

**VESTEL ELEKTRONİK SANAYİ VE TİCARET  
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY- 31 MARCH 2021**

**(ORIGINALLY ISSUED IN TURKISH)**

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY – 31 MARCH 2021**

<b>CONTENTS</b>	<b>PAGE</b>
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS .....	1-5
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	6-7
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	8
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS .....	9-11
<b>NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2021</b>	
NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS.....	12-13
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS.....	13-35
NOTE 3 INTERESTS IN OTHER ENTITIES.....	36-38
NOTE 4 SEGMENT REPORTING.....	38-40
NOTE 5 CASH AND CASH EQUIVALENTS.....	40
NOTE 6 FINANCIAL ASSETS.....	41
NOTE 7 FINANCIAL LIABILITIES .....	41-43
NOTE 8 RELATED PARTY DISCLOSURES.....	44-46
NOTE 9 TRADE RECEIVABLES AND PAYABLES.....	47-48
NOTE 10 OTHER RECEIVABLES.....	49
NOTE 11 INVENTORIES.....	49-50
NOTE 12 PREPAID EXPENSES.....	50
NOTE 13 INVESTMENTS RECOGNIZED BY EQUITY PICKUP METHOD .....	51-52
NOTE 14 PROPERTY, PLANT AND EQUIPMENT .....	53-55
NOTE 15 RIGHT OF USE ASSETS.....	56
NOTE 16 INTANGIBLE ASSETS.....	57-58
NOTE 17 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	58-60
NOTE 18 COMMITMENTS .....	60
NOTE 19 EMPLOYEE BENEFITS.....	61-62
NOTE 20 OTHER ASSETS AND LIABILITIES.....	62
NOTE 21 CAPITAL, RESERVES AND OTHER EQUITY ITEMS .....	63-65
NOTE 22 SALES .....	66
NOTE 23 EXPENSES BY NATURE .....	66
NOTE 24 GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES.....	67
NOTE 25 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES .....	68
NOTE 26 FINANCIAL INCOME AND FINANCIAL EXPENSES .....	68-69
NOTE 27 TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) .....	69-72
NOTE 28 EARNINGS / (LOSS) PER SHARE .....	73
NOTE 29 DERIVATIVE INSTRUMENTS .....	73
NOTE 30 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT.....	73-77
NOTE 31 SUBSEQUENT EVENTS .....	77

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2021 AND 31**  
**DECEMBER 2020**

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

		<b>Audited</b>		
		<b>Footnotes</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	5		3.162.411	3.201.571
Trade Receivables			4.807.058	5.412.504
Trade Receivables Due from Related Parties	8		10.913	15.473
Trade Receivables Due from Third Parties	9		4.796.145	5.397.031
Other Receivables			617.403	637.914
Other Receivables Due from Related Parties	8		254.822	278.551
Other Receivables Due from Third Parties	10		362.581	359.363
Derivative Financial Assets			133.367	111.789
Derivative Financial Assets Held for Trading	29		32.746	105.345
Derivative Financial Assets Held for Hedging	29		100.621	6.444
Inventories	11		5.608.351	4.061.469
Prepayments			405.200	230.086
Prepayments to Third Parties	12		405.200	230.086
Current Tax Assets	27		-	2.197
Other Current Assets			90.203	119.997
Other Current Assets Due from	20		90.203	119.997
<b>TOTAL CURRENT ASSETS</b>			<b>14.823.993</b>	<b>13.777.527</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2021 AND 31**  
**DECEMBER 2020**

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

		<b>Audited</b>		
		<b>Footnotes</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>NON-CURRENT ASSETS</b>				
Financial Investments	6		75.822	79.502
Investments in subsidiaries, joint ventures and associates	13		985.044	923.330
Trade Receivables			3.627	2.307
Trade Receivables Due From Related Parties			768	768
Trade Receivables Due from Third Parties	9		2.859	1.539
Other Receivables			6.881.790	5.968.570
Other Receivables Due from Related Parties	8		6.873.753	5.961.187
Other Receivables Due from Third Parties	10		8.037	7.383
Property, Plant and Equipments			4.882.291	4.815.797
Land and Premises	14		1.148.205	1.145.890
Land Improvements	14		137.176	135.762
Buildings	14		2.130.048	2.113.319
Machinery and Equipments	14		1.321.201	1.284.840
Vehicles	14		756	1.074
Fixtures and Fittings	14		91.746	88.842
Leasehold Improvements	14		8.518	8.006
Construction in Progress	14		44.641	38.064
Right of Use Assets	15		191.488	199.761
Intangible Assets and Goodwill			939.007	907.508
Goodwill			196.568	196.568
Other Rights	16		28.050	29.044
Capitalized Development Costs	16		638.556	609.948
Other Intangible Assets	16		75.833	71.948
Prepayments			88.267	73.380
Prepayments to Third Parties	12		88.267	73.380
Deferred Tax Asset	27		405.173	321.146
Other Non-current Assets	20		7.819	9.590
<b>TOTAL NON-CURRENT ASSETS</b>			<b>14.460.328</b>	<b>13.300.891</b>
<b>TOTAL ASSETS</b>			<b>29.284.321</b>	<b>27.078.418</b>

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2021 AND 31**  
**DECEMBER 2020**

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

		<b>Audited</b>	
	<b>Footnotes</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Current Borrowings	7	6.778.956	3.047.824
Current Borrowings from Related Parties		10.428	12.644
Lease Liabilities	8	10.428	12.644
Current Borrowings from Third Parties		6.768.528	3.035.180
Bank Loans	7	6.226.086	2.887.146
Lease Liabilities	7	78.998	94.589
Issued debt instruments	7	463.444	53.445
Current Portion of Non-current Borrowings	7	1.683.581	3.933.163
Current Portion of Non-current Borrowings from			
Third Parties		1.683.581	3.933.163
Bank Loans	7	1.683.581	3.933.163
Trade Payables		9.264.606	8.060.078
Trade Payables to Related Parties	8	34.580	29.601
Trade Payables to Third Parties	9	9.230.026	8.030.477
Employee Benefit Obligations	19	231.847	245.568
Other Payables		107.453	71.923
Other Payables to Related Parties	8	78.765	69.442
Other Payables to Third Parties		28.688	2.481
Derivative Financial Liabilities		108.433	303.178
Derivative Financial Liabilities Held for Trading	29	91.108	135.768
Derivative Financial Liabilities Held for Hedging	29	17.325	167.410
Current Tax Liabilities	27	1.361	10.554
Current Provisions	17	683.347	745.810
Other Current Provisions		683.347	745.810
Other Current Liabilities	20	726.434	706.190
Other Current Liabilities to Third Parties		726.434	706.190
<b>TOTAL CURRENT LIABILITIES</b>		<b>19.586.018</b>	<b>17.124.288</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2021 AND 31**  
**DECEMBER 2020**

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

		<b>Audited</b>		
		<b>Footnotes</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>NON-CURRENT LIABILITIES</b>				
Long Term Borrowings	7		743.090	1.833.675
Long Term Borrowings from Related Parties			19.371	20.333
Lease Liabilities	8		19.371	20.333
Long Term Borrowings from Third Parties			723.719	1.813.342
Bank Loans	7		554.751	1.657.777
Lease Liabilities	7		118.588	105.185
Issued debt instruments	7		50.380	50.380
Trade Payables			85.234	61.787
Trade Payables to Third Parties	9		85.234	61.787
Non-current Provisions			338.306	298.808
Non-current Provisions for Employee Benefits	19		263.174	226.307
Other Non-current Provisions	17		75.132	72.501
Deferred Tax Liabilities	27		407.396	333.362
Other Non-current Liabilities			520	964
Other Non-current Liabilities to Third Parties			520	964
<b>TOTAL NON-CURRENT LIABILITIES</b>			<b>1.574.546</b>	<b>2.528.596</b>
<b>TOTAL LIABILITIES</b>			<b>21.160.564</b>	<b>19.652.884</b>

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**DECEMBER 2020**

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

		<b>Audited</b>	
	<b>Footnotes</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>EQUITY</b>			
<b>Equity Attributable to Owners of Parent</b>		<b>7.630.671</b>	<b>7.071.747</b>
Issued Capital	21	335.456	335.456
Inflation Adjustments on Capital		688.315	688.315
Share Premium (Discount)		95.151	98.019
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		2.395.900	2.449.676
Gains (Losses) on Revaluation and Remeasurement		2.395.900	2.449.676
Increases (Decreases) on Revaluation of Property, Plant and Equipment	21	2.470.537	2.514.867
Gains (Losses) on Remeasurements of Defined Benefit Plans		(74.637)	(65.191)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		603.842	580.551
Exchange Differences on Translation		538.271	612.892
Gains (Losses) on Hedge		57.080	(43.776)
Gains (Losses) on Cash Flow Hedges		57.080	(43.776)
Gains (Losses) on Revaluation and Reclassification		8.491	11.435
Gains (Losses) on Remeasuring Financial Assets Measured of Fair Value through Other Compressive Income	21	8.491	11.435
Restricted Reserves Appropriated from Profits		67.091	67.091
Legal Reserves	21	67.091	67.091
Prior Years' Profits or Losses	21	3.224.571	1.080.040
Current Period Net Profit Or Loss		220.345	1.772.599
<b>Non-controlling Interests</b>		<b>493.086</b>	<b>353.787</b>
<b>TOTAL EQUITY</b>		<b>8.123.757</b>	<b>7.425.534</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>29.284.321</b>	<b>27.078.418</b>

Consolidated financial statements for the period 1 January – 31 March 2021, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 27 April 2021.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE INTERIM PERIODS 1 JANUARY - 31 MARCH 2021 AND 2020**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	<b>Footnotes</b>	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
<b>PROFIT OR LOSS</b>			
Revenue	22	6.200.674	3.930.802
Cost of Sales	22	(4.686.895)	(2.811.591)
<b>GROSS PROFIT</b>		<b>1.513.779</b>	<b>1.119.211</b>
General Administrative Expenses	24	(119.950)	(111.013)
Marketing Expenses	24	(630.284)	(485.795)
Research and Development Expense	24	(96.137)	(64.957)
Other Income from Operating Activities	25	440.331	328.460
Other Expenses from Operating Activities	25	(952.683)	(658.191)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>155.056</b>	<b>127.715</b>
Share of Profit (Loss) from Investments Accounted for Using Equity Method	13	(25.769)	(71.005)
<b>PROFIT BEFORE FINANCING INCOME</b>		<b>129.287</b>	<b>56.710</b>
Finance Income	26	1.557.882	902.801
Finance Costs	26	(1.469.253)	(687.665)
<b>PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX</b>		<b>217.916</b>	<b>271.846</b>
Tax (Expense) Income, Continuing Operations		41.912	(35.372)
Current Period Tax (Expense) Income	27	(5.628)	(3.427)
Deferred Tax (Expense) Income	27	47.540	(31.945)
<b>PROFIT FROM CONTINUING OPERATIONS</b>		<b>259.828</b>	<b>236.474</b>
<b>PROFIT</b>		<b>259.828</b>	<b>236.474</b>
<b>Profit (loss), attributable to</b>			
Non-controlling Interests		39.483	6.425
Owners of Parent		220.345	230.049
<b>Earnings per 100 share with a Kr 1 of Par Value (TL)</b>		<b>28</b>	<b>0,66</b>
			<b>0,69</b>

