

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS AT
1 JANUARY – 31 DECEMBER 2023
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023**

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	729.540	953.664
Financial Assets		8.968	66.069
Trade Receivables		13.891.890	14.222.773
Trade Receivables Due from Related Parties	6	13.379.322	13.877.597
Trade Receivables Due from Third Parties	7	512.568	345.176
Other Receivables		3.614.671	5.202.972
Other Receivables Due from Related Parties	6	2.624.267	3.959.759
Other Receivables Due from Third Parties	8	990.404	1.243.213
Derivative Financial Instruments	27	35.076	9.467
Inventories	9	7.235.371	7.603.835
Prepaid Expenses		878.463	223.763
Prepayments to Related Parties	6	339.628	-
Prepayments to Third Parties	10	538.835	223.763
Current Tax Assets	25	16.495	77
Other Current Assets		84.876	64.179
Other Current Assets Due from Third Parties	18	84.876	64.179
TOTAL CURRENT ASSETS		26.495.350	28.346.799
NON-CURRENT ASSETS			
Other Receivables		6.007	41.305
Other Receivables Due from Third Parties	8	6.007	41.305
Property, Plant and Equipment	11	21.580.849	15.190.928
Right of Use Assets	12	671.165	395.236
Intangible Assets	13	1.379.734	1.045.457
Prepaid Expenses		780.921	770.734
Prepaid Expenses to Related Parties	6	563.826	-
Prepayments to Third Parties	10	217.095	770.734
TOTAL NON-CURRENT ASSETS		24.418.676	17.443.660
TOTAL ASSETS		50.914.026	45.790.459

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited 31 December 2023	Audited 31 December 2022
	Notes		
LIABILITIES			
CURRENT LIABILITIES			
Short Term Borrowings		2.162.460	8.995.832
Short Term Borrowings from Related Parties		3.555	2.607
Lease Liabilities	5,6	3.555	2.607
Short Term Borrowings from Third Parties		2.158.905	8.993.225
Bank Loans	5	2.152.356	8.975.606
Lease Liabilities	5	6.549	17.619
Current Portion of Long Term Borrowings		1.081.879	1.122.058
Current Portion of Long Term Borrowings from			
Third Parties		1.081.879	1.122.058
Bank Loans	5	312.971	16.596
Issued Debt Instruments	5	768.908	1.105.462
Other Financial Liabilities	30	57.891	-
Trade Payables		17.123.491	17.511.724
Trade Payables to Related Parties	6	1.352.613	1.036.390
Trade Payables to Third Parties	7	15.770.878	16.475.334
Payables Related to Employee Benefits	17	289.996	280.136
Other Payables		3.414.930	1.227.920
Other Payables to Related Parties	6	3.414.930	1.227.920
Derivative Financial Liabilities	27	386.130	586.500
Deferred Revenue		477.770	396.824
Deferred Revenues from Related Parties	8	477.418	12.748
Deferred Revenue from Third Parties	8	352	384.076
Current Tax Liabilities	25	10.170	-
Current Provisions		14.443	18.748
Other Current Provisions	15	14.443	18.748
Other Current Liabilities		192.376	225.340
Other Current Liabilities to Third Parties	18	192.376	225.340
TOTAL CURRENT LIABILITIES		25.211.536	30.365.082

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited 31 December 2023	Audited 31 December 2022
	Notes		
NON-CURRENT LIABILITIES			
Long Term Borrowings		1.344.802	126.889
Long Term Borrowings from Related Parties		133.313	113.319
Lease Liabilities	5,6	133.313	113.319
Long Term Borrowings from Third Parties		1.211.489	13.570
Bank Loans	5	1.205.031	3.158
Lease Liabilities	5	6.458	10.412
Other Financial Liabilities	30	257.015	-
Trade Payables		178.174	301.331
Trade Payables to Third Parties	7	178.174	301.331
Non-current Provisions		676.641	854.775
Non-current Provisions for Employee Benefits	17	676.641	854.775
Deferred Tax Liabilities	25	1.644.764	581.582
Other Non-current Liabilities		11.315	6.361
Other Non-current Liabilities to Third Parties		11.315	6.361
TOTAL NON-CURRENT LIABILITIES		4.112.711	1.870.938
TOTAL LIABILITIES		29.324.247	32.236.020

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited 31 December 2023	Audited 31 December 2022
	Notes		
EQUITY			
Equity Attributable to Owners of Parent		21.589.779	13.554.439
Issued Capital	19	1.600.000	1.600.000
Adjustments on Capital	19	6.231.085	6.231.085
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss		3.461.763	(396.882)
Gains (Losses) on Revaluation and Remeasurement		3.461.763	(396.882)
Increases on Revaluation of			
Property, Plant and Equipment		4.041.312	41.291
Losses on Remeasurement of Defined Benefit Plans		(579.549)	(438.173)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss		(186.382)	(181.423)
Losses on Hedge		(186.382)	(181.423)
Losses on Cash Flow Hedges		(186.382)	(181.423)
Restricted Reserves		1.198.318	1.239.341
Legal Reserves	19	1.198.318	1.239.341
Prior Years' Profits	19	4.560.543	4.850.530
Current Period Net Profit		4.724.452	211.788
TOTAL EQUITY		21.589.779	13.554.439
TOTAL LIABILITIES AND EQUITY		50.914.026	45.790.459

Financial statements for the period 1 January – 31 December 2023 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 5 April 2024. The general assembly and certain regulatory bodies have the authority to make changes to the statutory financial statements after they are published.

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD****1 JANUARY - 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited	Audited
		1 January -	1 January -
		31 December	31 December
	Notes	2023	2022
PROFIT OR LOSS			
Revenue	20	61.069.905	59.583.113
Cost of Sales	20	(51.094.963)	(53.782.067)
GROSS PROFIT		9.974.942	5.801.046
General Administrative Expenses	22	(525.816)	(587.475)
Marketing Expenses	22	(2.950.832)	(3.778.749)
Research and Development Expense	22	(557.891)	(540.284)
Other Income from Operating Activities	23	5.056.725	3.379.620
Other Expenses from Operating Activities	23	(8.305.329)	(5.725.993)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		2.691.799	(1.451.835)
PROFIT/(LOSS) BEFORE FINANCING INCOME		2.691.799	(1.451.835)
Finance Income	24	2.991.163	5.212.032
Finance Costs	24	(4.775.975)	(5.725.226)
Monetary Gain		4.593.697	2.431.144
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		5.500.684	466.115
Tax (Expense) Income, Continuing Operations		(776.232)	(254.327)
Current Tax Expense	25	(182.322)	(6.277)
Deferred Tax Income	25	(593.910)	(248.050)
PROFIT FOR THE PERIOD		4.724.452	211.788
Earnings per 100 share with a Kr 1 of Par Value (TL)	26	2,95	0,13

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD****1 JANUARY - 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

	Audited	Audited
	1 January -	1 January -
	31 December	31 December
Notes	2023	2022
PROFIT FOR THE PERIOD OTHER COMPREHENSIVE INCOME	4.724.452	211.788
Other Comprehensive Income that will		
not be Reclassified to Profit or Loss	3.859.266	(396.882)
Gains (Losses) on Revaluation of Property, Plant and Equipment	4.518.693	51.015
Gains (Losses) on Remeasurements of Defined Benefit Plans	(188.502)	(547.716)
Taxes Relating to Components of Other Comprehensive Income	(470.925)	99.819
Taxes Relating to Gains (Losses) on Revaluation	(518.051)	(9.724)
Taxes Relating to Remeasurements of Defined Benefit Plans	47.126	109.543
Other Comprehensive Income that will		
be Reclassified to Profit or Loss	(4.959)	(565.774)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	(6.612)	(707.218)
Gains (Losses) on Cash Flow Hedges	(6.612)	(707.218)
Taxes Relating to Components of Other Comprehensive Income	1.653	141.444
Taxes Relating to Cash Flow Hedges	1.653	141.444
OTHER COMPREHENSIVE INCOME	3.854.307	(962.656)
TOTAL COMPREHENSIVE INCOME	8.578.759	(750.868)

