

**VESTEL ELEKTRONİK SANAYİ VE TİCARET  
ANONİM ŞİRKETİ**

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

**(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 2022**

<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 2022</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.....	44-45
NOTE 9 TRADE RECEIVABLES AND PAYABLES.....	46-47
NOTE 10 OTHER RECEIVABLES.....	48
NOTE 11 INVENTORIES.....	49-50
NOTE 12 PREPAID EXPENSES .....	50
NOTE 13 INVESTMENTS RECOGNIZED BY EQUITY PICKUP METHOD.....	50-51
NOTE 14 PROPERTY, PLANT AND EQUIPMENT .....	52-55
NOTE 15 RIGHT OF USE ASSETS .....	55
NOTE 16 INTANGIBLE ASSETS.....	56-57
NOTE 17 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	57-59
NOTE 18 COMMITMENTS.....	59
NOTE 19 EMPLOYEE BENEFITS.....	60
NOTE 20 OTHER ASSETS AND LIABILITIES .....	61
NOTE 21 CAPITAL, RESERVES AND OTHER EQUITY ITEMS .....	62-64
NOTE 22 SALES.....	65
NOTE 23 EXPENSES BY NATURE .....	65
NOTE 24 GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES.....	66
NOTE 25 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES.....	67
NOTE 26 FINANCIAL INCOME AND FINANCIAL EXPENSES.....	67-68
NOTE 27 TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES).....	68-71
NOTE 28 EARNINGS / (LOSS) PER SHARE.....	72
NOTE 29 DERIVATIVE INSTRUMENTS.....	72
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 2022 AND**  
**31 DECEMBER 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	<b>Audited</b>	<b>Footnotes</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	5		1.691.244	2.089.143
Financial Investments			67.491	1.710
Time Deposits			67.491	1.710
Trade Receivables			6.791.035	6.674.282
Trade Receivables Due from Related Parties	8		53.711	14.133
Trade Receivables Due from Third Parties	9		6.737.324	6.660.149
Other Receivables			1.291.211	1.461.021
Other Receivables Due from Related Parties	8		448.637	848.275
Other Receivables Due from Third Parties	10		842.574	612.746
Derivative Financial Assets			306.768	288.768
Derivative Financial Assets Held for Trading	29		10.266	14.151
Derivative Financial Assets Held for Hedging	29		296.502	274.617
Inventories	11		12.450.212	9.528.703
Prepayments			810.318	611.717
Prepayments to Third Parties	12		810.318	611.717
Current Tax Assets	27		14.538	7.987
Other Current Assets			418.016	215.323
Other Current Assets Due from Third Parties	20		418.016	215.323
<b>TOTAL CURRENT ASSETS</b>			<b>23.840.833</b>	<b>20.878.654</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2022 AND**  
**31 DECEMBER 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	<b>Footnotes</b>	<b>Audited</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>NON-CURRENT ASSETS</b>				
Financial Investments	6	74.984	73.085	
Investments in subsidiaries, joint ventures and associates	13	1.573.721	1.406.812	
Trade Receivables		249	468	
Trade Receivables Due From Related Parties		12	-	
Trade Receivables Due from Third Parties	9	237	468	
Other Receivables		12.971.675	10.843.955	
Other Receivables Due from Related Parties	8	12.937.206	10.717.782	
Other Receivables Due from Third Parties	10	34.469	126.173	
Property, Plant and Equipments		7.649.029	7.426.989	
Land and Premises	14	1.724.913	1.724.691	
Land Improvements	14	205.265	203.884	
Buildings	14	3.208.513	3.241.874	
Machinery and Equipments	14	2.215.410	2.092.530	
Vehicles	14	6.791	6.936	
Fixtures and Fittings	14	90.133	70.832	
Leasehold Improvements	14	6.507	4.110	
Construction in Progress	14	191.497	82.132	
Right of Use Assets	15	197.817	179.618	
Intangible Assets and Goodwill		1.179.356	1.107.011	
Goodwill		196.568	196.568	
Other Rights	16	32.803	24.901	
Capitalized Development Costs	16	845.089	789.738	
Other Intangible Assets	16	104.896	95.804	
Prepayments		363.849	371.314	
Prepayments to Third Parties	12	363.849	371.314	
Deferred Tax Asset	27	941.828	795.193	
Other Non-current Assets	20	7.177	9.590	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>24.959.685</b>	<b>22.214.035</b>	
<b>TOTAL ASSETS</b>		<b>48.800.518</b>	<b>43.092.689</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 2022 AND**  
**31 DECEMBER 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		<b>Audited</b>		
		<b>Footnotes</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Current Borrowings	7	10.842.756	5.057.567	
Current Borrowings from Related Parties		11.775	11.423	
Lease Liabilities	8	11.775	11.423	
Current Borrowings from Third Parties		10.830.981	5.046.144	
Bank Loans	7	10.405.125	4.344.893	
Lease Liabilities	7	87.499	63.434	
Issued debt instruments	7	338.357	637.817	
Current Portion of Non-current Borrowings	7	1.697.320	6.014.337	
Current Portion of Non-current Borrowings from				
Third Parties		1.697.320	6.014.337	
Bank Loans	7	1.697.320	6.014.337	
Trade Payables		19.107.124	16.026.589	
Trade Payables to Related Parties	8	10.221	66.009	
Trade Payables to Third Parties	9	19.096.903	15.960.580	
Employee Benefit Obligations	19	318.191	279.503	
Other Payables		11.276	10.752	
Other Payables to Third Parties		11.276	10.752	
Derivative Financial Liabilities		188.274	531.887	
Derivative Financial Liabilities Held for Trading	29	153.690	490.901	
Derivative Financial Liabilities Held for Hedging	29	34.584	40.986	
Current Tax Liabilities	27	16.041	-	
Current Provisions	17	1.265.574	1.240.635	
Other Current Provisions		1.265.574	1.240.635	
Other Current Liabilities	20	1.760.560	1.448.827	
Other Current Liabilities to Third Parties		1.760.560	1.448.827	
<b>TOTAL CURRENT LIABILITIES</b>		<b>35.207.116</b>	<b>30.610.097</b>	

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2022 AND**  
**31 DECEMBER 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		<b>Audited</b>	
	<b>Footnotes</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	7	1.241.968	1.045.222
Long Term Borrowings from Related Parties		7.596	10.676
Lease Liabilities	8	7.596	10.676
Long Term Borrowings from Third Parties		1.234.372	1.034.546
Bank Loans	7	680.727	628.475
Lease Liabilities	7	127.785	141.071
Issued debt instruments	7	425.860	265.000
Trade Payables		188.486	181.003
Trade Payables to Third Parties	9	188.486	181.003
Non-current Provisions		520.238	480.671
Non-current Provisions for Employee Benefits	19	413.082	387.222
Other Non-current Provisions	17	107.156	93.449
Deferred Tax Liabilities	27	463.906	461.600
Other Non-current Liabilities		46	2.435
Other Non-current Liabilities to Third Parties		46	2.435
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2.414.644</b>	<b>2.170.931</b>
<b>TOTAL LIABILITIES</b>		<b>37.621.760</b>	<b>32.781.028</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2022 AND**  
**31 DECEMBER 2021**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		<b>Audited</b>	
	<b>Footnotes</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>EQUITY</b>			
<b>Equity Attributable to Owners of Parent</b>		<b>10.176.899</b>	<b>9.441.862</b>
Issued Capital	21	335.456	335.456
Inflation Adjustments on Capital		688.315	688.315
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		3.769.233	3.825.581
Gains (Losses) on Revaluation and Remeasurement		3.769.233	3.825.581
Increases (Decreases) on Revaluation of Property, Plant and Equipment	21	3.966.897	3.985.651
Gains (Losses) on Remeasurements of Defined Benefit Plans		(197.664)	(160.070)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		1.599.712	1.299.238
Exchange Differences on Translation		1.438.932	1.159.315
Gains (Losses) on Hedge		155.254	132.935
Gains (Losses) on Cash Flow Hedges		155.254	132.935
Gains (Losses) on Revaluation and Reclassification		5.526	6.988
Gains (Losses) on Remeasuring Financial Assets Measured of Fair Value through Other Compressive Income	21	5.526	6.988
Restricted Reserves Appropriated from Profits		259.108	265.489
Legal Reserves	21	259.108	265.489
Prior Years' Profits or Losses	21	3.052.918	1.132.296
Current Period Net Profit Or Loss		472.157	1.895.487
<b>Non-controlling Interests</b>		<b>1.001.859</b>	<b>869.799</b>
<b>TOTAL EQUITY</b>		<b>11.178.758</b>	<b>10.311.661</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>48.800.518</b>	<b>43.092.689</b>

Consolidated financial statements for the period 1 January – 31 March 2022, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 10 May 2022.

