

**VESTEL BEYAZ EŐYA SANAYİ VE TİCARET
ANONİM ŐİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1
JANUARY – 30 JUNE 2023 (TOGETHER WITH INDEPENDENT
AUDITOR’S LIMITED REVIEW REPORT)**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2023

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022

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

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	249.541	578.775
Financial Investment		25.732	40.097
Trade Receivables		12.948.204	8.631.742
Trade Receivables Due From Related Parties	6, 7	12.422.379	8.422.256
Trade Receivables Due From Third Parties	7	525.825	209.486
Other Receivables		3.893.322	3.157.662
Other Receivables Due From Related Parties	6	3.319.100	2.403.161
Other Receivables Due From Third Parties	8	574.222	754.501
Derivative Financial Instruments		107.702	5.745
Derivative Financial Instruments Held for Trading	26	58.983	1.203
Derivative Financial Instruments Held for Hedging	26	48.719	4.542
Inventories	9	5.618.713	4.420.387
Prepayments		192.554	135.801
Prepayments to Third Parties	10	192.554	135.801
Current Tax Assets	24	-	47
Other Current Assets		76.847	38.948
Other Current Assets Due From Third Parties	17	76.847	38.948
TOTAL CURRENT ASSETS		23.112.615	17.009.204

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022

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

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
NON-CURRENT ASSETS			
Other Receivables		18.352	25.068
Other Receivables Due From Third Parties	8	18.352	25.068
Property, Plant and Equipment		8.318.467	7.422.854
Lands	11	1.800.350	1.800.350
Land Improvements	11	92.945	95.466
Buildings	11	2.221.617	2.228.891
Machinery and Equipment	11	2.020.795	1.782.196
Vehicles	11	503	595
Furnitures and Fixtures	11	86.659	69.512
Leasehold Improvements	11	11	26
Construction in Progress	11	2.095.587	1.445.818
Right of Use Assets	12	163.574	83.917
Intangible Assets		536.230	408.882
Other Rights	13	127	138
Capitalized Development Costs	13	488.568	372.645
Other Intangible Assets	13	47.535	36.099
Prepayments		445.400	325.791
Prepayments to Related Parties	6	241.526	-
Prepayments to Third Parties	10	203.874	325.791
Deferred Tax Asset	24	516.164	254.646
TOTAL NON-CURRENT ASSETS		9.998.187	8.521.158
TOTAL ASSETS		33.110.802	25.530.362

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022

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

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
LIABILITIES			
CURRENT LIABILITIES			
Short-term Borrowings		5.705.677	5.459.534
Short-term Borrowings from Related Parties		3.346	1.582
Lease Liabilities	5,6	3.346	1.582
Short-term Borrowings From Third Parties		5.702.331	5.457.952
Bank Loans	5	5.676.585	5.447.259
Lease Liabilities	5	25.746	10.693
Short-term Portion of Long-term Borrowings		449.502	680.972
Short-term Portion of Long-term Borrowings from Third Parties		449.502	680.972
Bank Loans	5	81.975	10.072
Issued Debt Instruments	5	367.527	670.900
Other Financial Liabilities	28	50.666	-
Trade Payables		16.317.965	10.627.792
Trade Payables to Related Parties	6	1.078.825	628.981
Trade Payables to Third Parties	7	15.239.140	9.998.811
Employee Benefit Obligations	16	362.751	170.013
Other Payables		911.309	744.815
Other Payables to Related Parties	6	838.384	744.815
Other Payables to Unrelated Parties	6	72.925	-
Derivative Financial Instruments		138.810	355.945
Derivative Financial Instruments Held for Trading	26	132.159	197.961
Derivative Financial Instruments Held for Hedging	26	6.651	157.984
Deffered Income		250.700	240.831
Deffered Income from Related Parties	8	11.375	7.737
Deffered Income from Third Parties	8	239.325	233.094
Current Tax Liabilities	24	50.333	-
Current Provisions		15.897	11.377
Other Current Provisions	14	15.897	11.377
Other Current Liabilities		165.241	137.162
Other Current Liabilities to Third Parties	17	165.241	137.162
TOTAL CURRENT LIABILITIES		24.418.851	18.428.441

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022

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

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
NON-CURRENT LIABILITIES			
Long Term Borrowings		677.870	77.009
Long Term Borrowings From Related Parties		135.145	68.773
Lease Liabilities	5,6	135.145	68.773
Long Term Borrowings From Third Parties		542.725	8.236
Bank Loans	5	535.456	1.917
Lease Liabilities	5	7.269	6.319
Other Financial Liabilities	28	326.801	-
Trade Payables		7.311	182.877
Trade Payables to Third Parties	7	7.311	182.877
Non-current Provisions		598.852	518.760
Non-current Provisions for Employee Benefits	16	598.852	518.760
Other Non-current Liabilities		8.666	3.859
Other Non-current Liabilities to Third Parties		8.666	3.859
TOTAL NON-CURRENT LIABILITIES		1.619.500	782.505
TOTAL LIABILITIES		26.038.351	19.210.946

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022

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

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
EQUITY			
Equity Attributable to Owners of the Company		7.072.451	6.319.416
Paid-in Share Capital	18	1.600.000	1.600.000
Inflation Adjustments to Paid-in Capital	18	9.734	9.734
Other Comprehensive Income (Loss) that will not be			
Reclassified in Profit or Loss		2.228.563	2.302.744
Gains (Losses) on Revaluation and Remeasurement		2.228.563	2.302.744
Increases (Decreases) on Revaluation of Property, Plant			
and Equipment		2.646.138	2.636.307
Gains (Losses) on Remeasurements of Defined Benefit			
Plans		(417.575)	(333.563)
Other Comprehensive Income (Loss) that will be Reclassified			
in Profit or Loss		35.632	(110.105)
Gains (Losses) on Hedge		35.632	(110.105)
Gains (Losses) on Cash Flow Hedges		35.632	(110.105)
Restricted Reserves Appropriated From Profits		285.131	233.843
Legal Reserves	18	285.131	233.843
Retained earnings	18	1.901.859	858.734
Net profit or loss for the period		1.011.532	1.424.466
TOTAL EQUITY		7.072.451	6.319.416
TOTAL LIABILITIES AND EQUITY		33.110.802	25.530.362

Financial statements for the period 1 January – 30 June 2023 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 4 August 2023.