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

			Increase (Decreases) on	Gains (Losses) on		Other		Reserve Of	Other	Restricted	Prior Years'	Net Profit or	Retained	Equity attribut-	
	Issued	Inflation	Revaluation	Remeasure-	Gains (Losses)	Accumulated	Cash Flow	Gains or	Income That Will	Reserves	Profits or	Loss	Earnings	able to owners	
	Capital	Adjustments	of Property,	ment of	Revaluations and	Income That Will	Hedges	Losses on	Be Reclassified	Appropriated	Losses			of parent	
		on Capital	Equipment	Benefit Plans	Remeasurements	Not Be		Hedge	To Profit Or Loss	From Profits				Equity	
Previous Period															
1 January -31 December 2022															
Beginning of Period	1.600.000	6.231.085	-	-	-	-	384.351	384.351	384.351	982.003	6.514.120	-	6.514.120	15.711.559	
Total Comprehensive Income (Loss)	-	-	41.291	(438.173)	(396.882)	(396.882)	(565.774)	(565.774)	(565.774)	-	-	211.788	211.788	(750.868)	
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	211.788	211.788	211.788	
Other Comprehensive Income (Loss)	-	-	41.291	(438.173)	(396.882)	(396.882)	(565.774)	(565.774)	(565.774)	-	-	-	-	(962.656)	
Dividends Paid (Note 8)	-	-	-	-	-	-	-	-	-	257.338	(1.663.590)	-	(1.663.590)	(1.406.252)	
End of Period	1.600.000	6.231.085	41.291	(438.173)	(396.882)	(396.882)	(181.423)	(181.423)	(181.423)	1.239.341	4.850.530	211.788	5.062.318	13.554.439	
Current Period															
1 January -31 December 2023															
Opening Balance	1.600.000	6.231.085	41.291	(438.173)	(396.882)	(396.882)	(181.423)	(181.423)	(181.423)	1.239.341	4.850.530	211.788	5.062.318	13.554.439	
Transfers	-	-	(621)	-	(621)	(621)	-	-	-	-	212.409	(211.788)	621	-	
Total Comprehensive Income (Loss)	-	-	4.000.642	(141.376)	3.859.266	3.859.266	(4.959)	(4.959)	(4.959)	-	-	4.724.452	4.724.452	8.578.759	
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	4.724.452	4.724.452	4.724.452	
Other Comprehensive Income (Loss)	-	-	4.000.642	(141.376)	3.859.266	3.859.266	(4.959)	(4.959)	(4.959)	-	-	-	-	3.854.307	
Dividends Paid (Note 8)	-	-	-	-	-	-	-	-	-	(41.023)	(502.396)	-	(502.396)	(543.419)	
Closing Balance	1.600.000	6.231.085	4.041.312	(579.549)	3.461.763	3.461.763	(186.382)	(186.382)	(186.382)	1.198.318	4.560.543	4.724.452	9.284.995	21.589.779	

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited	Audited
		1 January -	1 January -
		31 December	31 December
	Notes	2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		3.907.270	2.950.418
Profit (Loss) for the Period		4.724.452	211.788
Profit (Loss) from Continuing Operations		4.724.452	211.788
Adjustments to Reconcile Profit		(645.247)	998.353
Adjustments for Depreciation and Amortisation Expense	11,12,13	1.955.535	1.984.892
Adjustments for Impairment Loss			
(Reversal of Impairment Loss)		(35.589)	36.058
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Receivables		657	(433)
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Inventories	9	(36.246)	36.491
Adjustments for Provisions		143.408	105.305
Adjustments for (Reversal of) Provisions Related with			
Employee Benefits		147.713	112.875
Adjustments for (Reversal of) Lawsuit and/or			
Penalty Provisions	15	(4.305)	(7.570)
Adjustments for Interest (Income) Expenses		2.130.731	898.048
Adjustments for Interest Income	24	(309.343)	(426.956)
Adjustments for Interest Expense	24	2.440.074	1.325.004
Adjustments for Unrealised Foreign			
Exchange Losses (Gains)		(1.121.645)	354.067
Adjustments for Fair Value Losses (Gains)		(232.591)	(239.294)
Adjustments for Fair Value (Gains) Losses on			
Derivative Financial Instruments		(232.591)	(239.294)
Adjustments for Tax (Income) Expenses	25	776.232	254.327
Adjustments for Losses (Gains) on Disposal of			
Non-Current Assets		(12.703)	(10.039)
Adjustments for Losses (Gains) Arised from			
Sale of Tangible Assets		(12.703)	(10.039)
Other Adjustments to Reconcile Profit (Loss)	4	14	24
Monetary Loss/Gain		(4.248.639)	(2.385.035)

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited	Audited
		1 January -	1 January -
		31 December	31 December
	Notes	2023	2022
Changes in Working Capital		197.540	1.797.543
Adjustments for Decrease (Increase) in Trade Accounts Receivable		330.226	(272.599)
Decrease (Increase) in Trade Accounts Receivables from			
Related Parties	6	498.275	(8.609)
Decrease (Increase) in Trade Accounts Receivables from			
Third Parties	7	(168.049)	(263.990)
Adjustments for Decrease (Increase) in Other Receivables			
Related with Operations		288.107	(114.411)
Decrease (Increase) in Other Third Party Receivables			
Related with Operations	8	288.107	(114.411)
Adjustments for Decrease (Increase) in Inventories	9	404.710	(56.455)
Decrease (Increase) in Prepaid Expenses	10	(654.700)	178.236
Adjustments for Increase (Decrease) in Trade Accounts Payable		(196.484)	1.508.539
Increase (Decrease) in Trade Accounts Payables to			
Related Parties	6	316.223	1.036.390
Increase (Decrease) in Trade Accounts Payables to Third Parties		(512.707)	472.149
Increase (Decrease) in Employee Benefit Liabilities	17	9.860	93.742
Increase (Decrease) in Deferred Revenues		80.946	396.758
Other Adjustments for Other Increase (Decrease) in			
Working Capital		(65.125)	63.733
Decrease (Increase) in Other Assets Related			
with Operations	18	(37.115)	(55.209)
Increase (Decrease) in Other Payables Related			
with Operations	18	(28.010)	118.942
Cash Flows from (used in) Operations		4.276.745	3.007.684
Payments Related with Provisions for Employee Benefits	17	(233.867)	(49.777)
Income Taxes Refund (Paid)	25	(135.608)	(7.489)

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

		Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
	Notes		
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(1.892.815)	(5.160.669)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		19.882	32.334
Proceeds from Sales of Property, Plant and Equipment		19.882	32.334
Purchase of Property, Plant, Equipment and Intangible Assets		(4.055.726)	(6.258.774)
Purchase of Property, Plant and Equipment	11	(3.592.667)	(6.005.306)
Purchase of Intangible Assets	13	(463.059)	(253.468)
Cash Advances and Loans Made to Other Parties		2.085.928	1.131.840
Cash Advances and Loans Made to Related Parties		1.281.628	1.530.524
Cash Advances and Loans Made to Third Parties		804.300	(398.684)
Other Cash Inflows (Outflows)		57.101	(66.069)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(1.900.663)	2.210.274
Proceeds from Borrowings		7.025.475	12.050.498
Proceeds from Loans	5	5.696.297	11.390.048
Proceeds from Other Financial Borrowings		1.329.178	660.450
Repayments of Borrowings		(9.392.432)	(3.190.269)
Loan Repayments	5	(8.025.750)	(3.120.555)
Issued bonds repayments		(1.366.682)	(69.714)
Increase in Other Payables to Related Parties		2.804.538	(3.778.992)
Payments of Lease Liabilities		5.918	(264.176)
Dividends Paid	6	(543.419)	(1.406.252)
Interest Paid		(1.821.230)	(1.224.175)
Interest Received		20.487	23.640
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		113.792	23
INFLATION EFFECT ON CASH AND CASH EQUIVALENTS		(374.889)	648.247
Effect of Exchange Rate Changes on Cash and Cash Equivalents		36.987	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(224.110)	648.270
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	953.628	305.358
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		729.518	953.628

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

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

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 509 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 657 square meters.

The Company is a member of Vestel Group of Companies which are under the control of Zorlu Family. The Company performs its export 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 Istanbul (“BİST”) since 21 April 2006.

As of 31 December 2023, the number of personnel employed was 9.171 (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.	77,33
Other shareholders	22,67
	100,00

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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.

Financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on 4 October 2022 and in the Financial Statement Samples and User Guide published by the CMB.

The Company bases its accounting records and preparation of its legal financial statements on the Turkish Commercial Code ("TTK"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of the Republic of Turkey. The financial statements have been prepared in Turkish Lira on the basis of historical cost, except for land, buildings and land improvements from the tangible assets group shown at their fair value, and financial assets and liabilities shown at their fair value.

Financial statements have been prepared by reflecting the necessary corrections and classifications in order to ensure accurate presentation in accordance with TFRS, on the legal records prepared on the historical cost basis.

Financial reporting in high-inflation economies

The Company has prepared its financial statements for the year dated 31 December 2023 and ending on the same date, by applying TMS 29 "Financial Reporting in High Inflation Economies" Standard, based on the announcement made by the KGK on 23 November 2023 and the "Implementation Guide on Financial Reporting in High Inflation Economies" published. In accordance with the said standard, financial statements prepared based on the currency of a hyperinflationary economy are prepared in the purchasing power of this currency at the balance sheet date, and comparative information is expressed in terms of the current measurement unit at the end of the reporting period for the purpose of comparison in the financial statements of the previous period. For this reason, the company has presented its financial statements as of December 31, 2022, on the basis of purchasing power as of December 31, 2023.

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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 accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards shall comply with the provisions of TMS 29, starting from their annual financial reports for the accounting periods ending as of 31 December 2023. It was decided to apply inflation accounting by applying.

