

**VESTEL ELEKTRONİK SANAYİ VE TİCARET  
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY- 30 JUNE 2022 (TOGETHER WITH  
INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT)**

**(ORIGINALLY ISSUED IN TURKISH)**

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2022**

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**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2022 AND 31 DECEMBER**  
**2021**

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

	Reviewed Footnotes	30 June 2022	Audited 31 December 2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	1.393.331	2.089.143
Financial Investments		68.065	1.710
Time Deposits		68.065	1.710
Trade Receivables		9.031.187	6.674.282
Trade Receivables Due from Related Parties	8, 9	12.397	14.133
Trade Receivables Due from Third Parties	9	9.018.790	6.660.149
Other Receivables		1.779.716	1.461.021
Other Receivables Due from Related Parties	8, 10	1.075.599	848.275
Other Receivables Due from Third Parties	10	704.117	612.746
Derivative Financial Assets		529.566	288.768
Derivative Financial Assets Held for Trading	29	65.465	14.151
Derivative Financial Assets Held for Hedging	29	464.101	274.617
Inventories	11	14.058.190	9.528.703
Prepaid Expense	12	1.136.492	611.717
Prepayments to Related Parties	8	143.779	-
Prepayments to Third Parties	12	992.713	611.717
Current Tax Assets	27	7.738	7.987
Other Current Assets	20	212.381	215.323
Other Current Assets Due from Third Parties	20	212.381	215.323
<b>TOTAL CURRENT ASSETS</b>		<b>28.216.666</b>	<b>20.878.654</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2022 AND 31 DECEMBER**  
**2021**

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

	Footnotes	Reviewed 30 June 2022	Audited 31 December 2021
<b>NON-CURRENT ASSETS</b>			
Financial Investments	6	75.184	73.085
Investments in subsidiaries, joint ventures and associates	13	1.827.378	1.406.812
Trade Receivables	9	296	468
Trade Receivables Due from Third Parties	9	296	468
Other Receivables		14.273.696	10.843.955
Other Receivables Due from Related Parties	8	14.249.448	10.717.782
Other Receivables Due from Third Parties	10	24.248	126.173
Property, Plant and Equipments		9.054.980	7.426.989
Land and Premises	14	1.772.283	1.724.691
Land Improvements	14	260.220	203.884
Buildings	14	3.964.854	3.241.874
Machinery and Equipments	14	2.458.028	2.092.530
Vehicles	14	6.377	6.936
Fixtures and Fittings	14	134.575	70.832
Leasehold Improvements	14	17.236	4.110
Construction in Progress	14	441.407	82.132
Right of Use Assets	15	192.017	179.618
Intangible Assets and Goodwill		1.233.282	1.107.011
Goodwill		196.568	196.568
Other Rights	16	23.124	24.901
Capitalized Development Costs	16	891.761	789.738
Other Intangible Assets	16	121.829	95.804
Prepayments	12	612.005	371.314
Deferred Tax Asset	27	1.266.617	795.193
Other Non-current Assets	20	25.231	9.590
<b>TOTAL NON-CURRENT ASSETS</b>		<b>28.560.686</b>	<b>22.214.035</b>
<b>TOTAL ASSETS</b>		<b>56.777.352</b>	<b>43.092.689</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2022 AND 31 DECEMBER**  
**2021**

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

	Reviewed Footnotes	30 June 2022	Audited 31 December 2021
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Current Borrowings		14.990.088	4.982.710
Current Borrowings from Third Parties		14.990.088	4.982.710
Bank Loans	7	14.225.833	4.344.893
Issued debt instruments	7	764.255	637.817
Current Portion of Non-current Borrowings		1.571.789	6.089.194
Current Portion of Non-current Borrowings from Related Parties		12.138	11.423
Lease Liabilities	7, 8	12.138	11.423
Current Portion of Non-current Borrowings from Third Parties		1.559.651	6.077.771
Bank Loans	7	1.482.667	6.014.337
Lease Liabilities	7	76.984	63.434
Trade Payables		20.306.335	16.026.589
Trade Payables to Related Parties	8	5.667	66.009
Trade Payables to Third Parties	9	20.300.668	15.960.580
Payables Related to Employee Benefit	19	307.726	279.503
Other Payables		125.522	10.752
Other Payables to Third Parties		125.522	10.752
Derivative Financial Liabilities		368.914	531.887
Derivative Financial Liabilities Held for Trading	29	244.610	490.901
Derivative Financial Liabilities Held for Hedging	29	124.304	40.986
Deferred Income		416.665	-
Deferred Income from Third Parties		416.665	-
Current Provisions	17	1.399.222	1.240.635
Other Current Liabilities	20	2.266.199	1.448.827
<b>TOTAL CURRENT LIABILITIES</b>		<b>41.752.460</b>	<b>30.610.097</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2022 AND 31 DECEMBER**  
**2021**