The accompanying notes are an integral part of these condensed interim 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 – 30 JUNE 2023 AND 2022**

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

		Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
	Notes				
PROFIT OR LOSS					
Revenue	19	21.186.788	12.970.121	11.399.097	7.552.369
Cost of Sales	19	(17.504.945)	(10.327.832)	(9.084.515)	(6.031.135)
GROSS PROFIT FROM COMMERCIAL OPERATIONS		3.681.843	2.642.289	2.314.582	1.521.234
GROSS PROFIT		3.681.843	2.642.289	2.314.582	1.521.234
General Administrative Expenses	21	(182.488)	(127.070)	(75.721)	(74.371)
Marketing Expenses	21	(1.090.648)	(762.917)	(528.882)	(467.101)
Research and Development Expenses	21	(142.260)	(92.013)	(70.193)	(50.010)
Other Income from Operating Activities	22	2.647.888	1.042.765	2.287.128	411.002
Other Expenses from Operating Activities	22	(3.655.455)	(1.619.272)	(3.210.302)	(890.742)
PROFIT FROM OPERATING ACTIVITIES		1.258.880	1.083.782	716.612	450.012
PROFIT BEFORE FINANCE INCOME		1.258.880	1.083.782	716.612	450.012
Finance Income	23	1.420.480	1.406.125	1.042.220	694.877
Finance Expense	23	(1.813.319)	(1.366.490)	(1.257.857)	(586.667)
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		866.041	1.123.417	500.975	558.222
Tax (Expense) Income		145.491	142.327	95.785	134.771
Current Period Tax Expense	24	(98.852)	(2.801)	(1.372)	(1.224)
Deferred Tax Income	24	244.343	145.128	97.157	135.995
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		1.011.532	1.265.744	596.760	692.993
PROFIT FOR THE PERIOD		1.011.532	1.265.744	596.760	692.993
Earnings Per Share with a TL 1 of Par Value	25	0,63	0,79	0,37	0,43

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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 – 30 JUNE 2023 AND 2022

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

	Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	(51.406)	(33.154)	(55.599)	(20.943)
Gains (Losses) on Remeasurement of				
Defined Benefit Plans	(105.015)	(41.443)	(67.274)	(26.180)
Taxes Relating to Components of				
Other Comprehensive Income	53.609	8.289	11.675	5.237
Deferred Tax (Expense)/ Income	21.003	8.289	11.675	5.237
Taxes Relating to Remeasurement of				
Defined Benefit Plans	21.003	8.289	13.455	5.237
Taxes Relating to Other Components of Other Comprehensive Income	32.606	-	(1.780)	-
Other Comprehensive Income that will be Reclassified to Profit or Loss	145.737	39.174	55.887	14.934
Other Comprehensive Income (Loss)				
Related with Cash Flow Hedges	182.171	50.875	69.858	19.394
Gains (Losses) on Cash Flow Hedges	182.171	50.875	69.858	19.394
Taxes Relating to Components of Other Comprehensive Income				
that will be Reclassified to Profit or Loss	(36.434)	(11.701)	(13.971)	(4.460)
Deferred Tax Income	(36.434)	(11.701)	(13.971)	(4.460)
Taxes Relating to Cash Flow Hedges	(36.434)	(11.701)	(13.971)	(4.460)
OTHER COMPREHENSIVE INCOME (LOSS)	94.331	6.020	288	(6.009)
TOTAL COMPREHENSIVE INCOME (LOSS)	1.105.863	1.271.764	597.048	686.984

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY – 30 JUNE 2023 AND 2022**

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

																Equity
	Paid in Share Capital	Inflation Adjustments to Paid-in Capital	Share Premiums / Discounts				Other Compre- hensive Income that will not be Reclassified in Profit or Loss			Other Compre- hensive Income that will be Reclassified in Profit or Loss	Restricted Reserves Appropriated From Profits			Equity attributable to owners of parent		
				Increases / Decreases on Revaluation of Property, Plant and Equipment	Gains / Losses on Remeasure- ments of Defined Benefit Plans	Gains / Losses on Revaluations and Remeasureme nts		Cash Flow Hedges	Reserve Of Gains or Losses on Hedge			Retained Earnings/ Accumulated Losses	Net Profit or Loss for the period		Retained Earnings	
Prior Period																
1 January -30 June 2022																
Equity at Beginning of Period	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
Transfers	-	-	-	(28.295)	-	(28.295)	(28.295)	-	-	-	-	1.546.887	(1.518.592)	28.295	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(33.154)	(33.154)	(33.154)	39.174	39.174	39.174	-	-	1.265.744	1.265.744	1.271.764	1.271.764
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	1.265.744	1.265.744	1.265.744	1.265.744
Other Comprehensive Income (Loss)	-	-	-	-	(33.154)	(33.154)	(33.154)	39.174	39.174	39.174	-	-	-	-	6.020	6.020
Dividends Paid (Note 6)	-	-	-	-	-	-	-	-	-	-	135.337	(833.647)	-	(833.647)	(698.310)	(698.310)
Equity at End of Period	1.600.000	9.734	-	1.439.679	(100.791)	1.338.888	1.338.888	181.173	181.173	181.173	233.843	836.727	1.265.744	2.102.471	5.466.109	5.466.109
Current Period																
1 January -30 June 2023																
Equity at Beginning of Period	1.600.000	9.734	-	2.636.307	(333.563)	2.302.744	2.302.744	(110.105)	(110.105)	(110.105)	233.843	858.734	1.424.466	2.283.200	6.319.416	6.319.416
Transfers	-	-	-	(22.775)	-	(22.775)	(22.775)	-	-	-	24.005	1.423.236	(1.424.466)	(1.230)	-	-
Total Comprehensive Income (Loss)	-	-	-	32.606	(84.012)	(51.406)	(51.406)	145.737	145.737	145.737	-	-	1.011.532	1.011.532	1.105.863	1.105.863
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	1.011.532	1.011.532	1.011.532	1.011.532
Other Comprehensive Income (Loss)	-	-	-	32.606	(84.012)	(51.406)	(51.406)	145.737	145.737	145.737	-	-	-	-	94.331	94.331
Dividends Paid (Notes 6)	-	-	-	-	-	-	-	-	-	-	27.283	(380.111)	-	(380.111)	(352.828)	(352.828)
Equity at End of Period	1.600.000	9.734	-	2.646.138	(417.575)	2.228.563	2.228.563	35.632	35.632	35.632	285.131	1.901.859	1.011.532	2.913.391	7.072.451	7.072.451

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 JUNE 2023 AND 2022

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

		Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES		1.682.561	464.188
Profit for the period		1.011.532	1.265.744
Profit from Continuing Operations		1.011.532	1.265.744
Adjustments to Reconcile Profit (Loss) for the period		250.160	270.241
Adjustments for Depreciation and Amortisation Expense	11	323.013	256.045
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(19.297)	17.435
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	(19.297)	17.435
Adjustments for Provisions		96.329	14.622
Adjustments for (Reversal of) Provisions Related with Employee Benefits	16	91.809	17.380
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	14	4.520	(2.758)
Adjustments for Interest (Income) Expenses		342.518	109.071
Adjustments for Interest Income	23	(105.276)	(96.834)
Adjustments for Interest Expense	23	447.794	205.905
Adjustments for Unrealised Foreign Exchange Losses (Gains)		(207.036)	140.816
Adjustments for Fair Value Losses (Gains)		(136.921)	(119.606)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(136.921)	(119.606)
Adjustments for Tax (Income) Expenses	24	(145.491)	(142.327)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(2.955)	(2.310)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(2.955)	(2.310)
Other Adjustments to Reconcile Profit (Loss)	4	-	(3.505)