Rearrangements made in accordance with TMS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TURKSTAT"). As of December 31, 2023, the indices and correction coefficients used in the correction of financial statements are as follows:

Date	Index	Correction Coefficient	Three-Year Compound Inflation Rate
31 December 2023	1.859,38	1,00000	%268
31 December 2022	1.128,45	1,64773	%156
31 December 2021	686,95	2,70672	%74

The main elements of the Company's adjustment for financial reporting purposes in high-inflation economies are as follows:

- Current period financial statements prepared in TL are expressed in purchasing power at the balance sheet date, and amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are currently expressed in current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of TMS 36 and TMS 2 were applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

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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)

- All items included in the statement of comprehensive income, except for non-monetary items in the balance sheet that have an impact on the statement of comprehensive income, are indexed with coefficients calculated over the periods in which the income and expense accounts are first reflected in the financial statements.
- The effect of inflation on the Company's net monetary asset position in the current period is recorded in the net monetary position gains/(losses) account in the income statement.

The Company measures its lands, land improvements and buildings at fair value by way of revaluation policy. As part of transition provisions in IAS 29 associated revaluation funds recognised under equity was reclassified to the retained earnings as of 1 January 2022.

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.

Comparative figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the currency in effect at the end of the reporting period. Information disclosed for previous periods is also expressed in the currency valid at the end of the reporting period.

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

The accounting policies used in the preparation of financial statements for the accounting period ending 31 December 2023 are consistent with those used in the previous year, except for the new and amended Turkish Accounting Standards ("TMS")/IFRS and TMS/IFRS interpretations valid as of 1 January 2023, summarized below. has been implemented. The effects of these standards and interpretations on the financial position and performance of the Company are explained in the relevant paragraphs.

a) Standards, amendments, and interpretations applicable as of 31 December 2023:

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

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

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

These standards, changes and improvements have no impact on the financial position and performance of the Company.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:

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

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

2.4. Amendments in Turkey Financial Reporting Standards (Cont'd)

Amendment to IAS 1 – Non current liabilities with covenants; It is valid for annual reporting periods beginning on or after 1 January 2024. These changes clarify how the requirements that an entity must comply with within twelve months after the reporting period affect the classification of a liability. The changes also aim to improve the information the entity provides regarding obligations subject to these conditions.

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.

2.4. Amendments in Turkey Financial Reporting Standards (Cont'd)

Amendments to IAS 21 Lack of Interchangeability; It is valid for annual reporting periods beginning on or after January 1, 2025. An entity is affected by these changes when it has a transaction or activity in a foreign currency that cannot be converted into another currency at a specific measurement date for a specific purpose. A currency may be exchanged when the opportunity to obtain another currency becomes available (with normal administrative delay) and the transaction; occurs through a market or exchange mechanism that creates enforceable rights and obligations.

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

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

However, in the Board Decision of the POA published in the Official Gazette dated December 29, 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of January 1, 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of determining businesses that will be subject to sustainability reporting within the scope of the "Board Decision Regarding the Scope of application of Turkish Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

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

2.5. Summary of significant accounting policies

2.5.1 Revenue

The Company recognizes revenue in accordance with TFRS 15 “Revenue from contracts with customers” standard by applying the following five step model:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all of 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.

Revenue is generated when control of the products is handed over to the customer and the customers have full authority over the product. Delivery takes place when the products are shipped to the customer's location, the risk of obsolescence and damage is transferred to the customers and the customers accept the products in accordance with the sales contract, the acceptance conditions have expired or the Company has objective evidence that all acceptance criteria have been met. If the Company is entitled to collect a fee from its customers that directly corresponds to the value of the completed performance for the customer (on delivery of the products), it recognizes the revenue in the financial statements as much as the amount it has the right to invoice.

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

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

2.5.1 Revenue (Cont'd)

The company has switched to the "intermediary export" model for its international sales through with its related party namely Vestel Ticaret A.Ş., which carries out marketing and sales activities, effective from 1 January 2022. In the intermediary export model, the Company is the main exporter and Vestel Ticaret is the agent. Trade receivables from Vestel Ticaret, which acts as an agent, arise from sales made through Vestel Ticaret, including to Vestel Group companies abroad.

If the company expects to refund some or all of the price collected from a customer to that customer, it reflects a refund liability in the financial statements. The refund liability is calculated based on the portion of the consideration that the business has collected (or will collect) for which it does not expect to be entitled. Previous experience is used to predict such returns at the portfolio level at the time of sale, and it is possible that a significant amount of revenue cancellation will not occur. The return obligation is updated at the end of each reporting period, taking into account changes in circumstances.

Previous experience is used to estimate sales discounts using the expected value method, with revenue recognized only to the extent that it is probable that a significant return will not occur. Sales discounts are recognized in sales discounts expected to be paid to customers in respect of sales made until the end of the period specified under other short-term provisions. There is no significant financing element as sales are made within an acceptable period of time consistent with market practice.

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.

When the net realizable value of inventories falls below their cost, the inventories are reduced to their net realizable value and reflected as an expense in the income statement in the year in which the impairment occurs.

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

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

2.5.2 Inventories (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 as at 31 December 2023.

Tangible assets other than land, land improvements and buildings are shown at cost on a TL purchasing power basis as of December 31, 2023, after deducting accumulated depreciation 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. Machinery 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.

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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)

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
Leasehold improvements	1-5 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.5.4 Leases

Profits and losses arising from the disposal of tangible fixed assets are included in other operating income and expenses accounts. When a revalued tangible asset is disposed of, the revaluation fund related to the disposed tangible asset is transferred to retained earnings.

Expenses arising from replacing any part of tangible fixed assets, together with maintenance and repair costs, can be capitalized if they increase the future economic benefit of the asset. All other expenses are recognized as expense items in the income statement as they occur.

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:

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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 Leases (Cont'd)

The Company – as a lessee

- 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 4 years; for building and warehouses is usually fixed from 1 to 20 years.

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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 Leases (Cont'd)

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;
- 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 - 20 years.

The Company – as a lessor

The Company's activities as a lessor are not material.

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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 Leases (Cont'd)

Right of use assets:

Right of use is recognized with cost method at first and includes items below:

- 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.

2.5.5 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;
- 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

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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 Intangible assets (Cont'd)

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 fifteen years.

Useful lives of intangible assets are as follows:

	<u>Useful life</u>
Rights	3 - 15 years
Development cost	2 - 10 years
Other	2 - 15 years

2.5.6 Financial instruments

a) Financial assets

The Company classifies its financial assets into three categories: financial assets measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. The classification depends on the basis of the business model determined according to utilization purposes and expected cash outflows. The Company classifies its financial assets 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.

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

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

2.5.6 Financial instruments (Cont'd)

a) Financial assets (Cont'd)

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.

Derivative financial instruments are first recorded at their fair value as of the date of entry into force of the relevant derivative contract, and are valued at their fair value in the following periods.

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 1 year). 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

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

c) Derivative financial instruments and hedge accounting

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.

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

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

2.5.6 Financial instruments (Cont'd)

c) Derivative financial instruments and hedge accounting (Cont'd)

The hedging transactions of the Company that qualify for hedge accounting are accounted in accordance with TFRS 9. TFRS 9 does not create any changes in hedge accounting principles. It is considered TFRS 9 has significant effect on financial statements.

Cash flow hedges:

As long as a cash flow hedge meets the qualifying criteria, the hedging relationship shall be accounted for as follows:

- (a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):
 - (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - (ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.
- (b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income.
- (c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss.

2.5.7 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.

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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 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.

2.5.9 Related parties

Subsidiaries, key management personnel and board members, close family members and companies controlled by or affiliated with them, affiliates and subsidiaries, and companies within the Zorlu Holding Group and their affiliates, subsidiaries and partnerships are considered as related parties.

2.5.10 Taxation on income

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items directly recognized in equity. In that case, tax is recognized in shareholders' equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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.

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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 Taxation on income (Cont'd)

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.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.5.11 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 2022 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.

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

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

2.5.12 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.

2.5.13 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.

2.5.14 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.

2.5.15 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function.

When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

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

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

2.5.16 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.

2.5.17 Borrowing costs and loans taken

Loans received are recorded at their net value after deducting transaction costs from their fair value at the date of receipt. Loans received are subsequently shown at discounted cost using the effective interest method. The difference between the remaining amount after deducting transaction costs and the discounted cost value is reflected in the consolidated statement of profit or loss and other comprehensive income as financing cost during the loan period, using the effective interest method. When financing costs arise from loans received, they are reflected in the consolidated statement of profit or loss and other comprehensive income. If the maturities of the loans received are less than 12 months from the date of the statement of financial position (balance sheet), they are shown in short-term liabilities, and if they are more than 12 months, they are shown in long-term liabilities.

Assets that necessarily require a long period of time (one year or more) to be ready for intended use or sale are defined as special assets. General or specific borrowing costs related to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until the asset is brought to the necessary formation and location to operate in line with management's objectives.

Monetary financial system in which borrowing costs are adjusted for the effect of inflation and capitalized

2.5.18 Going concern

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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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:

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 2022 by professional independent valuer firm. (Note 11).

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of market approach 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 depreciation on the re-construction costs. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.
- The values that may occur during the purchase/sale transactions may differ from these values.
- The values determined by the cost approach method were evaluated as of the date they were first reflected in the financial statements and the relevant period ends, in accordance with the provisions of the TMS 36 "Impairment of Assets" standard, whether there were impairment indicators and it was concluded that there was no impairment.