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

	Reviewed Footnotes	30 June 2022	Audited 31 December 2021
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings		854.963	1.045.222
Long Term Borrowings from Related Parties		4.422	10.676
Lease Liabilities	7,8	4.422	10.676
Long Term Borrowings from Third Parties		850.541	1.034.546
Bank Loans	7	713.921	628.475
Lease Liabilities	7	136.620	141.071
Issued debt instruments	7	-	265.000
Trade Payables		201.116	181.003
Non-current Provisions		587.423	480.671
Non-current Provisions for Employee Benefits	19	468.039	387.222
Other Non-current Provisions	17	119.384	93.449
Deferred Tax Liabilities	27	690.004	461.600
Other Non-current Liabilities		37	2.435
Other Non-current Liabilities to Third Parties		37	2.435
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2.333.543</b>	<b>2.170.931</b>
<b>TOTAL LIABILITIES</b>		<b>44.086.003</b>	<b>32.781.028</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2022 AND 31 DECEMBER**  
**2021**

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

		<b>Reviewed</b>	<b>Audited</b>	
		<b>Footnotes</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>EQUITY</b>				
<b>Equity Attributable to Owners of Parent</b>			<b>11.706.465</b>	<b>9.441.862</b>
Paid-in 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			3.676.513	3.825.581
Gains (Losses) on Revaluation and Remeasurement			3.676.513	3.825.581
Increases (Decreases) on Revaluation of Property, Plant and Equipment	21		3.873.733	3.985.651
Gains (Losses) on Remeasurements of Defined Benefit Plans			(197.220)	(160.070)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss			2.340.666	1.299.238
Exchange Differences on Translation			2.204.721	1.159.315
Gains (Losses) on Hedge			131.082	132.935
Gains (Losses) on Cash Flow Hedges			131.082	132.935
Gains (Losses) on Revaluation and Reclassification			4.863	6.988
Gains (Losses) on Remeasurement and/or Reclassification of Available-for-sale Financial Assets	21		4.863	6.988
Restricted Reserves Appropriated from Profits			265.489	265.489
Legal Reserves	21		265.489	265.489
Retained Earnings/Accumulated Losses	21		3.139.701	1.132.296
Current Period Net Profit Or Loss			1.260.325	1.895.487
<b>Non-controlling Interests</b>			<b>984.884</b>	<b>869.799</b>
<b>TOTAL EQUITY</b>			<b>12.691.349</b>	<b>10.311.661</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>56.777.352</b>	<b>43.092.689</b>

Condensed consolidated interim financial statements for the period 1 January - 30 June 2022, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 18 August 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 - 30 JUNE 2022 AND 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
<b>PROFIT OR LOSS</b>					
Revenue	22	24.630.676	14.214.582	12.889.802	8.013.908
Cost of Sales	22	(17.715.679)	(10.518.214)	(8.763.067)	(5.831.319)
<b>GROSS PROFIT (LOSS)</b>		<b>6.914.997</b>	<b>3.696.368</b>	<b>4.126.735</b>	<b>2.182.589</b>
General Administrative Expenses	24	(590.344)	(277.332)	(312.304)	(157.382)
Marketing Expenses	24	(2.799.651)	(1.479.585)	(1.592.144)	(849.301)
Research and Development Expense	24	(323.600)	(200.144)	(179.194)	(104.007)
Other Income from Operating Activities	25	1.471.585	1.115.401	944.656	675.070
Other Expenses from Operating Activities	25	(4.101.346)	(1.851.022)	(2.355.244)	(898.339)
<b>PROFIT (LOSS) FROM OPERATIONS</b>		<b>571.641</b>	<b>1.003.686</b>	<b>632.505</b>	<b>848.630</b>
Share of Profit (Loss) from Equity Accounted Investees for Using Equity Method	13	4.820	(29.907)	20.228	(4.138)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>		<b>576.461</b>	<b>973.779</b>	<b>652.733</b>	<b>844.492</b>
Finance Income	26	4.958.554	2.395.010	2.705.113	837.128
Finance Costs	26	(4.245.044)	(2.387.205)	(2.541.000)	(917.952)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>1.289.971</b>	<b>981.584</b>	<b>816.846</b>	<b>763.668</b>
Tax (Expense) Income, Continuing Operations		206.350	54.526	86.871	12.614
Current Period Tax (Expense) Income	27	(28.287)	(22.275)	(17.039)	(16.647)
Deferred Tax (Expense) Income	27	234.637	76.801	103.910	29.261
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>1.496.321</b>	<b>1.036.110</b>	<b>903.717</b>	<b>776.282</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>1.496.321</b>	<b>1.036.110</b>	<b>903.717</b>	<b>776.282</b>
<b>Profit (loss), attributable to</b>					
Non-controlling Interests		235.996	122.729	115.549	83.246
Owners of Parent		1.260.325	913.381	788.168	693.036
<b>Earnings per 100 share with a Kr 1 of Par Value (TL)</b>	28	<b>3,76</b>	<b>2,72</b>	<b>2,35</b>	<b>2,07</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE INTERIM PERIODS 1 JANUARY - 30 JUNE 2022 AND 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>	<b>1 April - 30 June 2022</b>	<b>1 April - 30 June 2021</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	(37.150)	(5.126)	444	(767)
Gains (Losses) on Remeasurements of Defined Benefit Plans	(46.438)	(6.407)	554	(958)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	9.288	1.281	(110)	191
Taxes Relating to Remeasurements of Defined Benefit Plans	9.288	1.281	(110)	191
Other Comprehensive Income that will be Reclassified to Profit or Loss	1.042.480	86.367	742.006	63.076
Exchange Differences on Translation	1.045.406	23.378	765.789	97.999
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets	(1.700)	(7.520)	199	(3.840)
Gains (losses) on Remeasuring Financial Assets Measured of Fair Value	-	-		
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	(1.419)	91.751	(30.405)	(34.319)
Gains (Losses) on Cash Flow Hedges	(1.419)	91.751	(30.405)	(34.319)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	193	(21.242)	6.423	3.236
Deferred Tax (Expense) Income	193	(21.242)	6.423	3.236
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets	(425)	1.696	(862)	960
Taxes Relating to Cash Flow Hedges	618	(22.938)	7.285	2.276
<b>OTHER COMPREHENSIVE INCOME</b>	<b>1.005.330</b>	<b>81.241</b>	<b>742.450</b>	<b>62.309</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2.501.651</b>	<b>1.117.351</b>	<b>1.646.167</b>	<b>838.591</b>
<b>Total Comprehensive Income Attributable to</b>				
Non-controlling Interests	237.048	129.830	114.334	82.710
Owners of Parent	2.264.603	987.521	1.531.833	755.881