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 JUNE 2023 AND 2022

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

		Reviewed 1 January - 30 June	Reviewed 1 January - 30 June
	Notes	2023	2022
Changes in Working Capital		539.917	(1.058.959)
Decrease (Increase) in Financial Investments		14.365	(62.248)
Adjustments for Decrease (Increase) in Trade Receivables		(4.316.462)	(2.480.331)
Decrease (Increase) in Trade Receivables from Related Parties	6	(4.000.123)	(2.093.500)
Decrease (Increase) in Trade Receivables from Third Parties	7	(316.339)	(386.831)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		186.995	(180.466)
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations	8	186.995	(180.466)
Adjustments for Decrease (Increase) in Inventories	9	(1.217.623)	(2.498.885)
Decrease (Increase) in Prepaid Expenses	10	(56.753)	(516.012)
Adjustments for Increase (Decrease) in Trade Payables		5.798.960	3.924.207
Increase (Decrease) in Trade Payables to Related Parties	6	449.844	466.430
Increase (Decrease) in Trade Payables to Third Parties	7	5.349.116	3.457.777
Increase (Decrease) in Employee Benefit Liabilities	16	146.582	60.458
Adjustments for increase (decrease) in other operating payables		-	(1.056)
Increase (Decrease) in Other Operating Payables to Unrelated Parties		-	(1.056)
Increase(Decrease) in Deferred Income		9.869	576.543
Other Adjustments for Other Increase (Decrease) in Working Capital		(26.016)	118.831
Decrease (Increase) in Other Assets Related with Operations	17	(37.899)	(927)
Increase (Decrease) in Other Payables Related with Operations	17	11.883	119.758
Cash Flows from Operations		1.801.609	477.026
Payments Related with Provisions for Employee Benefits	16	(70.576)	(10.362)
Income Taxes Refund (Paid)	24	(48.472)	(2.476)

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 JUNE 2023 AND 2022

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

		Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022
	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES		(1.595.469)	(2.438.671)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		18.508	20.012
Proceeds from Sales of Property, Plant and Equipment		3.166	2.403
Proceeds from Sales of Intangible Assets		15.342	17.609
Purchase of Property, Plant, Equipment and Intangible Assets		(1.334.949)	(913.527)
Purchase of Property, Plant and Equipment	11	(1.150.427)	(824.064)
Purchase of Intangible Assets	13	(184.522)	(89.463)
Cash Advances and Loans Made		(279.028)	(1.545.156)
Cash Advances and Loans Made to Related Parties	6	(400.945)	(1.545.156)
Other Cash Advances and Loans Made		121.917	-
CASH FLOWS FROM FINANCING ACTIVITIES		(416.326)	2.086.373
Proceeds from Borrowings		2.497.969	2.942.443
Proceeds from Bank Loans	5	2.141.969	2.942.443
Proceeds from Issued Debt Instruments	5	356.000	-
Repayments of Borrowings		(2.491.613)	(1.777.649)
Bank Loan Repayments	5	(1.832.613)	(1.777.649)
Issued Bonds Repayments		(659.000)	-
Decrease in Other Payables to Related Parties		(181.357)	984.849
Payments of Lease Liabilities		73.204	32.497
Interest Paid		(419.805)	(192.601)
Interest Received	23	105.276	96.834
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(329.234)	111.890
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(329.234)	111.890
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	578.753	112.815
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	249.519	224.705

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023

(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 410 thousand square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 657 thousand 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 30 June 2023, the number of personnel employed was 9.667 (31 December 2022: 10.607).

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.	79,33
Other shareholders	20,67
	100,00

As of 30 June 2023, Company have been quoted at the Borsa İstanbul (“BİST”) (31,47 % of its share capital; 31 December 2022: 31,47 %).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023

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

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” / “IFRS”) 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 30 June 2023 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.

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 2022.

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.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
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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)

2.1 Basis of presentation (Cont’d)

2.1.1 Statement of compliance (Cont’d)

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are prepared and presented in Turkish Lira (“TL”), which is the functional currency of the parent company.

In accordance with the announcement of POA on January 20, 2022, companies that apply TFRS should not adjust financial statements for TAS 29 for the year ended 31 December 2021. As of the preparation date of the financial statements, POA did not make an additional announcement and no adjustment was made to the financial statements for 30 June 2023 in accordance with TAS 29.

2.2 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.

2.3 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.

2.4 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.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023

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

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

2.5. Amendments in Turkey Financial Reporting Standards

a) Standards, amendments, and interpretations applicable as of 30 June 2023:

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments **require** companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Amendment to IAS 12 - International tax reform - pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

Amendment to IAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendment to IFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023

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

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

2.5. Amendments in Turkey Financial Reporting Standards (Cont’d)

IFRS S1, ‘General requirements for disclosure of sustainability-related financial information’; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

IFRS S2, ‘Climate-related disclosures’; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

2.6 Going concern

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

2.7. Summary of significant accounting policies

The condensed interim financial statements for the period ended June 30, 2023 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of the condensed interim financial statements for the period ended June 30, 2023 are consistent with those used in the preparation of annual financial statements for the year ended December 31, 2022. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022.

2.8. Critical accounting estimates and judgments

The frequency of revaluations is determined to ensure that the carrying amounts of the revalued items of property, plant and equipment are not materially different from their fair values at the end of the reporting period. The frequency of revaluations depends on the change in the fair value of the items of property, plant and equipment. Where the fair value of a revalued asset is considered to be materially different from its carrying amount, the revaluation is required to be repeated and this is done for the entire asset class in which the revalued asset is included as of the same date. On the other hand, it is not considered necessary to repeat the revaluation of property, plant and equipment whose fair value changes are insignificant.

In this context, as a result of the assessments made by the Company management, it is assumed that the fair values of land, buildings and land improvements determined in the valuation studies performed as of December 31, 2022 will converge to their respective fair values as of June 30, 2023 after deducting current period depreciation.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023

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

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 - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Segment revenue				
Turkey	6.367.482	3.984.913	3.656.887	2.355.562
Europe	10.164.427	6.212.430	5.394.543	3.570.558
Other	4.715.514	2.815.979	2.383.236	1.656.324
Gross sales	21.247.423	13.013.322	11.434.666	7.582.444
Discounts (-)	(60.635)	(43.201)	(35.569)	(30.075)
Net sales	21.186.788	12.970.121	11.399.097	7.552.369

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

The amount of export is TL 14,879,941 thousand for the period ended 30 June 2023. (1 January-30 June 2022: TL 9,028,409 thousand). Export sales are denominated in EURO, and USD as 90%, and 8,3% of total export respectively (1 January-30 June 2022: 82,1% EUR, 10,3% 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 – 30 JUNE 2023

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
Cash	742	641
Bank deposits		
- Demand deposits	246.772	426.627
- Time deposits	2.005	151.485
	249.519	578.753
Blocked deposits	22	22
Cash and cash equivalents	249.541	578.775

As of June 30, 2023, the Company has time deposits amounting to TL 2.005 thousand. The maturity of the Company's time deposits is less than 1 month (December 31, 2022 : TL 151.485 thousand average maturity is less than 1 month).

The credit risks of the banks where the Company has deposits are evaluated based on independent data and no significant credit risk is expected.

