transactions of the Company that qualify for hedge accounting are accounted regarding to TFRS 9. As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 9 will not have a significant impact on Company’s financial statements.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.5 Financial instruments

c) Derivative financial instruments and hedge accounting

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.

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 TL 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. On-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.

2.5.7 Provisions, contingent assets and liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company 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 company are not included in the financial statements and treated as contingent assets or liabilities.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.8 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 Company companies are considered and referred to as related parties.

2.5.9 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 Company'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 Company will benefit from the related incentive.

Deferred tax liabilities are recognized for taxable temporary differences except where the Company 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 Company intends to settle its current tax assets and liabilities on a net basis.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.10 Employee benefits**

Employment termination benefits, as required by the Turkish Labor Law represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company 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. Provision for employment termination benefits as of 31 December 2020 is calculated in accordance with the assumptions used by the independent actuarial firm and is recorded in the financial statements at its net present value. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in statements of income.

2.5.11 Government grants

Government grants, including non-monetary grants at fair value, are recognized in 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 financial statements when they are authorized by the related institutions.

2.5.12 Earnings per share

Earnings per share disclosed in the statement of income is determined by dividing net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.13 Statement of cash flows**

In the 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 Company's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipments 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.

2.5.14 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.

2.5.15 Events after the balance sheet date

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 on the balance sheet date, the Company 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.

2.5.16 Going concern

The Company prepared financial statements in accordance with the going concern assumption.

2.6. Critical accounting estimates and judgments

Preparation of 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 Company management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Company management are as follows:

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.6. Critical accounting estimates and judgments****i. Revaluation of lands, buildings and land improvements**

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2021 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Note 11).

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 and machinery and equipment 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 property, plant and equipments are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past 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 approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

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 Company performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the TAS 36 "Impairment of Assets", and no impairment indicator is identified.

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NOTE 3 - SEGMENT REPORTING

Operating segments are identified on the same basis as financial information is reported internally to the Company's chief operating decision maker. The Company Board of Directors has been identified as the Company's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Company management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions.

The Management believes that the Company operates in a single industry sector as the risks and returns for the activities do not show any material difference because the scope of activity covers only the production of white goods and the production processes and classes of customers are similar. As a result all information related to the industrial segment has been fully presented in the attached financial statements.

The Management has decided to use geographical segments for segment reporting considering the fact that risks and returns are affected by the differences in geographical regions.

Geographical segments

	1 January - 31 March 2022	1 January - 31 March 2021
Segment revenue		
Turkey	1.629.351	685.330
Europe	2.641.872	1.682.558
Other	1.159.655	607.954
Gross sales	5.430.878	2.975.842
Discounts (-)	(13.126)	(6.471)
Net sales	5.417.752	2.969.371

Other segment sales mainly comprise of sales to Asian and African countries.

The amount of export is 3.801.527 thousand TL for the period ended 31 March 2022 (1 January-31 March 2021: 2.290.512 thousand TL). Export sales are denominated in EURO, and USD as 88,8%, and 8,2% of total export respectively (1 January-31 March 2021: 95,0% EUR, 5% USD).

The carrying value of segment assets and costs incurred in order to obtain these assets are not separately disclosed since all assets of the company are located in Turkey.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY
- 31 MARCH 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 – CASH AND CASHEQUIVALENTS

	31 March 2022	31 December 2021
Cash	497	449
Bank deposits		
- Demand deposits	39.965	33.434
- Time deposits	-	78.932
	40.462	112.815
Blocked deposits	49	22
Cash and cash equivalents	40.511	112.837

As at 31 March 2022, the Company has not time deposits that the maturity is less than 3 month. (31 December 2021: 4.450 EUR, USD 1.000 thousand and TL 618 thousand)

Effective interest rates

	31 March 2022	31 December 2021
TL	-	15,50%
EUR	-	0,07%
USD	-	0,23%

NOTE 5 – FINANCIAL LIABILITIES

	31 March 2022	31 December 2021
Short - term financial liabilities		
Short term bank loans	2.305.741	597.237
Short term portion of long term bank loans	72.407	308.458
Lease liabilities	40.383	26.243
Issued debt instruments (*)	2.832	3.438
	2.421.363	935.376

Long - term financial liabilities

Long term bank loans	3.092	9.922
Lease liabilities	155.718	124.542
Issued debt instruments (*)	265.000	265.000
	423.810	399.464

(*) The sale of corporate bonds to qualified investors with a maturity of 728 days and variable coupon payments amounting to TL 265.000 was completed on 9 June 2021.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY
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NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

Details of the Company's short term bank loans are given below:

Currency	31 March 2022			31 December 2021		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- USD	7,33%	67.500	988.592	-	-	-
- EUR	5,50%	60.500	986.670	3,82%	38.620	567.025
- TL	16,56%	330.479	330.479	21,50%	30.212	30.212
			2.305.741			597.237

Details of the Company's long term bank loans are given below:

Currency	31 March 2022			31 December 2021		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- EUR	4,25%	3.338	54.430	2,57%	6.679	98.062
- TL	20,82%	17.977	17.977	20,89%	210.396	210.396
Short term portion			72.407			308.458
- TL	18,17%	3.092	3.092	20,67%	9.922	9.922
Long term portion			3.092			9.922
			75.499			318.380

The redemption schedule of the Company's long term bank loans are given below:

	31 March 2022	31 December 2021
One to two years	2.064	8.300
Two to three years	1.028	1.622
	3.092	9.922

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

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NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

Fair value of short term bank borrowings are considered to approximate their carrying values due to immateriality of discounting. 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.

Guarantees given for the bank loans obtained are disclosed in note 14.

As of 31 March 2022 and 31 March 2021, reconciliation of net financial debt is as below:

	31 March 2022	31 March 2021
Net financial debt as of 1 January	1.222.025	1.253.858
Cash inflows from loans	1.854.927	300.243
Cash outflows from loan payments	(566.332)	(283.872)
Cash inflow/outflow from other financial leasing	45.316	3.112
Unrealized Fx gain/loss	176.944	95.905
Accrued interest	(522)	1.302
Change in cash and cash equivalents	72.353	91.879
Net financial debt at the end of the period	2.804.711	1.462.427

NOTE 6 – RELATED PARTY DISCLOSURES**a) Short term trade receivables from related parties**

	31 March 2022	31 December 2021
Vestel Ticaret A.Ş.	5.166.856	5.123.891
Other related parties	256	22
	5.167.112	5.123.913

The receivables result from the Company's foreign and domestic sales performed via Vestel Ticaret A.Ş. which is also a member of Vestel Group Companies.

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)**b) Short term trade payables to related parties**

	31 March 2022	31 December 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş.	346.300	196.214
Vestel Ticaret A.Ş.	137.647	10.195
Vestel Holland B.V.	80.981	60.155
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	16.568	-
Other related parties	909	7.822
	582.405	274.386
Unearned interest on payables (-)	(1.314)	(740)
	581.091	273.646

c) Other short term receivables from related parties

	31 March 2022	31 December 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş.	3.027.964	1.445.270

The Company's interest rate of other receivables in USD %7 and EUR %5 (31 December 2021: in USD 7% and EUR 5%).

d) Other short term liabilities to related parties

	31 March 2022	31 December 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş.	842.446	1.431.678

The Company's interest rate of other receivables in TL %24 (31 December 2021: in TL 20%).

e) Lease Liabilities from Related Parties

	31 March 2022	31 December 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş.	157.158	122.871

The Company's short term lease liabilities 3.178 thousand TL, long term lease liabilities 153.980 TL thousand TL from Vestel Elektronik Sanayi ve Ticaret A.Ş. (31 December 2021: short term 2.399 thousand TL and 120.472 thousand TL)

f) Deferred Income from Related Parties

	31 March 2022	31 December 2021
Vestel Ticaret A.Ş.	545.134	-

As of 31 March 2022, deferred revenues are related to advances received from customers as a result of the change in the Company's intermediary export model.

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)**g) Transactions with related parties**

	1 January - 31 March 2022	1 January - 31 March 2021
Sales		
Vestel Holland B.V.	1.300.438	-
Vestel Ticaret A.Ş.	1.441.415	2.835.592
Vestel France S.A.	407.685	-
Vestel Iberia Sl	313.601	-
Vestel Germany Gmbh	226.847	-
Vestel Elektronik Sanayi ve Ticaret A.Ş.	52.452	44.385
Other related parties	363.599	2
	4.106.037	2.879.979
Purchases and operating expenses		
Vestel Holland B.V.	400.607	74.783
Vestel Ticaret A.Ş.	78.546	7.277
Vestel Elektronik Sanayi ve Ticaret A.Ş.	376.440	177.061
	855.593	259.121

As of 1 January 2022, the Company changed its business model as “Intermediary Export Model” with Vestel Ticaret A.Ş., which carries out the marketing and sales activities of the Company, where Vestel Ticaret A.Ş. has become an agent in export sales transactions. Accordingly, the assessments regarding the revenue recognition arising from the Company’s export sales have been reassessed in accordance with TFRS 15. Previously, export revenue was recognized when the products were delivered to Vestel Ticaret A.Ş., whereas in the new model, they are recognized when they are delivered to the final customer. Due to the said model change, the revenue amounting to TL 735,345 thousand has not been recognized in the financial statements of the Company for the interim reporting period of 1 January- 31 March 2022, since the delivery conditions to final customers have not yet been formed as of 31 March 2022. In addition, expenses related to sales transactions such as exports, commissions and transportation are invoiced to the Company by Vestel Ticaret A.Ş. and the Company’s derivative transactions for pricing and currency risk management have also been adjusted.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2022**