**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 2022 AND 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	<b>Footnotes</b>	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
<b>PROFIT OR LOSS</b>			
Revenue	22	11.740.874	6.200.674
Cost of Sales	22	(8.952.612)	(4.686.895)
<b>GROSS PROFIT</b>		<b>2.788.262</b>	<b>1.513.779</b>
General Administrative Expenses	24	(278.040)	(119.950)
Marketing Expenses	24	(1.207.507)	(630.284)
Research and Development Expense	24	(144.406)	(96.137)
Other Income from Operating Activities	25	526.929	440.331
Other Expenses from Operating Activities	25	(1.746.102)	(952.683)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>(60.864)</b>	<b>155.056</b>
Share of Profit (Loss) from Investments Accounted for Using Equity Method	13	(15.408)	(25.769)
<b>PROFIT BEFORE FINANCING INCOME</b>		<b>(76.272)</b>	<b>129.287</b>
Finance Income	26	2.253.441	1.557.882
Finance Costs	26	(1.704.044)	(1.469.253)
<b>PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX</b>		<b>473.125</b>	<b>217.916</b>
Tax (Expense) Income, Continuing Operations		119.479	41.912
Current Period Tax (Expense) Income	27	(11.248)	(5.628)
Deferred Tax (Expense) Income	27	130.727	47.540
<b>PROFIT FROM CONTINUING OPERATIONS</b>		<b>592.604</b>	<b>259.828</b>
<b>PROFIT</b>		<b>592.604</b>	<b>259.828</b>
<b>Profit (loss), attributable to</b>			
Non-controlling Interests		120.447	39.483
Owners of Parent		472.157	220.345
<b>Earnings per 100 share with a Kr 1 of Par Value (TL)</b>		<b>28</b>	<b>1,41</b>
			<b>0,66</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 2022 AND 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>	<b>(37.594)</b>	<b>(4.359)</b>
Gains (Losses) on Remeasurements of Defined Benefit Plans	(46.992)	(5.449)
<b>Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>	<b>9.398</b>	<b>1.090</b>
Taxes Relating to Remeasurements of Defined Benefit Plans	9.398	1.090
<b>Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>300.474</b>	<b>23.291</b>
Exchange Differences on Translation	279.617	(74.621)
Gains (losses) on Remeasuring Financial Assets Measured of Fair Value through Other Compressive Income	(1.899)	(3.680)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	28.986	126.070
<b>Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>(6.230)</b>	<b>(24.478)</b>
Taxes Relating to Financial Assets Measured of Fair Value through Other Compressive Income	(6.230)	(24.478)
Taxes Relating to Cash Flow Hedges	(6.667)	(25.214)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>262.880</b>	<b>18.932</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>855.484</b>	<b>278.760</b>
<b>Total Comprehensive Income Attributable to</b>		
Non-controlling Interests	122.714	47.120
Owners of Parent	732.770	231.640

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS 1 JANUARY – 31 MARCH 2022 AND 2021

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

	Issued Capital	Inflation Adjustments on Capital	Share Premium or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasurements of Defined Benefit Plans	Gains (Losses) 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 of Fair Value through Other	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 2021</b>																																				
<b>Beginning of Period</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	####	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)	-	-	-	-	-	-	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	26.565																
Transactions with non-controlling shareholders	-	-	(2.868)	(23.373)	(5.087)	(28.460)	(28.460)	-	-	-	-	-	-	-	350.975	-	350.975	319.647	92.179	411.826																
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																	
<b>End of Period</b>	335.456	688.315	95.151	2,470.537	(74.637)	2,395.900	2,395.900	538.721	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																
<b>Current Period</b>																																				
<b>1 January - 31 March 2022</b>																																				
<b>Opening Balance</b>	335.456	688.315	-	3,985.651	(160.070)	3,825.581	3,825.581	1,159.315	132.935	132.935	6.988	6.988	1,299.238	265.489	1,132.296	1,895.487	3,027.783	9,441.862	869.799	10,311.661																
Transfers	-	-	-	(18.754)	-	(18.754)	(18.754)	-	-	-	-	-	-	(6.381)	1,920.622	(1,895.487)	25.135	-	-																	
Total Comprehensive Income (Loss)	-	-	-	-	(37.594)	(37.594)	(37.594)	279.617	22.319	22.319	(1.462)	(1.462)	300.474	-	-	472.157	472.157	735.037	122.714	857.751																
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	472.157	472.157	472.157	120.447	592.604																
Other Comprehensive Income (Loss)	-	-	-	-	(37.594)	(37.594)	(37.594)	279.617	22.319	22.319	(1.462)	(1.462)	300.474	-	-	-	-	262.880	2.267	265.147																
<b>Closing Balance</b>	335.456	688.315	-	3,966.897	(197.664)	3,769.233	3,769.233	1,438.932	155.254	155.254	5.526	5.526	1,599.712	259.108	3,052.918	472.157	3,525.075	10,176.899	1,001.859	11,178.758																

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 2022 AND 2021**

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

	<b>Footnotes</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>826.710</b>	<b>895.344</b>
Profit		592.604	259.828
Profit (Loss) from Continuing Operations		592.604	259.828
<b>Adjustments to Reconcile Profit</b>		<b>407.938</b>	<b>509.578</b>
Adjustments for Depreciation and Amortisation Expense	14	332.682	216.442
Adjustments for Impairment Loss			
(Reversal of Impairment Loss)		(1.722)	13.316
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Receivables	9	1.827	3.339
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Inventories	11	(3.549)	9.977
Adjustments for Provisions			
Adjustments for (Reversal of) Provisions Related with Employee Benefits	19	(31.642)	26.949
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	17	2.741	4.045
Adjustments for (Reversal of) Warranty Provisions	17	69.089	21.092
Adjustments for (Reversal of) Other Provisions	17	(33.184)	(84.969)
Adjustments for Interest (Income) Expenses			
Adjustments for Interest Income	26	(298.644)	(182.762)
Adjustments for Interest Expense	26	379.364	286.680
Adjustments for Unrealised Foreign Exchange Losses (Gains)	7	426.896	305.841
Adjustments for Fair Value Losses (Gains)			
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(332.627)	(76.805)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method			
15.408		25.769	
Adjustments for Tax (Income) Expenses			
(119.479)		(41.912)	
Adjustments for Losses (Gains) on Disposal of Non-Current Assets			
(917)		(1.706)	
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets			
(917)		(1.706)	
Other Adjustments to Reconcile Profit (Loss)			
		(27)	(2.402)