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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's 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

Segment revenue	1 January - 31 December 2023	1 January - 31 December 2022
Turkey	18.242.987	15.973.645
Europe	29.993.580	30.358.878
Other	13.114.215	13.408.886
Gross segment sales	61.350.782	59.741.409
Discounts (-)	(280.877)	(158.296)
Net sales	61.069.905	59.583.113

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

The amount of export is TL 43.107.794 thousand for the period ended 31 December 2023. (1 January-31 December 2022: TL 43.767.764 thousand).

88.3% of the export amount was realized in EUR, 9% in USD and 2.7% in other foreign currencies. Segment assets are not shown separately because a significant portion of the segment assets and the significant portion of the costs incurred to acquire the segment assets are incurred in Turkey.

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.

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NOTE 4 – CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash	1.237	1.056
Bank deposits		
- Demand deposits	671.352	702.966
- Time deposits	56.929	249.606
	729.518	953.628
Blocked deposits	22	36
Cash and cash equivalents	729.540	953.664

The effective interest rates for time deposits are as below:

	31 December 2023	31 December 2022
TL	34,74%	18,00%
EUR	-	0,01%
USD	-	0,01%

As of 31 December 2023 and 31 December 2022, the average maturity of the Group's time deposits is less than 3 months.

Based on the independent data with respect to the credit risk assessment of the banks, at which the Company has deposits, the credit quality of the banks is sufficient. The market values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet date.

NOTE 5 – FINANCIAL LIABILITIES

	31 December 2023	31 December 2022
Short term financial liabilities		
Short term bank loans	2.152.356	8.975.606
Short term portion of long term bank loans	312.971	16.596
Short term portion of long term lease liabilities	10.104	20.226
Short term issued bonds (*)	768.908	1.105.462
	3.244.339	10.117.890
Long term financial liabilities		
Long term bank loans	1.205.031	3.158
Long term lease liabilities	139.771	123.731
	1.344.802	126.889

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NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

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

	31 December 2023			31 December 2022		
	Weighted average of effective interest	Original currency	TL Equivalent	Weighted average of effective interest	Original currency	TL Equivalent
Currency						
- USD	10,65%	31.573	931.137	7,76%	72.515	2.238.195
- EUR	11,09%	10.683	348.628	-	-	-
- TL	38,97%	872.592	872.591	15,19%	6.737.411	6.737.411
			2.152.356			8.975.606

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

	31 December 2023			31 December 2022		
	Weighted average of effective interest	Original currency	TL Equivalent	Weighted average of effective interest	Original currency	TL Equivalent
Currency						
- TL	23,14%	312.971	312.971	20,33%	16.596	16.596
Short term portion			312.971	16.596		
- TL	20,65%	1.205.031	1.205.031	18,17%	3.158	3.158
Long term portion			1.205.031	3.158		
			1.518.002	19.754		

(*) A significant portion of long-term loans consists of loans used within the approval of the Investment Committed Advance Loan (YTAK) with a fixed interest rate of 1.5 billion TL, originating from the Central Bank, with a total maturity of 10 years, including a grace period of 2 years for principal repayment.

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NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

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

	31 December 2023	31 December 2022
One to two years	322.675	3.158
Two to three years	254.124	-
Three to four years	187.456	-
Over five years	440.776	-
	1.205.031	3.158

Guarantees given for the bank loans obtained are disclosed in note 15.

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.

It has fulfilled its financial commitments arising from its borrowings as of December 31, 2023 and 2022.

As of 31 December 2023 and 31 December 2022, reconciliation of net financial debt is as below:

	31 December 2023	31 December 2022
Net financial debt as of 1 January	9.070.462	3.307.677
Cash inflows from loans	7.025.475	12.050.499
Cash outflows from loan payments	(9.392.432)	(3.190.269)
Payments of lease liabilities	5.918	(435.291)
Unrealized Fx gain/loss	369.619	558.468
Accrued interest	74.204	48.435
Change in cash and cash equivalents	(224.110)	648.270
Monetary gain / (loss)	(3.322.890)	(3.917.327)
Net financial debt at the end of the period	3.606.246	9.070.462

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NOTE 6 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	31 December 2023	31 December 2022
Vestel Ticaret A.Ş. (1)	13.379.155	13.875.893
Other related parties	167	1.704
	13.379.322	13.877.597

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.

The company has switched to the "intermediary export" model for its international sales through with its related party namely Vestel Ticaret A.Ş., which carries out marketing and sales activities, effective from 1 January 2022. In the intermediary export model, the Company is the main exporter and Vestel Ticaret is the agent. Trade receivables from Vestel Ticaret, which acts as an agent, arise from sales made through Vestel Ticaret, including to Vestel Group companies abroad. There are insurance and guarantees regarding the receivables in question.

b) Short term trade payables to related parties

	31 December 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	465.101	174.940
Vestel Ticaret A.Ş. (1)	435.278	756.968
Vestel Holland B.V. (1)	412.358	81.314
Other related parties	42.445	25.800
	1.355.182	1.039.022
Deferred finance income (-)	(2.569)	(2.632)
	1.352.613	1.036.390

The short term payables to related parties consist of goods and service purchases.

c) Other short term receivables from related parties

	31 December 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	2.624.267	3.959.759
	2.624.267	3.959.759

The Company's interest rate of short term other receivables in USD is 8% and EUR is 7% (31 December 2022: in USD 7% and EUR 5%).

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

d) Other short term liabilities to related parties

	31 December 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	3.414.930	1.227.920
	3.414.930	1.227.920

The Company's interest rate of other payables in TL is 50% (As of 31 December 2021 the Company's interest rate of other payables in TL is 25%).

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

e) Lease liabilities to related parties

	31 December 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	136.868	115.926
	136.868	115.926

The Company's short term lease liabilities to Vestel Elektronik Sanayi ve Ticaret A.Ş. are amounted to TL 3.555 thousand and long term lease liabilities are amounted to TL 133.313 thousand (31 December 2022: short term TL 2.607 thousand and long term TL 113.319 thousand)

f) Deferred income from related parties

	31 December 2023	31 December 2022
Vestel Ticaret A.Ş. (1)	473.397	12.748
Diğer ilişkili kuruluşlar	4.021	-
	477.418	12.748

g) Long-term prepaid expenses to related parties

g) İlişkili taraflara uzun vadeli peşin ödenmiş giderler

	31 December 2023	31 December 2022
Zorlu Enerji Elektrik Üretim A.Ş. (3)	563.826	-
	563.826	-

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

h) Short-term prepaid expenses to related parties

	31 December 2023	31 December 2022
Vestel Holland B.V. (1)	335.565	-
Diğer ilişkili kuruluşlar	4.063	-
	339.628	-

i) Transactions with related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Sales		
Vestel Ticaret A.Ş. (1)	59.765.704	56.707.122
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	464.321	572.240
Other related parties	46.251	46.487
	60.276.276	57.325.849
Operating expenses		
Vestel Holland B.V. (1)	2.987.983	497.888
Vestel Ticaret A.Ş. (1)	1.427.851	999.036
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	3.005.788	768.453
Other related parties	231.369	154.508
	7.652.991	2.419.885

The sales and purchases and operating transactions to related parties consist of goods and service purchases.

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

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

i) Transactions with related parties (Cont'd)

	1 January - 31 December 2023	1 January - 31 December 2022
Other income from operating activities		
Vestel Ticaret A.Ş. (1)	4.358.258	2.557.513
Other related parties	483.606	77.855
	4.841.864	2.635.368
Other expense from operating activities		
Vestel Ticaret A.Ş. (1)	441.009	462.832
Vestel Holland B.V. (1)	119.739	-
Other related parties	178.336	68.475
	739.084	531.307
Dividend payment to non-controlling interests		
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	420.226	1.134.283
Publicly available part	123.193	271.969
	543.419	1.406.252
Financial income		
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	2.173.062	2.295.251
	2.173.062	2.295.251
Financial expense		
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	577.227	614.379
Vestel Ticaret A.Ş. (1)	355.839	-
	933.066	614.379

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

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

i) Transactions with related parties (Cont'd)

Fixed asset purchases from related parties

	31 Aralık 2023	31 Aralık 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	-	1.110.569
	-	1.110.569

Guarantees received from and given to related parties are disclosed in note 15.

j) 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 twelve months period ended 31 December 2023 is TL 45.313 thousand (1 January -31 December 2022: TL 37.545).

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
Short term trade receivables		
Trade receivables		
- Related parties (note 6)	13.379.322	13.877.597
- Other parties	515.073	347.024
	13.894.395	14.224.621
Allowance for doubtful receivables (-)	(2.505)	(1.848)
Total short term trade receivables	13.891.890	14.222.773

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

The Company has made a provision considering its past experience in collecting its trade receivables. Hence, the Company management made a provision assessment according to the expected credit losses model within the scope of TFRS 9 and as of 31 December 2023, no additional doubtful trade receivables risk was detected.