NOTE 5 – FINANCIAL LIABILITIES

	30 June 2023	31 December 2022
Short - term financial liabilities		
Short term bank loans	5.676.585	5.447.259
Short term portion of long term bank loans	81.975	10.072
Lease liabilities	29.092	12.275
Issued debt instruments	367.527	670.900
	6.155.179	6.140.506
Long - term financial liabilities		
Long term bank loans	535.456	1.917
Lease liabilities	142.414	75.092
	677.870	77.009

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023

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

NOTE 5 – FINANCIAL LIABILITIES (Cont’d)

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

30 June 2023				31 December 2022		
	Weighted			Weighted		
	average of	Original	TL	average of	Original	TL
Currency	effective interest	currency	Equivalent	effective interest	currency	Equivalent
- USD	9,72%	72.448	1.874.201	7,76%	72.515	1.358.351
- EUR	10,00%	1.935	54.576	-	-	-
- TL	15,01%	3.747.808	3.747.808	15,19%	4.088.908	4.088.908
			5.676.585			
				5.447.259		

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

30 June 2023				31 December 2022		
	Weighted			Weighted		
	average of	Original	TL	average of	Original	TL
Currency	effective interest	currency	Equivalent	effective interest	currency	Equivalent
- TL	13,30%	81.975	81.975	20,33%	10.072	10.072
Short term portion			81.975	10.072		
- TL (*)	9,26%	535.456	535.456	18,17%	1.917	1.917
Long term portion			535.456	1.917		
			617.431	11.989		

(*)A significant portion of the long-term loans originated from the Central Bank of the Republic of Turkey, the term of the loan is 10 years with a 2-year grace period and fixed rate. 1.5 billion TL Investment Committed Advance Loan has been approved and the first two tranche of the loan has been used. The remaining part are expected to be used during the year.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023

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

NOTE 5 – FINANCIAL LIABILITIES (Cont’d)

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

	30 June 2023	31 December 2022
One to two years	71.749	1.917
Two to three years	98.730	-
Three to four years	84.064	-
More than four years	280.913	-
	535.456	1.917

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.

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

As of 30 June 2023 and 30 June 2022, reconciliation of net financial debt is as below:

	30 June 2023	30 June 2022
Net financial debt as of 1 January	5.638.762	1.222.025
Net cash inflows / outflows from issued bonds	(303.000)	-
Cash inflows from loans	2.141.969	2.942.443
Cash outflows from loan payments	(1.832.613)	(1.777.649)
Payments of lease liabilities	82.066	30.424
Unrealized foreign exchange gain/loss	508.358	216.522
Accrued interest	18.754	1.096
Change in cash and cash equivalents	329.234	(111.890)
Net financial debt at the end of the period	6.583.530	2.522.971

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023

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

NOTE 6 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 June 2023	31 December 2022
Vestel Ticaret A.Ş. ⁽¹⁾	12.420.938	8.421.222
Other related parties	1.441	1.034
	12.422.379	8.422.256

Effective as of January 1, 2022, Vestel Beyaz Eşya has switched to an "intermediated export" model with Vestel Ticaret AŞ (Vestel Ticaret), which carries out its marketing and sales activities, only for international sales. In the intermediated export model, Vestel Beyaz Eşya is the main exporter and Vestel Ticaret is the agent. TL 4.472.425 (December 31, 2022: TL 2.545.291) of the trade receivables amounting to TL 7.317.972 (December 31, 2022: TL 1.971.246) from Vestel Ticaret in proxy position is related to the sales made to Vestel Group companies abroad through Vestel Ticaret and TL 2.845.547 (December 31, 2022: TL 1.971.246) is related to the sales made to third parties abroad through Vestel Ticaret. The Company's related receivables are covered by insurance and guarantees.

b) Short term trade payables to related parties

	30 June 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	469.964	106.170
Vestel Ticaret A.Ş. (1)	513.493	459.401
Vestel Holland B.V. (1)	59.108	49.349
Other related parties	39.056	15.658
	1.081.621	630.578
Unearned interest on payables (-)	(2.796)	(1.597)
	1.078.825	628.981

(1) Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, (2) Parent, (3) Zorlu Holding Group Company

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 6 – RELATED PARTY DISCLOSURES (Cont’d)

c) Other short-term receivables from related parties

	30 June 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾	3.319.100	2.403.161

The Company’s interest rate of short term other receivables in USD is 7% and EUR is 5% (31 December 2022: in USD 7% and EUR 5%).

d) Prepayments to Related Parties

	30 June 2023	31 December 2022
Zorlu Enerji Elektrik Üretim A.Ş. ⁽³⁾	241.526	-

e) Other short-term liabilities to related parties

	30 June 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾	838.384	744.815

As of June 30, 2023, the Company’s short-term other payables to related parties consist of dividend payables to Vestel Elektronik Sanayi ve Ticaret A.Ş. amounting to TL 279.903 and non-trade payables amounting to TL 558.481. The interest rate of short-term other payables denominated in TL is 35% and the interest rate of short-term other receivables denominated in GBP is 7%. (December 31, 2022 : TL 25%)

f) Lease liabilities from related parties

	30 June 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾	138.491	70.355

The Company’s short term lease liabilities to Vestel Elektronik Sanayi ve Ticaret A.Ş. are amounted to TL 3.346 thousand and long term lease liabilities are amounted to TL 135.145 thousand. (31 December 2022: short term TL 1.582 thousand and long term TL 68.773 thousand)

(1) Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, (2) Parent, (3) Zorlu Holding Group Company

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont’d)

g) Transactions with related parties

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Gross Sales				
Vestel Ticaret A.Ş. ⁽¹⁾	20.723.692	8.640.994	11.204.951	3.262.976
Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾	182.593	130.650	88.286	78.198
Other related parties	602	529.385	415	528.977
	20.906.887	9.301.029	11.293.652	3.870.151
Purchases and operating expenses				
Vestel Holland B.V. ⁽¹⁾	945.519	778.041	436.431	377.434
Vestel Ticaret A.Ş. ⁽¹⁾	465.859	370.698	248.871	292.152
Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾	1.071.937	1.546.176	569.425	1.169.736
Other related parties	196.227	28.005	166.029	28.005
	2.679.542	2.722.920	1.420.756	1.867.327

(1) Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, (2) Parent, (3) Zorlu Holding Group Company

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
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1 JANUARY – 30 JUNE 2023

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

NOTE 6 – RELATED PARTY DISCLOSURES(Cont’d)

g) Transactions with related parties (Cont’d)

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Other operating income				
Vestel Ticaret A.Ş. ⁽¹⁾	2.314.595	791.723	2.031.276	326.031
Other related parties	71.189	28.556	9.272	11.621
	2.385.784	820.279	2.040.548	337.652
Other operating expense				
Vestel Ticaret A.Ş. ⁽¹⁾	147.522	241.002	40.616	79.099
Vestel Holland B.V. ⁽¹⁾	44.890	13.709	37.424	5.466
Other related parties	29.080	59.325	24.623	36.014
	221.492	314.036	102.663	120.579
Dividend				
Vestel Elektronik Sanayi ve Ticaret A.Ş. ⁽²⁾	279.903	576.347	279.903	576.347
	279.903	576.347	279.903	576.347

The total dividend payables amounting to 352,828 thousand TL consist of 279,903 thousand TL payable to Vestel Elektronik Sanayi ve Ticaret A.Ş., and 72,925 thousand TL payable to the publicly traded portion.