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS**  
**1 JANUARY – 31 MARCH 2022 AND 2021**

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

	Footnotes	1 January - 31 March 2022	1 January - 31 March 2021
<b>Changes in Working Capital</b>		<b>(142.131)</b>	<b>140.628</b>
Decrease (Increase) in Financial Investments	6	(1.899)	-
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(118.361)	600.787
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(39.590)	4.560
Decrease (Increase) in Trade Accounts Receivables from Third Parties		(78.771)	596.227
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(138.124)	(3.872)
Decrease (Increase) in Other Third Party Receivables Related with Operations		(138.124)	(3.872)
Adjustments for Decrease (Increase) in Inventories		(2.922.354)	(1.560.309)
Decrease (Increase) in Prepaid Expenses		(191.136)	(190.001)
Adjustments for Increase (Decrease) in Trade Accounts Payable		3.088.018	1.227.975
Increase (Decrease) in Trade Accounts Payables to Related Parties		(55.788)	4.979
Increase (Decrease) in Trade Accounts Payables to Third Parties		3.143.806	1.222.996
Increase (Decrease) in Employee Benefit Liabilities		38.688	(13.721)
Adjustments for Increase (Decrease) in Other Operating Payables		524	26.207
Increase (Decrease) in Other Operating Payables to Third Parties		524	26.207
Other Adjustments for Other Increase (Decrease) in Working Capital		102.513	53.562
Decrease (Increase) in Other Assets Related with Operations		(206.831)	33.762
Increase (Decrease) in Other Payables Related with Operations		309.344	19.800
<b>Cash Flows from (used in) Operations</b>		<b>858.411</b>	<b>910.034</b>
Payments Related with Provisions for Employee Benefits	19	(8.561)	(3.125)
Income Taxes Refund (Paid)	27	(23.140)	(11.565)

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 2022 AND 2021**

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

	<b>Footnotes</b>	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(2,370,700)</b>	<b>(970,267)</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)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		21,832	13,642
Proceeds from Sales of Property, Plant and Equipment		21,832	13,642
Purchase of Property, Plant, Equipment and Intangible Assets		(572,746)	(253,210)
Purchase of Property, Plant and Equipment	14	(409,705)	(169,526)
Purchase of Intangible Assets	16	(163,041)	(83,684)
Cash Advances and Loans Made to Other Parties		(1,819,786)	(888,837)
Cash Advances and Loans Made to Related Parties	8	(1,819,786)	(888,837)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>1,146,064</b>	<b>(100,463)</b>
Proceeds from Borrowings		6,484,423	2,369,953
Proceeds from Loans	7	6,484,423	1,969,953
Proceeds from Securities		-	400,000
Repayments of Borrowings		(5,261,558)	(2,430,100)
Loan Repayments	7	(5,261,558)	(2,430,100)
Increase in Other Payables to Related Parties		-	9,323
Payments of Lease Liabilities		8,051	31,056
Interest Paid		(383,496)	(263,457)
Interest Received		298,644	182,762
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>(397,926)</b>	<b>(175,386)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		-	133,824
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(397,926)</b>	<b>(41,562)</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	2,089,121	3,172,696
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>5</b>	<b>1,691,195</b>	<b>3,131,134</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (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, 36,3 % of the Group's shares are publicly traded (2021: 36,3%).

As of 31 March 2022 the number of personnel employed at Group is 20.081 (31 December 2021: 19.119).

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 Electronics Gulf DMC	UAE	Sales

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (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>
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş	Turkey	Mining
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş	Turkey	Automotive

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

**2.1 Basis of presentation**

**2.1.1 Statement of compliance**

The accompanying consolidated financial statements are prepared 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 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**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 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**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>Period End:</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Turkish Lira/EUR	0,0613	0,0681
Turkish Lira/GBP	0,052	0,0573
Turkish Lira/RUB	5,8045	5,7793
Turkish Lira/PLN	0,2859	0,3126
Turkish Lira/ USD	0,0683	0,0771
Turkish Lira/ KZT	31,7965	33,6587
Turkish Lira/AED	0,2522	0,2846
Turkish Lira/RMB	0,4362	0,4938
Turkish Lira/RON	0,3051	0,3390

  

<b>Average:</b>	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March 2022</b>	<b>31 March 2021</b>
Turkish Lira/EUR	0,064	0,1124
Turkish Lira/GBP	0,0536	0,0985
Turkish Lira/RUB	6,199	10,1455
Turkish Lira/PLN	0,2957	0,5107
Turkish Lira/ USD	0,0718	0,1356
Turkish Lira/ KZT	32,8448	56,8874
Turkish Lira/ AED	0,2652	0,4975
Turkish Lira/ CNY	0,4584	0,8834
Turkish Lira/ RON	0,3184	0,5515

**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 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**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 Lentatek Uzay Havacılık ve Teknoloji A.Ş. and Aydın 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 Lentatek Uzay Havacılık ve Teknoloji A.Ş. and Aydın 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 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**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.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

**2.4 Amendments in International Financial Reporting Standards**

**Standards issued but not yet effective and not early adopted**

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

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

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

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

The amendments include:

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

The 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 for the deferral of application was issued by POA on 15 January 2021.

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

**2.4 Amendments in International Financial Reporting Standards**

**Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes**

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

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

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

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

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

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

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

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

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

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

**2.4 Amendments in International Financial Reporting Standards**

Developing an accounting estimate includes both:

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

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

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

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

**Disclosure of Accounting Policies (Amendments to TAS 1)**

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

The key amendments to TAS 1 include:

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

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

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

**2.4 Amendments in International Financial Reporting Standards**

**Amendments are effective on 1 January 2022**

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

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

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 2 – BASIS OF PRESENTATION OF 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 2022**  
 (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 value based on valuations performed as at 31 December 2021 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 2022**  
 (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 2022**  
 (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 2022**  
 (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 2022**  
 (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 2022**  
 (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 2022**  
 (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 2022**  
 (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 2022**  
 (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 2022**  
 (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 2022**  
 (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 2021 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 2022**  
(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 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 3 - INTERESTS IN OTHER ENTITIES**

**Subsidiaries:**

As of 31 March 2022 and 31 December 2021 the Group's major subsidiaries are as follows:

<b>Consolidated subsidiaries</b>	<b>31 March 2022</b>		<b>31 December 2021</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.	82,5	82,5	82,5	82,5
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 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 ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**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 2022</b>	<b>31 December 2021</b>
Accumulated non-controlling interests	1.007.018	874.958
Comprehensive income attributable to non-controlling interests	122.714	400.053

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 2022</b>	<b>31 December 2021</b>
Current assets	14.140.170	10.120.625
Non-current assets	4.457.557	4.068.788
Current liabilities	(12.344.765)	(8.562.036)
Non-current liabilities	(775.527)	(734.722)
<b>Net assets</b>	<b>5.477.435</b>	<b>4.892.655</b>

**Condensed statement of comprehensive income:**

	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2021</b>
Net sales	5.417.752	2.969.371
Income / (loss) before tax	565.195	299.130
Tax benefit / (expense)	7.556	11.937
Net income / (loss) for the period	572.751	311.067
Total comprehensive income	584.780	371.058

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

**Condensed statement of cash flows:**

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
<b><u>Operating activities:</u></b>		
Changes in working capital	427.372	(153.064)
<b>Net cash provided by operating activities</b>	<b>1.266.297</b>	<b>378.089</b>
<b><u>Investing activities:</u></b>		
<b>Net cash used in investing activities</b>	<b>(1.934.467)</b>	<b>(714.092)</b>
<b><u>Financing activities:</u></b>		
Proceeds from bank borrowings	1.854.927	300.243
Repayment of bank borrowings	(566.332)	(283.872)
<b>Net cash (used in) / provided by financing activities</b>	<b>595.817</b>	<b>244.124</b>
Cash and cash equivalents at the beginning of the period	112.815	187.136
Cash and cash equivalents at the end of the period	40.462	95.257