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)**g) Transactions with related parties (Cont'd)**

	1 January - 31 March 2022	1 January - 31 March 2021
Other operating income		
Vestel Ticaret A.Ş.	465.692	316.397
Other related parties	16.935	2.201
	482.627	318.598
Other operating expense		
Vestel Ticaret A.Ş.	161.903	146.842
Vestel Holland BV	8.243	6.148
Diğer ilişkili kuruluşlar	23.311	1.162
	193.457	154.152
	1 January - 31 March 2022	1 January - 31 March 2021
Financial income		
Vestel Elektronik Sanayi ve Ticaret A.Ş.	303.641	151.986
	303.641	151.986
Financial expense		
Vestel Elektronik Sanayi ve Ticaret A.Ş.	78.689	15.246
	78.689	15.246

Guarantees received from and given to related parties are disclosed in note 14.

h) Compensation paid to key management including directors, the Chairman of Board of Directors, general managers and assistant general managers.

Compensation paid to key management for the three months period ended 31 March 2022 is amounting to TL 3.287 (1 January -31 March 2021: TL thousand 4.316).

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 March 2022	31 December 2021
Short - term trade receivables		
Trade receivables		
- Related parties (note 6)	5.167.112	5.123.913
- Other parties	38.553	30.677
	5.205.665	5.154.590
Allowance for doubtful receivables (-)	(926)	(843)
Total short - term trade receivables	5.204.739	5.153.747

The Company provides allowance for doubtful receivables based on historical experience.

	31 March 2022	31 December 2021
Short term trade payables		
Trade payables		
- Related parties (note 6)	582.405	274.386
- Other parties	7.622.956	5.581.178
	8.205.361	5.855.564
Unearned interest income (-)		
- Related parties (note 6)	(1.314)	(740)
- Other parties	(18.140)	(12.106)
Total short term trade payables	8.185.907	5.842.718
Long term trade payables		
Trade payables		
- Other parties	188.486	181.003
Total long term trade payables	188.486	181.003

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

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NOTE 8 – OTHER RECEIVABLES

	31 March 2022	31 December 2021
Short - term other receivables		
Other receivables from related parties (note 6)	3.027.964	1.445.270
Receivables from government agencies	603.774	403.190
Deposits and guarantees given	8.853	9.222
Other receivables	1.612	1.984
	3.642.203	1.859.666
Long - term other receivables		
Deposits and guarantees given	22.997	17.901
	22.997	17.901

NOTE 9 – INVENTORIES

	31 March 2022	31 December 2021
Raw materials	2.730.663	1.883.450
Work in process	83.836	42.363
Finished goods	1.925.830	728.151
	4.740.329	2.653.964
Provision for impairment on inventories (-)	(6.929)	(4.576)
	4.733.400	2.649.388

As of 31 March 2022 the Company does not have inventories pledged as security for liabilities (31 December 2021: None).

Cost of the inventory included in the cost of sales for the current period amounts to 3.756.712 thousand TL (1 January – 31 March 2021: 2.138.176 thousand TL).

Allocation of provision for impairment on inventories in terms of inventory type is as follows:

	31 March 2022	31 December 2021
Raw materials	1.993	665
Finished goods and merchandise	4.936	3.911
	6.929	4.576

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NOTE 9 – INVENTORIES (Cont'd)

Movement of inventory impairment on inventories is as follows:

	1 January - 31 March 2022	1 January - 31 March 2021
Opening balance, 1 January	4.576	1.655
Current year additions	5.749	2.060
Realised due to sale of inventory	(3.396)	(1.655)
Balance at 31 March	6.929	2.060

NOTE 10 – PREPAID EXPENSES

	31 March 2022	31 December 2021
Prepaid expenses in current assets		
Order advances given	170.546	136.086
Prepaid expenses	15.344	12.432
Business advances given	76	-
	185.966	148.518
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	332.336	237.586
Prepaid expenses	239	759
	332.575	238.345