(1) Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, (2) Parent, (3) Zorlu Holding Group Company

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 6 – RELATED PARTY DISCLOSURES(Cont’d)

g) Transactions with related parties (Cont’d)

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Financial income				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	1.054.954	704.802	936.368	401.161
	1.054.954	704.802	936.368	401.161
Financial expense				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	47.436	151.262	33.027	72.573
	47.436	151.262	33.027	72.573

(1) Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, (2) Parent, (3) Zorlu Holding Group Company

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 six month period ended 30 June 2023 is TL 16.214 thousand (1 January -30 June 2022: TL 7.308 thousand).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
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NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 June 2023	31 December 2022
Short - term trade receivables		
Trade receivables		
- Related parties (note 6)	12.422.379	8.422.256
- Third parties	527.265	210.608
	12.949.644	8.632.864
Allowance for doubtful receivables (-)	(1.440)	(1.122)
Total short - term trade receivables	12.948.204	8.631.742

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

	30 June 2023	31 December 2022
Short term trade payables		
Trade payables		
- Related parties (note 6)	1.081.621	630.578
- Third parties	15.288.870	10.036.746
	16.370.491	10.667.324
Unearned interest income (-)		
- Related parties (note 6)	(2.796)	(1.597)
- Third parties	(49.730)	(37.935)
Total short term trade payables	16.317.965	10.627.792
Long term trade payables		
Trade payables		
- Third parties	7.311	182.877
Total long term trade payables	7.311	182.877

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NOTE 8 – OTHER RECEIVABLES

	30 June 2023	31 December 2022
Short - term other receivables		
Other receivables from related parties (note 6)	3.319.100	2.403.161
Receivables from government agencies	548.338	736.750
Deposits and guarantees given	21.133	13.970
Other receivables	4.751	3.781
	3.893.322	3.157.662
Long - term other receivables		
Deposits and guarantees given	18.352	25.068
	18.352	25.068
Deferred Income		
- Related parties (note 6)	11.375	7.737
- Other parties	239.325	233.094
	250.700	240.831

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NOTE 9 – INVENTORIES

	30 June 2023	31 December 2022
Raw materials and supplies	3.669.181	2.440.442
Work in process	99.176	97.859
Finished goods	1.858.220	1.909.247
	5.626.577	4.447.548
Provision for impairment on inventories (-)	(7.864)	(27.161)
	5.618.713	4.420.387

As of 30 June 2023 the Company does not have inventories pledged as security for liabilities (31 December 2022: None). Cost of the inventory included in the cost of sales for the current period amounts to TL 15.368.642 thousand (1 January – 30 June 2022: TL 9.165.554 thousand).

NOTE 10 – PREPAID EXPENSES

	30 June 2023	31 December 2022
Prepaid expenses in current assets		
Prepaid expenses	135.502	103.693
Business advances given	57.052	32.108
	192.554	135.801
Prepaid expenses in non-current assets		
- Related parties (note 6)	241.526	-
Advances given for fixed asset purchases	203.874	325.407
Prepaid expenses		384
	445.400	325.791

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January				30 June
	2023	Additions	Disposals	Transfer	2023
Cost or revaluation					
Land	1.800.350	-	-	-	1.800.350
Land improvements	95.466	-	-	-	95.466
Buildings	2.228.891	15.404	-	13.957	2.258.252
Leasehold improvements	10.989	-	(10.678)	-	311
Machinery and equipment	3.532.246	353.078	(10.209)	90.360	3.965.475
Vehicles	1.317	-	-	-	1.317
Furniture and fixtures	159.807	13.375	(533)	14.484	187.133
Construction in progress (*)	1.445.818	768.570	-	(118.801)	2.095.587
				-	
	9.274.884	1.150.427	(21.420)	-	10.403.891
Accumulated depreciation					
Land improvements	-	2.521	-	-	2.521
Buildings	-	36.635	-	-	36.635
Leasehold improvements	10.963	15	(10.678)	-	300
Machinery and equipment	1.750.050	204.674	(10.044)	-	1.944.680
Vehicles	722	92	-	-	814
Furniture and fixtures	90.295	10.666	(487)	-	100.474
	1.852.030	254.603	(21.209)	-	2.085.424
Net book value	7.422.854				8.318.467

(*) A significant portion of construction in progress consists of investments related to the new dishwasher factory investment.

Mortgages on property, plant and equipment are disclosed in Note 14.

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

	1 January 2022	Additions	Disposals	Transfer	30 June 2022
Cost					
Land	755.907	-	-	-	755.907
Land improvements	64.057	-	-	-	64.057
Buildings	1.123.688	6.680	-	909	1.131.277
Leasehold improvements	13.784	822	-	172	14.778
Machinery and equipment	2.647.355	373.977	(5.788)	82.678	3.098.222
Vehicles	834	225	-	-	1.059
Furniture and fixtures	121.975	14.419	(176)	3.806	140.024
Construction in progress	71.418	427.941	-	(87.565)	411.794
	4.799.018	824.064	(5.964)	-	5.617.118
Accumulated depreciation					
Land improvements	-	3.204	-	-	3.204
Buildings	-	33.085	-	-	33.085
Leasehold improvements	9.084	991	-	-	10.075
Machinery and equipment	1.441.821	160.165	(5.699)	-	1.596.287
Vehicles	598	64	-	-	662
Furniture and fixtures	72.656	8.501	(172)	-	80.985
	1.524.159	206.010	(5.871)	-	1.724.298
Net book value	3.274.859				3.892.820

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

Allocation of depreciation and amortization expenses for the period is as follows:

	1 January - 30 June 2023	1 January - 30 June 2022
Cost of sales	268.024	210.616
Research and development expenses	51.628	42.655
Marketing, selling and distribution expenses	1.300	925
General administrative expenses	2.061	1.849
	323.013	256.045

NOTE 12 – RIGHT OF USE ASSETS

	1 January 2023	Additions	Disposals	30 June 2023
Cost				
Land and buildings	137.756	104.236	-	241.992
Machinery	50.691	1.999	-	52.690
	188.447	106.235	-	294.682
Accumulated amortization				
Land and buildings	61.831	23.792	-	85.623
Machinery	42.699	2.786	-	45.485
	104.530	26.578	-	131.108
Net book value	83.917		-	163.574

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NOTE 12 – RIGHT OF USE ASSETS (Cont’d)

	1 January			30 June
	2022	Additions	Disposals	2022
Cost				
Land and buildings	159.115	58.282	-	217.397
Machinery	44.035	821	(694)	44.162
	203.150	59.103	(694)	261.559
Accumulated amortization				
Land and buildings	37.674	18.081	-	55.755
Machinery	32.521	6.348	(12)	38.857
	70.195	24.429	(12)	94.612
Net book value	132.955		-	166.947

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NOTE 13 – INTANGIBLE ASSETS

	1 January			30 June
	2023	Additions	Disposals	2023
Cost				
Rights	6.567	-	-	6.567
Development cost	622.658	170.018	(20.769)	771.907
Other intangible assets	52.521	14.504	-	67.025
	681.746	184.522	(20.769)	845.499
Accumulated amortization				
Rights	6.429	11	-	6.440
Development cost	250.013	38.753	(5.427)	283.339
Other intangible assets	16.422	3.068	-	19.490
	272.864	41.832	(5.427)	309.269
Net book value	408.882			536.230

	1 January			30 June
	2022	Additions	Disposals	2022
Cost				
Rights	6.568	-	-	6.568
Development cost	452.565	83.143	(18.722)	516.986
Other intangible assets	34.816	6.320	-	41.136
	493.949	89.463	(18.722)	564.690
Accumulated amortization				
Rights	6.410	11	-	6.421
Development cost	203.382	23.738	(1.113)	226.007
Other intangible assets	12.207	1.857	-	14.064
	221.999	25.606	(1.113)	246.492
Net book value	271.950			318.198

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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.