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

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NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Cont'd)

	31 December 2023	31 December 2022
Short term trade payables		
Trade payables		
- <i>Related parties (note 6)</i>	1.355.182	1.039.022
- <i>Other parties</i>	15.815.311	16.537.839
	17.170.493	17.576.861
Unearned interest income (-)		
- <i>Related parties (note 6)</i>	(2.569)	(2.632)
- <i>Other parties</i>	(44.433)	(62.505)
Total short term trade payables	17.123.491	17.511.724
Long term trade payables		
Trade payables		
- <i>Other parties</i>	178.174	301.331
Total long term trade payables	178.174	301.331

NOTE 8 – OTHER RECEIVABLES

	31 December 2023	31 December 2022
Short term other receivables		
Receivables from public institutions	953.832	1.213.965
Receivables from related parties (note 6)	2.624.267	3.959.759
Deposits and guarantees given	27.287	23.018
Other	9.285	6.230
Kısa vadeli diğer alacaklar toplamı	3.614.671	5.202.972

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NOTE 8 – OTHER RECEIVABLES (Cont'd)

	31 December 2023	31 December 2022
Long term other receivables		
Deposits and guarantees given	6.007	41.305
	6.007	41.305
Short term other payables		
Other payables		
- Related parties (Note 6)	3.414.930	1.227.920
	3.414.930	1.227.920
Deferred revenue		
- Related parties (Note 6)	477.418	12.748
- Other parties	352	384.076
	477.770	396.824

NOTE 9 – INVENTORIES

	31 December 2023	31 December 2022
Raw materials	4.539.399	4.153.181
Work in process	182.786	170.750
Finished goods	2.515.024	3.331.376
Merchandise	13.388	-
	7.250.597	7.655.307
Provision for impairment on inventories (-)	(15.226)	(51.472)
	7.235.371	7.603.835

As of 31 December 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 44.095.323 thousand (1 January – 31 December 2022: TL 47.493.262).

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NOTE 10 – PREPAID EXPENSES

	31 December 2023	31 December 2022
Short-term prepaid expenses		
- Related parties (Note 8)	339.628	-
Order advances given	471.668	170.858
Prepaid expenses	67.167	52.905
	878.463	223.763
Long-term prepaid expenses		
- Related parties (Note 8)	563.826	-
Advances given for purchase of fixed assets	216.229	770.102
Prepaid expenses	866	632
	780.921	770.734

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Disposals	Transfers	Fair value increase	31 December 2023
Cost or revaluation						
Land	2.966.489	-	-	-	4.120.766	7.087.255
Land improvements	157.301	984	-	251	433	158.969
Buildings	3.672.606	148.182	(39)	1.524.575	216.915	5.562.239
Leasehold improvements	2.329	228	-	-	-	2.557
Plant and machinery	18.654.272	1.048.853	(234.338)	1.686.071	-	21.154.858
Motor vehicles	5.719	1.919	(352)	-	-	7.286
Furniture and fixtures	878.049	42.677	(7.296)	52.071	-	965.501
Construction in progress	2.661.346	2.349.824	-	(3.263.784)	-	1.747.386
	28.998.111	3.592.667	(242.025)	(816)	4.338.114	36.686.051
Accumulated depreciation						
Land improvements	-	9.309	-	-	(9.309)	-
Buildings	-	171.270	-	-	(171.270)	-
Leasehold improvements	2.188	127	-	-	-	2.315
Plant and machinery	13.132.782	1.463.129	(227.392)	-	-	14.368.519
Motor vehicles	4.303	641	(352)	-	-	4.592
Furniture and fixtures	667.910	68.968	(7.102)	-	-	729.776
	13.807.183	1.713.444	(234.846)	-	(180.579)	15.105.202
Net book value	15.190.928					21.580.849

(*) A significant part of the investments being made are related to ongoing building investments. 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	Transfers	Fair value increase	31 December 2022
Cost or revaluation						
Land	2.046.025	915.684	-	-	4.780	2.966.489
Land improvements	173.384	157	-	-	(16.240)	157.301
Buildings	3.041.507	800.056	-	4.915	(173.872)	3.672.606
Leasehold improvements	92.050	4.788	(94.509)	-	-	2.329
Plant and machinery	17.065.388	1.298.373	(171.484)	461.995	-	18.654.272
Motor vehicles	4.986	1.007	(274)	-	-	5.719
Furniture and fixtures	804.486	48.081	(4.312)	29.794	-	878.049
Construction in progress	220.890	2.937.160	-	(496.704)	-	2.661.346
	23.448.716	6.005.306	(270.579)	-	(185.332)	28.998.111
Accumulated depreciation						
Land improvements	-	18.198	-	-	(18.198)	-
Buildings	-	218.149	-	-	(218.149)	-
Leasehold improvements	70.129	8.555	(76.496)	-	-	2.188
Plant and machinery	12.009.001	1.291.016	(167.235)	-	-	13.132.782
Motor vehicles	4.009	568	(274)	-	-	4.303
Furniture and fixtures	601.098	71.091	(4.279)	-	-	667.910
	12.684.237	1.607.577	(248.284)	-	(236.347)	13.807.183
Net book value	10.764.479					15.190.928

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

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales	1.646.019	1.656.925
Research and development expenses	286.510	304.941
Marketing, selling and distribution expenses	7.883	7.966
General administrative expenses	15.123	15.060
	1.955.535	1.984.892

Allocation of period depreciation and amortization expenses is as follows:

31 December 2023	Level 1	Level 2	Level 3	Total
Tangible Assets				
Lands	-	7.087.255	-	7.087.255
Buildings and land improvements	-	5.721.208	-	5.721.208
31 December 2022	Level 1	Level 2	Level 3	Total
Tangible Assets				
Lands	-	2.966.489	-	2.966.489
Buildings and land improvements	-	3.829.907	-	3.829.907

Cost and accumulated depreciation of land, land improvements and buildings before revaluation are as follows:

	Land	Land improvements and buildings
31 December 2022		
Cost	1.268.752	3.657.108
Accumulated depreciation (-)	-	(775.716)
Net book value	1.268.752	2.881.392

	Land	Land improvements and buildings
31 December 2021		
Cost	1.268.752	2.417.637
Accumulated depreciation (-)	-	(686.999)
Net book value	1.268.752	1.730.638

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NOTE 12 – RIGHT OF USE ASSETS

	1 January			31 December
	2023	Additions	Disposals	2023
Cost				
Land and buildings	589.786	389.674	(11.197)	968.263
Motor vehicles	210.939	2.479	-	213.418
	800.725	392.153	(11.197)	1.181.681
Accumulated amortization				
Land and buildings	261.718	100.975	(7.465)	355.228
Motor vehicles	143.770	11.518	-	155.288
	405.488	112.493	(7.465)	510.516
Net book value	395.237			671.165

	1 January			31 December
	2022	Additions	Disposals	2022
Cost				
Land and buildings	723.576	194.897	(328.687)	589.786
Motor vehicles	196.943	16.820	(2.824)	210.939
	920.519	211.717	(331.511)	800.725
Accumulated amortization				
Land and buildings	148.444	148.493	(35.219)	261.718
Motor vehicles	129.975	17.023	(3.228)	143.770
	278.419	165.516	(38.447)	405.488
	642.100			395.237

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NOTE 13 – INTANGIBLE ASSETS

	1 January 2023	Additions	Disposals	Currency translation differences	Transfers	31 December 2023
Cost						
Rights	104.677	-	-	-	-	104.677
Development cost	2.613.069	452.891	-	-	-	3.065.960
Other intangible assets	232.532	10.168	-	-	816	243.516
	2.950.278	463.059	-	-	816	3.414.153
Accumulated amortization						
Rights	104.049	107	-	-	-	104.156
Development cost	1.690.290	109.007	-	-	-	1.799.297
Other intangible assets	110.482	20.484	-	-	-	130.966
	1.904.821	129.598	-	-	-	2.034.419
Net book value	1.045.457					1.379.734

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	31 December 2022
Cost						
Rights	104.677	-	-	-	-	104.677
Development cost	2.400.116	212.953	-	-	-	2.613.069
Other intangible assets	192.017	40.515	-	-	-	232.532
	2.696.810	253.468	-	-	-	2.950.278
Accumulated amortization						
Rights	103.942	107	-	-	-	104.049
Development cost	1.494.613	195.677	-	-	-	1.690.290
Other intangible assets	94.467	16.015	-	-	-	110.482
	1.693.022	211.799	-	-	-	1.904.821
Net book value	1.003.788					1.045.457

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 since it is highly probable that it will derive economic benefit from these projects and the economic benefits and expenditures made during the development process can be reliably measured.

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NOTE 14 – GOVERNMENT GRANTS

There are investment incentive certificates to which the Company has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Company in nature are as follows:

- i) Exemption from customs duty on machinery and equipment to be imported,
- ii) Value-added tax exemption with respect to purchases of investment goods both from domestic and export markets,
- iii) Incentives under jurisdiction of the research and development law
- iv) Inward processing permission certificates,
- v) Cash refund from Tübitak-Teydeb for research and development expenses,
- vi) Discounted corporate tax incentive,
- vii) Insurance premium employer share incentive,

NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	31 December 2023	31 December 2022
Short term provisions		
Provision for lawsuit risks	14.443	18.748
	14.443	18.748

b) Guarantees received by the Company

	31 December 2023	31 December 2022
Guarantee letters	208.274	578.984
Cheques and notes	16.252	1.219
Collaterals and pledges	40.515.035	42.858.039
	40.739.561	43.438.242

The table above has been prepared based on the lower of the limits used or the amounts of guarantees received regarding the guarantees received by the Company. The amount of guarantees received by the Company, including the total collaterals amount, is 61,523,271 TL.