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Transfer	31 March 2022
Cost or revaluation					
Land	755.907	-	-	-	755.907
Land improvements	64.057	-	-	-	64.057
Buildings	1.123.688	5.168	-	327	1.129.183
Leasehold improvements	13.784	596	-	159	14.539
Plant and machinery	2.647.355	173.248	(1.656)	31.331	2.850.278
Motor vehicles	834	-	-	-	834
Furniture and fixtures	121.975	8.652	(32)	2.062	132.657
Construction in progress	71.418	133.729	-	(33.879)	171.268
				-	
	4.799.018	321.393	(1.688)	-	5.118.723
Accumulated depreciation					
Land improvements	-	1.602	-	-	1.602
Buildings	-	16.386	-	-	16.386
Leasehold improvements	9.084	490	-	-	9.574
Plant and machinery	1.441.821	78.471	(1.589)	-	1.518.703
Motor vehicles	598	28	-	-	626
Furniture and fixtures	72.656	4.084	(29)	-	76.711
	1.524.159	101.061	(1.618)	-	1.623.602
Net book value	3.274.859				3.495.121

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2021	Additions	Disposals	Transfer	31 March 2021
Cost					
Land	503.898	-	-	-	503.898
Land improvements	49.957	-	-	-	49.957
Buildings	643.223	2.137	(2)	206	645.564
Leasehold improvements	12.014	110	(4)	425	12.545
Plant and machinery	2.111.681	90.191	(3.490)	7.958	2.206.340
Motor vehicles	862	-	-	-	862
Furniture and fixtures	96.533	4.930	(371)	761	101.853
Construction in progress	32.149	15.777	-	(9.350)	38.576
	3.450.317	113.145	(3.867)	-	3.559.595
Accumulated depreciation					
Land improvements	-	459	-	-	459
Buildings	-	4.533	(1)	-	4.532
Leasehold improvements	7.326	410	(4)	-	7.732
Plant and machinery	1.192.071	62.158	(3.333)	-	1.250.896
Motor vehicles	496	32	-	-	528
Furniture and fixtures	60.120	3.059	(366)	-	62.813
	1.260.013	70.651	(3.704)	-	1.326.960
Net book value	2.190.304				2.232.635

Additions to property, plant and equipment in the period 1 January – 31 March 2022 and 2021 mainly consist of machinery and equipment investments made to refrigerator, washing machine, cooker, dishwasher and air conditioner factories.

Useful lives of property, plant and equipment is as follows:

	Useful life
Land improvements	5 - 35 years
Buildings	20 - 50 years
Leasehold improvements	5 years
Plant and machinery	3 - 15 years
Motor vehicles	5 years
Furniture and fixtures	5 - 10 years

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Allocation of period depreciation and amortization expenses is as follows:

	1 January - 31 March 2022	1 January - 31 March 2021
Cost of sales	104.166	74.902
Research and development expenses	20.971	11.778
Marketing, selling and distribution expenses	451	252
General administrative expenses	917	762
	126.505	87.694

NOTE 12 – RIGHT OF USE ASSETS

	1 January 2022	Additions	Disposals	31 March 2022
Cost				
Land and buildings	159.115	58.282	-	217.397
Machinery	44.035	820	(694)	44.161
	203.150	59.102	(694)	261.558
Accumulated amortization				
Land and buildings	37.674	9.370	-	47.044
Machinery	32.521	3.432	(12)	35.941
	70.195	12.802	(12)	82.985
Net book value	132.955			178.573

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY
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NOTE 12 – RIGHT OF USE ASSETS (Cont'd)

	1 January 2021	Additions	Disposals	31 March 2021
Cost				
Land and buildings	143.046	6.475	-	149.521
Machinery	39.111	333	-	39.444
	182.157	6.808	-	188.965
Accumulated amortization				
Land and buildings	13.507	2.903	-	16.410
Machinery	19.730	4.196	-	23.926
	33.237	7.099	-	40.336
Net book value	148.920			148.629

NOTE 13 – INTANGIBLE ASSETS

	1 January 2022	Additions	Disposals	31 March 2022
Cost				
Rights	6.568	-	-	6.568
Development cost	452.565	39.822	(9.755)	482.632
Other intangible assets	34.816	722	-	35.538
	493.949	40.544	(9.755)	524.738
Accumulated amortization				
Rights	6.410	2	-	6.412
Development cost	203.382	11.750	(472)	214.660
Other intangible assets	12.207	890	-	13.097
	221.999	12.642	(472)	234.169
Net book value	271.950			290.569

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

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NOTE 13 – INTANGIBLE ASSETS (Cont’d)

	1 January 2021	Additions	Disposals	31 March 2021
Cost				
Rights	6.568	-	-	6.568
Development cost	366.325	22.295	(6.112)	382.508
Other intangible assets	23.577	3.275	-	26.852
	396.470	25.570	(6.112)	415.928
Accumulated amortization				
Rights	6.388	5	-	6.393
Development cost	163.901	9.410	(280)	173.031
Other intangible assets	9.742	529	-	10.271
	180.031	9.944	(280)	189.695
Net book value	216.439			226.233

Development costs, incurred by the Company on development projects relating to refrigerators, split air conditioners, washing machines, cookers 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.