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 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**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 2022</b>			
Revenue	4.264.516	7.476.358	11.740.874
Cost of sales	(3.505.550)	(5.447.062)	(8.952.612)
Gross profit	758.966	2.029.296	2.788.262
Depreciation and amortization	173.251	159.431	332.682
<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

**Capital expenditure**

	<b>Television and Electronical devices</b>	<b>White goods</b>	<b>Total</b>
1 January -31 March 2022	210.809	361.937	572.746
1 January -31 March 2021	112.210	141.000	253.210

**Geographical segments**

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
<b>Segment revenue</b>		
Turkey	3.145.340	1.749.925
Europe	7.564.645	4.282.015
Other	1.565.809	554.090
Gross segment sales	12.275.794	6.586.030
Discounts (-)	(534.920)	(385.356)
<b>Net sales</b>	<b>11.740.874</b>	<b>6.200.674</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (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 2022 is TL 7.894.006 thousand (1 January - 31 March 2021: TL 4.836.105 thousand). Export sales are denominated in EUR, USD and other currencies as 70%, 22,4%, and 7,6% of total exports respectively. (1 January - 31 March 2021: 65% EUR, 29 % USD, 6 % 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 2022</b>	<b>31 December 2021</b>
Cash	29.372	2.188
Bank deposits		
- Demand deposits	1.430.553	1.410.170
- Time deposits	136.505	550.795
Cheques and notes	8.258	39.794
Other	86.507	86.174
	<b>1.691.195</b>	<b>2.089.121</b>
Blocked deposits	49	22
<b>Cash and cash equivalents</b>	<b>1.691.244</b>	<b>2.089.143</b>

**Effective interest rates**

	<b>31 March 2022</b>	<b>31 December 2021</b>
EUR	0,01%	0,07%
TL	13,72%	21,13%
USD	12,66%	0,23%
KZT	7,00%	7,00%

The Group has time deposits amounting to USD 59 thousand, EUR 903 in EUR, 20 in RUB thousand, KZT 13 thousand and TL 84.608 thousand. (31 December 2021: USD 1.000 thousand, EUR 5.167 thousand, KZT 500 thousand, RUB 16.000 TL and TL 460.718 thousand)

As of 31 March 2022 and 31 December 2021 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 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 6 - FINANCIAL ASSETS**

	Ownership		Amount	
	31 March 2022		31 December 2021	
	Country	2022	Country	2021
<b>Financial assets measured at fair value through other comprehensive income:</b>				
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	18.500
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11
Other	Turkey	1%	0%	200
				<b>18.711</b>
				<b>16.812</b>

	Ownership		Amount	
	31 March 2022		31 December 2021	
	Country	2022	Country	2021
<b>Non-consolidated subsidiaries on the grounds of materiality:</b>				
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	56.273
				<b>56.273</b>
				<b>56.273</b>

**NOTE 7 - FINANCIAL LIABILITIES**

	31 March 2022	31 December 2021
<b>Short term financial liabilities</b>		
Short term bank loans	10.405.125	4.344.893
Short term portion of long term bank loans	1.697.320	6.014.337
Short term portion of long term lease liabilities	99.274	74.857
Issued debt instruments	338.357	637.817
	<b>12.540.076</b>	<b>11.071.904</b>
<b>Long term financial liabilities</b>		
Long term bank loans	680.727	628.475
Long term lease liabilities	135.381	151.747
Issued debt instruments	425.860	265.000
	<b>1.241.968</b>	<b>1.045.222</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

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

31 March 2022			31 December 2021		
Currency	Weighted average of effective interest	Original currency	TL Equivalent	Weighted average of effective interest	Original currency
- USD	5,08%	335.929	4.919.950	3,71%	130.232
- EUR	5,50%	60.510	986.831	3,74%	16.636
- TL	20,73%	4.417.330	4.417.330	24,97%	2.410.549
- CNY	4,57%	35.337	81.014	-	-
<b>10.405.125</b>			<b>4.344.893</b>		

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

31 March 2022			31 December 2021		
Currency	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency
- USD	4,75%	51.130	748.836	3,54%	257.296
- EUR	4,36%	8.100	132.096	4,36%	38.620
- TL	14,87%	816.388	816.388	16,12%	2.108.247
<b>Short term portion</b>			<b>1.697.320</b>		
<b>Long term portion</b>			<b>680.727</b>		
<b>2.378.047</b>			<b>6.642.812</b>		

Total amount of Group's floating bank loans is 10.415.472 thousand TL (31 December 2021: TL 8.733.735 thousand).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (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 2022</b>	<b>31 December 2021</b>
One to two years	421.145	384.289
Two to three years	259.582	244.186
	<b>680.727</b>	<b>628.475</b>

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Less than one year	10.095.816	3.548.704
1-2 year	319.655	-
	<b>10.415.471</b>	<b>3.548.704</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 a 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 2022 and 31 March 2021, the Group's net financial debt reconciliation is shown below:

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Net financial debt as of 1 January</b>	<b>10.028.005</b>	<b>5.641.966</b>
Cash inflows from loans	6.484.423	2.369.953
Cash outflows from loan payments	(5.342.057)	(2.503.785)
Cash outflows from financial leasing payments	8.051	31.056
Unrealized Fx gain/loss	426.896	439.665
Accrued interest	52.503	54.076
Change in cash and cash equivalents	397.926	41.562
<b>Net financial debt at the end of the period</b>	<b>12.055.747</b>	<b>6.074.493</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (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 2022</b>	<b>31 December 2021</b>
Rotor Elektrik Üretim A.Ş.	27.463	-
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. (1)	-	1
Korteks Mensucat Sanayi ve Ticaret A.Ş.	6.654	5.907
Linens Tekstil Ürünleri Pazarlama A.Ş.	6.881	4.130
Other related parties	12.713	4.095
	<b>53.711</b>	<b>14.133</b>

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Osmangazi Elektrik Dağıtım A.Ş. (OEDAŞ)	12	-
	<b>12</b>	<b>-</b>

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Zorlu Holding A.Ş. (2)	5.342	-
Osmangazi Elektrik Dağıtım A.Ş. (OEDAŞ)	1.063	-
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	980	525
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. (3)	-	62.383
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	-	308
Zorlu Air Havacılık A.Ş. (1)	1.308	1.287
Other related parties	1.686	1.511
	10.379	66.014
Unearned interest on payables (-)	(158)	(5)
	<b>10.221</b>	<b>66.009</b>

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Vestel Ventures A.Ş (3)	448.637	390.294
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. (3)	-	457.981
	<b>448.637</b>	<b>848.275</b>

As of 31 March 2022, the interest rate of short term other receivables in TL is 24%, and in USD is 7%. As of 31 December 2021, 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 2022**  
(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 2022</b>	<b>31 December 2021</b>
Zorlu Holding A.Ş. <sup>(2)</sup>	4.995.597	4.418.094
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. (3)	5.191.931	4.020.204
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A.Ş. <sup>(3)</sup>	2.749.678	2.279.484
<b>12.937.206</b>		<b>10.717.782</b>

**g) Lease liabilities to related parties**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş. <sup>(1)</sup>	17.141	19.555
Zorlu Yapı Yatırım A.Ş. <sup>(1)</sup>	2.230	2.544
<b>19.371</b>		<b>22.099</b>