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS 1 JANUARY – 30 JUNE 2022 AND 2021**

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

			Statement of Changes in Equity																	
			Share Capital			Share Premium or Discounts			Other Comprehensive Income			Retained Earnings				Equity in Non-controlling Interests				
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) on 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 Available-for-sale Financial Assets	Gains (Losses) on Revaluation and Reclassification	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		
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	
-	-	-	-	(42,901)	-	(42,901)	(42,901)	-	-	-	-	-	-	1,815,500	(1,772,599)	42,901	-	-	-	
-	-	-	-	(5,126)	(5,126)	(5,126)	23,378	68,813	68,813	(5,824)	(5,824)	86,367	-	-	913,381	913,381	994,622	122,729	111,7351	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	913,381	913,381	913,381	122,729	1,036,110	
-	-	-	-	(5,126)	(5,126)	(5,126)	23,378	68,813	68,813	(5,824)	(5,824)	86,367	-	-	-	-	81,241	-	81,241	
-	-	(76,455)	-	-	-	-	-	-	-	-	-	-	-	-	-	(76,455)	33,667	(42,788)		
-	-	(5,157)	(42,477)	1,566	(40,911)	(40,911)	-	-	-	-	-	-	-	-	492,429	-	492,429	446,361	195,922	642,283
335,456	688,315	16,407	2,429,489	(68,751)	2,360,738	2,360,738	636,270	25,037	25,037	5,611	5,611	666,918	67,091	3,387,969	913,381	4,301,350	8,436,275	706,105	9,142,380	
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	
-	-	-	(111,918)	-	(111,918)	(111,918)	-	-	-	-	-	-	-	2,007,405	(1,895,487)	111,918	-	-	-	
-	-	-	-	(37,150)	(37,150)	(37,150)	1,045,406	(1,853)	(1,853)	(2,125)	(2,125)	1,041,428	-	-	1,260,325	1,260,325	2,264,603	237,048	2,501,651	
-	-	-	-	(37,150)	(37,150)	(37,150)	1,045,406	(1,853)	(1,853)	(2,125)	(2,125)	1,041,428	-	-	1,260,325	1,260,325	1,260,325	235,996	1,496,321	
335,456	688,315	-	3,873,733	(197,220)	3,676,513	3,676,513	2,204,721	131,082	131,082	4,863	4,863	2,340,666	265,489	3,139,701	1,260,325	4,400,026	11,706,465	984,884	12,691,349	

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS**  
**1 JANUARY - 30 JUNE 2022 AND 2021**