Vestel Elektronik Sanayi ve Ticaret A.Ş., Vestel Komünikasyon 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.

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NOTE 15 – 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 December 2023				
A. CPM's given on behalf of its own legal entity	15.800	13.895	625.204	1.544.597
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	-	501.727	15.278.107
i. Total amount of CPM's given on behalf of the parent company	380.820	-	376.364	11.607.241
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	3.670.866
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	516.842	13.895	1.126.931	16.822.704

The table above has been prepared based on the lower of the limits used or the amounts of guarantees received regarding the guarantees given by the Company. The total guarantee amount, as well as the guarantees, pledges, mortgages and guarantees given by the Company, are 946.100 thousand US Dollars, 13.895 thousand Euro, 1.456.604 TL, equivalent to a total of 29.811.753 TL.

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NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

	USD	EUR		
CPM's given by the Group	('000)	('000)	TL	TL Equivalent
31 December 2022				
A. CPM's given on behalf of its own legal entity	21.500	2.000	84.716	814.133
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	-	1.177.157	16.641.951
i. Total amount of CPM's given on behalf of the parent company	380.820	-	970.593	12.724.702
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	-	206.564	3.917.249
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	522.542	2.000	1.261.873	17.456.084

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 CPMB's given by the Company to its equity 71% as of 31 December 2023. (31 December 2022: 123%).

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NOTE 16 – COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to USD 1.093.911 (31 December 2022: USD 1.164.855 thousand) due to the export and investment incentive certificates obtained.

As of 31 December 2023 the Company has forward foreign currency purchase contract that amounts to EUR 23.517, PLN 6.895 GBP 10.794 and USD 675.619 against forward foreign currency sales contract that amounts to EUR 548.376, GBP 18.642 ,PLN 20.350, USD 12.352 and TL 2.542.725 (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 3.498.579 against purchase contract of TL 1.926.378, EUR 14.668 thousand, PLN 14.097 thousand, GBP 13.139 thousand and USD 495.366 thousand).

NOTE 17 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	31 December 2023	31 December 2022
Due to personnel	193.400	191.800
Social security payables	96.596	88.336
	289.996	280.136

Long term provisions for employee benefits:

	31 December 2023	31 December 2022
Provision for employment termination benefits	676.641	854.775
	676.641	854.775

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 23.489,83 TL/ year as of 31 December 2023 (31 December 2022: TL 15.371,40 /year). The provision for employee termination benefits is not funded.

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NOTE 17-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 31 December 2023 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 31 December 2023 provision is calculated based on real discount rate of 3,72% (31 December 2022: 2%) assuming 23,60% annual inflation rate and 49,25% 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 - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	854.775	411.083
Increase during the year	147.713	53.014
Payments during the year	(233.867)	(49.777)
Actuarial (gain) /loss	188.502	547.716
Interest expense	79.547	59.861
Monetary gain/ (loss)	(360.029)	(167.122)
Balance at 31 December	676.641	854.775

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NOTE 18 – OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Other current assets		
VAT carried forward	1.328	1.534
Rebates from suppliers and incentives income accruals	83.548	62.645
	84.876	64.179
Other current liabilities		
Tax payables	184.092	222.058
Other	8.284	3.282
	192.376	225.340

NOTE 19 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	31 December 2023	31 December 2022
Shares of par value Kr 1 each		
Issued share capital	1.600.000	1.600.000

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

	Shareholding		Amount	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. (*)	77,33%	80,66%	1.237.302	1.290.560
Stocks traded on BIST	22,67%	19,34%	362.698	309.440
	100%	100%	1.600.000	1.600.000

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NOTE 19 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

a) Paid in capital (Cont'd)

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, 5,000,000 shares on June 23, 2023 and 32,000,000 shares on August 14, 2023 at Borsa Istanbul. 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 77,33%.

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.

	31 December 2023	31 December 2022
Adjustments to share capital	6.231.085	6.231.085

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 December 2023	31 December 2022
Legal reserves	1.198.318	1.239.341

The differences arising as a result of converting the following inflation-adjusted amounts in the company's legal records into CPI-adjusted amounts within the scope of TAS 29 are accounted under the Retained Earnings item.

	PPI-Indexed Legal Records	CPI Indexed Amounts	Differences Tracked in Past Years Profits/Losses
Capital Adjustment Gains/Losses	8.152.194	6.231.085	1.921.109
Appropriated Retained Earnings	1.939.472	1.198.318	741.154

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NOTE 19 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

c) Restricted reserves ("Legal reserves") (Cont'd)

The details of the "Retained Years Profits or Losses" item in the Company's balance sheet prepared in accordance with TFRS within the scope of the first transition to TMS 29 inflation accounting are as follows:

	31 December 2022			
	January 1, 2022	January 1, 2022	Amount before	
	Amount before	Amount after	inflation accounting	31 December 2022
	inflation accounting	inflation	(excluding 2022 net	Amount after inflation
		accounting	profit/loss)	accounting
Prior Years Profits/Loss	1.642.079	6.514.120	858.734	4.850.530

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.

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 20 – SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	18.242.987	15.973.645
Overseas sales	43.107.795	43.767.764
Gross sales	61.350.782	59.741.409
Sales discounts (-)	(280.877)	(158.296)
Net sales	61.069.905	59.583.113
Cost of sales	(51.094.963)	(53.782.067)
Gross profit	9.974.942	5.801.046

NOTE 21 – EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Raw materials, supplies and finished goods	44.095.323	47.493.262
Personnel expenses	4.407.290	3.576.997
Depreciation and amortization	1.955.534	1.984.895
Export, transportation, warehouse expenses	2.379.727	3.433.252
Other	2.291.628	2.200.169
	55.129.502	58.688.575

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NOTE 21 – EXPENSES BY NATURE (Cont'd)

Fees for Services Received from Independent Auditor/Independent Audit Firm

The Company's explanation of the fees for the services received from the independent audit firm is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Independent Audit Fees	3.391	1.844
	3.391	1.844

NOTE 22 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	147.651	144.708
Depreciation and amortization	15.123	15.060
Consultancy expenses	277.615	230.460
Rent and office expenses	15.055	17.280
Travelling expenses	11.681	6.890
Energy expenses	5.937	8.406
Dışarıdan sağlanan fayda ve hizmetler	1.715	1.900
Other	51.039	162.771
	525.816	587.475

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NOTE 22 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Cont'd)

b) Marketing expenses:

	1 January - 31 December 2023	1 January - 31 December 2022
Export, transportation, warehouse expenses	2.323.376	3.358.600
Personnel expenses	218.332	181.821
Taxes, duties and fees	90.579	95.787
Depreciation and amortization	7.883	7.966
Sigorta giderleri	47.864	56.503
Other	262.798	78.072
	2.950.832	3.778.749

c) Research and development expenses:

	1 January - 31 December 2023	1 January - 31 December 2022
Depreciation and amortization	286.510	304.941
Personnel expenses	161.000	150.729
Other	110.381	84.614
	557.891	540.284

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NOTE 23 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income

	1 January - 31 December 2023	1 January - 31 December 2022
Credit finance gains arising from trading activities	187.579	126.533
Foreign exchange gains arising from trading activities	4.851.892	3.073.745
Other income	17.254	179.342
	5.056.725	3.379.620

b) Other operating expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Debit finance charges and interest income arising from trading activities	32.258	151.328
Foreign exchange expenses arising from trading activities	8.080.331	5.501.033
Other expenses	192.740	73.632
	8.305.329	5.725.993

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NOTE 24 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gains	1.938.599	2.026.039
Gains on derivative financial instruments	743.221	2.759.037
Interest income	309.343	426.956
	2.991.163	5.212.032

b) Financial expense:

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange losses	1.145.736	1.139.816
Losses on derivative financial instruments	1.226.501	3.021.954
Interest and commission expense	1.846.999	1.325.004
Other finance expenses	556.739	238.452
	4.775.975	5.725.226

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2023	31 December 2022
Corporation and income taxes	129.360	4.870
Prepaid taxes (-)	(135.685)	(4.947)
Current income tax liabilities - net	(6.325)	(77)
Deferred tax assets/liabilities - net	(1.644.764)	(581.582)

Pursuant to paragraph 1 of Article 6 of the Corporate Tax Law No. 5520, corporate tax is calculated on the net corporate income of the taxpayers for an accounting period.

Pursuant to paragraph 2 of the same article, by taking into account the provisions of Income Tax Law No. 193 on commercial income, pure corporate income is calculated by adding legally unacceptable expenses to the commercial income and deducting the exempt earnings and discounts from the commercial income.

With the amendment made to Article 32 of the Corporate Tax Law No. 5520 with Article 21 of the Law No. 7456, corporate taxpayers other than banks, companies within the scope of the Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies are subject to corporate tax at the rate of 25% on their net corporate earnings in 2023 and the following taxation periods. For banks, companies within the scope of Law No.