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE INTERIM PERIODS 1 JANUARY - 31 MARCH 2021 AND 2020**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>	<b>(4.359)</b>	<b>(1.775)</b>
Gains (Losses) on Remeasurements of Defined Benefit Plans	(5.449)	(2.219)
<b>Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>	<b>1.090</b>	<b>444</b>
Taxes Relating to Remeasurements of Defined Benefit Plans	1.090	444
<b>Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>23.291</b>	<b>35.997</b>
Exchange Differences on Translation	(74.621)	17.879
Gains (losses) on Remeasuring Financial Assets Measured of Fair Value through Other Comprehensive Income	(3.680)	(3.440)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	126.070	26.668
<b>Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>(24.478)</b>	<b>(5.110)</b>
Taxes Relating to Financial Assets Measured of Fair Value through Other Comprehensive Income	(24.478)	(5.110)
Taxes Relating to Cash Flow Hedges	736	757
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>18.932</b>	<b>34.222</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>278.760</b>	<b>270.696</b>
<b>Total Comprehensive Income Attributable to</b>		
Non-controlling Interests	47.120	6.444
Owners of Parent	231.640	264.252

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS 1 JANUARY – 31 MARCH 2021 AND 2020**

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

Issued Capital	Inflation Adjustments on Capital	Share Premium or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Benefit Plans	Gains (Losses) on Remeasurements of Defined Benefit Plans	Gains (Losses) on Remeasurements and Remeasurements	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss	Exchange Differences on Translation	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasuring and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attributable to owners of parent	Non-controlling interests	Equity			
<b>Previous Period</b>																						
<b>1 January -31 March 2020</b>																						
<b>Beginning of Period</b>	335.456	688.315	103.776	1.310.274	(34.999)	1.275.275	1.275.275	406.932	(4.662)	(4.662)	4.321	4.321	406.591	67.179	490.017	324.047	814.064	3.690.656	89.255	3.779.911		
Transfers																						
Total Comprehensive Income (Loss)					(1.753)	(1.753)	(1.753)	17.879	20.759	20.759	(2.683)	(2.683)	35.955			230.049	230.049	264.251	6.445	270.696		
Profit (Loss)																230.049	230.049	230.049	6.425	236.474		
Other Comprehensive Income (Loss)					(1.753)	(1.753)	(1.753)	17.879	20.759	20.759	(2.683)	(2.683)	35.955					34.202	20	34.222		
Other					(4.310)	(4.310)	(4.310)										(4.310)		(4.310)			
<b>End of Period</b>	335.456	688.315	103.776	1.305.964	(36.752)	1.269.212	1.269.212	424.811	16.097	16.097	1.638	1.638	442.546	67.179	814.064	230.049	1.044.113	3.950.597	95.700	4.046.297		
<b>Current Period</b>																						
<b>1 January -31 March 2021</b>																						
<b>Opening Balance</b>	335.456	688.315	98.019	2.514.867	(65.191)	2.449.676	2.449.676	612.892	(43.776)	(43.776)	11.435	11.435	580.551	67.091	1.080.040	1.772.599	2.852.639	7.071.747	353.787	7.425.534		
Transfers					(20.957)			(20.957)	(20.957)	(20.957)						1.793.556	(1.772.599)	20.957				
Total Comprehensive Income (Loss)						(4.359)	(4.359)	(4.359)	(74.621)	100.856	100.856	(2.944)	(2.944)	23.291			220.345	220.345	239.277	47.120	286.397	
Profit (Loss)																	220.345	220.345	220.345	39.483	259.828	
Other Comprehensive Income (Loss)						(4.359)	(4.359)	(4.359)	(74.621)	100.856	100.856	(2.944)	(2.944)	23.291					18.932	7.637	26.569	
Transactions with noncontrolling interests						(2.868)	(23.373)	(5.087)	(28.460)	(28.460)							350.975		350.975	319.647	92.179	411.826
Other																						
<b>Closing Balance</b>	335.456	688.315	95.151	2.470.537	(74.637)	2.395.900	2.395.900	538.271	57.080	57.080	8.491	8.491	603.842	67.091	3.224.571	220.345	3.444.916	7.630.671	493.086	8.123.757		

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS**  
**1 JANUARY – 31 MARCH 2021 AND 2020**

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

	Footnotes	31 March 2021	31 March 2020
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>895.344</b>	<b>569.044</b>
Profit		259.828	236.474
Profit (Loss) from Continuing Operations		259.828	236.474
<b>Adjustments to Reconcile Profit</b>		<b>509.578</b>	<b>505.199</b>
Adjustments for Depreciation and Amortisation Expense	14	216.442	146.599
Adjustments for Impairment Loss			
(Reversal of Impairment Loss)		13.316	1.038
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Receivables	9	3.339	6.181
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Inventories	11	9.977	(5.143)
Adjustments for Provisions		(32.883)	(12.371)
Adjustments for (Reversal of) Provisions Related with			
Employee Benefits	19	26.949	10.027
Adjustments for (Reversal of) Lawsuit and/or			
Penalty Provisions	17	4.045	579
Adjustments for (Reversal of) Warranty Provisions	17	21.092	9.684
Adjustments for (Reversal of) Other Provisions	17	(84.969)	(32.661)
Adjustments for Interest (Income) Expenses		103.918	73.626
Adjustments for Interest Income	26	(182.762)	(109.535)
Adjustments for Interest Expense	26	286.680	183.161
Adjustments for Unrealised Foreign			
Exchange Losses (Gains)	7	305.841	173.022
Adjustments for Fair Value Losses (Gains)		(76.805)	(13.525)
Adjustments for Fair Value (Gains) Losses on			
Derivative Financial Instruments		(76.805)	(13.525)
Adjustments for Undistributed Profits of Investments Accounted			
for Using Equity Method		25.769	71.005
Adjustments for Tax (Income) Expenses		(41.912)	35.372
Adjustments for Losses (Gains) on Disposal of			
Non-Current Assets		(1.706)	36.492
Adjustments for Losses (Gains) Arised from			
Sale of Tangible Assets		(1.706)	36.492
Other Adjustments to Reconcile Profit (Loss)		(2.402)	(6.059)

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS**  
**1 JANUARY - 31 MARCH 2021 AND 2020**

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

	Footnotes	1 January - 31 March 2021	1 January - 31 March 2020
<b>Changes in Working Capital</b>		<b>140.628</b>	<b>(159.300)</b>
Decrease (Increase) in Financial Investments	6	-	3.440
Adjustments for Decrease (Increase) in Trade Accounts Receivable		600.787	170.143
Decrease (Increase) in Trade Accounts Receivables from Related Parties		4.560	(4.381)
Decrease (Increase) in Trade Accounts Receivables from Third Parties		596.227	174.524
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(3.872)	1.040
Decrease (Increase) in Other Third Party Receivables Related with Operations		(3.872)	1.040
Adjustments for Decrease (Increase) in Inventories		(1.560.309)	(378.136)
Decrease (Increase) in Prepaid Expenses		(190.001)	335
Adjustments for Increase (Decrease) in Trade Accounts Payable		1.227.975	70.095
Increase (Decrease) in Trade Accounts Payables to Related Parties		4.979	(1.436)
Increase (Decrease) in Trade Accounts Payables to Third Parties		1.222.996	71.531
Increase (Decrease) in Employee Benefit Liabilities		(13.721)	(44.701)
Adjustments for Increase (Decrease) in Other Operating Payables		26.207	13.432
Increase (Decrease) in Other Operating Payables to Third Parties		26.207	13.432
Other Adjustments for Other Increase (Decrease) in Working Capital		53.562	5.052
Decrease (Increase) in Other Assets Related with Operations		33.762	10.707
Increase (Decrease) in Other Payables Related with Operations		19.800	(5.655)
<b>Cash Flows from (used in) Operations</b>		<b>910.034</b>	<b>582.373</b>
Payments Related with Provisions for Employee Benefits	19	(3.125)	(5.556)
Income Taxes Refund (Paid)	27	(11.565)	(7.773)

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS**  
**1 JANUARY - 31 MARCH 2021 AND 2020**

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

	<b>Footnotes</b>	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(970.267)</b>	<b>(839.677)</b>
Cash Flows Used in Obtaining Control of Subsidiaries or Other Businesses		238.964	-
Cash Outflows Arising from Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(80.826)	(2.979)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		13.642	73.417
Proceeds from Sales of Property, Plant and Equipment		13.642	73.417
Purchase of Property, Plant, Equipment and Intangible Assets		(253.210)	(184.773)
Purchase of Property, Plant and Equipment	14	(169.526)	(147.443)
Purchase of Intangible Assets	16	(83.684)	(37.330)
Cash Advances and Loans Made to Other Parties		(888.837)	(725.342)
Cash Advances and Loans Made to Related Parties	8	(888.837)	(725.342)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(100.463)</b>	<b>227.120</b>
Proceeds from Borrowings		2.369.953	3.621.937
Proceeds from Loans	7	1.969.953	3.621.937
Proceeds from Securities		400.000	-
Repayments of Borrowings		(2.430.100)	(3.324.366)
Loan Repayments	7	(2.430.100)	(3.324.366)
Increase in Other Payables to Related Parties		9.323	5.447
Payments of Lease Liabilities		31.056	38.950
Interest Paid		(263.457)	(224.383)
Interest Received		182.762	109.535
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>(175.386)</b>	<b>(43.513)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		133.824	62.167
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(41.562)</b>	<b>18.654</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	3.172.696	2.283.040
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>5</b>	<b>3.131.134</b>	<b>2.301.694</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS**

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi ("Vestel Elektronik" or "the Company") and its subsidiaries (together "the Group"), mainly produce and sell a range of brown goods and white goods. The Company's head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / İstanbul. The Group's production facilities are located in Manisa Organized Industrial Zone, İzmir Aegean Free Zone and Russia.

The ultimate controller of the Company is Zorlu Holding.

Vestel Elektronik is registered to Capital Market Board ("CMB") and its shares have been quoted to Borsa İstanbul ("BİST") since 1990. As of 31 March 2021, 35,59 % of the Group's shares are publicly traded (2020: 35,59%).

As of 31 March 2021 the number of personnel employed at Group is 19.751 (31 December 2020: 18.864).

The Company's subsidiaries and associates are as follows:

<b>Subsidiaries</b>	<b>Country</b>	<b>Nature of operations</b>
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	Sales
Vestel Ticaret A.Ş.	Turkey	Sales
Vestel CIS Ltd.	Russia	Sales
Vestel Electronica SRL	Romania	Sales
Vestel Iberia SL	Spain	Sales
Vestel France SA	France	Sales
Vestel Holland BV	Holland	Sales
Vestel Germany GmbH	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel UK Ltd.	UK	Sales
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	Software
Vestel Trade Ltd.	Russia	Sales
Vestel Electronics Shanghai Trading Co. Ltd	China	Service
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Sales
Vestel Ventures Ar-ge A.Ş.	Turkey	Service
Vestel Poland sp. z.o.o.	Poland	Sales
Vestel Polska Technology Center sp. z o.o.	Poland	Sales
Vestel Electronics Gulf DMC	UAE	Sales
Vest Batarya Sistemleri A.Ş.	Turkey	Production

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Cont'd)**

<b>Investments accounted for using equity method</b>	<b>Country</b>	<b>Nature of operations</b>
Vestel Savunma Sanayi A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş	Turkey	Mining
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş	Turkey	Automotive

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

**2.1.1 Statement of compliance**

The accompanying consolidated financial statements are prepared 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, consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TAS"/"TFRS") and its addendum and interpretations ("IFRIC") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Board.

The Company and its subsidiaries operating in Turkey maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The consolidated financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are prepared based on historical costs in TL.

Consolidated subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate with the required adjustments and reclassifications reflected in accordance with CMB Financial Reporting Standards. These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

**2.1.2 Currency used**

i) Functional and presentation currency

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

ii) Transactions and balances

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow and net investment which are included under shareholders' equity.

iii) Translation of financial statements of subsidiaries operating in foreign countries

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction).