Useful lives of intangible assets are as follows:

	Useful life
Rights	3 - 15 years
Development cost	2 - 10 years
Other intangible assets	2 - 15 years

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**a) Provisions**

	31 March 2022	31 December 2021
Short - term provisions		
Provision for lawsuit risks	7.313	9.724
	7.313	9.724

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2022**

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NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

The movements in the provision for lawsuits are as follows:

	1 January - 31 March 2022	1 January - 31 March 2021
Opening balance, 1 January	9.724	9.674
Current year additions	535	416
Payments/ disposals	(2.946)	(59)
Balance at 31 March	7.313	10.031

b) Guarantees received by the Company**Guarantee letters, collaterals, cheques and notes received**

	31 March 2022	31 December 2021
Guarantee letters	454.183	318.126
Cheques and notes	1.838	1.714
Collaterals and pledges	18.859.625	16.623.134
	19.315.646	16.942.974

Vestel Elektronik Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given guarantees to various banks on behalf of the Company for its forward contracts and bank borrowings.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
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NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

c) Collaterals, pledges and mortgages ("CPM's") given by the Company are as follows:

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 March 2022				
A. CPM's given on behalf of its own legal entity	-	2.000	49.196	81.813
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	501.042	-	714.412	8.052.573
i. Total amount of CPM's given on behalf of the parent company	380.820	-	589.049	6.166.463
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	120.222	-	125.363	1.886.110
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	501.042	2.000	763.608	8.134.386

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

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NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPM's given by the Group	USD (‘000)	EUR (‘000)	TL	TL Equivalent
31 December 2021				
A. CPM's given on behalf of its own legal entity	-	2.000	55.557	84.922
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	501.542	-	711.412	7.220.173
i. Total amount of CPM's given on behalf of the parent company	380.820	-	589.049	5.531.141
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	120.722	-	122.363	1.689.033
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	501.542	2.000	766.969	7.305.095

The Company has given collaterals to various banks on behalf of Vestel Elektronik Sanayi and Ticaret A.Ş. Vestel Ticaret A.Ş. and Vestel Holland BV for their forward contracts and bank loans obtained.

Proportion of other CPM's given by the Company to its equity 147 % as of 31 March 2022 (31 December 2021: 148%).

NOTE 15 – COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to 239.394 thousand USD (31 December 2021: 1.108.914 thousand USD) due to the export and investment incentive certificates obtained.

As of 31 March 2022 the Company has forward foreign currency purchase contract that amounts to 1.059.089 TL thousand, EUR 17.462 thousand, GBP 11.783 thousand, PLN 5.784 thousand and USD 477.557 thousand against forward foreign currency sales contract that amounts to EUR 318.522 thousand, GBP 3.210 thousand, USD 82.279 thousand, PLN 34.534 thousand and TL 1.879.708 thousand (31 December 2021: TL 1.544.300 thousand, EUR 15.499 thousand and USD 472.835 thousand against forward foreign currency sales contract that amounts to EUR 462.473 thousand, USD 74.605 thousand, GBP 7.000 thousand and TL 27.332 thousand).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
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NOTE 16 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	31 March 2022	31 December 2021
Due to personnel	80.951	47.465
Social security payables	28.709	21.399
	109.660	68.864

Long term provisions for employee benefits:

	31 March 2022	31 December 2021
Provision for employment termination benefits	163.231	151.875

Under Turkish law, the Company 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 Company 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 gross salary for each year of service and is limited to a maximum of TL 10.848,59 TL / year as of 31 March 2022 (31 December 2021: 8.284,51 TL/year).

The provision for employee termination benefits is not funded.

The provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. Turkish Accounting Standards No: 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 is 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 at 31 March 2022 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 31 March 2022 provision is calculated based on real discount rate of % 4,44 (31 December 2021: 4,44%) assuming 15,8 % annual inflation rate and 20,9 % discount rate.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2022**

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NOTE 16 – EMPLOYEE BENEFITS (Cont'd)

The movements in the provision for employment termination benefit are as follows:

	1 January - 31 March 2022	1 January - 31 March 2021
Balance at 1 January	151.875	85.734
Increase during the year	4.334	13.769
Payments during the year	(15.832)	(1.613)
Actuarial (gain) /loss	15.263	1.661
Interest expense	7.591	2.957
Balance at 31 March	163.231	102.508