The above-mentioned amendment regarding the corporate tax rate will take effect starting from the declarations to be submitted on October 1, 2023. For the declarations submitted before this date, the corporate tax rate is 20%.

In addition to the corporate tax levied on corporate income, withholding income/corporate tax burden may arise if all or part of the profits of corporations are subject to profit distribution. By full taxpayer corporations;

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

- Full taxpayer real persons,
- For non-income and corporate taxpayers,
- For those exempt from income tax,
- Narrow taxpayer real persons,
- Limited taxpayers exempt from income tax,
- Institutions exempt from corporate tax,
- To limited taxpayer corporations or limited taxpayers exempt from corporate tax, except for those who obtain dividends through a place of business or permanent representative in Turkey,

In case of dividend distribution, 10% withholding income/corporate tax is payable. According to the Turkish tax legislation, capitalization of profit is not considered as dividend distribution.

Corporations are required to calculate advance tax on their quarterly earnings for the first 9 months of their accounting periods in accordance with the principles set out in the Income Tax Law No. 193 and at the corporate tax rate and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day.

Advance tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year.

Corporations are exempt from corporate tax on 75% of the gains arising from the sale of participation shares included in their assets for at least two full years and 25% of the gains arising from the sale of immovables included in their assets on July 15, 2023 for the same period.

As of July 15, 2023, corporate tax exemption is not applied to the gains arising from the sale of immovables taken into assets.

Under Turkish tax legislation, tax losses carried forward can be carried forward to offset against future taxable income for up to 5 years. However, tax losses cannot be offset against retained earnings.

In Turkey, there is no such practice as reconciliation with the tax authority on taxes payable. Corporate tax returns are required to be filed with the tax office by the 30th of the fourth month following the close of the accounting period and corporate tax is payable within the same period.

However, tax authorities may examine the accounting records within five years and the amount of tax payable may change if incorrect transactions are detected.

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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

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

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

For the periods ended December 31, 2023 and 2022, tax expenses recognized in the statement of comprehensive income are as follows;

	31 December 2023	31 December 2022
Current period tax expense	(182.322)	(6.277)
Deferred tax benefit	(593.910)	(248.050)
Total tax benefit	(776.232)	(254.327)

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

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

The reconciliation of the period tax expense with the calculated tax provision is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Profit before tax	5.500.684	466.115
Local tax rate	%25	%23
Tax income calculated using local tax rate	(1.375.171)	(107.206)
Non-deductible expenses	(131.623)	(77.107)
Deduction and exemptions	185.454	152.562
Reduced taxation	1.033.691	883.361
Deferred tax effect of change in legal tax rate	(56.090)	2.673
Monetary gain / loss	(748.016)	(729.794)
Other	315.523	(378.816)
Total tax benefit	(776.232)	(254.327)

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
Deferred tax assets/(liabilities)				
Employment termination benefits	(676.641)	(854.775)	169.160	170.955
Investment incentive	-	-	741.782	878.182
Net difference between book values and tax bases of property, plant and equipment and intangible asset	12.340.471	8.346.376	(2.636.836)	(1.671.590)
Provision for impairment on inventories	385.460	190.237	(96.365)	(38.048)
Derivative financial instruments	(351.054)	(577.033)	87.764	115.407
Other	(358.924)	182.440	89.731	(36.488)
			(1.644.764)	(581.582)

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.

Furthermore, financial statements consist of the deferred tax effect of the temporary differences accounted by the adjustments made regarding inflation accounting together with the notification of the Corporate Tax Law dated 30 December 2023 and numbered 32415.

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Deferred tax assets and liabilities (Cont'd)

As of December 31, 2023, the tax advantage amounting to TL 741.782 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 3.557.930 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 708.501.

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.

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

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance, 1 January	(581.582)	(574.795)
Tax benefit recognized in income statement	(593.910)	(248.050)
Recognized in shareholders' equity	(469.272)	241.263
Deferred tax assets at the end of the period, net	(1.644.764)	(581.582)

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NOTE 26– EARNINGS PER SHARE

	1 January - 31 December 2023	1 January - 31 December 2022
Net income / (loss) attributable to equity holders of the parent	4.724.452	211.788
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	1.600.000.000	1.600.000.000
Earnings per share	2,95	0,13

NOTE 27 – DERIVATIVE INSTRUMENTS

	31 December 2023		31 December 2022	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
<u>Derivative financial instruments:</u>				
Held for trading				
Forward foreign currency transactions	464.617	3.176	452.526	1.984
Cash flow hedge				
Forward foreign currency transactions	5.515.823	31.900	3.971.677	7.483
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	3.216.786	(56.690)	3.678.341	(326.185)
Cash flow hedge				
Forward foreign currency transactions	11.913.788	(329.440)	8.515.642	(260.315)
	21.111.014	(351.054)	16.618.186	(577.033)

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Capital risk management:

The Company manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through optimization of the debt and equity balance.

The management considers the cost of capital and the risks associated with each class of capital. The management aims to balance its overall capital structure through the payment of dividends, share issues and proceeds from or repayments of debt.

As of 31 December 2023 and 2022 the Company's net debt / total equity ratios are as follows:

	31 December 2023	31 December 2022
Total financial liabilities (Note 6)	4.589.141	10.244.779
Cash and cash equivalents (Note 5)	(729.518)	(953.628)
Net debt	3.859.623	9.291.151
Total shareholders equity	21.589.779	13.554.439
Total capital invested	25.449.402	22.845.590
Net debt/capital invested	15%	41%

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**b) Financial risk factors:**

The Company's activities expose it to a variety of financial risks including the foreign currency exchange rates risk, credit risk and liquidity risk. The Company's overall risk management program on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments in order to protect itself from various financial risks.

b.1) Credit risk:

Credit risk arises from bank deposits, trade receivables and other trade receivables. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of these agreements. The Company sells significant portion of its products to Vestel Ticaret A.Ş. which is a group company. Credit risk is evaluated by considering past experiences and current economic conditions and receivables is presented in the balance sheet after appropriate amount of provision for doubtful receivables is allocated. The company considers that the credit risk is managed effectively. The following statements show the analysis of credit risk as of 31 December 2023 and 31 December 2022:

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Receivables					
	Trade receivables		Other receivables		Bank deposits	Other
	Related party	Other party	Related party	Other party		
31 December 2023						
Maximum exposed credit risk as of 31 December 2022 (A+B+C+D)	13.379.322	512.568	2.624.267	996.411	728.281	1.259
- Secured portion of the maximum credit risk by guarantees, etc.	-	(64.000)	-	-	-	-
A.Net book value of financial assets either are not due or not impaired	12.263.164	118.264	2.624.267	996.411	728.281	1.259
- Secured portion by guarantees etc.	-	-	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C.Net book value of the overdue but not impaired financial assets	1.116.158	394.304	-	-	-	-
- Secured portion by guarantees etc.	-	(64.000)	-	-	-	-
D.Net book value of the impaired financial assets	-	-	-	-	-	-
-Over due (gross book value)	-	2.505	-	-	-	-
-Impairment (-)	-	(2.505)	-	-	-	-
-Secured portion of the net value by guarantees etc.	-	-	-	-	-	-
E. Off-balance sheet elements involving credit risk	-	-	-	-	-	-

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2022	Receivables				Bank deposits	Other
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
Maximum exposed credit risk as of 31 December 2021 (A+B+C+D)	13.877.597	345.176	3.959.759	1.284.518	952.572	1.092
- Secured portion of the maximum credit risk by guarantees, etc.	-	(154.421)	-	-	-	-
A.Net book value of financial assets either are not due or not impaired	13.877.597	188.906	3.959.759	1.284.518	952.572	1.092
- Secured portion by guarantees etc.	-	-	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C.Net book value of the overdue but not impaired financial assets	-	154.421	-	-	-	-
- Secured portion by guarantees etc.	-	(154.421)	-	-	-	-
D.Net book value of the impaired financial assets	-	-	-	-	-	-
-Over due (gross book value)	-	1.848	-	-	-	-
-Impairment (-)	-	(1.848)	-	-	-	-
-Secured portion of the net value by guarantees etc.	-	-	-	-	-	-
E. Off-balance sheet elements involving credit risk	-	-	-	-	-	-

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Aging of financial assets which are overdue but not impaired is as follows:

	31 December 2023	31 December 2022
Overdue 1 - 30 days	627.598	87.517
Overdue 1 - 3 months	236.732	60.524
Overdue 3 - 12 months	646.132	6.380
Total	1.510.462	154.421

b.2) Price risk:

Due to the fact that the Company's operating profit and cash flows from operating activities has been affected by competition in the sector and changes in raw material prices, the prices are monitored by the Company management and cost-cutting measures has been taken in order to mitigate cost pressure effect on price level. In addition, the Company reviews market prices for active financial and operational risk management regularly.

Existing risks has been monitored on Audit Committee and Board of Directors meetings and raw material prices in market is reviewed closely.

b.3) Liquidity risk:

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company manages liquidity risk by providing the continuity of sufficient funds and loan reserves by twinning the maturities of financial assets and liabilities by following cash flow regularly.

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented by undiscounted net inflows and outflows.