Exchange differences arising from using average and balance sheet date rates are included in "currency translation differences" under the shareholders' equity.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

The balance sheet date rates and average rates used for translation of income statement items for the related periods are as follows:

<b><u>Period End:</u></b>	<b><u>31 March 2021</u></b>	<b><u>31 December 2020</u></b>
Turkish Lira/EUR	0,1023	0,111
Turkish Lira/GBP	0,0875	0,1006
Turkish Lira/RUB	9,1592	10,1585
Turkish Lira/PLN	0,4768	0,5025
Turkish Lira/ USD	0,1201	0,1362
Turkish Lira/ KZT	50,9944	57,3723
Turkish Lira/AED	0,4408	0,5000
Turkish Lira/RMB	0,7933	0,8943
Turkish Lira/RON	0,5057	0,5443

  

<b><u>Average:</u></b>	<b><u>1 January -</u></b>	<b><u>1 January -</u></b>
	<b><u>31 March 2021</u></b>	<b><u>31 March 2020</u></b>
Turkish Lira/EUR	0,1124	0,1487
Turkish Lira/GBP	0,0985	0,1283
Turkish Lira/RUB	10,1455	10,9362
Turkish Lira/PLN	0,5107	0,6422
Turkish Lira/ USD	0,1356	0,1640
Turkish Lira/ KZT	56,8874	64,1180
Turkish Lira/ AED	0,4975	0,6020
Turkish Lira/ CNY	0,8834	1,1512
Turkish Lira/ RON	0,5515	0,7174

**2.1.3 Basis of consolidation**

The consolidated financial statements include the accounts of the Company, and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards by applying uniform accounting policies and presentation.

**a) Subsidiaries**

The Group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable /receivable balances and sales / purchase transactions are eliminated. The carrying value of the investment held by Vestel Elektronik and its subsidiaries is eliminated against the related shareholders' equity.

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in shareholders' equity.

As of the balance sheet date, consolidated companies and the proportion of ownership interest of Vestel Elektronik in these subsidiaries are disclosed in note 3.

Financial assets in which the Group has direct or indirect voting rights equal to or above 50% which are immaterial to the Group financial results or over which a significant influence is not exercised by the Group are carried at cost less any provisions for impairment.

**b) Investments in associates**

Investments in associates are accounted for by the equity method and are initially recognized at cost. These are entities in which the Group has an interest which is more than 20% and less than 50% of the voting rights or over which a significant influence is exercised. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates, whereas unrealized losses are eliminated unless they do not address any impairment of the asset transferred. Net increase or decrease in the net asset of associates is included in the consolidated statements of comprehensive income in regards with the Group's share.

The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group's interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized.

Since Vestel Savunma and Aydin Yazılım has net liability position as of 31 March 2021 and 2020, carrying value of those investment in associates accounted for by equity method is resulted as nil in the consolidated balance sheets.

The Group's voting rights and effective ownership rates in Vestel Savunma and Aydin Yazılım are 35% and 21% respectively (31 December 2020: 35%, 21%).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

The carrying amounts of the investments accounted for using the equity method are reviewed whether there is any indication of impairment at each reporting date. If such an indicator exists, the recoverable amount of the asset is estimated.

The recoverable amount of the investments accounted for using the equity method refers to the higher of value-in-use or fair value less cost to sell. Value-in-use is the present value of future cash flows expected to be generated from an asset or cash generating unit.

If the carrying amount of the investments accounted for using the equity method exceeds the recoverable amount, the impairment is accounted for. Impairments are recognized in profit and loss accounts. Impairments are recorded in the statement of profit or loss and other comprehensive income. In investments accounted for using the equity method, impairments allocated in previous periods are re-evaluated in each reporting period in the event that impairment decreases or there are indicators that impairment is not valid. Impairment is reversed in case of changes in the estimates used when determining recoverable amount. The increase in the carrying amount of the investments due to the reversal of the impairment loss is accounted in such a way that it does not exceed the carrying amount determined if the impairment loss has not been included in the consolidated financial statements in the previous years.

**2.2 Comparatives**

Consolidated financial statements of the Group have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the consolidated financial statements.

**2.3 Restatement and errors in the accounting estimates**

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

**2.4 Amendments in International Financial Reporting Standards**

**Standards issued but not yet effective and not early adopted as at 31 March 2021**

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

**COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)**

IASB has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on April 7, 2021.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

**Reference to the Conceptual Framework (Amendments to TFRS 3)**

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

**Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)**

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

**Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)**

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

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

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

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

The amendments include:

- (a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

(d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

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

The Group does not expect that application of these amendments to IAS 1 will have significant impact on its consolidated financial statements.

***Annual Improvements to TFRS Standards 2018-2020***

**Improvements to TFRSs**

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have significant impact on its consolidated financial statements.

***TFRS 1 First-time Adoption of International Financial Reporting Standards***

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

***TFRS 9 Financial Instruments***

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

**Amendments are effective on 1 January 2021**

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021:

1)Interest Rate Benchmark Reform - Phase 2 - Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases.

***The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA***

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TAS by the POA, thus they do not constitute part of TAS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TAS.

**Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)**

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021.

The key amendments to IAS 1 include:

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

IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material previously:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

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

The Group does not expect that application of these amendments to Amendments to IAS 1 and IFRS Practice Statement 2) will have significant impact on its consolidated financial statements.

**Definition of Accounting Estimates (Amendments to IAS 8)**

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021.

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

Developing an accounting estimate includes both:

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

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

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

The Group does not expect that application of these amendments to Amendments to IAS 8 and IFRS Practice Statement 2) will have significant impact on its consolidated financial statements.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

**2.5 Summary of significant accounting policies**

**2.5.1 Revenue recognition**

Group 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 the following conditions are satisfied:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- b) Group can identify each party's rights regarding the goods or services to be transferred,
- c) Group can identify the payment terms for the goods or services to be transferred,
- d) The contract has commercial substance,
- e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

**Revenue from sale of goods**

Group recognizes revenue based on the production and sale of white goods, consumer electronics, air conditioners and home appliance. Revenue is recognized when the control of the goods is transferred to the customer. In addition, Group provides legal warranty commitment to its customers depending on the type of goods and the location of sale between 1-3 years. These legal warranty commitments are mandatory by regulations, have not a separate price apart from the good and are not separately sold. Therefore, they are not treated as a separate good or service apart from the sale of good.

**2.5.2 Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Group uses moving weighted average method for costing.

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (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 valuebased on valuations performed as at 31 December 2020 by professional independent valuer approved by CMB and registered in CMB "Real Estate Appraisal Companies", Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is the revalued amount of the asset.

Property, plant and equipment except for land, land improvements and buildings acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements and buildings is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

Land is not depreciated. Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

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

**Leases**

**The Group – as a lessee**

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Group assess whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, If the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The group rents various buildings, warehouses, forklifts and machinery equipment. Rental contracts are generally made for 5 years for machinery and equipment, and for fixed periods for warehouses, usually between 2 and 10 years.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (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 Group'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 Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The duration of the contracts, which constitute the lease obligation of the company, varies between 1 - 10 years.

*The Group – as a lessor*

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

**Right of use assets:**

The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group

To apply the cost model, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

**2.5.4 Intangible assets**

**a) Research and development costs**

Research costs are recognized as expense in the period in which they are incurred. Intangible assets arising from development (or from the development phase of an internal project) are recognized as intangible assets when the following criteria are met;

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

In other cases, development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

**b) Rights and other intangible assets**

Rights and other intangible assets consist of acquired computer software, computer software development costs and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and are amortized on a straight line basis over their expected useful lives which are less than fifteen years.

**c) Goodwill**

Goodwill arising on acquisition is the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities recognized. Within the scope of IFRS 3 "Business Combinations", beginning from 1 January 2005 the Group has stopped amortizing goodwill. Goodwill recognized on acquisitions before 31 December 2004 was being amortized until 31 December 2004 on a straight line basis over their useful lives not to exceed twenty years.

Goodwill is tested for impairment annually or more frequently when there is an indication of impairment. Goodwill arising on acquisitions measured at cost less any impairment losses.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

Impairment losses calculated on goodwill cannot be reversed in the statement of income even if the impairment ceases to exist in the following periods. Goodwill is linked to cash generating units during the impairment test.

In case the consideration transferred in a business combination includes any contingent considerations, the Group recognizes the acquisition date fair value of the contingent consideration as part of the consideration transferred. During the measurement period, contingent considerations recognized at the acquisition date fair value are retrospectively adjusted when necessary. The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognized for a business combination. This period shall not exceed one year from the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

**2.5.5 Financial instruments**

**a) Financial assets**

The Group recognizes its financial assets in three categories: financial assets that are recognized at amortized cost, whose fair value is reflected in profit or loss, and whose fair value is reflected in the other comprehensive income. Classification is made on the basis of the business model determined according to the purpose of benefiting from financial assets and the expected cash flows. The Group classifies its financial assets on the date of purchase.

**Financial assets carried at amortized cost**

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

The Group's financial assets carried at amortized cost comprise "trade receivables", "other assets" and "cash and cash equivalents" in the statement of financial position.

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Group and its expectations for the future indications.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

**Financial assets carried at fair value**

Assets that are held by the Group for collection of contractual cash flows and for selling the financial assets are measured at their fair value.

**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.

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

**b) Financial liabilities**

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

**c) Derivative financial instruments and hedge accounting**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The derivative instruments of the Group mainly consist of foreign exchange forward contracts. These derivative transactions which are treated as derivatives held for trading in the financial statements under risk accounting, do not generally qualify for hedge accounting under the specific rules. The fair value changes for these derivatives are recognised in the consolidated profit or loss statement.

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

**Cash flow hedges:**

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

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

**2.5.6 Foreign currency transactions**

Transactions in foreign currencies during the period are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are translated to TL at the rates prevailing on the balance sheet date. Exchange differences on foreign currency denominated monetary assets and liabilities are recognized in profit or loss in the period in which they arise except for the effective portion of the foreign currency hedge of net investments in foreign operations. 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period. Exchange differences arising are recognized in other comprehensive income and in equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

**2.5.7 Provisions, contingent assets and liabilities**

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

**2.5.8 Warranty and assembly expenses provision**

Warranty expenses include repair and maintenance expenses of products sold and labor and material costs of authorized services for products under the scope of warranty terms without any charge to the customers. Based on estimations using past statistical information, warranty expense provision is recognized for the products sold with warranty terms in the period, for possible repair and maintenance expenses to be incurred during the warranty period.

Based on estimations using past statistical information, assembly expenses provision is recognized for products sold during the period but not yet installed in the sites of the end customers, against the cost of free of charge installments.

**2.5.9 Related parties**

Shareholders, key management personnel and board members, their close family members and companies controlled, jointly controlled or significantly influenced by them and Zorlu Holding Group companies are considered and referred to as related parties.

**2.5.10 Taxation on income**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Investment incentives that are conducive to payment of corporate taxes at reduced rates are subject to deferred tax calculation when there is reasonable assurance that the Group will benefit from the related incentive.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**2.5.11 Employee benefits**

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in consolidated statements of income.

The effects of the significant forecasts used in employment termination benefits provision calculations have been recognized as actuarial gains and losses and they have been explained in the relevant note.

**2.5.12 Government grants**

Government grants, including non-monetary grants at fair value, are recognized in consolidated financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received.

Incentives for research and development activities are recognized in consolidated financial statements when they are authorized by the related institutions.

**2.5.13 Earnings per share**

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

**2.5.14 Statement of cash flows**

In the consolidated statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Group's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and 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 Segment reporting**

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

The Group management evaluates the operational results at industrial and geographical level. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Group's operations are reported under three industrial segments:

- Television and electronic devices
- White goods
- Other

Group's operations are reported under three geographical segments:

- Turkey
- Europe
- Other

**2.5.16 Offsetting**

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

**2.5.17 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 occur subsequent to the balance sheet date, the Group makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

**2.5.18 Going Concern**

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

**2.6. Critical accounting estimates and judgments**

Preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Group management are as follows:

i. Revaluation of land, buildings and land improvements:

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2020 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Note 14).