NOTE 17 – OTHER ASSETS AND LIABILITIES

	31 March 2022	31 December 2021
Other current assets		
Income accruals from supplier	16.182	-
VAT carried forward	1.286	254
Other	42	3.090
	17.510	3.344
Other current liabilities		
Taxes and dues payable	61.906	38.369
Advances received	37	25
Other	21.861	908
	83.804	39.302

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

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NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS**a) Paid in capital**

	31 March 2022	31 December 2021
Shares of par value TL 1 each		
Issued share capital	1.600.000	1.600.000

As of 31 March 2022 and 31 December 2021 the shareholding structure is as follows:

	Shareholding		Amount	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş.	82,53%	82,53%	1.320.552	1.320.552
Shares held by public	17,47%	17,47%	279.448	279.448
	100,00%	100,00%	1.600.000	1.600.000

b) Adjustments 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.

	31 March 2022	31 December 2021
Adjustment to share capital	9.734	9.734

c) Restricted reserves (“Legal reserves”)

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 March 2022	31 December 2021
Legal reserves	98.506	98.506

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**d) Retained earnings**

	31 March 2022	31 December 2021
Extraordinary reserves	1.185	1.185
Previous year's profits	1.655.040	122.302
	1.656.225	123.487

e) 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.

On the other hand, in accordance with the Articles of Association of the Company, up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors or used for certain reasons designated by the Board of Directors when necessary.

- Based on the approval of the General Assembly, up to %3 of retained earnings after dividend distribution could be allocated to plant investments designated in accordance with article of 468 in TCC,
- Up to %5 of retained earnings after dividend distribution could be allocated to the Board of Directors as necessary,
- Up to %5 of retained earnings after dividend distribution could be allocated to donations, bonuses etc.

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NOTE 19 – SALES

	1 January - 31 March 2022	1 January - 31 March 2021
Domestic sales	1.629.351	685.330
Overseas sales	3.801.527	2.290.512
Gross sales	5.430.878	2.975.842
Less: Sales discounts (-)	(13.126)	(6.471)
Net sales	5.417.752	2.969.371
Cost of sales	(4.296.697)	(2.474.831)
Gross profit	1.121.055	494.540

NOTE 20 – EXPENSES BY NATURE

	1 January - 31 March 2022	1 January - 31 March 2021
Raw materials, supplies and finished goods	4.995.864	2.414.148
Changes in finished goods, work in process and trade goods	(1.239.152)	(275.972)
Personnel expenses	358.381	220.160
Depreciation and amortization	126.505	87.694
Other	445.617	122.531
	4.687.215	2.568.561

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NOTE 21 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES**a) General administrative expenses:**

	1 January - 31 March 2022	1 January - 31 March 2021
Personnel expenses	8.290	7.978
Consultancy Expenses	26.805	11.577
Rent and office expenses	2.232	1.671
Travelling expenses	572	418
Energy expenses	687	204
Depreciation and amortization	917	762
Benefits and services provided externally	350	314
Other	12.846	4.568
	52.699	27.492

b) Marketing expenses:

	1 January - 31 March 2022	1 January - 31 March 2021
Personnel expenses	17.820	10.053
Transportation, distribution and storage expenses	194.288	21.982
Taxes and duties	9.747	3.877
Insurance expenses	3.579	793
Depreciation and amortization	451	252
Other	69.931	3.975
	295.816	40.932

c) Research and development expenses:

Depreciation and amortization	20.971	11.778
Personnel expenses	15.595	6.536
Other	5.437	6.992
	42.003	25.306

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NOTE 22 - OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES**a) Other operating income**

	1 January - 31 March 2022	1 January - 31 March 2021
Credit finance gains arising from trading activities	6.689	3.313
Foreign exchange gains arising from trading activities	562.780	403.457
Other income	62.294	6.263
	631.763	413.033

b) Other operating expenses

	1 January - 31 March 2022	1 January - 31 March 2021
Debit finance charges arising from trading activities	595	1.138
Foreign exchange expenses arising from trading activities	715.789	484.687
Other expenses	12.146	3.917
	728.530	489.742

NOTE 23 - FINANCIAL INCOME AND FINANCIAL EXPENSE**a) Financial income:**

	1 January - 31 March 2022	1 January - 31 March 2021
Foreign exchange gains	292.109	184.550
Gains on derivative financial instruments	377.386	128.405
Interest income	41.753	16.904
	711.248	329.859

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NOTE 23 – FINANCIAL INCOME AND FINANCIAL EXPENSE (Cont'd)**b) Financial expense:**

	1 January - 31 March 2022	1 January - 31 March 2021
Foreign exchange losses	161.903	120.834
Losses on derivative financial instruments	489.802	186.147
Interest expense	127.301	45.418
Other finance expenses	817	2.431
	779.823	354.830

NOTE 24 TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 March 2022	31 December 2021
Corporation and income taxes	7.380	5.803
Prepaid taxes	(5.814)	(4.864)
Current income tax liabilities - net	1.566	939
Deffered tax assets	137.722	132.778
Deferred tax assets / (liabilities)	137.722	132.778

Corporate tax is applied on taxable corporate income, which is calculated from the statutory profit by adding back non-deductible expenses and by deducting other exempt income.