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

	Footnotes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>(1.719.406)</b>	<b>551.853</b>
Profit (Loss)		1.496.321	1.036.110
Profit (Loss) from Continuing Operations		1.496.321	1.036.110
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>(952.481)</b>	<b>(119.211)</b>
Adjustments for Depreciation and Amortisation Expense	14,15,16	705.160	443.237
Adjustments for Impairment Loss			
(Reversal of Impairment Loss)		35.796	53.425
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Receivables	9	9.882	2.789
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Inventories	11	25.914	50.636
Adjustments for Provisions		229.943	106.612
Adjustments for (Reversal of) Provisions Related with			
Employee Benefits	19	45.421	50.814
Adjustments for (Reversal of) Lawsuit and/or			
Penalty Provisions	17	4.062	10.418
Adjustments for (Reversal of) Warranty Provisions	17	149.493	61.079
Adjustments for (Reversal of) Other Provisions	17	30.967	(15.699)
Adjustments for Interest (Income) Expenses		149.521	225.805
Adjustments for Interest Income	26	(636.173)	(376.059)
Adjustments for Interest Expense	26	785.694	601.864
Adjustments for Unrealised Foreign			
Exchange Losses (Gains)		(1.446.251)	(836.057)
Adjustments for Fair Value Losses (Gains)		(405.190)	(94.925)
Adjustments for Fair Value (Gains) Losses on			
Derivative Financial Instruments		(405.190)	(94.925)
Adjustments for Undistributed Profits of Investments Accounted			
for Using Equity Method	13	(4.820)	29.907
Adjustments for Tax (Income) Expenses	27	(206.350)	(54.526)
Adjustments for Losses (Gains) on Disposal of			
Non-Current Assets		(6.785)	(4.220)
Adjustments for Losses (Gains) Arised from			
Sale of Tangible Assets		(6.785)	(4.220)
Other Adjustments to Reconcile Profit (Loss)	5	(3.505)	11.531

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS**  
**1 JANUARY - 30 JUNE 2022 AND 2021**

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

	Footnotes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
<b>Changes in Working Capital</b>		<b>(2.227.514)</b>	<b>(343.609)</b>
Decrease (Increase) in Financial Investments		(68.454)	83.815
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(2.366.615)	118.097
Decrease (Increase) in Trade Accounts Receivables from Related Parties		1.736	(1.326)
Decrease (Increase) in Trade Accounts Receivables from Third Parties		(2.368.351)	119.423
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		10.554	(162.866)
Decrease (Increase) in Other Third Party Receivables Related with Operations		10.554	(162.866)
Adjustments for Decrease (Increase) in Inventories	11	(4.577.611)	(3.101.334)
Decrease (Increase) in Prepaid Expenses		(765.466)	(241.404)
Adjustments for Increase (Decrease) in Trade Accounts Payable		4.299.859	2.859.367
Increase (Decrease) in Trade Accounts Payables to Related Parties		(60.342)	2.570
Increase (Decrease) in Trade Accounts Payables to Third Parties		4.360.201	2.856.797
Increase (Decrease) in Employee Benefit Liabilities	19	28.223	(8.145)
Adjustments for Increase (Decrease) in Other Operating Payables		(7.193)	1.251
Increase (Decrease) in Other Operating Payables to Third Parties		(7.193)	1.251
Increase (Decrease) in Defferred Income		416.665	-
Other Adjustments for Other Increase (Decrease) in Working Capital		802.524	107.610
Decrease (Increase) in Other Assets Related with Operations		(12.450)	55.391
Increase (Decrease) in Other Payables Related with Operations		814.974	52.219
<b>Cash Flows from (used in) Operations</b>		<b>(1.683.674)</b>	<b>573.290</b>
Payments Related with Provisions for Employee Benefits	19	(11.042)	(9.398)
Income Taxes Refund (Paid)	27	(24.690)	(12.039)

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS**  
**1 JANUARY - 30 JUNE 2022 AND 2021**

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

	Footnotes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(2.090.874)</b>	<b>(398.526)</b>
Proceeds from Sales of Shares without Change in Control of Subsidiaries or Other Businesses		-	458.940
Cash Outflows Arising from Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	6	(124.776)	(82.958)
Subsidiaries and/or Joint Ventures Capital Advance			
Cash Out of Payments		(264.500)	-
Proceeds from Sales of Property, Plant, Equipment and		46.357	27.615
Proceeds from Sales of Property, Plant and Equipment		46.357	27.615
Purchase of Property, Plant, Equipment and			
Intangible Assets		(1.401.342)	(555.989)
Purchase of Property, Plant and Equipment	14	(1.070.861)	(374.351)
Purchase of Intangible Assets	16	(330.481)	(181.638)
Cash Advances and Loans Made to Third Parties		(346.613)	(246.134)
Cash Advances and Loans Made to Related Parties	8	(346.613)	(246.134)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>3.002.264</b>	<b>(595.801)</b>
Proceeds from Borrowings		15.729.221	6.200.555
Proceeds from Loans	7	15.458.791	5.535.555
Cash Inflows from Issued Debt Instruments		270.430	665.000
Repayments of Borrowings		(11.991.973)	(6.529.299)
Loan Repayments	7	(11.991.973)	(6.529.299)
Increase in Other Payables to Related Parties		-	12.910
Payments of Lease Liabilities	7	8.011	(19.333)
Dividends Paid		-	(42.788)
Interest Paid		(752.937)	(593.905)
Interest Received		9.942	376.059
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>(808.016)</b>	<b>(442.474)</b>
Effect of Exchange Rate Changes on Cash and			
Cash Equivalents		108.699	287.610
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(699.317)</b>	<b>(154.864)</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>1.389.804</b>	<b>3.017.832</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2022**  
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**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 30 June 2022, 37,73 % of the Company's shares are publicly traded (2021: 36,3%).