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach and based on the following valuation techniques and assumptions:

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

- 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  $m^2$  sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.
- In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties. As of initial recognition and as of balance sheet date, the Group performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the TAS 36 "Impairment of Assets", and no impairment indicator is identified.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 3 - INTERESTS IN OTHER ENTITIES**

**Subsidiaries:**

As of 31 March 2021 and 31 December 2020 the Group's major subsidiaries are as follows:

<b>Consolidated subsidiaries</b>	<b>31 March 2021</b>		<b>31 December 2020</b>	
	<b>Voting rights</b>	<b>Effective ownership</b>	<b>Voting rights</b>	<b>Effective ownership</b>
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (*)	87,3	87,3	89,9	89,9
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100	100	100	100
Vestel Ticaret A.Ş.	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Iberia SL	100	100	100	100
Vestel France SA	100	100	100	100
Vestel Holland BV	100	100	100	100
Vestel Germany GmbH	100	100	100	100
Cabot Communications Ltd.	90,8	90,8	90,8	90,8
Vestel UK Ltd.	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99,9	99,9	99,9	99,9
Vestel Central Asia LLP	100	100	100	100
Vestel Poland sp. z.o.o.	100	100	100	100
Vestel Polska Technology Center sp. z o.o.	100	100	100	100
Vestel Electronics Gulf DMC	100	100	100	100
Vestel Electronics Shanghai Trading Co. Ltd	100	100	100	100
Vestel Electronica SRL	100	100	100	100

(\*) Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 5,000,000 Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. shares on 19 February 2021. Following the transaction, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 87.27%.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 3 - INTERESTS IN OTHER ENTITIES (Cont'd)**

Financial information of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. which is not wholly owned by the Group and has significant non-controlling interests is as follows.

	<b>31 March 2021</b>	<b>31 December 2020</b>
Accumulated non-controlling interests	498.245	358.946
Comprehensive income attributable to non-controlling interests	47.120	90.266

The financial statements of the subsidiary is adjusted to include the effects of revaluation of land, buildings and land improvements in accordance with the Group's accounting policies applied in preparation of the consolidated financial statements.

**Condensed balance sheet:**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Current assets	7.190.358	5.616.772
Non-current assets	2.686.193	2.613.219
Current liabilities	(5.721.224)	(4.458.675)
Non-current liabilities	(422.504)	(409.551)
<b>Net assets</b>	<b>3.732.823</b>	<b>3.361.765</b>

**Condensed statement of comprehensive income:**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Net sales	2.969.371	1.595.057
Income / (loss) before tax	299.130	131.966
Tax benefit / (expense)	11.937	3.477
Net income / (loss) for the period	311.067	135.443
Total comprehensive income	371.058	135.831

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 3 - INTERESTS IN OTHER ENTITIES (Cont'd)**

**Condensed statement of cash flows:**

	<b>2021</b>	<b>2020</b>
<b><u>Operating activities:</u></b>		
Changes in working capital	(153.064)	149.035
<b>Net cash provided by operating activities</b>	<b>384.588</b>	<b>380.582</b>
<b><u>Investing activities:</u></b>		
<b>Net cash used in investing activities</b>	<b>(714.092)</b>	<b>(90.370)</b>
<b><u>Financing activities:</u></b>		
Proceeds from bank borrowings	300.243	359.815
Repayment of bank borrowings	(283.872)	(429.367)
<b>Net cash (used in) / provided by financing activities</b>	<b>241.681</b>	<b>(69.552)</b>
Cash and cash equivalents at the beginning of the period	187.136	82.287
Cash and cash equivalents at the end of the period	95.257	234.464

The financial information of Group's 50% associate META which is accounted for using the equity method, is disclosed in note 13.

Other financial information of Company's subsidiaries are not presented on the grounds of materiality.

**NOTE 4 - SEGMENT REPORTING**

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

Considering the fact that the Group's risks and rate of returns are dissimilar between product types and between geographical areas, The Group management uses industrial segments as primary reporting format and geographical segments as secondary reporting format.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 4 - SEGMENT REPORTING (Cont'd)**

**Industrial segments**

	<b>Television and electronic devices</b>	<b>White goods</b>	<b>Total</b>
<b>1 January -31 March 2021</b>			
Revenue	2.614.051	3.586.623	6.200.674
Cost of sales	(2.134.362)	(2.552.533)	(4.686.895)
Gross profit	479.689	1.034.090	1.513.779
Depreciation and amortization	100.694	115.748	216.442
<b>1 January -31 March 2020</b>			
Revenue	1.719.907	2.210.895	3.930.802
Cost of sales	(1.258.106)	(1.553.485)	(2.811.591)
Gross profit	461.801	657.410	1.119.211
Depreciation and amortization	85.387	61.212	146.599

**Capital expenditure**

	<b>Television and Electronical devices</b>	<b>White goods</b>	<b>Total</b>
1 January -31 March 2021	112.210	141.000	253.210
1 January -31 March 2020	82.361	102.412	184.773

**Geographical segments**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
<b>Segment revenue</b>		
Turkey	1.749.925	1.115.036
Europe	4.282.015	2.767.697
Other	554.090	370.913
Gross segment sales	6.586.030	4.253.646
Discounts (-)	(385.356)	(322.844)
<b>Net sales</b>	<b>6.200.674</b>	<b>3.930.802</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 4 - SEGMENT REPORTING (Cont'd)**

The amount of export for the period 1 January - 31 March 2021 is TL 4.836.105 thousand (1 January - 31 March 2020: TL 3.138.610 thousand). Export sales are denominated in EUR, USD and other currencies as 65%, 29%, and 6% of total exports respectively. (1 January - 31 March 2020: 66% EUR, 26 % USD, 8 % other)

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

**NOTE 5 - CASH AND CASH EQUIVALENTS**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Cash	1.329	1.278
Bank deposits		
- Demand deposits	2.815.214	2.943.625
- Time deposits	249.546	156.839
Cheques and notes	6.179	9.223
Other	58.866	61.731
	<b>3.131.134</b>	<b>3.172.696</b>
Blocked deposits	31.277	28.875
<b>Cash and cash equivalents</b>	<b>3.162.411</b>	<b>3.201.571</b>

**Effective interest rates**

	<b>31 March 2021</b>	<b>31 December 2020</b>
EUR	0,30%	0,21%
TL	18,50%	18,00%
USD	1,25%	1,00%
KZT	8,50%	8,50%

The Group has has time deposits amounting to USD 10.250 thousand, EUR 6.002 thousand, KZT 37.900 thousand and TL 97.600 thousand. (31 December 2020: USD 7.500 thousand, EUR 5.100 thousand, KZT 107.000 thousand, RUB 3.800 TL and TL 53.650 thousand)

As of 31 March 2021 and 31 December 2020 the Group's time deposits have an average maturity of less than 3 months.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 6 - FINANCIAL ASSETS**

	Ownership		Amount		
	31 March 2021		31 December 2020		
	Country	2021	2020	2021	2020
<b>Financial assets measured at fair value through other comprehensive income:</b>					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	18.480	22.160
Izmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
Other	Turkey	1%	1%	200	200
				<b>18.691</b>	<b>22.371</b>

	Ownership		Amount		
	31 March 2021		31 December 2020		
	Country	2021	2020	2021	2020
<b>Non-consolidated subsidiaries on the grounds of materiality:</b>					
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	57.081	57.081
Vest Batarya Sistemleri A.Ş.	Turkey	100%	100%	50	50
				<b>57.131</b>	<b>57.131</b>

**NOTE 7 - FINANCIAL LIABILITIES**

	31 March 2021	31 December 2020
<b>Short term financial liabilities</b>		
Short term bank loans	6.226.086	2.887.146
Short term portion of long term bank loans	1.683.581	3.933.163
Short term portion of long term lease liabilities	89.426	107.233
Short term lease liabilities(*)	463.444	53.445
	<b>8.462.537</b>	<b>6.980.987</b>
<b>Long term financial liabilities</b>		
Long term bank loans	554.751	1.657.777
Long term lease liabilities	137.959	125.518
Long term lease liabilities(**)	50.380	50.380
	<b>743.090</b>	<b>1.833.675</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 7 - FINANCIAL LIABILITIES (Cont'd)**

(\*) The interest rate for the second coupon payment of amounting to TL 400.000 thousand nominally valued corporate bond, which was sold to qualified investors on February 9, 2021 with a maturity of 383 days.

(\*\*) The interest rate for the second coupon payment of amounting to TL 50.380 thousand nominally valued corporate bond, which was sold to qualified investors on July 9, 2020 with a maturity of 728 days.

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

31 March 2021				31 December 2020		
Currency	Weighted average of effective interest	Original currency	TL Equivalent	Weighted average of effective interest	Original currency	TL Equivalent
- USD	1,68%	266.643	2.220.073	3,52%	206.611	1.516.630
- EUR	0,62%	92.000	899.217	2,65%	92.928	837.082
- TL	21,85%	3.106.795	3.106.795	21,21%	533.434	533.434
		<b>6.226.086</b>			<b>2.887.146</b>	

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

31 March 2021				31 December 2020		
Currency	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- USD	5,20%	42.784	356.218	5,22%	103.139	757.091
- EUR	3,84%	17.118	167.268	4,13%	16.955	152.730
- TL	12,27%	1.160.095	1.160.095	11,84%	3.023.342	3.023.342
<b>Short term portion</b>		<b>1.683.581</b>			<b>3.933.163</b>	
- USD	2,19%	44.320	369.005	3,97%	60.368	443.128
- EUR	3,35%	7.255	70.891	3,97%	15.402	138.738
- TL	14,09%	114.855	114.855	12,29%	1.075.911	1.075.911
<b>Long term portion</b>		<b>554.751</b>			<b>1.657.777</b>	
		<b>2.238.332</b>			<b>5.590.940</b>	

Total amount of Group's floating bank loans is 5.811.646 thousand TL (31 December 2020: TL 4.728.647 thousand).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 7 - FINANCIAL LIABILITIES (Cont'd)**

The maturity schedule of Group's long term bank loans is given below:

	<b>31 March 2021</b>	<b>31 December 2020</b>
One to two years	528.446	1.628.858
Two to three years	16.195	16.500
Three to four years	10.110	12.419
	<b>554.751</b>	<b>1.657.777</b>

The analysis of Group's bank loans in terms of periods remaining to contractual re-pricing dates is as follows:

	<b>31 March 2021</b>	<b>31 December 2020</b>
6 months or less	2.352.138	2.160.025
	<b>2.352.138</b>	<b>2.160.025</b>

Guarantees given for the bank loans obtained are presented in note 17.

Fair values of short term bank borrowings are considered to approximate their carrying values due to immateriality of discounting. Fair values are determined using average effective annual interest rates. Long term bank borrowings are stated at amortized cost using effective interest rate method and their fair values are considered to approximate their carrying values since loans usually have a re-pricing period of six months.