**h) Transactions with related parties**

	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2021</b>
<b>Sales</b>		
ZES Dijital Ticaret A.Ş.	53.114	-
Rotor Elektrik Üretim A.Ş.	23.274	-
Linens Tekstil Ürünleri Pazarlama A.Ş.	2.180	692
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. (1)	3	928
Other related parties	976	696
	<b>79.547</b>	<b>2.316</b>

	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2021</b>

**Operating expenses**

ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	6.172	892
Zorlu Holding A.Ş. (2)	29.225	19.010
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. (1)	4.290	3.448
Zorlu Air Havacılık A.Ş. (1)	1.922	1.626
Other related parties	7.675	4.101
	<b>49.284</b>	<b>29.077</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
<b>Other income from operating activities</b>		
Other related parties	<b>7.244</b>	<b>711</b>
<b>Other expense from operating activities</b>		
Other related parties	<b>9.389</b>	<b>10.269</b>
<b>Financial income</b>		
Zorlu Holding A.Ş. (2)	661.266	396.723
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. (3)	578.476	245.079
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A.Ş.	301.930	167.256
Vestel Ventures Arge A.Ş.	56.981	30.578
	<b>1.598.653</b>	<b>839.636</b>
<b>Financial expense</b>		
Other related parties	<b>458</b>	<b>814</b>
	<b>458</b>	<b>814</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 2022 is TL 12.999 thousand (1 January - 31 March 2021: TL 18.845 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 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 9 – TRADE RECEIVABLES AND PAYABLES**

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Short term trade receivables</b>		
Trade receivables		
- Related parties (note 8)	53.711	14.133
- Other parties	6.293.227	6.261.868
Cheques and notes receivables	497.051	419.144
Other	173.987	182.635
	7.017.976	6.877.780
Unearned interest expense (-)		
- Other parties	(71.773)	(29.351)
Allowance for doubtful receivables (-)	(155.168)	(174.147)
<b>Total short term trade receivables</b>	<b>6.791.035</b>	<b>6.674.282</b>
<b>Long term trade receivables</b>		
Cheques and notes receivables	320	589
Unearned interest expense (-)	(71)	(121)
<b>Total long term trade receivables</b>	<b>249</b>	<b>468</b>
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Opening balance, 1 January</b>	<b>174.147</b>	<b>199.946</b>
Current year additions	1.827	3.339
Provisions no longer required	(21.926)	(35.230)
Currency translation differences	1.120	987
<b>Balance at 31 March</b>	<b>155.168</b>	<b>169.042</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

**31 March 2022 31 December 2021**

**Short term trade payables**

Trade payables

- Related parties (note 8)	10.379	66.014
- Other parties	19.126.556	15.980.631
Other	4.164	4.209
	<b>19.141.099</b>	<b>16.050.854</b>

Unearned interest income (-)

- Related parties (note 8)	(158)	(5)
- Other parties	(33.817)	(24.260)

**Total short term trade payables**

**19.107.124 16.026.589**

---

**Long term trade payables**

Trade payables

- Other parties	188.486	181.003
-----------------	---------	---------

**Total long term trade payables**

**188.486 181.003**

---

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 10 – OTHER RECEIVABLES**

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Short term other receivables</b>		
Receivables from official institutions	768.429	497.333
Receivables from related parties (note 8)	448.637	848.275
Deposits and guarantees given	68.325	109.241
Other	95.458	95.842
	<b>1.380.849</b>	<b>1.550.691</b>
Allowance for doubtful receivables (-)	(89.638)	(89.670)
	<b>1.291.211</b>	<b>1.461.021</b>
<b>Long term other receivables</b>		
Deposits and guarantees given	34.199	24.281
Receivables from related parties (note 8)	12.937.206	10.717.782
Other	8.548	110.170
	<b>12.979.953</b>	<b>10.852.233</b>
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	<b>12.971.675</b>	<b>10.843.955</b>

The Group provides allowance for doubtful receivables.

**NOTE 11 – INVENTORIES**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Raw materials	6.270.976	4.590.704
Work in process	310.639	226.636
Finished goods	5.343.122	4.507.882
Merchandise	603.218	294.319
Other	22.515	8.575
	<b>12.550.470</b>	<b>9.628.116</b>
Provision for impairment on inventories (-)	(100.258)	(99.413)
	<b>12.450.212</b>	<b>9.528.703</b>

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 31 March 2022 is TL 7.894.006 thousand (1 January – 31 March 2021: TL 3.965.625 thousand).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

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

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Raw materials	54.798	42.101
Finished goods and merchandise	45.460	57.312
	<b>100.258</b>	<b>99.413</b>

Movement of provision for impairment on inventories is as follows:

	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Opening balance, 1 January</b>	<b>99.413</b>	<b>59.407</b>
Current year additions	14.345	15.393
Realised due to sale of inventory	(17.894)	(5.416)
Currency translation differences	4.394	3.450
<b>Balance at 31 March</b>	<b>100.258</b>	<b>72.834</b>

**NOTE 12 - PREPAID EXPENSES**

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Prepaid expenses in current assets</b>		
Order advances given	639.125	461.085
Prepaid expenses	164.258	146.616
Business advances given	6.935	4.016
	<b>810.318</b>	<b>611.717</b>
<b>Prepaid expenses in non-current assets</b>		
Advances given for fixed asset purchases	355.054	261.847
Prepaid expenses	8.795	109.467
	<b>363.849</b>	<b>371.314</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

	<b>31 March 2022</b>		<b>31 December 2021</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%	749.022	50%	740.287
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	824.699	23%	666.525
		<b>1.573.721</b>		<b>1.406.812</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 TL 1 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 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**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 2022 and 2021 is as follows:

	<b>1 January -</b> <b>31 March 2022</b>	<b>1 January -</b> <b>31 March 2021</b>
<b>Balance at 1 January</b>	<b>740.287</b>	<b>808.203</b>
Shares from profit / loss	8.694	(40.792)
Shares from other comprehensive income / expense	41	6.657
<b>Balance at 31 December</b>	<b>749.022</b>	<b>774.068</b>

Summary financial statement information of META is as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
Total Assets	8.840.611	7.704.020
Total Liabilities	(8.677.904)	(7.558.781)
<b>Net assets</b>	<b>162.707</b>	<b>145.239</b>

	<b>1 January -</b> <b>31 March 2022</b>	<b>1 January -</b> <b>31 March 2021</b>
Net sales	620.544	105.573
Income / (loss) before tax	35.232	(81.117)
Tax benefit / (expense)	(17.844)	(466)
Net income / (loss) for the period	17.388	(81.583)
<b>Total comprehensive loss</b>	<b>202.963</b>	<b>(68.269)</b>

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

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

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

	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Transfers</b>	<b>31 March 2022</b>
<b>Cost or revaluation</b>						
Land	1.724.691	-	-	222	-	1.724.913
Land improvements	206.469	-	-	(187)	-	206.282
Buildings	3.410.966	5.796	-	3.230	3.610	3.423.602
Leasehold improvements	191.722	5.694	(2)	1.168	360	198.942
Plant and machinery	4.852.745	219.759	(1.682)	736	32.392	5.103.950
Motor vehicles	9.541	1.165	(892)	7	-	9.821
Furniture and fixtures	566.641	29.394	(91)	6.276	2.165	604.385
Other tangible assets	849	-	-	-	-	849
Construction in progress	82.132	147.897	-	-	(38.532)	191.497
	<b>11.045.756</b>	<b>409.705</b>	<b>(2.667)</b>	<b>11.452</b>	<b>(5)</b>	<b>11.464.241</b>
<b>Accumulated depreciation</b>						
Land improvements	2.585	5.347	-	(6.915)	-	1.017
Buildings	169.092	74.661	-	(28.664)	-	215.089
Leasehold improvements	187.612	3.851	(2)	974	-	192.435
Plant and machinery	2.760.215	129.447	(1.651)	529	-	2.888.540
Motor vehicles	2.604	475	(218)	169	-	3.030
Furniture and fixtures	495.809	14.644	(78)	3.877	-	514.252
Other tangible assets	849	-	-	-	-	849
	<b>3.618.766</b>	<b>228.425</b>	<b>(1.949)</b>	<b>(30.030)</b>	<b>-</b>	<b>3.815.212</b>
<b>Net book value</b>	<b>7.426.990</b>					<b>7.649.029</b>