As of 30 June 2022 the number of personnel employed at Group is 19.351 (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**  
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 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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**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 condensed consolidated interim 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 Accounting Standards / Turkish Financial Reporting Standards ("TAS" / "TFRS") and its addendum and interpretations ("IFRIC") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA" or "POA") 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 condensed consolidated interim 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.

The Group prepared its condensed consolidated interim financial statements for the period ended 30 June 2022 in accordance with ("TAS") 34 "Interim Financial Reporting" in the framework of the Communiqué Serial II, No: 14.1, and its related announcement. The condensed consolidated interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

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

The Group's condensed consolidated interim financial statements do not include all disclosure and notes that should be included at year-end financial statements. Therefore the condensed interim financial statements should be read together with the year-end financial statements.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

**2.1.1 Statement of compliance (Cont'd)**

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/FRS.

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 POA, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

In the announcement made by POA on 20 January 2022, companies that apply TFRS should not adjust financial statements for the year ended 31 December 2021 for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TMS 29 application and no adjustment was made to the consolidated financial statements in accordance with TAS 29.

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

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

**2.1.2 Currency used (Cont'd)**

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

<b><u>Period End:</u></b>	<b><u>30 June 2022</u></b>	<b><u>31 December 2021</u></b>
Turkish Lira/EUR	0,0576	0,0681
Turkish Lira/GBP	0,0496	0,0573
Turkish Lira/RUB	3,1753	5,7793
Turkish Lira/PLN	0,2705	0,3126
Turkish Lira/ USD	0,0600	0,0771
Turkish Lira/ KZT	28,2087	33,6587
Turkish Lira/AED	0,2217	0,2846
Turkish Lira/RMB	0,4042	0,4938
Turkish Lira/RON	0,2863	0,3390

  

<b><u>Average:</u></b>	<b><u>1 January -</u></b>	<b><u>1 January -</u></b>
	<b><u>30 June 2022</u></b>	<b><u>30 June 2021</u></b>
Turkish Lira/EUR	0,0616	0,1056
Turkish Lira/GBP	0,0520	0,0918
Turkish Lira/RUB	4,9685	9,5104
Turkish Lira/PLN	0,2854	0,4787
Turkish Lira/ USD	0,0674	0,1273
Turkish Lira/ KZT	30,3951	53,9459
Turkish Lira/ AED	0,2488	0,4671
Turkish Lira/ CNY	0,4390	0,8280
Turkish Lira/ RON	0,3065	0,5206

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

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

**2.1.3 Basis of consolidation (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 condensed consolidated statements of comprehensive income and the condensed consolidated statements of changes in shareholders' equity.

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

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

**b) Investments in associates**

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

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

Since Vestel Lentatek and Aydin Yazılım has net liability position as of 30 June 2022 and 2021, carrying value of those investment in associates accounted for by equity method is resulted as nil in the consolidated balance sheets.

The Group's voting rights and effective ownership rates in Vestel Lentatek and Aydin Yazılım are 35% and 21% respectively (31 December 2021: 35%, 21%).

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.

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

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

**2.1.3 Basis of consolidation(Cont'd)**

**b) Investments in associates(Cont'd)**

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

**2.4. Amendments in Turkish Financial Reporting Standards**

**a) Standards issued but not yet effective and not early adopted as at 30 June 2021**

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

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

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

**2.4. Amendments in Turkish Financial Reporting Standards**

**New standards, amendments and interpretations issued and effective for the financial year beginning 30 June 2022**

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

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

- **Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021);** The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the POA published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the POA published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to TFRS 3, IAS 16, IAS 37 and some annual improvements on TFRS 1, TFRS 9, IAS 41 and TFRS 16; effective from annual periods beginning on or after 1 January 2022.**
  - **Amendments to TFRS 3, 'Business combinations'** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.4. Amendments in Turkish Financial Reporting Standards**

o **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

● **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

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

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

**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.

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

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

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.

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.

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

**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 2020 by professional independent valuer approved by CMB and registered in CMB "Real Estate Appraisal Companies", Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

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

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

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

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

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

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

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

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

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

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

**Leases**

The 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 20 years.

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

**Right of use assets:**

*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 2 - 20 years.

*The Group – as a lessor*

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

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 TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

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**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 TFRS 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.

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.

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

**2.5.4 Intangible assets**

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" and "cash and cash equivalents" in the statement of financial position.

**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.

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

**2.5.5 Financial instruments (Cont'd)**

**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**

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

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

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

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 profit or loss statement.

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

**2.5.5 Financial instruments(Cont'd)**

The hedging transactions of the Group that qualify for hedge accounting are accounted regarding to TFRS 9.

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.

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

**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.

**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.

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

**2.5.10 Taxation on income (cont'd)**

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.

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.

**Transfer pricing**

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets the implementation procedures of the law. If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arms' length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible items for corporate income tax purposes.

**Tax exposures**

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

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

**2.5.5 Financial instruments(Cont'd)**

**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.

**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.

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

**2.5.5 Financial instruments(Cont'd)**

**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.

**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.

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

**2.5.5 Financial instruments(Cont'd)**

**2.5.18 Going Concern**

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

**2.5.19 Trade payables**

Trade payables are recognized at their fair values.