As of 31 March 2021 and 31 March 2020, the Group's net financial debt reconciliation is shown below:

	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>Net financial debt as of 1 January</b>	<b>5.641.966</b>	<b>5.527.237</b>
Cash inflows from loans	2.369.953	3.621.937
Cash outflows from loan payments	(2.503.785)	(3.406.328)
Cash outflows from financial leasing payments	31.056	102.000
Unrealized Fx gain/loss	439.665	173.022
Accrued interest	54.076	34.674
Change in cash and cash equivalents	41.562	(18.654)
<b>Net financial debt at the end of the period</b>	<b>6.074.493</b>	<b>6.033.888</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 8 - RELATED PARTY DISCLOSURES**

**a) Short term trade receivables from related parties**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. <sup>(1)</sup>	4.303	5.601
Korteks Mensucat Sanayi ve Ticaret A.Ş.	4.706	4.820
Other related parties	1.904	5.052
	<b>10.913</b>	<b>15.473</b>

**b) Long term trade payables to related parties**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Zorlu Holding A.Ş. <sup>(2)</sup>	768	768
	<b>768</b>	<b>768</b>

**c) Short term trade payables to related parties**

	<b>31 March 2021</b>	<b>31 December 2020</b>
ABH Turizm Temsilcilik ve Ticaret A.Ş. <sup>(1)</sup>	1.039	1.789
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	30.626	24.688
Other related parties	2.955	3.236
	34.620	29.713
Unearned interest on payables (-)	(40)	(112)
	<b>34.580</b>	<b>29.601</b>

**d) Other short term receivables from related parties**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Zorlu Holding A.Ş. <sup>(2)</sup>	23.860	86.740
Vestel Ventures A.Ş <sup>(3)</sup>	230.517	191.366
Other related parties	445	445
	<b>254.822</b>	<b>278.551</b>

As of 31 March 2021, the interest rate of short term other receivables in TL is 20%, and in USD is 7%. As of 31 December 2020, the interest rate of short term other receivables in TL is 20%, and in USD is 7%.

(1) Zorlu Holding Group Company, (2) Parent (3) Subsidiary

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 8 - RELATED PARTY DISCLOSURES (Cont'd)**

**e) Other long term receivables from related parties**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Zorlu Holding A.Ş. <sup>(2)</sup>	2.831.132	2.424.465
Vestel Savunma Sanayi A.Ş. <sup>(3)</sup>	2.503.169	2.244.748
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A.Ş. <sup>(3)</sup>	1.539.452	1.291.974
	<b>6.873.753</b>	<b>5.961.187</b>

**f) Other payables to related parties**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Zorlu Family <sup>(2)</sup>	78.765	69.442

**g) Lease liabilities to related parties**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş. <sup>(1)</sup>	26.369	29.181
Zorlu Yapı Yatırım A.Ş. <sup>(1)</sup>	3.430	3.796
	<b>29.799</b>	<b>32.977</b>

**h) Transactions with related parties**

	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>

**Sales**

Vestel Electronics Gulf DMCC. <sup>(3)</sup>	-	12.252
Vestel Electronica S.R.L. <sup>(3)</sup>	-	7.718
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. <sup>(1)</sup>	928	1.148
Other related parties	1.388	1.040
	<b>2.316</b>	<b>22.158</b>

<b>1 January -</b>	<b>1 January -</b>
<b>31 March</b>	<b>31 March</b>
<b>2021</b>	<b>2020</b>

**Operating expenses**

ABH Turizm Temsilcilik ve Ticaret A.Ş. <sup>(1)</sup>	892	5.953
Zorlu Holding A.Ş. <sup>(2)</sup>	19.010	16.274
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. <sup>(1)</sup>	3.448	3.266
Zorlu Air Havacılık A.Ş. <sup>(1)</sup>	1.626	1.029
Other related parties	4.101	1.587
	<b>29.077</b>	<b>28.109</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 8 - RELATED PARTY DISCLOSURES (Cont'd)**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
<b>Other income from operating activities</b>		
Other related parties	<b>711</b>	<b>8.890</b>
<b>Other expense from operating activities</b>		
Other related parties	<b>10.269</b>	<b>11.767</b>
<b>Financial income</b>		
Zorlu Holding A.Ş. (2)	396.723	231.759
Vestel Savunma Sanayi A.Ş. (3)	245.079	118.251
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A.Ş.	167.256	95.395
Vestel Ventures Arge A.Ş.	30.578	16.747
	<b>839.636</b>	<b>462.152</b>
<b>Financial expense</b>		
Zorlu Holding A.Ş. <sup>(2)</sup>	-	130
Other related parties	814	1.420
	<b>814</b>	<b>1.550</b>

(1) Zorlu Holding Group Company, (2) Parent (3) Subsidiary

**i) Guarantees received from and given to related parties are disclosed in note 17.**

**j) Compensation paid to key management including directors, the Chairman and members of Board of Directors, general managers and assistant general managers**

Compensation paid to key management for the three months period ended 31 March 2021 is TL 18.845 thousand (1 January - 31 March 2020: TL 9.300 thousand).

**k) Financial income from related parties result from interest income from financial liabilities.**

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 9 - TRADE RECEIVABLES AND PAYABLES**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Short term trade receivables</b>		
Trade receivables		
- Related parties (note 8)	10.913	15.473
- Other parties	4.490.018	5.175.695
Cheques and notes receivables	316.093	263.751
Other	195.048	192.746
	<b>5.012.072</b>	<b>5.647.665</b>
Unearned interest expense (-)		
- Other parties	(35.972)	(35.215)
Allowance for doubtful receivables (-)	(169.042)	(199.946)
<b>Total short term trade receivables</b>	<b>4.807.058</b>	<b>5.412.504</b>
<b>Long term trade receivables</b>		
Cheques and notes receivables	4.121	2.426
Unearned interest expense (-)	(494)	(119)
<b>Total long term trade receivables</b>	<b>3.627</b>	<b>2.307</b>
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>Opening balance, 1 January</b>	<b>199.946</b>	<b>164.923</b>
Current year additions	3.339	6.181
Provisions no longer required	(35.230)	(4.217)
Currency translation differences	987	383
<b>Balance at 31 March</b>	<b>169.042</b>	<b>167.270</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Cont'd)**

**31 March 2021 31 December 2020**

**Short term trade payables**

Trade payables

- Related parties (note 8)	34.620	29.713
- Other parties	9.252.105	8.031.657
Other	5.196	5.181
	<b>9.291.921</b>	<b>8.066.551</b>

Unearned interest income (-)

- Related parties (note 8)	(40)	(112)
- Other parties	(27.275)	(6.361)

**Total short term trade payables** **9.264.606** **8.060.078**

**Long term trade payables**

Trade payables

- Other parties	85.234	61.787
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**Total long term trade payables** **85.234** **61.787**

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 10 – OTHER RECEIVABLES**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Short term other receivables</b>		
Receivables from official institutions	303.024	267.203
Receivables from related parties (note 8)	254.822	278.551
Deposits and guarantees given	57.359	88.093
Other	91.889	93.758
	<b>707.094</b>	<b>727.605</b>
Allowance for doubtful receivables (-)	(89.691)	(89.691)
	<b>617.403</b>	<b>637.914</b>
<b>Long term other receivables</b>		
Deposits and guarantees given	7.799	7.323
Receivables from related parties (note 8)	6.873.753	5.961.187
Other	8.516	8.338
	<b>6.890.068</b>	<b>5.976.848</b>
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	<b>6.881.790</b>	<b>5.968.570</b>

The Group provides allowance for doubtful receivables.

**NOTE 11 – INVENTORIES**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Raw materials	2.810.894	2.055.425
Work in process	179.655	151.867
Finished goods	2.463.684	1.835.398
Merchandise	221.216	72.205
Other	5.736	5.981
	<b>5.681.185</b>	<b>4.120.876</b>
Provision for impairment on inventories (-)	(72.834)	(59.407)
	<b>5.608.351</b>	<b>4.061.469</b>

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January - 31 March 2021 is TL 3.965.625 thousand (1 January - 31 March 2020: TL 2.400.186 thousand).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 11 - INVENTORIES (Cont'd)**

As of 31 March 2021 the Group does not have inventories pledged as security for liabilities (31 December 2020: None)

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
Raw materials	18.000	17.579
Finished goods and merchandise	54.834	41.828
	<b>72.834</b>	<b>59.407</b>

Movement of provision for impairment on inventories is as follows:

	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>Opening balance, 1 January</b>	<b>59.407</b>	<b>57.869</b>
Current year additions	15.393	3.292
Realised due to sale of inventory	(5.416)	(8.435)
Currency translation differences	3.450	539
<b>Balance at 31 March</b>	<b>72.834</b>	<b>53.265</b>

**NOTE 12 - PREPAID EXPENSES**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Prepaid expenses in current assets</b>		
Order advances given	314.743	105.667
Prepaid expenses	84.100	119.237
Business advances given	6.357	5.182
	<b>405.200</b>	<b>230.086</b>
<b>Prepaid expenses in non-current assets</b>		
Advances given for fixed asset purchases	81.247	58.930
Prepaid expenses	7.020	14.450
	<b>88.267</b>	<b>73.380</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	<b>31 March 2021</b>		<b>31 December 2020</b>	
	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>
<b>Investment in associates</b>				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	774.068	50%	808.203
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	19%	210.976	19%	115.127
		<b>985.044</b>		<b>923.330</b>

As on 29 June 2019, pursuant to the Group's goal to diversify its lines of business and achieve profitable growth by investing in new-generation technologies, in order to secure the supply of nickel sulphate and cobalt sulphate compounds, which are critical raw materials for the production of EV batteries, of Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ("META"), which is a Zorlu Holding A.Ş. subsidiary and is involved in nickel-cobalt mining. The Group has purchased 916.335.000 shares (each with a nominal value of TL1 and representing 50% of the Group's share capital) from Ahmet Nazif Zorlu, Olgun Zorlu, Mehmet Emre Zorlu, Selen Zorlu Melik, Meta Madencilik Enerji Turizm Danışmanlık Sanayi ve Ticaret A.Ş. and Zorlu Holding A.Ş. for a total consideration of US\$250 mn. The acquisition value is in accordance with the valuation range of US\$447,2 million and US\$572 million stated in June 29, 2018 the independent appraisal report prepared by Ernst & Young Advisory Services, which is licensed by the Capital Markets Board.

META was founded in 2000 to undertake nickel mining in Turkey, has been operating under Zorlu Group since 2007. The Group's nickel cobalt mining facility in Gördes, Manisa was commissioned at the end of 2014. The facility has a production capacity of 10.000 tons of nickel content and 550 tons of cobalt content per annum. Besides Gördes, META also has a licensed field in Eskişehir and undertakes surveying activities in various regions of Turkey. Currently, META produces nickel-cobalt hydroxide (MHP), which is an intermediate product, and plans to undertake an investment for the production of nickel sulfate and cobalt carbonat compounds, which are critical for Li-ion battery production in the upcoming period.