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

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

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

	<b>1 January</b> <b>2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Transfers</b>	<b>31 March</b> <b>2021</b>
<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 2022**  
 (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 2022 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 2022 the Group does not have property, plant and equipment pledged (2021: 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 2022	1 January - 31 March 2021
Cost of sales	221.897	135.049
Research and development expenses	62.758	46.965
Marketing, selling and distribution expenses	29.198	27.001
General administrative expenses	16.498	5.983
Other operating expense (idle capacity depreciation expense)	2.331	1.444
	<b>332.682</b>	<b>216.442</b>

31 March 2022	Level 1	Level 2	Level 3
<b>Tangible Assets</b>			
Lands	-	1.724.913	-
Buildings and land improvements	-	3.413.778	-
<b>31 December 2021</b>			
31 December 2021	Level 1	Level 2	Level 3
<b>Tangible Assets</b>			
Lands	-	1.724.691	-
Buildings and land improvements	-	3.445.758	-

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 15 – RIGHT OF USE ASSETS**

	1 January			Translation	31 March
	2022	Additions	Disposals	differences	2022
<b>Cost</b>					
Land and buildings	315.286	43.832	-	-	359.118
Motor Vehicles and Machinery	123.509	8.230	(1.063)	-	130.676
	<b>438.795</b>	<b>52.062</b>	<b>(1.063)</b>	-	<b>489.794</b>
<b>Accumulated amortization</b>					
Land and buildings	178.707	24.479	-	-	203.186
Motor Vehicles and Machinery	80.470	8.337	(16)	-	88.791
	<b>259.177</b>	<b>32.816</b>	<b>(16)</b>	-	<b>291.977</b>
<b>Net book value</b>	<b>179.618</b>				<b>197.817</b>

	1 January			Translation	31 March
	2021	Additions	Disposals	differences	2021
<b>Cost</b>					
Land and buildings	251.366	20.615	(5.798)	2.110	268.293
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
Machinery	51.028	7.545	(1.123)	104	57.554
	<b>147.636</b>	<b>26.523</b>	-	<b>571</b>	<b>172.520</b>
<b>Net book value</b>	<b>199.761</b>				<b>191.488</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 16 – INTANGIBLE ASSETS**

	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Transfers</b>	<b>31 March 2022</b>
<b>Cost</b>						
Rights	89.530	32.100	-	1.249	-	122.879
Development cost	1.717.843	118.634	(20.067)	-	-	1.816.410
Other intangible assets	212.385	12.307	(606)	2.700	5	226.791
	<b>2.019.758</b>	<b>163.041</b>	<b>(20.673)</b>	<b>3.949</b>	<b>5</b>	<b>2.166.080</b>
<b>Accumulated amortization</b>						
Rights	64.629	24.268	-	1.179	-	90.076
Development cost	928.105	43.689	(473)	-	-	971.321
Other intangible assets	116.581	3.484	(3)	1.833	-	121.895
	<b>1.109.315</b>	<b>71.441</b>	<b>(476)</b>	<b>3.012</b>	<b>-</b>	<b>1.183.292</b>
<b>Net book value</b>	<b>910.443</b>					<b>982.788</b>

	<b>1 January 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Transfers</b>	<b>31 March 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>-</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>-</b>	<b>975.203</b>
<b>Net book value</b>	<b>710.940</b>					<b>742.439</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**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:

	Useful life
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 2022</b>	<b>31 December 2021</b>
<b>Short term provisions</b>		
Warranty and assembly provision	532.402	477.020
Other provisions	683.357	716.541
Provision for lawsuit risks	49.815	47.074
	<b>1.265.574</b>	<b>1.240.635</b>
<b>Long term provisions</b>		
Warranty and assembly provision	107.156	93.449
	<b>107.156</b>	<b>93.449</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 2022, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is TL 49.815 thousand (2021: TL 47.074 thousand).

As of 31 March 2022 and 2021 movements of warranty and assembly provisions are as follows:

	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Opening balance, 1 January</b>	<b>570.469</b>	<b>387.814</b>
Current year additions	202.149	104.073
Provisions no longer required	(133.060)	(82.981)
<b>Balance at 31 March</b>	<b>639.558</b>	<b>408.906</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (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 2022</b>	<b>31 December 2021</b>
Guarantee letters	792.180	1.393.114
Cheques and notes	1.286.060	1.275.077
Collaterals and pledges	-	1.535.346
	<b>2.078.240</b>	<b>4.203.537</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 2022</b>					
A. CPM's given on behalf of its own legal entity	4.609	22.250	450	91.978	530.993
B. CPM's given on behalf of fully consolidated subsidiaries (*)	2.268.191	66.023	81	4.201.322	38.499.093
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	36.980	-	-	20.446	562.048
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.	36.980	-	-	20.446	562.048
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
<b>Total</b>	<b>2.309.780</b>	<b>88.273</b>	<b>531</b>	<b>4.313.746</b>	<b>39.592.133</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.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(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 2021</b>					
A. CPM's given on behalf of its own legal entity	8.879	22.206	450	120.160	569.276
B. CPM's given on behalf of fully consolidated subsidiaries	2.205.303	64.201	81	4.278.812	33.842.164
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	43.137	-	-	21.169	580.979
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.	43.137	-	-	21.169	580.979
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
<b>Total</b>	<b>2.257.319</b>	<b>86.407</b>	<b>531</b>	<b>4.420.141</b>	<b>34.992.419</b>

**NOTE 18 – COMMITMENTS**

As of the balance sheet date the Group has committed to realize exports amounting to USD 1.332.342 thousand (31 December 2021: USD 5.198.333 thousand) due to the export and investment incentive certificates obtained.

As of 31 March 2022 the Group has forward foreign currency purchase contract that amounts to USD 796.482 thousand, EUR 69.236 thousand, GBP 40.147 thousand, PLN 20.038 thousand, TL 1.98.659 thousand against forward foreign currency sales contract that amounts to USD 242.942 thousand, EUR 527.699 thousand, GBP 21.999 thousand, RON 633 thousand, PLN 68.734 thousand, SEK 9.447 thousand and TL 2.640.849 thousand (31 December 2021: USD 889.644 thousand, EUR 182.045 thousand, GBP 94.967 thousand, PLN 26.510 thousand, RON 10.508 thousand, TL 2.083.288 thousand against forward foreign currency sales contract that amounts to USD 430.365 thousand, EUR 638.25 thousand, GBP 106.292 thousand, RUB 993.900 thousand, RON 18.031 thousand, PLN 65.490 thousand, SEK 9.447 thousand and TL 1.008.312 thousand against forward foreign currency sales contract).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 19 – EMPLOYEE BENEFITS**

**Liabilities for employee benefits:**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Due to personnel	192.198	131.134
Social security payables	125.993	148.369
	<b>318.191</b>	<b>279.503</b>

**Long term provisions for employee benefits:**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Provision for employment termination benefits	<b>413.082</b>	<b>387.222</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 10.848,59 TL/year as of 31 March 2022 (31 December 2021: 8.284,51 TL/year).