**2.5.20 Borrowings and borrowing costs**

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income as finance cost over the period of the borrowings. Borrowing costs are expensed as incurred. If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which (at least a period of one year) are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

**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).

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

**2.6. Critical accounting estimates and judgments**

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

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average  $m^2$  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.

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**NOTE 3 – INTERESTS IN OTHER ENTITIES**

**Subsidiaries:**

As of 30 June 2022 and 31 December 2021 the Group's significant subsidiaries are as follows:

<b>Consolidated subsidiaries</b>	<b>30 June 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

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>30 June 2022</b>	<b>31 December 2021</b>
Accumulated non-controlling interests	990.043	874.958
Comprehensive income attributable to non-controlling interests	237.048	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.

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

**Condensed balance sheet:**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Current assets	17.347.918	10.120.625
Non-current assets	5.237.391	4.068.788
Current liabilities	(16.561.093)	(8.562.036)
Non-current liabilities	(558.107)	(734.722)
<b>Net assets</b>	<b>5.466.109</b>	<b>4.892.655</b>

**Condensed statement of comprehensive income:**

	<b>1 January -</b>	<b>1 January -</b>
	<b>30 June</b>	<b>30 June</b>
	<b>2022</b>	<b>2021</b>
Net sales	12.970.121	7.344.803
Income / (loss) before tax	1.123.417	807.645
Tax benefit / (expense)	142.327	19.601
Net income / (loss) for the period	1.265.744	827.246
Total comprehensive income	1.271.764	876.969

**Condensed statement of cash flows:**

**Operating activities:**

Changes in working capital	(1.058.959)	(582.789)
<b>Net cash provided by operating activities</b>	<b>464.188</b>	<b>594.943</b>

**Investing activities:**

<b>Net cash used in investing activities</b>	<b>(2.438.671)</b>	<b>(872.670)</b>
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**Financing activities:**

Proceeds from bank borrowings	2.942.443	851.161
Repayment of bank borrowings	(1.777.649)	(1.061.038)
Other payables to related parties	-	(497.007)
<b>Net cash (used in) / provided by financing activities</b>	<b>2.086.373</b>	<b>112.602</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	224.705	22.011

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

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**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.

**Industrial segments**

	<b>Television and electronic devices</b>	<b>White goods</b>	<b>Total</b>
<b>1 January -30 June 2022</b>			
Revenue	9.133.516	15.497.160	24.630.676
Cost of sales	(7.259.558)	(10.456.121)	(17.715.679)
Gross profit	1.873.958	5.041.039	6.914.997
Depreciation and amortization	468.345	236.815	705.160
<b>1 January -30 June 2021</b>			
Revenue	5.805.210	8.409.372	14.214.582
Cost of sales	(4.514.971)	(6.003.243)	(10.518.214)
Gross profit	1.290.239	2.406.129	3.696.368
Depreciation and amortization	203.497	239.740	443.237
<b>1 April -30 June 2022</b>			
Revenue	4.869.000	8.020.802	12.889.802
Cost of sales	(3.754.008)	(5.009.059)	(8.763.067)
Gross profit	1.114.992	3.011.743	4.126.735
Depreciation and amortization	295.094	77.384	372.478

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 4 - SEGMENT REPORTING (Cont'd)**

	<b>Television and electronic devices</b>	<b>White goods</b>	<b>Total</b>
<b>1 April -30 June 2021</b>			
Revenue	3.191.159	4.822.749	8.013.908
Cost of sales	(2.380.609)	(3.450.710)	(5.831.319)
Gross profit	810.550	1.372.039	2.182.589
Depreciation and amortization	102.803	123.992	226.795

**Capital expenditure**

	<b>Television and electronic devices</b>	<b>White goods</b>	<b>Total</b>
1 January -30 June 2022	369.706	1.031.636	1.401.342
1 January -30 June 2021	251.581	304.408	555.989

**Geographical segments:**

<b>Segment revenue</b>	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>	<b>1 April - 30 June 2022</b>	<b>1 April - 30 June 2021</b>
Turkey	7.859.292	3.605.969	4.713.952	1.856.044
Europe	14.357.468	9.836.858	6.792.823	5.554.843
Other	3.719.120	1.547.785	2.153.311	993.695
Gross segment sales	25.935.880	14.990.612	13.660.086	8.404.582
Discounts (-)	(1.305.204)	(776.030)	(770.284)	(390.674)
<b>Net sales</b>	<b>24.630.676</b>	<b>14.214.582</b>	<b>12.889.802</b>	<b>8.013.908</b>

The amount of export for the period 1 January - 30 June 2022 is TL 18.076.588 thousand (1 January - 30 June 2021: TL 11.384.643 thousand). Export sales are denominated in EUR, USD and other currencies as 68,65%, 26,61%, and 4,7% of total exports respectively. (1 January - 30 June 2021: 66,7% EUR, 27,7% USD, 5,6% 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.