Within the framework of Turkey's Automobile Project, following the work undertaken by the Joint Initiative Group, to which Group's controlling shareholder, Zorlu Holding A.Ş was a party, Vestel Elektronik Sanayi ve Ticaret A.Ş decided has participated with a 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which is planned to be established to produce mainly electric passenger cars and carry out supporting activities. In this respect, the Shareholders Agreement and Articles of Association have been signed on 31 May 2018. Establishment of the new Group is completed on 28 June 2018.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)**

The movements of META, which is an investment accounted for using the equity method during the period 1 January – 31 March 2021 and 2020 is as follows:

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
<b>Balance at 1 January</b>	<b>808.203</b>	<b>961.272</b>
Shares from profit / loss	(40.792)	(67.518)
Shares from other comprehensive income / expense	6.657	23.580
<b>Balance at 31 December</b>	<b>774.068</b>	<b>917.334</b>

Summary financial statement information of META is as follows:

	<b>31 March 2021</b>	<b>31 December 2020</b>
Total Assets	4.731.314	4.248.886
Total Liabilities	(4.518.514)	(3.967.817)
<b>Net assets</b>	<b>212.800</b>	<b>281.069</b>

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Net sales	105.573	88.106
Income / (loss) before tax	(81.117)	(79.723)
Tax benefit / (expense)	(466)	(55.314)
Net income / (loss) for the period	(81.583)	(135.036)
<b>Total comprehensive loss</b>	<b>(68.269)</b>	<b>(87.877)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2021**

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

**NOTE 14 – PROPERTY, PLANT AND EQUIPMENT**

	1 January 2021	Additions	Disposals	Currency translation differences	Transfers	31 March 2021
<b>Cost or revaluation</b>						
Land	1.145.890	-	-	2.315	-	1.148.205
Land improvements	135.762	79	-	3.178	-	139.019
Buildings	2.115.662	3.001	(2)	38.723	1.341	2.158.725
Leasehold improvements	168.269	3.531	(4)	534	425	172.755
Plant and machinery	3.646.372	133.447	(7.170)	17.018	8.107	3.797.774
Motor vehicles	7.950	-	-	91	-	8.041
Furniture and fixtures	477.480	12.207	(884)	3.618	807	493.228
Other tangible assets	849	-	-	-	-	849
Construction in progress	38.064	17.261	(4)	-	(10.680)	44.641
	<b>7.736.298</b>	<b>169.526</b>	<b>(8.064)</b>	<b>65.477</b>	<b>-</b>	<b>7.963.237</b>
<b>Accumulated depreciation</b>						
Land improvements	-	1.843	-	-	-	1.843
Buildings	2.343	22.993	-	3.341	-	28.677
Leasehold improvements	160.263	3.593	(4)	385	-	164.237
Plant and machinery	2.361.532	109.150	(6.957)	12.848	-	2.476.573
Motor vehicles	6.876	332	-	77	-	7.285
Furniture and fixtures	388.638	11.225	(839)	2.458	-	401.482
Other tangible assets	849	-	-	-	-	849
	<b>2.920.501</b>	<b>149.136</b>	<b>(7.800)</b>	<b>19.109</b>	<b>-</b>	<b>3.080.946</b>
<b>Net book value</b>	<b>4.815.797</b>					<b>4.882.291</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2021**

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

**NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	1 January 2020	Additions	Disposals	Currency translation differences	Transfers	31 March 2020
<b>Cost or revaluation</b>						
Land	635.564	-	(29.941)	(5.602)	-	600.021
Land improvements	132.438	22	(243)	(237)	-	131.980
Buildings	1.489.078	3.825	(99.951)	(848)	1.305	1.393.409
Leasehold improvements	156.981	506	-	1.391	10	158.888
Plant and machinery	3.168.798	118.019	(17.888)	(39.802)	27.239	3.256.366
Motor vehicles	7.546	-	(577)	173	-	7.142
Furniture and fixtures	427.429	10.168	(243)	(4.610)	5.258	438.002
Other tangible assets	849	-	-	-	-	849
Construction in progress	54.295	14.903	(816)	1	(30.931)	37.452
	<b>6.072.978</b>	<b>147.443</b>	<b>(149.659)</b>	<b>(49.534)</b>	<b>2.881</b>	<b>6.024.109</b>
<b>Accumulated depreciation</b>						
Land improvements	6.932	239	(260)	4.752	-	11.663
Buildings	60.895	2.285	(20.630)	87	-	42.637
Leasehold improvements	144.705	3.584	(3.891)	13.622	-	158.020
Plant and machinery	2.053.707	94.093	(15.803)	(35.555)	-	2.096.442
Motor vehicles	4.841	271	(77)	(599)	-	4.436
Furniture and fixtures	348.721	10.660	(290)	31.637	1.554	392.282
Other tangible assets	849	-	-	-	-	849
	<b>2.620.650</b>	<b>111.132</b>	<b>(40.951)</b>	<b>13.944</b>	<b>1.554</b>	<b>2.706.329</b>
<b>Net book value</b>	<b>3.452.328</b>					<b>3.317.780</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

Additions to property, plant and equipment in the period 1 January – 31 March 2021 mainly consist of machinery and equipment investments made to television and electronic devices factory, first and second refrigerator, cooker, dishwasher, washing machine and tumbler drier factories.

As of 31 March 2021 the Group does not have property, plant and equipment pledged (2020: None)

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

	Useful life
Land improvements	5 - 35 years
Buildings	10 - 46 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 30 years
Motor vehicles	5 - 10 years
Furniture and fixtures	5 - 14 years

Allocation of current year depreciation and amortization expenses is as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Cost of sales	135.049	75.923
Research and development expenses	46.965	40.288
Marketing, selling and distribution expenses	27.001	22.156
General administrative expenses	5.983	6.908
Other operating expense (idle capacity depreciation expense)	1.444	1.324
	<b>216.442</b>	<b>146.599</b>

<b>31 March 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Tangible Assets</b>			
Lands	-	1.148.205	-
Buildings and land improvements	-	2.267.224	-
<b>31 December 2020</b>			
<b>Tangible Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Lands	-	1.145.890	-
Buildings and land improvements	-	2.249.081	-

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 15 – RIGHT OF USE ASSETS**

	<b>1 January</b>			<b>Translation</b>	<b>31 March</b>
	<b>2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>differences</b>	<b>2021</b>
<b>Cost</b>					
Land and buildings	251.366	20.615	(5.798)	2.110	268.293
Motor Vehicles and Machinery	96.031	1.208	(2.098)	574	95.715
	<b>347.397</b>	<b>21.823</b>	<b>(7.896)</b>	<b>2.684</b>	<b>364.008</b>
<b>Accumulated amortization</b>					
Land and buildings	96.608	18.978	(1.087)	467	114.966
Motor Vehicles and Machinery	51.028	7.545	(1.123)	104	57.554
	<b>147.636</b>	<b>26.523</b>	<b>(2.210)</b>	<b>571</b>	<b>172.520</b>
<b>Net book value</b>	<b>199.761</b>				<b>191.488</b>

	<b>1 January</b>			<b>Translation</b>	<b>31 March</b>
	<b>2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>differences</b>	<b>2020</b>
<b>Cost</b>					
Land and buildings	141.468	77.062	-	-	218.530
Machinery	81.587	15.053	-	-	96.640
	<b>223.055</b>	<b>92.115</b>	-	-	<b>315.170</b>
<b>Accumulated amortization</b>					
Land and buildings	37.068	12.393	-	-	49.461
Machinery	22.211	9.410	-	-	31.621
	<b>59.279</b>	<b>21.803</b>	-	-	<b>81.082</b>
<b>Net book value</b>	<b>163.776</b>				<b>234.088</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 16 - INTANGIBLE ASSETS**

	<b>1 January</b>	<b>Currency</b>				<b>31 March</b>
	<b>2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>translation differences</b>	<b>Transfers</b>	<b>2021</b>
<b>Cost</b>						
Rights	84.977	25	(23)	605	-	85.584
Development cost	1.383.379	77.502	(11.817)	-	-	1.449.064
Other intangible assets	175.417	6.157	(321)	1.741	-	182.994
	<b>1.643.773</b>	<b>83.684</b>	<b>(12.161)</b>	<b>2.346</b>	-	<b>1.717.642</b>
<b>Accumulated amortization</b>						
Rights	55.933	1.018	-	583	-	57.534
Development cost	773.431	37.356	(279)	-	-	810.508
Other intangible assets	103.469	2.409	(210)	1.493	-	107.161
	<b>932.833</b>	<b>40.783</b>	<b>(489)</b>	<b>2.076</b>	-	<b>975.203</b>
<b>Net book value</b>	<b>710.940</b>					<b>742.439</b>

	<b>1 January</b>	<b>Currency</b>				<b>31 March</b>
	<b>2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>translation differences</b>	<b>Transfers</b>	<b>2020</b>
<b>Cost</b>						
Rights	70.878	30	-	701	(2.881)	68.728
Development cost	1.169.884	36.196	-	15.106	-	1.221.186
Other intangible assets	180.684	1.104	(17.829)	1.340	-	165.299
	<b>1.421.446</b>	<b>37.330</b>	<b>(17.829)</b>	<b>17.147</b>	<b>(2.881)</b>	<b>1.455.213</b>
<b>Accumulated amortization</b>						
Rights	55.099	625	-	(1.613)	(1.554)	52.557
Development cost	641.642	32.699	-	-	-	674.341
Other intangible assets	106.977	2.142	(16.628)	1.879	-	94.370
	<b>803.718</b>	<b>35.466</b>	<b>(16.628)</b>	<b>266</b>	<b>(1.554)</b>	<b>821.268</b>
<b>Net book value</b>	<b>617.728</b>					<b>633.945</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 16 - INTANGIBLE ASSETS (Cont'd)**

Development costs, incurred by the Group on development projects relating to television and electronic devices, refrigerators, split air conditioners, washing machines, cookers, drying machines and dish washers are capitalized as intangible assets when it is probable that costs will be recovered through future commercial activity and only if the cost can be measured reliably.

Useful lives of intangible assets are as follows:

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

**NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**a) Provisions**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Short term provisions</b>		
Warranty and assembly provision	333.774	315.313
Other provisions	316.333	401.302
Provision for lawsuit risks	33.240	29.195
	<b>683.347</b>	<b>745.810</b>
<b>Long term provisions</b>		
Warranty and assembly provision	75.132	72.501
	<b>75.132</b>	<b>72.501</b>

With reference to Group management's and legal advisors' assessments, no provision is provided for those cases that are expected to be finalized in favor of the Group. As of 31 March 2021, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is TL 33.240 thousand (2020: TL 29.195 thousand).

As of 31 March 2021 and 2020 movements of warranty and assembly provisions are as follows:

	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>Opening balance, 1 January</b>	<b>387.814</b>	<b>308.920</b>
Current year additions	104.073	88.915
Provisions no longer required	(82.981)	(79.231)
<b>Balance at 31 March</b>	<b>408.906</b>	<b>318.604</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)**

**b) Guarantees received by the Group**

**Guarantee letters, collaterals, cheques and notes received**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Guarantee letters	792.180	645.077
Cheques and notes	1.286.060	1.053.010
Collaterals and pledges	1.477.521	1.425.038
	<b>3.555.761</b>	<b>3.123.125</b>

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given collaterals to various banks on behalf of the Company for its forward contracts and loans utilized.

**c) Collaterals, pledges and mortgages ("CPM's") given by the Group**

<b>CPM's given by the Group</b>	<b>USD ('000)</b>	<b>EUR ('000)</b>	<b>GBP ('000)</b>	<b>TL</b>	<b>TL Equivalent</b>
<b>31 March 2021</b>					
A. CPM's given on behalf of its own legal entity	5.235	44.264	450	109.709	591.081
B. CPM's given on behalf of fully consolidated subsidiaries (*)	2.017.674	71.918	67	2.840.274	20.343.127
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	31.749	-	-	18.652	282.994
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	31.749	-	-	18.652	282.994
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
<b>Total</b>	<b>2.054.658</b>	<b>116.182</b>	<b>517</b>	<b>2.968.635</b>	<b>21.217.202</b>

(\*)Fully consolidated subsidiaries have given collaterals to various financial institutions on behalf of each other for their forward contracts and for the total amount of loans utilized. As of 31 March 2021, proportion of other CPM's given by the Group to its equity is 3% (31 December 2020: 4%).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)**

CPM's given by the Group	USD ('000)	EUR ('000)	GBP ('000)	TL	TL Equivalent
<b>31 December 2020</b>					
A. CPM's given on behalf of its own legal entity	5.239	27.743	-	111.587	399.950
B. CPM's given on behalf of fully consolidated subsidiaries	1.963.193	169.418	-	2.741.621	18.678.540
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	36.437	-	-	22.001	289.467
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	36.437	-	-	22.001	289.467
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
<b>Total</b>	<b>2.004.869</b>	<b>197.161</b>	-	<b>2.875.209</b>	<b>19.367.957</b>

**NOTE 18 – COMMITMENTS**

As of the balance sheet date the Group has committed to realize exports amounting to USD 1.087.229 thousand (31 December 2020: USD 1.025.633 thousand) due to the export and investment incentive certificates obtained.