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 June 2023	31 December 2022
Short - term provisions		
Provision for lawsuit	15.897	11.377
	15.897	11.377

b) Guarantees received by the Company

	30 June 2023	31 December 2022
Guarantee letters	432.789	351.382
Cheques and notes	740	740
Collaterals and pledges	34.418.986	26.010.366
	34.852.515	26.362.488

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

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

c) Collaterals, pledges, mortgages, and bail (“CPMB’s”) given by the Company are as follows:

CPMB's given by the Group	USD (‘000)	EUR (‘000)	TL	TL Equivalent
30 June 2023				
A. CPMB's given on behalf of its own legal entity	10.000	2.000	668.799	983.905
B. CPMB's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPMB's given	501.042	-	501.728	13.463.484
i. Total amount of CPMB's given on behalf of the parent company	380.820	-	376.364	10.228.025
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	120.222	-	125.364	3.235.459
iii.Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	511.042	2.000	1.170.527	14.447.389

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

	USD	EUR	TL	TL
CPMB's given by the Group	('000)	('000)		Equivalent
31 December 2022				
A. CPMB's given on behalf of its own legal entity	21.500	2.000	51.414	494.094
B. CPMB's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPMB's given	501.042	-	714.412	10.099.931
i. Total amount of CPMB's given on behalf of the parent company	380.820	-	589.049	7.722.569
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	120.222	-	125.363	2.377.362
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	522.542	2.000	765.826	10.594.025

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

Proportion of other CPM's given by the Company to its equity 190 % as of 30 June 2023 (31 December 2022: 160%).

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NOTE 15 – COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to USD 1.251.579 thousand (31 December 2022: USD 1.164.855 thousand) due to the export and investment incentive certificates obtained.

As of June 30, 2023, the Company has forward foreign currency sales contract of EUR 327.700 thousand, GBP 9.034 thousand, PLN 3.631 thousand, CHF 40 thousand, USD 24.125 thousand and TL 739.200 against purchase contract of TL 862.555, EUR 13.925 thousand, GBP 2.375 thousand and USD 370.597 thousand (31 December 2022 : The Company has forward foreign currency sales contract of EUR 383.372 thousand, GBP 4.500 thousand, PLN 49.806 thousand, USD 70.145 thousand and TL 2.123.273 against purchase contract of TL 1.169.111, EUR 14.668 thousand, PLN 14.097 thousand, GBP 13.139 thousand and USD 495.366 thousand).

NOTE 16 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 June 2023	31 December 2022
Due to personnel	224.755	116.402
Social security payables	137.996	53.611
	362.751	170.013

Long term provisions for employee benefits:

	30 June 2023	31 December 2022
Provision for employment termination benefits	598.852	518.760

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 19.982,83 TL/ year as of 30 June 2023 (31 December 2022: TL 15.371,40 /year).

The provision for employee termination benefits is not funded.

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NOTE 16 – EMPLOYEE BENEFITS (Cont’d)

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 30 June 2023 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 30 June 2023 provision is calculated based on real discount rate of 2% (31 December 2021: 2%) assuming 13,53 % annual inflation rate and 15,80% discount rate.

The main assumption is that the seniority ceiling for each year of service increases in line with inflation. Thus, the discount rate applied represents the actual rate adjusted for the expected effects of inflation. As the maximum liability is revised every six months, the maximum amount of TL 23.489,83 (1 January 2023: TL 19.982,83) effective from 1 July 2023 has been taken into consideration in calculating the reserve for employment termination benefits of the Company.

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

	1 January - 30 June 2023	1 January - 30 June 2022
Balance at 1 January	518.760	151.875
Increase during the year	68.656	453
Payments during the year	(116.732)	(10.362)
Actuarial (gain) /loss	105.015	41.443
Interest expense	23.153	16.927
Balance at 30 June	598.852	200.336

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NOTE 17 – OTHER ASSETS AND LIABILITIES

	30 June 2023	31 December 2022
Other current assets		
VAT carried forward	1.359	931
Income and discount accruals	75.488	38.017
	76.847	38.948
Other current liabilities		
Taxes and dues payable	146.437	134.766
Other	18.804	2.396
	165.241	137.162

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 June 2023	31 December 2022
Shares of par value TL 1 each		
Issued share capital	1.600.000	1.600.000

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NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)

a) Paid in capital (Cont’d)

As of 30 June 2023 and 31 December 2022 the shareholding structure is as follows:

a) Paid in capital (Cont’d)

	Shareholding		Amount	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş.	79,33%	80,66%	1.269.302	1.290.560
Shares held by public	20,67%	19,34%	330.698	309.440
	100,00%	100,00%	1.600.000	1.600.000

Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 7,750,000 shares of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on June 13, 2023, 8,500,000 shares on June 22, 2023 and 5,000,000 shares on June 23, 2023 at Borsa İstanbul.

With these transactions, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in the capital of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. decreased to 79.33%.

b) Adjustments to share capital

Adjustment to share capital is the difference between the share capital recalculated to adjust the effects of hyperinflation until 31 December 2004 and historical share capital.

	30 June 2023	31 December 2022
Adjustment to share capital	9.734	9.734

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NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)

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.

	30 June 2023	31 December 2022
Legal reserves	285.131	233.843

d) Retained earnings

	30 June 2023	31 December 2022
Extraordinary reserves	635.293	533.014
Previous years' profits	1.266.566	325.720
	1.901.859	858.734

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 redeemed shares right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

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NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)

e) Dividend distribution (Cont’d)

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.

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, the Company has decided to pay TL 352,828 thousand (TL 0.2205 gross and TL 0.1985 net for each share with a nominal value of TL 1.00) as dividend to the shareholders on July 31, 2023.