Dividend payments made to resident and non-resident individuals, non-resident legal entities and corporations resident in Turkey (except for the ones exempt from corporate and income tax), are subject to an income tax of 15%.

Dividend payments made from a corporation resident in Turkey to a corporation also resident in Turkey are not subject to income tax. Furthermore, income tax is not calculated in case the profit is not distributed or transferred to equity.

In Turkey, advance tax returns are filed on a quarterly basis at the rate of %20, 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.

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and 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 24 – 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 between 1-25 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 numbered 7316, published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate for the year 2021 has increased from 20% to 25%, for the year 2022 to %23. The amendment is effective for annual reporting periods beginning on or after 1 July 2021. Therefore, deferred tax assets and liabilities as of 31 March 2022 are calculated with %23 and 20% tax rate.

As of 1 January – 31 March 2022 and 2021 tax expense in the statement of income is as follows:

	1 January - 31 March 2022	1 January - 31 March 2021
Current period tax expense	(1.577)	(1.488)
Deferred tax benefit / (expense)	9.133	13.425
Total tax income	7.556	11.937

Due to modernization, plant extension and investments incentive documents in Manisa Organized Industrial Zone, the Company has reduced rate of corporate tax advantage.

Deferred tax assets and liabilities

The Company 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 CMB Financial Reporting Standards and tax purposes

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:

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NOTE 24 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

	Cumulative temporary differences		Deferred tax	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Deferred tax assets				
Employment termination benefits	(163.231)	(151.875)	32.646	30.375
Investment incentives	-	-	228.430	228.430
Net difference between book values and tax bases of tangible and intangible assets	(130.860)	(100.000)	26.172	20.000
Provision for impairment on inventories	(6.929)	(4.576)	1.594	1.144
Derivative financial instruments	(147.561)	(233.435)	33.939	58.359
Other	(158.670)	(41.044)	36.494	10.261
			359.275	348.569
	Cumulative temporary differences		Deferred tax	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Deferred tax liabilities				
Revaluation of tangible fixed assets	1.596.611	1.627.515	(158.247)	(159.541)
Derivative financial instruments	251.254	193.125	(57.788)	(48.281)
Other	23.991	31.877	(5.518)	(7.969)
			(221.553)	(215.791)
Deferred tax assets / (liabilities) - net			137.722	132.778

The movement of net deferred tax assets and liabilities is as follows:

	1 January - 31 March 2022	1 January - 31 March 2021
Opening balance, 1 January	132.778	(54.299)
Tax expense recognized in income statement	9.133	13.425
Recognized in shareholders' equity	(4.189)	(14.997)
Deferred tax liabilities		
at the end of the period, net	137.722	(55.871)

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NOTE 25- EARNINGS PER SHARE

	1 January - 31 March 2022	1 January - 31 March 2021
Net (loss) / income attributable to equity holders of the parent	572.751	311.067
Weighted number of ordinary shares with a TL 1 of par value (thousand shares)	1.600.000	1.600.000
	0,36	0,19

NOTE 26 - DERIVATIVE INSTRUMENTS

	31 March 2022		31 December 2021	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
<u>Derivative financial assets:</u>				
Held for trading				
Forward foreign currency transactions	675.118	3.149	96.988	3.793
Cash flow hedge				
Forward foreign currency transactions	6.338.231	248.105	4.797.224	189.332
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	731.088	(128.257)	3.013.866	(233.435)
Cash flow hedge				
Forward foreign currency transactions	840.237	(19.304)	-	-
	8.584.674	103.693	7.908.078	(40.310)

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**Foreign currency risk:**

The Company 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.

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NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**Foreign currency risk(Cont'd):**

Derivative instruments are used in foreign currency risk management where necessary. In this respect the Company mainly prefers using foreign exchange forward contracts.