As of 31 March 2021 the Group has forward foreign currency purchase contract that amounts to USD 945.536 thousand, EUR 175.441 thousand, GBP 15.094 thousand, PLN 15.030 thousand, RON 1.130 thousand, TL 3.060.308 thousand against forward foreign currency sales contract that amounts to USD 469.914 thousand, EUR 550.794 thousand, GBP 61.631 thousand, RUB 1.286.920 thousand, RON 3.045 thousand, PLN 39.899 thousand, SEK 9.447 thousand, CHF 250.139 thousand and TL 357.773 thousand. (31 December 2020: USD 937.197 thousand, EUR 171.944 thousand, GBP 44.323 thousand, PLN 20.279 thousand, TL 3.051.872 thousand against forward foreign currency sales contract that amounts to USD 545.704 thousand, EUR 490.860 thousand, GBP 78.192 thousand, RUB 1.185.200 thousand, RON 5.747 thousand, PLN 48.817 thousand, SEK 9.447 thousand, CHF 250.139 thousand and TL 619.549 thousand against forward foreign currency sales contract).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 19 – EMPLOYEE BENEFITS**

**Liabilities for employee benefits:**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Due to personnel	101.808	113.466
Social security payables	130.039	132.102
	<b>231.847</b>	<b>245.568</b>

**Long term provisions for employee benefits:**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Provision for employment termination benefits	<b>263.174</b>	<b>226.307</b>

Under Turkish law, the Group is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No.2422 and 25 August 1999, No.4447, the Group is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's salary for each year of service and is limited to a maximum of 7.638,96TL/year as of 31 March 2021 (31 December 2020: 7.117,17 TL/year).

Provision for employment termination benefits is not subject to any funding.

The provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which are described below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as of 31 March 2021, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 31 March 2021 provision is calculated based on real discount rate of 4,44% (31 December 2020: 4,44%) assuming 8,5% annual inflation rate and 12,94% discount rate.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 19 – EMPLOYEE BENEFITS (Cont'd)**

The movement in the provision for employment termination benefit is as follows:

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
<b>Balance at 1 January</b>	<b>226.307</b>	<b>156.116</b>
Increase during the year	26.949	5.168
Payments during the year	(3.125)	(5.556)
Actuarial (gain) /loss	5.449	2.219
Interest expense	7.594	4.859
<b>Balance at 31 March</b>	<b>263.174</b>	<b>162.806</b>

**NOTE 20 – OTHER ASSETS AND LIABILITIES**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Other current assets</b>		
VAT carried forward	55.436	53.422
Rebates from suppliers and incentives income accruals	6.851	26.961
Other	27.916	39.614
	<b>90.203</b>	<b>119.997</b>

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Other non - current assets</b>		
Assets held for sale	7.819	9.590
	<b>7.819</b>	<b>9.590</b>

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Other current liabilities</b>		
Advances received	230.796	164.431
Tax payables	99.791	154.594
Other	395.847	387.165
	<b>726.434</b>	<b>706.190</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS**

**a) Paid in capital**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Shares of par value Kr 1 each		
limit on registered share capital	1.000.000	1.000.000
Issued share capital	335.456	335.456

As of 31 March 2021 and 31 December 2020 the shareholding structures are as follows:

	<b>Shareholding</b>		<b>Amount</b>	
	<b>31 March 2021</b>	<b>31 December 2020</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Zorlu Holding A.Ş.	64,41%	64,41%	216.054	216.067
Shares held by public				
Other shareholders	33,79%	33,49%	88.359	112.344
Zorlu Holding A.Ş.	1,80%	2,10%	31.043	7.045
	<b>100%</b>	<b>100%</b>	<b>335.456</b>	<b>335.456</b>

There is no investor holding 10% or more of shares of the company, traded in BIST.

**b) Adjustment to share capital**

Adjustment to share capital (restated to 31 December 2004 purchasing power of money) is the difference between restated share capital and historical share capital.

**c) Share premium**

Share premium account refers the difference between par value of the Company's shares and the amount the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may not be distributed. It may be used in capital increase.

**d) 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.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 21 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**

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.

	<b>31 March 2021</b>	<b>31 December 2020</b>
Legal reserves	<b>67.091</b>	<b>67.091</b>

**e) Revaluation reserve**

Fair value gains on financial assets	8.491	11.435
Revaluation of property, plant and equipment	2.470.537	2.514.867
	<b>2.479.028</b>	<b>2.526.302</b>

**f) Accumulated deficit**

Extraordinary reserves	512.541	512.541
Previous year's loss	2.592.312	447.781
Other inflation adjustment of share capital	119.718	119.718
	<b>3.224.571</b>	<b>1.080.040</b>

**g) Dividend distribution**

For quoted companies dividends are distributed in accordance with the Communiqué Serial II -19.1 on "Principals Regarding Distribution of Interim Dividends" issued by the CMB effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, dividend can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 21 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**

On the other hand, in accordance with the Articles of Association of the Company, the net period income is allocated after deducting the accumulated losses from the previous years, if any, as follows:

- a)** As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.
- b)** A dividend is allocated from the remaining amount, at the rate determined by the General Assembly over an amount to be found after the addition of a donation, which is made in line with the Turkish Commercial Code and Capital Market Legislation.
- c)** After the deductions above, the General Assembly has the right to decide how to allocate the dividend to members of the board of directors and officers, employees and workers, foundations established with various purposes, and similar persons and corporations.
- d)** After the amounts stated in paragraph (a), (b) and (c) are deducted from the net period profit, the General Assembly is authorized to allocate the remaining amount as a second dividend or to allocate the remaining amount to its own reserve as per Article 521 of the Turkish Commercial Code.
- e)** One tenth of the amount obtained after a dividend of 5% of the paid in capital and other legal reserve are deducted from the amount that is agreed to be allocated to the shareholders and other persons participating to the profit is added to the general legal reserve as per paragraph (c) of the second clause of article 519 of the Turkish Commercial Code.

The Group resolved to propose the distribution of TL 2,360,734 thousand of gross cash dividends in its 2020 statutory financial statements prepared in accordance with the Turkish Commercial Code and Tax Procedure Law, which corresponds to a gross cash dividend of TL 7.0373 (net cash dividend of TL 5.9818) per share to be distributed in 3 equal installments. The Board of Directors is authorized to determine the distribution dates in accordance with the related regulation, taking into account the cash projections of the Group.

In accordance with the Turkish Commercial Code and Tax Procedure Law, Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. will be able to distribute TL 800,000 thousand (4,2105 TL gross, 3,5789 TL net for each 1.00 TL nominal value per share) as dividends for the period ended 2020; it was decided to be paid in cash in three equal installments and to authorize the Board of Directors by taking into account the cash projections of the company in accordance with the principles stipulated in the legislation to determine the distribution dates, and to allocate a general legal reserve of TL 80,000 thousand over the amount of dividends subject to distribution.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 22 - SALES**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Domestic sales	1.749.925	1.115.036
Overseas sales	4.836.105	3.138.610
<b>Gross sales</b>	<b>6.586.030</b>	<b>4.253.646</b>
Sales discounts (-)	(385.356)	(322.844)
<b>Net sales</b>	<b>6.200.674</b>	<b>3.930.802</b>
Cost of sales	(4.686.895)	(2.811.591)
<b>Gross profit</b>	<b>1.513.779</b>	<b>1.119.211</b>

**NOTE 23 - EXPENSES BY NATURE**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Raw materials, supplies and finished goods	4.770.710	2.362.163
Changes in finished goods, work in process, trade goods	(805.085)	38.023
Personnel expenses	527.639	337.575
Depreciation and amortization	214.998	145.275
Export, transportation, warehouse expenses	231.862	164.614
Warranty and assembly expenses	104.073	88.915
Advertising expenses	72.748	48.897
Other	416.321	287.894
	<b>5.533.266</b>	<b>3.473.356</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 24 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES**

**a) General administrative expenses:**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Personnel expenses	54.954	39.483
Depreciation and amortization	5.983	6.908
Consultancy expenses	16.463	21.401
Information technology expenses	12.562	9.917
Rent and office expenses	9.766	7.873
Tax and duties	4.032	4.012
Insurance expenses	4.874	2.552
Travelling expenses	1.642	1.724
Benefits and services provided externally	1.525	992
Other	8.149	16.151
	<b>119.950</b>	<b>111.013</b>

**b) Marketing expenses:**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Export, transportation, warehouse expenses	216.056	154.521
Warranty and assembly expenses	104.073	88.915
Personnel expenses	125.013	87.016
Advertising expenses	63.702	43.266
Depreciation and amortization	27.001	22.156
Other	94.439	89.921
	<b>630.284</b>	<b>485.795</b>

**c) Research and development expenses:**

Depreciation and amortization	46.965	40.288
Personnel expenses	22.736	11.068
Travel expense	44	1.869
Other	26.392	11.732
	<b>96.137</b>	<b>64.957</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**NOTE 25 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES**

**a) Other income from operating activities:**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Credit finance gains arising from trading activities	18.081	22.628
Foreign exchange gains arising from trading activities	386.664	209.723
Reversals of provisions	439	1.562
Other income	35.147	94.547
	<b>440.331</b>	<b>328.460</b>

**NOTE 25 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES**

**b) Other expense from operating activities:**

Debit finance charges arising from trading activities	57.401	10.191
Foreign exchange expenses arising from trading activities	874.722	605.895
Provision expenses	5.818	2.339
Other expenses	14.742	39.766
	<b>952.683</b>	<b>658.191</b>

**NOTE 26 – FINANCIAL INCOME AND FINANCIAL EXPENSE**

**a) Financial income:**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Foreign exchange gains	892.591	563.530
Gains on derivative financial instruments	482.529	229.736
Interest income	182.762	109.535
	<b>1.557.882</b>	<b>902.801</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 26 – FINANCIAL INCOME AND FINANCIAL EXPENSE (Cont'd)**

**b) Financial expense:**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Foreign exchange losses	523.158	266.907
Losses on derivative financial instruments	657.936	235.741
Interest and commision expense	286.680	183.161
Other finance expenses	1.479	1.856
	<b>1.469.253</b>	<b>687.665</b>

**NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Corporation and income taxes	4.569	43.066
Prepaid taxes (-)	(3.208)	(34.709)
<b>Current income tax liabilities - net</b>	<b>1.361</b>	<b>8.357</b>
Deferred tax liabilities	(407.396)	(333.362)
Deferred tax assets	405.173	321.146
	<b>(2.223)</b>	<b>(12.216)</b>

Turkish Tax Legislation does not permit a parent company its subsidiaries and investments in associates to file a consolidated tax return. Therefore, tax liabilities as reflected in these consolidated financial statements have been calculated on a separate entity basis for the fully consolidated subsidiaries.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses and by deducting other exempt income. In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed at the rate of % 15, except for companies receiving dividends who are resident companies in Turkey. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

In Turkey, advance tax returns are filed on a quarterly basis at the rate of 20%, until the 14th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and 75% of the earning from investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 27 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed between 1-25 April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

As at 31 March 2021, corporate tax rate in Turkey is 20%. In accordance with the regulation numbered 7316, published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate for 2021 has increased from 20% to 25%, and to 23% for 2022. This change will be effective for corporate tax calculation for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. Since the tax rate change is effective as of April 22, 2021, corporate tax and deferred tax assets and liabilities are calculated with 20% tax rate as at 31 March 2021.

Russian Federation

In Russia, corporate tax rate applicable is 20% (2020: 20%). Under the Russian Federation taxation system, tax losses can be carried forward to be offset against future taxable income for up to ten years. There are no restrictions on the amounts subject to net off. On the other hand, tax, currency and customs legislations are subject to various interpretations and changes which can occurs frequently in Russian Federation. Management's interpretation for such legislation, which is applied to the Group's operations and activities, can be interpreted by regional and federal authorities in different ways.