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

The provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. 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 2022, 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 2022 provision is calculated based on real discount rate of 4,44% (31 December 2021: 4,44%) assuming 15,8% annual inflation rate and 20,9% discount rate.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 20 – OTHER ASSETS AND LIABILITIES**

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Other current assets</b>		
VAT carried forward	132.187	25.455
Rebates from suppliers and incentives income accruals	85.784	76.037
Other	200.045	113.831
	<b>418.016</b>	<b>215.323</b>

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Other non - current assets</b>		
Assets held for sale	7.177	9.590
	<b>7.177</b>	<b>9.590</b>

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Other current liabilities</b>		
Advances received	683.859	413.993
Tax payables	219.042	232.645
Other	857.659	802.189
	<b>1.760.560</b>	<b>1.448.827</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (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 2022</b>	<b>31 December 2021</b>
Shares of par value Kr 1 each		
limit on registered share capital	2.000.000	2.000.000
Issued share capital	335.456	335.456

As of 31 March 2022 and 31 December 2021 the shareholding structures are as follows:

	<b>Shareholding</b>		<b>Amount</b>	
	<b>31 March 2022</b>	<b>31 December 2021</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Zorlu Holding A.Ş.	63,70%	63,70%	213.696	213.696
Shares held by public				
Other shareholders	36,30%	36,30%	121.760	121.760
	<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 2022**  
(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 2022</b>	<b>31 December 2021</b>
Legal reserves	<b>259.108</b>	<b>265.489</b>

**e) Revaluation reserve**

Fair value gains on financial assets	5.526	6.988
Revaluation of property, plant and equipment	3.966.897	3.985.651
	<b>3.972.423</b>	<b>3.992.639</b>

**f) Accumulated deficit**

Extraordinary reserves	512.541	512.541
Previous year's loss	2.420.659	500.037
Other inflation adjustment of share capital	119.718	119.718
	<b>3.052.918</b>	<b>1.132.296</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 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**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.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 22 - SALES**

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Domestic sales	3.145.340	1.749.925
Overseas sales	9.130.454	4.836.105
<b>Gross sales</b>	<b>12.275.794</b>	<b>6.586.030</b>
Sales discounts (-)	(534.920)	(385.356)
<b>Net sales</b>	<b>11.740.874</b>	<b>6.200.674</b>
Cost of sales	(8.952.612)	(4.686.895)
<b>Gross profit</b>	<b>2.788.262</b>	<b>1.513.779</b>

**NOTE 23 - EXPENSES BY NATURE**

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Raw materials, supplies and finished goods	9.122.148	4.770.710
Changes in finished goods, work in process, trade goods	(1.228.142)	(805.085)
Personnel expenses	877.595	527.639
Depreciation and amortization	330.351	214.998
Export, transportation, warehouse expenses	540.402	231.862
Warranty and assembly expenses	202.149	104.073
Advertising expenses	108.151	72.748
Other	629.911	416.321
	<b>10.582.565</b>	<b>5.533.266</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (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 2022</b>	<b>1 January - 31 March 2021</b>
Personnel expenses	85.312	54.954
Depreciation and amortization	16.498	5.983
Consultancy expenses	37.921	16.463
Information technology expenses	21.538	12.562
Rent and office expenses	13.941	9.766
Tax and duties	7.932	4.032
Insurance expenses	10.926	4.874
Travelling expenses	2.440	1.642
Benefits and services provided externally	1.426	1.525
Other	80.106	8.149
	<b>278.040</b>	<b>119.950</b>

**b) Marketing expenses:**

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Export, transportation, warehouse expenses	509.963	216.056
Warranty and assembly expenses	202.149	104.073
Personnel expenses	228.991	125.013
Advertising expenses	90.676	63.702
Depreciation and amortization	29.198	27.001
Other	146.530	94.439
	<b>1.207.507</b>	<b>630.284</b>

**c) Research and development expenses:**

Depreciation and amortization	62.758	46.965
Personnel expenses	39.118	22.736
Travel expense	2.080	44
Other	40.450	26.392
	<b>144.406</b>	<b>96.137</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

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

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

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Credit finance gains arising from trading activities	14.760	18.081
Foreign exchange gains arising from trading activities	405.321	386.664
Reversals of provisions	21.737	439
Other income	85.111	35.147
	<b>526.929</b>	<b>440.331</b>

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

Debit finance charges arising from trading activities	139.655	57.401
Foreign exchange expenses arising from trading activities	1.504.700	874.722
Provision expenses	-	5.818
Other expenses	93.915	14.742
	<b>1.738.270</b>	<b>952.683</b>

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

**a) Financial income:**

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Foreign exchange gains	1.368.576	892.591
Gains on derivative financial instruments	586.221	482.529
Interest income	298.644	182.762
	<b>2.253.441</b>	<b>1.557.882</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (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 2022</b>	<b>1 January - 31 March 2021</b>
Foreign exchange losses	809.234	523.158
Losses on derivative financial instruments	512.585	657.936
Interest and commision expense	379.364	286.680
Other finance expenses	2.861	1.479
	<b>1.704.044</b>	<b>1.469.253</b>

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Corporation and income taxes	32.630	14.285
Prepaid taxes (-)	(31.127)	(22.272)
<b>Current income tax liabilities - net</b>	<b>1.503</b>	<b>(7.987)</b>
Deferred tax liabilities	(463.906)	(461.600)
Deferred tax assets	941.828	795.193
	<b>477.922</b>	<b>333.593</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 17th day of the following month and paid until the 17th day. Advance tax returns filed 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 2022**  
 (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 23%. 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% (2021: 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 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 2022 and 2021 tax benefit in the consolidated statement of income is as follows:

	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March 2022</b>	<b>31 March 2021</b>
Current period tax expense	(11.248)	(5.628)
Deferred tax benefit	130.727	47.540
<b>Total tax (expense) / benefit</b>	<b>119.479</b>	<b>41.912</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 2022**  
(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 2022</b>	<b>31 December 2021</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Deferred tax assets</b>				
Employment termination benefits	(413.082)	(387.222)	82.616	77.444
Investment incentives	-	-	228.430	228.430
Warranty and assembly provision	-	-	-	-
Warranty provision	(81.307)	(56.812)	18.701	14.203
Provision for doubtful receivables	(155.168)	(174.147)	35.689	43.537
Net difference between book values and tax bases of tangible and intangible assets	(130.860)	(100.000)	26.172	20.000
Provision for impairment on inventories	(100.258)	(99.413)	23.059	24.853
Derivative financial instruments	(188.274)	(531.887)	43.303	132.965
Carryforward tax losses and R&D incentives	(687.857)	(415.763)	158.207	103.941
Other	(2.006.135)	(599.280)	461.411	149.820
			<b>1.077.588</b>	<b>795.193</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(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 2022	31 December 2021	31 March 2022	31 December 2021
<b>Deferred tax liabilities</b>				
Derivative financial instruments	306.768	288.768	(70.557)	72.192
Revaluation of tangible fixed assets	5.291.090	5.305.380	(529.109)	(530.538)
Other	-	13.016	-	(3.254)
			<b>(599.666)</b>	<b>(461.600)</b>
<b>Deferred tax assets / (liabilities) - net</b>			<b>477.922</b>	<b>333.593</b>
			<b>31 March 2022</b>	<b>31 December 2021</b>
Subsidiaries with net deferred tax liabilities			(463.906)	(461.600)
Subsidiaries with net deferred assets			941.828	795.193