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2023:

Contractual maturities	Carrying value	Contractual				More than 5
		cash flows	Up to 3 months	3 - 12 months	1 - 5 years	years
Non-derivative financial liabilities						
Financial and lease liabilities	4.589.141	6.042.960	1.559.143	1.508.242	1.435.023	1.540.552
Trade payables	17.301.665	17.365.605	15.334.459	1.487.559	429.269	114.318
Other payables and liabilities	3.414.930	3.414.930	3.414.930	-	-	-
	25.305.736	26.823.495	20.308.532	2.995.801	1.864.292	1.654.870
Derivative financial instruments						
Derivative cash inflows		(21.111.014)	(9.354.319)	(11.756.695)	-	-
Derivative cash outflows		21.620.092	9.662.672	11.957.420	-	-
	351.054	509.078	308.353	200.725	-	-

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NOTE 28– FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2022:

Contractual maturities	Carrying value	Contractual			More than 5	
		cash flows	Up to 3 months	3 - 12 months	1 - 5 years	years
Non-derivative financial liabilities						
Financial and lease liabilities	10.244.779	10.770.278	2.882.336	7.869.808	18.134	-
Trade payables	17.813.055	17.930.957	15.328.583	2.191.539	295.558	115.277
Other payables and liabilities	1.227.920	1.227.253	1.227.253	-	-	-
	29.285.754	29.928.488	19.438.172	10.061.347	313.692	115.277
Derivative financial instruments						
Derivative cash inflows		(16.618.186)	(16.618.186)	-	-	-
Derivative cash outflows		14.703.419	14.703.419	-	-	-
	577.033	(1.914.767)	(1.914.767)	-	-	-

b.4) 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 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	USD	EUR	Other	
	(Thousand)	(Thousand)	(TL Equivalent)	TL Equivalent
31 December 2023				
1. Trade receivables	16.067	182.605	198.433	6.619.574
2a. Monetary financial assets (including cash and cash equivalents)	18.739	2.341	590	628.488
2b. Non-monetary financial assets	-	-	-	-
3. Other	52.992	47.760	2	3.115.721
4. Current assets (1+2+3)	87.798	232.706	199.025	10.363.783
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	6.636	2.017	-	261.053
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	6.636	2.017	-	261.053
9. Total assets (4+8)	94.434	234.723	199.025	10.624.836
10. Trade payables	245.638	193.029	87.968	13.631.190
11. Financial liabilities	31.573	12.461	-	1.337.764
12a. Other monetary liabilities	-	-	19.675	19.675
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	277.211	205.490	107.643	14.988.629
14. Trade payables	-	5.460	-	178.174
15. Financial liabilities	-	7.890	-	257.471
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	13.350	-	435.645
18. Total liabilities (13+17)	277.211	218.840	107.643	15.424.274
19. Off-balance sheet derivative instruments	-	-	-	-
net asset / (liability) position (19a+19b)	663.267	(524.859)	(398.637)	1.997.176
19a. Hedged total assets	675.619	23.517	455.990	21.111.014
19b. Hedged total liabilities	(12.352)	(548.376)	(854.627)	(19.113.838)
20. Net foreign currency asset/ (liability) position (9-18+19)	480.490	(508.976)	(307.255)	(2.802.262)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(189.413)	13.866	91.382	(5.060.491)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(351.054)
23. Export	132.539	1.231.812	753.533	43.107.795
24. Import	526.414	192.062	28.675	17.115.356

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	USD	EUR	Other (TL	
31 December 2022	(Thousand)	(Thousand)	Equivalent)	TL Equivalent
1. Trade receivables	29.570	238.673	187.763	9.060.198
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	9.764	14.193	1.221	769.040
2b. Non-monetary financial assets	-	-	-	-
3. Other	128.489	31	-	3.959.732
4. Current assets (1+2+3)	167.823	252.897	188.984	13.788.964
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	1.504	9.663	-	363.742
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	1.504	9.663	-	363.742
9. Total assets (4+8)	169.327	262.560	188.984	14.152.706
10. Trade payables	230.100	193.495	41.743	13.538.122
11. Financial liabilities	72.515	-	-	2.238.196
12a. Other monetary liabilities	-	11.265	-	370.692
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	302.615	204.760	41.743	16.147.002
14. Trade payables	-	9.157	-	301.325
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	9.157	-	301.325
18. Total liabilities (13+17)	302.615	213.917	41.743	16.448.326
19. Off-balance sheet derivative instruments	-	-	-	-
net asset / (liability) position (19a+19b)	425.221	(368.704)	42.017	1.059.242
19a. Hedged total assets	495.366	14.668	355.595	16.329.832
19b. Hedged total liabilities	(70.145)	(383.372)	(313.578)	(15.270.589)
20. Net foreign currency asset/ (liability) position (9-18+19)	291.933	(320.061)	189.258	(1.236.378)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(134.792)	38.980	147.241	(2.659.363)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(577.035)
23. Export	145.634	1.242.590	465.822	43.767.764
24. Import	563.708	242.049	19.656	22.087.418

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 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
31 December 2023				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(539.535)	539.535	(539.535)	539.535
Secured portion from USD risk (-)	403.745	(403.745)	1.922.151	(1.922.151)
USD net effect	(135.790)	135.790	1.382.616	(1.382.616)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	50.453	(50.453)	50.453	(50.453)
Secured portion from EUR risk (-)	(172.163)	172.163	(1.764.675)	1.764.675
EUR net effect	(121.710)	121.710	(1.714.222)	1.714.222
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	9.138	(9.138)	9.138	(9.138)
Secured portion from other currency risk (-)	5.671	(5.671)	43.490	(43.490)
Other currency net effect	14.809	(14.809)	52.628	(52.628)
Total	(242.691)	242.691	(278.978)	278.978

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2022				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(412.338)	412.338	(412.338)	412.338
Secured portion from USD risk (-)	134.082	(134.082)	808.780	(808.780)
USD net effect	(278.256)	278.256	396.442	(396.442)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	158.513	(158.513)	158.513	(158.513)
Secured portion from EUR risk (-)	(229.965)	229.965	(1.146.607)	1.146.607
EUR net effect	(71.452)	71.452	(988.094)	988.094
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	24.261	(24.261)	24.261	(24.261)
Secured portion from other currency risk (-)	1.033	(1.033)	17.596	(17.596)
Other currency net effect	25.294	(25.294)	41.857	(41.857)
Total	(324.414)	324.414	(549.795)	549.795

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

b.5) Interest rate risk:

The Company is exposed to interest rate risk as the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate hedge contracts and forward interest rate contracts.

Analysis of financial instruments of the Company which are sensitive to interest rate changes is as follows:

	31 December 2023	31 December 2022
Financial instruments with fixed interest rates		
Bank deposits	56.929	249.606
Financial liabilities	3.612.442	1.444.584
Financial instruments with floating interest rates		
Financial liabilities	976.699	8.800.195

On 31 December 2023, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has strengthened / weakened by 100 basis points with all other variables held constant, income before taxes would have been TL 46.893 (2022: TL 27.977) lower / higher as a result of interest expenses.

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Categories of financial instruments and fair values

The Company classifies its financial assets into three categories: financial assets measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. Among Company's financial assets, cash and cash equivalents (note 4), trade receivables (notes 6 and 7) and other receivables (notes 6 and 8), are classified as loans and receivables and are measured at amortized cost using the effective interest method.

Company's financial liabilities consist of financial liabilities (note 5) and trade payables (note 7) are measured at amortized cost using the effective interest method.

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**NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)
(Cont'd)**

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Company, using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Monetary assets

The book value of foreign currency denominated balances which are translated to TL using exchange rates prevailing on the date of the balance sheet approximate their fair values. For financial assets measured at cost including cash and cash equivalents, the carrying amounts are the same with fair values due to their short term nature. Carrying amounts of trade receivables net of impairments approximate their fair values.

Monetary liabilities

The fair values of short term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. Fair value is calculated by discounting the cash out flows regarding due dates of financial liabilities considering the changing country risk premium and changes in the market interest rates.

Fair value hierarchy

The Company classifies the fair value measurement of each class of financial instruments according to the source, using the three level hierarchy, as follows:

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**NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)
(Cont'd)**

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques do not contain observable market inputs

Fair value hierarchy tables as of 31 December 2023 and 31 December 2022 are as follows:

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	(351.054)	-	(351.054)

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	(577.033)	-	(577.033)

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**NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)
(Cont'd)**

The Company's non-financial assets, calculated at fair value as of December 31, 2023 and 2022, are as follows:

31 December 2023	Level 1	Level 2	Level 3	Total
Tangible Assets				
Lands	-	7.087.255	-	7.087.255
Buildings and land improvements	-	5.721.208	-	5.721.208
31 December 2022	Level 1	Level 2	Level 3	Total
Tangible Assets				
Lands	-	2.966.489	-	2.966.489
Buildings and land improvements	-	3.829.907	-	3.829.907

NOTE 30 - OTHER FINANCIAL LIABILITIES

The maturity of other financial liabilities is 30 July 2030 and the interest rate is EURIBOR+2.5.

NOTE 31 – SUBSEQUENT EVENTS

None.