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NOTE 19 – REVENUE

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Domestic sales	6.367.482	3.984.913	3.656.887	2.355.562
Overseas sales	14.879.941	9.028.409	7.777.779	5.226.882
Gross sales	21.247.423	13.013.322	11.434.666	7.582.444
Less: Sales discounts	(60.635)	(43.201)	(35.569)	(30.075)
Net sales	21.186.788	12.970.121	11.399.097	7.552.369
Cost of sales	(17.504.945)	(10.327.832)	(9.084.515)	(6.031.135)
Gross profit	3.681.843	2.642.289	2.314.582	1.521.234

NOTE 20 – EXPENSES BY NATURE

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Raw materials, supplies and finished goods	15.368.642	9.165.554	8.006.062	5.408.842
Personnel expenses	1.487.881	741.470	735.874	383.089
Depreciation and amortization	323.013	256.045	157.674	129.540
Transportation, distribution, storage and comission expenses	921.449	686.761	488.846	425.936
Other	819.356	460.002	370.855	275.210
	18.920.341	11.309.832	9.759.311	6.622.617

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NOTE 21 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Personnel expenses	59.193	23.073	21.488	14.783
Consultancy and IT expenses	80.584	55.978	37.239	29.173
Rent and office expenses	7.824	4.377	4.753	2.145
Depreciation and amortization	2.061	1.849	1.059	932
Other	32.826	41.793	11.182	27.338
	182.488	127.070	75.721	74.371

b) Marketing expenses:

Personnel expenses	77.556	37.247	37.191	19.427
Transportation, distribution, storage and comission expenses	902.198	674.597	441.855	420.309
Tax and duties	32.700	22.328	13.071	12.581
Depreciation and amortization	1.300	925	663	474
Other	76.894	27.820	36.102	14.310
	1.090.648	762.917	528.882	467.101

c) Research and development expenses:

Depreciation and amortization	51.628	42.655	27.203	21.684
Personnel expenses	56.901	31.818	28.083	16.223
Other	33.731	17.540	14.907	12.103
	142.260	92.013	70.193	50.010

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NOTE 22 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Finance gains arising from trading activities	90.474	12.514	62.305	5.825
activities	2.553.742	951.967	2.221.980	389.187
Other income	3.672	78.284	2.843	15.990
	2.647.888	1.042.765	2.287.128	411.002

b) Other operating expenses	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Finance charges arising from trading activities	521	31.495	521	31.495
Foreign exchange expenses arising from trading	3.554.759	1.567.046	3.162.174	851.257
Other expenses	100.175	20.731	47.607	7.990
	3.655.455	1.627.351	3.210.302	890.742

NOTE 23 – FINANCE INCOME AND FINANCE EXPENSE

a) Finance income:	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Foreign exchange gains	979.124	656.328	905.943	364.219
Gains on derivative financial instruments	336.080	652.963	78.951	275.577
Interest income	105.276	96.834	57.326	55.081
	1.420.480	1.406.125	1.042.220	694.877

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NOTE 23 – FINANCE INCOME AND FINANCE EXPENSE (Cont’d)

b) Finance expense:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Foreign exchange losses	606.633	395.399	575.255	233.496
Losses on derivative financial instruments	547.972	763.742	281.866	273.940
Interest expense	447.794	205.905	191.200	78.604
Other finance expenses	210.920	1.444	209.536	627
	1.813.319	1.366.490	1.257.857	586.667

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

	30 June 2023	31 December 2022
Corporation and income taxes	98.852	2.909
Prepaid taxes	(48.519)	(2.956)
Current income tax liabilities - net	50.333	(47)
Deffered tax assets	516.164	254.646
Deferred tax assets	516.164	254.646

Corporate tax rate is applied to tax base by adding back non deductible expenses; deducting exceptions and discounts which are stated in taxaxion law. In case of any undistributed dividend, there is not any other tax payment. Therefore, in case of a distribution of the profit to;

- Individuals,
- Individuals and legal entities who are not subject to income and corporate tax,
- Individuals and legal entities who are limited taxpayers

is subject to 15% income tax withholding tax. In case of addition to capital from current year's profit, it is not considered as profit distribution and withholding tax is not applied.

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NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

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 75% of sale of 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.

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed between until the 25th day 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.

As per the Law numbered 7440 "Law on Restructuring of Certain Receivables and Amendment of Certain Laws" published in the Official Gazette on 12 March 2023, the Company is required to calculate additional tax at the rate of 10% on the exemption and discount amounts deducted from corporate income in accordance with the regulations in the laws and the bases subject to reduced corporate tax, and at the rate of 5% on exempt earnings, without being associated with the period earnings, by showing in the corporate tax declaration for the year 2022.

As of June 30, 2023, additional tax amounts calculated within the scope of the aforementioned regulation have been accrued in the financial statements of the Company and the effect of tax expense for the period is TL 98.328. The first installment of the tax was paid in May 2023.

Corporate Tax rate will be applied as 20% for the corporate income for the taxation period of 2023. (Note 29)

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NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

As of 1 January – 30 June 2023 and 2022 tax expense in the statement of income is as follows:

	1 January - 30 June 2023	1 January - 30 June 2022
Current period tax expense	(98.852)	(2.801)
Deferred tax benefit / (expense)	244.343	145.128
Total tax income	145.491	142.327

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 breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided using principal tax rate as of the balance sheet dates is as follows:

	Cumulative temporary differences		Deferred tax	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Deferred tax assets / liabilities				
Employment termination benefits	(598.852)	(518.760)	119.770	103.752
Investment incentive (*)	-	-	500.651	532.965
Net difference between book values and tax bases of tangible and intangible assets	(1.753.590)	(138.270)	350.718	27.654
Provision for impairment on inventories	(7.864)	(27.161)	1.573	5.432
Derivative financial instruments	(31.108)	(350.200)	6.222	70.040
Revaluation of tangible fixed assets	3.132.076	3.127.939	(485.938)	(491.632)
Other	(115.840)	(32.175)	23.168	6.435
			516.164	254.646

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NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

The company has revalued its depreciable assets as of December 31, 2022, in accordance with the Turkish taxation system within the scope of Turkish taxation system Article 298.Ç in the financial statements prepared for the current period. The deferred tax effect calculated as TL 244,949 as a result of the mentioned application has been accounted for in the income statement or statement of profit or loss and other comprehensive income during the six-month interim period ending on June 30, 2023.

The Company's earnings from investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or fully until the investment contribution amount is reached.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized for deductible temporary differences, tax losses and investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax.

As of June 30, 2023, the tax advantage amounting to TL 500.651 that the Company will benefit from in the foreseeable future is reflected in the financial statements as deferred tax asset. In line with the precautionary principle of accounting and in line with the budget made by the Company, the tax advantage arising from the investment incentives that the Company expects to benefit from in the coming year has been recognized as deferred tax asset in the financial statements. However, the tax advantage amounting to TL 3.080.024 that the Company is entitled to use has not been recognized in deferred tax assets in accordance with the precautionary principle of accounting.

Total tax advantage arising from investment incentive certificate used in the current period is TL 129.581.

The Company assesses the recoverability of deferred tax assets related to investment incentives based on business models that include estimates of taxable profit. These business models include forward-looking management estimates such as sales volumes, selling prices and exchange rate expectations. As a result of the sensitivity analyses on the forward-looking use of investment incentives, it has been concluded that a 10% increase/decrease in the related estimates has no impact on the recoverability of the related deferred tax assets.