31 March 2022	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	24.949	155.809	6.760	2.913.185
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	1.765	504	45	34.114
2b. Non-monetary financial assets	-	-	-	-
3. Other	186.945	17.782	-	3.027.959
4. Current assets (1+2+3)	213.659	174.095	6.805	5.975.258
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	3.181	13.347	-	264.259
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	3.181	13.347	-	264.259
9. Total assets (4+8)	216.840	187.442	6.805	6.239.517
10. Trade payables	317.671	161.815	210.865	7.502.387
11. Financial liabilities	67.500	63.839	-	2.029.716
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	385.171	225.654	210.865	9.532.103
14. Trade payables	-	11.557	-	188.478
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	11.557	-	188.478
18. Total liabilities (13+17)	385.171	237.211	210.865	9.720.581
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	395.278	(301.060)	64.145	943.440
19a. Hedged total assets	477.557	17.462	246.612	7.525.597
19b. Hedged total liabilities	(82.279)	(318.522)	(182.467)	(6.582.157)
20. Net foreign currency asset/ (liability) position (9-18+19)	226.947	(350.829)	(139.915)	(2.537.624)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(171.512)	(63.116)	(204.060)	(3.745.323)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	103.693
23. Export	23.878	233.569	117.849	3.801.527
24. Import	159.910	57.955	-	3.133.534

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2021	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	18.151	234.293	407	3.675.922
2a. Monetary financial assets (including cash and cash equivalents)	- 1.768	- 5.553	- 54	- 104.529
2b. Non-monetary financial assets	-	-	-	-
3. Other	49.687	54.519	-	1.445.270
4. Current assets (1+2+3)	69.606	294.365	461	5.225.728
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	2.869	8.065	-	155.645
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	2.869	8.065	-	155.645
9. Total assets (4+8)	72.475	302.430	461	5.381.373
10. Trade payables	242.059	123.435	1.794	4.955.424
11. Financial liabilities	-	45.299	-	665.087
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	242.059	168.734	1.794	5.620.511
14. Trade payables	-	12.328	-	181.003
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	12.328	-	181.003
18. Total liabilities (13+17)	242.059	181.062	1.794	5.801.515
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	398.230	(446.973)	(122.171)	(1.516.733)
19a. Hedged total assets	472.835	15.499	-	6.363.777
19b. Hedged total liabilities	(74.605)	(462.472)	(122.171)	(7.880.510)
20. Net foreign currency asset/ (liability) position (9-18+19)	228.646	(325.605)	(123.504)	(1.936.875)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(172.453)	113.303	(1.333)	(575.793)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(40.310)
23. Export	96.640	1.133.142	1.499	12.714.457
24. Import	451.449	235.871	9.374	6.475.270

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 March 2022 and 31 December 2021, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 March 2022				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(251.193)	251.193	(251.193)	251.193
Secured portion from USD risk (-)	(73.715)	73.715	496.453	(496.453)
USD net effect	(324.908)	324.908	245.260	(245.260)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(102.933)	102.933	(102.933)	102.933
Secured portion from EUR risk (-)	(24.440)	24.440	(475.034)	475.034
EUR net effect	(127.373)	127.373	(577.967)	577.967
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(20.406)	20.406	(20.406)	20.406
Secured portion from other currency risk (-)	12.094	(12.094)	17.853	(17.853)
Other currency net effect	(8.312)	8.312	(2.553)	2.553

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27- 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	(223.801)	223.801	(223.801)	223.801
Secured portion from USD risk (-)	37.208	(37.208)	515.777	(515.777)
USD net effect	(186.593)	186.593	291.976	(291.976)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	166.356	(166.356)	166.356	(166.356)
Secured portion from EUR risk (-)	(172.244)	172.244	(631.879)	631.879
EUR net effect	(5.888)	5.888	(465.523)	465.523
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(133)	133	(133)	133
Secured portion from other currency risk (-)	(12.238)	12.238	(12.238)	12.238
Other currency net effect	(12.371)	12.371	(12.371)	12.371

NOTE 28-SUBSEQUENT EVENTS

Based on Board of Direction Decision dated on April 12, 2022, In accordance with the Company's Articles of Association and Dividend Distribution Policy, the first dividend is determined as TL 362,468,416, which is calculated as 25% of the distributable profit based on the CMB financials. After deducting the first dividend of TL 362,468,416 and TL 61,830,886 of first legal reserve from the net distributable profit of TL 1,396,617,718 based on the Turkish Commercial Code and Tax Procedure Law, the second dividend is determined as TL 335,840,443. Accordingly, the Company's Board of Directors resolved to propose the payment of TL 698,308,859 of cash dividends, including the first and second dividends, to its shareholders which corresponds to a gross cash dividend of TL 0.4364 and a net cash dividend of TL 0.3928 per share, on 30 June 2022 and the addition of the remaining amount of TL 636,477,973, after deducting the TL 698,308,859 of gross distributable profit to be paid to the shareholders and the TL 135,337,082 of first legal reserve from the TL 1,470,123,914 of net profit reported in the statutory tax financials to the extraordinary reserves and to submit these proposals to the approval of shareholders at the Annual General Meeting for the year 2021.