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

	1 January - 31 March 2022	1 January - 31 March 2021
<b>Opening balance, 1 January</b>	<b>333.593</b>	<b>(12.216)</b>
Tax benefit recognized in income statement	130.727	47.540
Recognized in shareholders' equity	3.168	(35.909)
Currency translation differences	10.434	(1.638)
<b>Deferred tax (liabilities) / assets at the end of the period, net</b>	<b>477.922</b>	<b>(2.223)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2021</b>
Net income / (loss) attributable to equity holders of the parent	472.157	220.345
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>1,41</b>	<b>0,66</b>

**NOTE 29 – DERIVATIVE INSTRUMENTS**

	<b>31 March 2022</b>		<b>31 December 2021</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	1.467.818	10.266	1.610.694	14.151
<b>Cash flow hedge</b>				
Forward foreign currency transactions	8.682.846	296.502	7.794.738	274.617
<b><u>Derivative financial liabilities:</u></b>				
<b>Held for trading</b>				
Forward foreign currency transactions	3.601.837	(153.690)	5.999.754	(490.901)
<b>Cash flow hedge</b>				
Forward foreign currency transactions	1.881.845	(34.584)	1.374.424	(40.986)
	<b>15.634.346</b>	<b>118.494</b>	<b>16.779.610</b>	<b>(243.119)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

---

**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.

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

<b>31 March 2022</b>	<b>USD</b>	<b>EUR</b>	<b>Other (TL Equivalent)</b>	<b>TL Equivalent</b>
1. Trade receivables	91.949	257.443	322.913	5.868.115
2a. Monetary financial assets (including cash and cash equivalents)	42.371	16.324	59.400	946.179
2b. Non-monetary financial assets	-	-	-	-
3. Other	29.098	798	-	439.178
<b>4. Current assets (1+2+3)</b>	<b>163.418</b>	<b>274.565</b>	<b>382.313</b>	<b>7.253.472</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	3.979	14.021	-	286.939
7. Other	764.845	51	-	11.202.599
<b>8. Non-current assets (5+6+7)</b>	<b>768.824</b>	<b>14.072</b>	<b>-</b>	<b>11.489.538</b>
<b>9. Total assets (4+8)</b>	<b>932.242</b>	<b>288.637</b>	<b>382.313</b>	<b>18.743.010</b>
10. Trade payables	966.450	177.047	48.782	17.090.604
11. Financial liabilities	387.059	68.610	81.014	6.868.727
12a. Other monetary liabilities	5.620	1.441	-	105.810
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>1.359.129</b>	<b>247.098</b>	<b>129.796</b>	<b>24.065.141</b>
14. Trade payables	-	11.557	-	188.478
15. Financial liabilities	22.546	19.600	-	649.859
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>22.546</b>	<b>31.157</b>	<b>-</b>	<b>838.337</b>
<b>18. Total liabilities (13+17)</b>	<b>1.381.675</b>	<b>278.255</b>	<b>129.796</b>	<b>24.903.478</b>
<b>19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)</b>	<b>553.540</b>	<b>(458.463)</b>	<b>161.429</b>	<b>791.575</b>
19a. Hedged total assets	796.482	69.236	841.420	13.635.678
19b. Hedged total liabilities	(242.942)	(527.699)	(679.991)	(12.844.103)
<b>20. Net foreign currency asset/ (liability) position (9-18+19)</b>	<b>104.107</b>	<b>(448.081)</b>	<b>413.946</b>	<b>(5.368.893)</b>
<b>21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(453.412)</b>	<b>(3.639)</b>	<b>252.517</b>	<b>(6.447.407)</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118.494</b>
23. Export	133.268	372.228	618.686	9.130.454
24. Import	360.356	65.549	3.955	6.051.502

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

<b>31 December 2021</b>	<b>USD</b>	<b>EUR</b>	<b>Other (TL Equivalent)</b>	<b>TL Equivalent</b>
1. Trade receivables	123.693	259.585	536.015	5.952.546
2a. Monetary financial assets (including cash and cash equivalents)	32.874	15.189	1.480.246	2.129.878
2b. Non-monetary financial assets	-	-	-	-
3. Other	28.598	781	-	382.597
<b>4. Current assets (1+2+3)</b>	<b>185.165</b>	<b>275.555</b>	<b>2.016.261</b>	<b>8.465.021</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	5.876	8.483	-	200.806
7. Other	746.115	51	-	9.683.456
<b>8. Non-current assets (5+6+7)</b>	<b>751.991</b>	<b>8.534</b>	-	<b>9.884.262</b>
<b>9. Total assets (4+8)</b>	<b>937.156</b>	<b>284.089</b>	<b>2.016.261</b>	<b>18.349.283</b>
10. Trade payables	930.274	159.275	48.129	14.459.283
11. Financial liabilities	387.528	55.256	-	5.840.434
12a. Other monetary liabilities	6.306	1.395	-	102.318
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>1.324.108</b>	<b>215.926</b>	<b>48.129</b>	<b>20.402.035</b>
14. Trade payables	-	12.328	-	181.003
15. Financial liabilities	23.342	19.455	-	588.561
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>23.342</b>	<b>31.783</b>	-	<b>769.564</b>
<b>18. Total liabilities (13+17)</b>	<b>1.347.450</b>	<b>247.709</b>	<b>48.129</b>	<b>21.171.599</b>
<b>19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)</b>	<b>459.279</b>	<b>(456.210)</b>	<b>(529.994)</b>	<b>(1.267.913)</b>
19a. Hedged total assets	889.644	182.045	1.773.263	15.991.457
19b. Hedged total liabilities	(430.365)	(638.255)	(2.303.257)	(17.259.370)
<b>20. Net foreign currency asset/ (liability) position (9-18+19)</b>	<b>48.985</b>	<b>(419.830)</b>	<b>1.438.138</b>	<b>(4.090.229)</b>
<b>21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(416.170)</b>	<b>27.897</b>	<b>1.968.132</b>	<b>(3.023.122)</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	-	-	-	<b>(243.119)</b>
23. Export	750.685	1.444.050	2.060.349	25.942.328
24. Import	1.580.568	253.795	9.959	15.716.719

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(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 2022 and 31 March 2021 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 2022</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(664.058)	664.058	(664.058)	664.058
Secured portion from USD risk (-)	(95.316)	95.316	158.128	(158.128)
<b>USD net effect</b>	<b>(759.374)</b>	<b>759.374</b>	<b>(505.930)</b>	<b>505.930</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	(5.935)	5.935	(5.935)	5.935
Secured portion from EUR risk (-)	(119.436)	119.436	(311.715)	311.715
<b>EUR net effect</b>	<b>(125.371)</b>	<b>125.371</b>	<b>(317.650)</b>	<b>317.650</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability risk (-)	25.252	(25.252)	25.252	(25.252)
	23.261	(23.261)	39.420	(39.420)
<b>Other currency net effect</b>	<b>48.513</b>	<b>(48.513)</b>	<b>64.672</b>	<b>(64.672)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 31 MARCH 2022**  
(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 2021</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(612.131)	612.131	(612.131)	612.131
Secured portion from USD risk (-)	(154.729)	154.729	(71.556)	71.556
<b>USD net effect</b>	<b>(766.860)</b>	<b>766.860</b>	<b>(683.687)</b>	<b>683.687</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	40.959	(40.959)	40.959	(40.959)
Secured portion from EUR risk (-)	(125.042)	125.042	(387.274)	387.274
<b>EUR net effect</b>	<b>(84.083)</b>	<b>84.083</b>	<b>(346.315)</b>	<b>346.315</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability risk (-)	196.813	(196.813)	196.813	(196.813)
	169.037	(169.037)	329.651	(329.651)
<b>Other currency net effect</b>	<b>365.850</b>	<b>(365.850)</b>	<b>526.464</b>	<b>(526.464)</b>

**NOTE 31 – SUBSEQUENT EVENTS**

None.