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NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

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

	1 January - 30 June 2023	1 January - 30 June 2022
Opening balance, 1 January	254.646	132.778
Tax income recognized in income statement	244.343	145.128
Recognized in shareholders' equity	17.175	(2.788)
Deferred tax assets		
at the end of the period, net	516.164	275.118

NOTE 25– EARNINGS PER SHARE

	1 January - 30 June 2023	1 January - 30 June 2022
Net income attributable to equity holders of the parent	1.011.532	1.265.744
Weighted number of ordinary shares with a TL 1 of par value (thousand shares)	1.600.000	1.600.000
	0,63	0,79

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NOTE 26 – DERIVATIVE INSTRUMENTS

	30 June 2023		31 December 2022	
	Fair Value		Fair Value	
	Contract	Assets /	Contract	Assets /
	amount	(Liabilities)	amount	(Liabilities)
<u>Derivative financial assets:</u>				
Held for trading				
Forward foreign currency transactions	2.520.271	58.983	274.636	1.203
Cash flow hedge				
Forward foreign currency transactions	6.874.626	48.719	2.410.394	4.542
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	177.140	(132.159)	2.232.370	(197.961)
Cash flow hedge				
Forward foreign currency transactions	467.881	(6.651)	5.168.108	(157.984)
	10.039.918	(31.108)	10.085.508	(350.200)

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

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

30 June 2023	Other (TL			
	USD	EUR	Equivalent)	TL Equivalent
1. Trade receivables	27.817	254.515	99.027	7.982.963
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	3.677	4.749	839	229.494
2b. Non-monetary financial assets	-	-	-	-
3. Other	121.164	6.758	-	3.319.095
4. Current assets (1+2+3)	152.658	266.022	99.866	11.531.552
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	145	5.276	-	152.285
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	145	5.276	-	152.285
9. Total assets (4+8)	152.803	271.298	99.866	11.683.837
10. Trade payables	264.611	210.609	48.954	12.834.519
11. Financial liabilities	72.448	3.735	-	1.979.546
12a. Other monetary liabilities	-	34	17.177	18.136
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	337.059	214.378	66.131	14.832.201
14. Trade payables	-	234	-	6.600
15. Financial liabilities	-	11.608	-	327.401
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	11.842	-	334.001
18. Total liabilities (13+17)	337.059	226.220	66.131	15.166.202
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b) (*)	346.472	(313.775)	(242.696)	(147.505)
19a. Hedged total assets	370.597	13.925	77.918	10.039.926
19b. Hedged total liabilities	(24.125)	(327.700)	(320.614)	(10.187.431)
20. Net foreign currency asset/ (liability) position (9-18+19)	162.216	(268.697)	(208.961)	(3.629.870)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(184.401)	39.802	33.735	(3.634.650)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(31.108)
23. Export	62.071	636.441	192.973	14.879.941
24. Import	271.673	105.270	8.252	7.570.611

(*)The net asset / (liability) positions of derivative instruments in foreign currency are included outside the statement of financial position.

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

31 December 2022	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	29.570	238.673	187.763	5.498.594
2a. Monetary financial assets (including cash and cash equivalents)	- 9.764	- 14.193	- 1.221	- 466.727
2b. Non-monetary financial assets	-	-	-	-
3. Other	128.489	31	-	2.403.144
4. Current assets (1+2+3)	167.823	252.897	188.984	8.368.465
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	1.504	9.663	-	220.753
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	1.504	9.663	-	220.753
9. Total assets (4+8)	169.327	262.560	188.984	8.589.218
10. Trade payables	230.100	193.495	41.743	8.216.226
11. Financial liabilities	72.515	-	-	1.358.351
12a. Other monetary liabilities	-	11.265	-	224.971
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	302.615	204.760	41.743	9.799.548
14. Trade payables	-	9.157	-	182.873
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	9.157	-	182.873
18. Total liabilities (13+17)	302.615	213.917	41.743	9.982.421
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	425.221	(368.704)	42.017	642.849
19a. Hedged total assets	495.366	14.668	355.595	9.910.502
19b. Hedged total liabilities	(70.145)	(383.372)	(313.578)	(9.267.653)
20. Net foreign currency asset/ (liability) position (9-18+19)	291.933	(320.061)	189.258	(750.353)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(134.792)	38.980	147.241	(1.613.956)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(350.200)
23. Export	145.634	1.242.590	465.822	23.175.130
24. Import	563.708	242.049	19.656	13.404.762

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

As of 30 June 2023 and 31 December 2022, 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
30 June 2023				
Appreciation of USD against TL by 10%:				
USD net asset / liability	(477.373)	477.373	(477.373)	477.373
Secured portion from USD risk (-)	187.575	(187.575)	883.259	(883.259)
USD net effect	(289.798)	289.798	405.886	(405.886)
Appreciation of EUR against TL by 10%:				
EUR net asset / liability	125.763	(125.763)	125.763	(125.763)
Secured portion from EUR risk (-)	(201.586)	287.523	(919.546)	589.091
EUR net effect	(75.823)	161.760	(793.783)	463.328
Appreciation of other currency rates against TL by 10%:				
Other currencies net asset / liability	3.374	(3.374)	3.374	(3.374)
Secured portion from other currency risk (-)	(6.431)	(14.133)	21.378	(18.755)
Other currency net effect	(3.057)	(17.507)	24.752	(22.129)
Total	(368.678)	434.051	(363.145)	35.313

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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 2022				
Appreciation of USD against TL by 10%:				
USD net asset / liability	(250.246)	250.246	(250.246)	250.246
Secured portion from USD risk (-)	81.374	(81.374)	490.845	(490.845)
USD net effect	(168.872)	168.872	240.599	(240.599)
Appreciation of EUR against TL by 10%:				
EUR net asset / liability	96.201	(96.201)	96.201	(96.201)
Secured portion from EUR risk (-)	(139.565)	139.565	(695.871)	695.871
EUR net effect	(43.364)	43.364	(599.670)	599.670
Appreciation of other currency rates against TL by 10%:				
Other currencies net asset / liability	14.724	(14.724)	14.724	(14.724)
Secured portion from other currency risk (-)	627	(627)	10.679	(10.679)
Other currency net effect	15.351	(15.351)	25.403	(25.403)
Total	(196.885)	196.885	(333.668)	333.668

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NOTE 28– OTHER FINANCIAL LIABILITIES

The maturity of other financial liabilities is July 30, 2030 and the interest rate is EURIBOR+2,5.

NOTE 29– SUBSEQUENT EVENTS

On July 5, 2023, with the "Law Proposal on the Amendment of Certain Laws and the Decree Law No. 375 on the Amendment of Certain Laws and the Decree Law No. 375 on Additional Motor Vehicles Tax for the Compensation of the Economic Losses Caused by the Earthquakes Occurring on February 6, 2023", the corporate tax rate was increased from 20% to 25% as a result of a 5 percentage point increase in the corporate tax rate, and it was proposed to terminate the regulation exempting the income from the sale of immovable property from corporate tax. The law proposal was enacted on July 15, 2023.

Considering the date when the law will be implemented, the estimated financial impact expected to decrease the deferred tax asset carried forward today amounts to TL 45.568.