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**NOTE 5 - CASH AND CASH EQUIVALENTS**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Cash	2.959	2.188
Bank deposits		
- <i>Demand deposits</i>	951.288	1.410.170
- <i>Time deposits</i>	265.981	550.795
Cheques and notes	38.634	39.794
Other	130.942	86.174
	<b>1.389.804</b>	<b>2.089.121</b>
Blocked deposits	3.527	22
<b>Cash and cash equivalents</b>	<b>1.393.331</b>	<b>2.089.143</b>

**Effective interest rates(%)**

	<b>30 June 2022</b>	<b>31 December 2021</b>
USD	0,15%	0,23%
EUR	0,01%	0,07%
KZT	7,00%	7,00%
TL	13,58%	21,13%
RUB	9,00%	6,35%

The Group has time deposits amounting to EUR 6.134 thousand, USD 45, KZT 125.800 thousand, RUB 40.000 thousand and TL 142.112 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 30 June 2022 and 31 December 2021 the Group's time deposits have an average maturity of less than 3 months.

**NOTE 6 - FINANCIAL ASSETS**

Country	Ownership(%)		Amount	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<b>Financial assets available for sale:</b>				
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	18.700
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11
Other	Turkey	1%	1%	200
				<b>18.911</b>
				<b>16.812</b>

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**NOTE 6 - FINANCIAL ASSETS (Cont'd)**

Non-consolidated subsidiaries :	Country	Ownership(%)		Amount	
		30 June	31 December	30 June	31 December
		2022	2021	2022	2021
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	56.273	56.273
				<b>56.273</b>	<b>56.273</b>

**NOTE 7 - FINANCIAL LIABILITIES**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Short term financial liabilities</b>		
Short term bank loans	14.225.833	4.344.893
Short term portion of long term bank loans	1.482.667	6.014.337
Short term portion of long term lease liabilities	89.122	74.857
Short term lease liabilities	764.255	637.817
	<b>16.561.877</b>	<b>11.071.904</b>
<b>Long term financial liabilities</b>		
Long term bank loans	713.921	628.475
Long term lease liabilities	141.042	151.747
Long term lease liabilities	-	265.000
	<b>854.963</b>	<b>1.045.222</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 7 – FINANCIAL LIABILITIES (Cont'd)**

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

	30 June 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	TL Equivalent
- USD	5,37%	466.827	7.791.997	3,71%	130.232	1.690.085
- EUR	6,43%	82.119	1.428.983	3,74%	16.636	244.259
- TL	21,44%	4.841.619	4.841.619	24,97%	2.410.549	2.410.549
- CNY	4,55%	65.132	163.234	0,00%	-	-
			<b>14.225.833</b>			<b>4.344.893</b>

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

	30 June 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	TL Equivalent
- USD	5,66%	31.610	527.617	3,54%	257.296	3.339.065
- EUR	3,37%	8.201	142.708	4,36%	38.620	567.025
- TL	14,37%	812.342	812.342	16,12%	2.108.247	2.108.247
<b>Short term portion</b>			<b>1.482.667</b>			<b>6.014.337</b>
- USD	5,97%	22.349	373.028	5,97%	23.342	302.916
- EUR	3,37%	19.590	340.893	3,00%	19.455	285.645
- TL	-	-	-	12,31%	39.914	39.914
<b>Long term portion</b>			<b>713.921</b>			<b>628.475</b>
			<b>2.196.588</b>			<b>6.642.812</b>

Total amount of Group's floating bank loans is TL 13.942.644 thousand (31 December 2021: TL 8.733.735 thousand).

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

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
One to two years	453.179	384.289
Two to three years	260.742	244.186
	<b>713.921</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>30 June 2022</b>	<b>31 December 2021</b>
6 months or less	5.510.066	3.548.704
	<b>5.510.066</b>	<b>3.548.704</b>

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

As of 30 June 2022 and 2021, the Group's net financial debt reconciliation is shown below:

	<b>30 June 2022</b>	<b>30 June 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 and issued bonds	15.729.221	6.200.555
Cash outflows from loan payments	(11.991.973)	(6.529.299)
Payments of lease liabilities	8.011	(19.333)
Unrealized Fx gain/loss	1.533.791	330.746
Accrued interest	(25.112)	39.778
Change in cash and cash equivalents	699.317	154.864
<b>Net financial debt at the end of the period</b>	<b>15.981.260</b>	<b>5.819.277</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 8 – RELATED PARTY DISCLOSURES**

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
Korteks Mensucat Sanayi ve Ticaret A.Ş.	7.351	5.907
Linens Pazarlama A.Ş.	2	4.130
Other related parties	5.044	4.096
	<b>12.397</b>	<b>14.133</b>

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
ABH Turizm Temsilcilik ve Ticaret A.Ş. <sup>(1)</sup>	5.566	525
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. <sup>(3)</sup>	101	62.383
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	-	308
Zorlu Air Havacılık A.Ş. <sup>(1)</sup>	-	1.287
Other related parties	-	1.506
	<b>5.667</b>	<b>66.009</b>

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
Vestel Ventures A.Ş <sup>(3)</sup>	521.133	390.294
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. <sup>(3)</sup>	554.466	457.981
	<b>1.075.599</b>	<b>848.275</b>

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

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

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
Zorlu Holding A.Ş. <sup>(2)</sup>	5.679.897	4.418.094
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. (3)	5.387.949	4.020.204
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A.Ş. <sup>(3)</sup>	3.181.602	2.279.484
	<b>14.249.448</b>	<b>10.717.782</b>

As of 30 June 2022, the annual average effective interest rate of other receivables in USD is 7%, average effective interest rate of other receivables in TL is 24% (31 December 2021: USD 7%, TL 20%).