The events of the recent past in Russian Federation, shows that risk could be possible on approval of operations and activities, which approved in the past may not be approved in the future as a result of reviews by the tax authorities on legislation. According to a review by the tax inspection authorities, without exceptional circumstances, tax inspection covers three years prior to the final inspection. Under certain circumstances, such views may cover longer periods.

As of 1 January - 31 March 2021 and 2020 tax benefit in the consolidated statement of income is as follows:

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Current period tax expense	(5.628)	(3.427)
Deferred tax benefit	47.540	(31.945)
<b>Total tax (expense) / benefit</b>	<b>41.912</b>	<b>(35.372)</b>

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**

**Deferred tax assets and liabilities**

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Communiqué II, No. 14.1 and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for the Communiqué and tax purposes.

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:

	<b>Cumulative temporary differences</b>		<b>Deferred tax</b>	
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Deferred tax assets</b>				
Employment termination benefits	(259.195)	(226.307)	51.839	45.261
Warranty provision	(88.126)	(89.295)	17.625	17.859
Provision for doubtful receivables	(144.049)	(199.946)	28.810	39.989
Net difference between book values and tax bases of tangible and intangible assets	(80.529)	(38.085)	16.106	7.617
Provision for impairment on inventories	(18.098)	(59.407)	3.620	11.882
Derivative financial instruments	(108.433)	(303.178)	21.687	60.636
Carryforward tax losses and R&D incentives	(419.920)	(317.745)	83.984	63.549
Other	(773.552)	(371.765)	181.502	74.353
			<b>405.173</b>	<b>321.146</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 27 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**

	Cumulative temporary differences		Deferred tax	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
<b>Deferred tax liabilities</b>				
Derivative financial instruments	133.367	111.789	(26.673)	(22.358)
Revaluation of tangible fixed assets	2.861.295	2.806.830	(286.129)	(280.683)
Other	473.817	151.605	(94.594)	(30.321)
			<b>(407.396)</b>	<b>(333.362)</b>
<b>Deferred tax assets / (liabilities) - net</b>			<b>(2.223)</b>	<b>(12.216)</b>

	31 March 2021	31 December 2020
Subsidiaries with net deferred tax liabilities	(407.396)	(333.362)
Subsidiaries with net deferred assets	405.173	321.146

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

	1 January - 31 March 2021	1 January - 31 March 2020
<b>Opening balance, 1 January</b>	<b>(12.216)</b>	<b>(3.091)</b>
Tax benefit recognized in income statement	47.540	(31.945)
Recognized in shareholders' equity	(35.909)	(4.666)
Currency translation differences	(1.638)	(68)
<b>Deferred tax (liabilities) / assets at the end of the period, net</b>	<b>(2.223)</b>	<b>(39.770)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 – EARNINGS / (LOSS) PER SHARE**

	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
Net income / (loss) attributable to equity holders of the parent	220.345	230.049
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.545.600	33.545.600
<b>Earnings per share</b>	<b>0,66</b>	<b>0,69</b>

**NOTE 29 – DERIVATIVE INSTRUMENTS**

	<b>31 March 2021</b>		<b>31 December 2020</b>	
	<b>Contract amount</b>	<b>Fair Value Assets / (Liabilities)</b>	<b>Contract amount</b>	<b>Fair Value Assets / (Liabilities)</b>
<b><u>Derivative financial assets:</u></b>				
<b>Held for trading</b>				
Forward foreign currency transactions	3.088.846	32.746	4.762.883	105.345
<b>Cash flow hedge</b>				
Forward foreign currency transactions	3.400.973	100.621	479.576	6.444
<b><u>Derivative financial liabilities:</u></b>				
<b>Held for trading</b>				
Forward foreign currency transactions	4.756.392	(91.108)	2.960.271	(135.768)
<b>Cash flow hedge</b>				
Forward foreign currency transactions	1.607.734	(17.325)	4.039.615	(167.410)
	<b>12.853.945</b>	<b>24.934</b>	<b>12.242.345</b>	<b>(191.389)</b>

**NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**Foreign currency risk:**

The Group is exposed to exchange rate risk due to its foreign currency denominated transactions. The main principle of foreign currency risk management is to maintain foreign exchange position at the level that minimizes the impact of foreign exchange fluctuations.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

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

<b>31 March 2021</b>	<b>USD</b>	<b>EUR</b>	<b>Other (TL Equivalent)</b>	<b>TL Equivalent</b>
1. Trade receivables	157.907	247.717	232.144	3.968.088
2a. Monetary financial assets (including cash and cash equivalents)	39.799	16.892	2.173.665	2.670.136
2b. Non-monetary financial assets	-	-	-	-
3. Other	36.326	754	-	309.820
<b>4. Current assets (1+2+3)</b>	<b>234.032</b>	<b>265.363</b>	<b>2.405.809</b>	<b>6.948.044</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	1.751	3.578	-	49.551
7. Other	647.642	51	-	5.392.766
<b>8. Non-current assets (5+6+7)</b>	<b>649.393</b>	<b>3.629</b>	<b>-</b>	<b>5.442.317</b>
<b>9. Total assets (4+8)</b>	<b>883.425</b>	<b>268.992</b>	<b>2.405.809</b>	<b>12.390.361</b>
10. Trade payables	793.051	137.989	25.421	7.977.082
11. Financial liabilities	309.427	109.118	-	3.642.823
12a. Other monetary liabilities	15.026	1.508	-	139.846
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>1.117.504</b>	<b>248.615</b>	<b>25.421</b>	<b>11.759.751</b>
14. Trade payables	-	8.720	-	85.230
15. Financial liabilities	44.320	7.255	-	439.915
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>44.320</b>	<b>15.975</b>	<b>-</b>	<b>525.145</b>
<b>18. Total liabilities (13+17)</b>	<b>1.161.824</b>	<b>264.590</b>	<b>25.421</b>	<b>12.284.896</b>
<b>19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)</b>	<b>475.623</b>	<b>(375.353)</b>	<b>(2.943.455)</b>	<b>(2.652.158)</b>
19a. Hedged total assets	945.536	175.442	206.317	9.793.637
19b. Hedged total liabilities	(469.914)	(550.794)	(3.149.772)	(12.445.795)
<b>20. Net foreign currency asset/ (liability) position (9-18+19)</b>	<b>197.224</b>	<b>(370.951)</b>	<b>(563.067)</b>	<b>(2.546.693)</b>
<b>21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(280.150)</b>	<b>824</b>	<b>2.380.388</b>	<b>55.914</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24.934</b>
23. Export	168.930	317.934	239.718	4.836.105
24. Import	380.464	58.303	2.271	3.365.880

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

<b>31 December 2020</b>	<b>USD</b>	<b>EUR</b>	<b>Other (TL Equivalent)</b>	<b>TL Equivalent</b>
1. Trade receivables	175.092	249.226	389.606	3.919.872
2a. Monetary financial assets (including cash and cash equivalents)	54.363	32.248	2.074.641	2.764.179
2b. Non-monetary financial assets	-	-	-	-
3. Other	37.723	-	-	276.906
<b>4. Current assets (1+2+3)</b>	<b>267.178</b>	<b>281.474</b>	<b>2.464.247</b>	<b>6.960.957</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	742	2.698	-	29.750
7. Other	622.148	51	-	4.567.337
<b>8. Non-current assets (5+6+7)</b>	<b>622.890</b>	<b>2.749</b>	-	<b>4.597.087</b>
<b>9. Total assets (4+8)</b>	<b>890.068</b>	<b>284.223</b>	<b>2.464.247</b>	<b>11.558.044</b>
10. Trade payables	757.706	125.697	10.840	6.705.047
11. Financial liabilities	309.750	31.883	-	2.560.917
12a. Other monetary liabilities	17.156	1.949	5.468	148.958
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>1.084.612</b>	<b>159.529</b>	<b>16.308</b>	<b>9.414.922</b>
14. Trade payables	-	6.833	-	61.551
15. Financial liabilities	60.368	15.402	-	581.866
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>60.368</b>	<b>22.235</b>	-	<b>643.417</b>
<b>18. Total liabilities (13+17)</b>	<b>1.144.980</b>	<b>181.763</b>	<b>16.308</b>	<b>10.058.339</b>
<b>19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)</b>	<b>391.494</b>	<b>(318.917)</b>	<b>(2.601.428)</b>	<b>(2.600.439)</b>
19a. Hedged total assets	937.198	171.943	481.097	8.909.444
19b. Hedged total liabilities	(545.704)	(490.860)	(3.082.525)	(11.509.883)
<b>20. Net foreign currency asset/ (liability) position (9-18+19)</b>	<b>136.582</b>	<b>(216.457)</b>	<b>(153.489)</b>	<b>(1.100.734)</b>
<b>21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(255.654)</b>	<b>99.762</b>	<b>2.447.939</b>	<b>1.469.955</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(191.389)</b>
23. Export	615.064	1.168.897	1.516.127	17.006.217
24. Import	1.110.140	162.600	6.747	9.217.737

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**

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

**NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

As of 31 March 2021 and 31 March 2020 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	<b>Gain / Loss</b>		<b>Equity</b>	
	<b>Foreign exchange appreciation</b>	<b>Foreign exchange depreciation</b>	<b>Foreign exchange appreciation</b>	<b>Foreign exchange depreciation</b>
<b>31 March 2021</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(233.253)	233.253	(233.253)	233.253
Secured portion from USD risk (-)	7.867	(7.867)	364.627	(364.627)
<b>USD net effect</b>	<b>(225.386)</b>	<b>225.386</b>	<b>131.374</b>	<b>(131.374)</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	805	(805)	805	(805)
Secured portion from EUR risk (-)	(47.472)	47.472	(367.345)	367.345
<b>EUR net effect</b>	<b>(46.667)</b>	<b>46.667</b>	<b>(366.540)</b>	<b>366.540</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability risk (-)	238.039	(238.039)	238.039	(238.039)
	(240.779)	240.779	(260.770)	260.770
<b>Other currency net effect</b>	<b>(2.740)</b>	<b>2.740</b>	<b>(22.731)</b>	<b>22.731</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

	<b>Gain / Loss</b>		<b>Equity</b>	
	<b>Foreign exchange appreciation</b>	<b>Foreign exchange depreciation</b>	<b>Foreign exchange appreciation</b>	<b>Foreign exchange depreciation</b>
<b>31 December 2020</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(187.662)	187.662	(187.662)	187.662
Secured portion from USD risk (-)	26.841	(26.841)	268.713	(268.713)
<b>USD net effect</b>	<b>(160.821)</b>	<b>160.821</b>	<b>81.051</b>	<b>(81.051)</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	89.864	(89.864)	89.864	(89.864)
Secured portion from EUR risk (-)	(63.098)	63.098	(268.145)	268.145
<b>EUR net effect</b>	<b>26.766</b>	<b>(26.766)</b>	<b>(178.281)</b>	<b>178.281</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability risk (-)	244.794	(244.794)	244.794	(244.794)
	(252.790)	252.790	(260.502)	260.502
<b>Other currency net effect</b>	<b>(7.996)</b>	<b>7.996</b>	<b>(15.708)</b>	<b>15.708</b>

**NOTE 31 – SUBSEQUENT EVENTS**

As at 31 March 2021, corporate tax rate in Turkey is 20%. In accordance with the regulation numbered 7316, published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate for 2021 has increased from 20% to 25%, and to 23% for 2022. This change will be effective for corporate tax calculation for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. Since the tax rate change is effective as of April 22, 2021, corporate tax and deferred tax assets and liabilities are calculated with 20% tax rate as at 31 March 2021.