**e) Lease liabilities to related parties**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş. <sup>(1)</sup>	14.654	19.555
Zorlu Yapı Yatırım A.Ş. <sup>(1)</sup>	1.906	2.544
	<b>16.560</b>	<b>22.099</b>

There is no additional guarantee for the receivables from related parties. The main partner declares that such receivables will be paid in case of need.

**f) Prepayments to Related Parties**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	143.779	-
	<b>143.779</b>	<b>-</b>

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

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

**g) Transactions with related parties**

	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>	<b>1 April - 30 June 2022</b>	<b>1 April - 30 June 2021</b>
<b>Sales</b>				
ZES Dijital Ticaret A.Ş.	56.898	-	3.784	-
Rotor Elektrik Üretim A.Ş.	56.864	-	33.590	-
Linens Tekstil Ürünleri Pazarlama A.Ş.	3.749	-	1.569	-
Other related parties	44.812	15.648	43.836	13.332
	<b>162.323</b>	<b>15.648</b>	<b>82.779</b>	<b>13.332</b>
<b>Operating expenses</b>				
ABH Turizm Temsilcilik ve Ticaret A.Ş. <sup>(1)</sup>	32.916	1.518	26.744	626
Zorlu Holding A.Ş. <sup>(2)</sup>	63.531	41.731	34.306	22.721
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. <sup>(1)</sup>	8.636	6.868	4.346	3.420
Zorlu Air Havacılık A.Ş. <sup>(1)</sup>	5.009	3.153	3.087	1.527
Other related parties	19.494	8.183	11.819	4.082
	<b>129.586</b>	<b>61.453</b>	<b>80.302</b>	<b>32.376</b>
<b>Financial income</b>				
Zorlu Holding A.Ş. <sup>(2)</sup>	1.453.793	502.631	792.527	105.908
Vestel Savunma Sanayi A.Ş. <sup>(3)</sup>	1.278.802	392.190	700.326	147.111
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A.Ş.	691.302	257.212	389.372	89.956
Vestel Ventures Arge A.Ş.	126.292	-	69.311	-
Other related parties	-	45.596	-	15.018
	<b>3.550.189</b>	<b>1.197.629</b>	<b>1.951.536</b>	<b>357.993</b>
<b>Financial expense</b>				
Other related parties	479	2.206	21	1.392
	<b>479</b>	<b>2.206</b>	<b>21</b>	<b>1.392</b>
<b>Other income from operating activities</b>				
Other related parties	<b>12.436</b>	<b>1.248</b>	<b>5.192</b>	<b>537</b>
<b>Other expense from operating activities</b>				
Other related parties	<b>16.505</b>	<b>14.777</b>	<b>7.116</b>	<b>4.508</b>

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

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

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

**i) 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 six months period ended 30 June 2022 is TL 34.484 thousand (1 January - 30 June 2021: TL 29.997 thousand).

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

**NOTE 9 – TRADE RECEIVABLES AND PAYABLES**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Short term trade receivables</b>		
Trade receivables		
- Related parties (note 8)	12.397	14.133
- Other parties	7.410.897	6.232.517
Cheques and notes receivables	1.619.704	419.144
Other	157.223	182.635
	9.200.221	6.848.429
Allowance for doubtful receivables (-)	(169.034)	(174.147)
<b>Total short term trade receivables</b>	<b>9.031.187</b>	<b>6.674.282</b>

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

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

	<b>1 January -</b> <b>30 June 2022</b>	<b>1 January -</b> <b>30 June 2021</b>
<b>Opening balance, 1 January</b>	<b>174.147</b>	<b>199.946</b>
Current year additions	9.882	2.789
Provisions no longer required	(20.332)	(46.336)
Currency translation differences	5.337	2.943
<b>Balance at 30 June</b>	<b>169.034</b>	<b>159.342</b>

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Short term trade payables</b>		
Trade payables		
- Related parties (note 8)	5.667	66.009
- Other parties	20.296.428	15.956.371
Other	4.240	4.209
<b>Total short term trade payables</b>	<b>20.306.335</b>	<b>16.026.589</b>
<b>Long term trade payables</b>		
Trade payables		
- Other parties	201.116	181.003
<b>Total long term trade payables</b>	<b>201.116</b>	<b>181.003</b>

The Group has classified the letters of credit used for the purchase of goods within the scope of its ordinary activities under trade payables. The amount of the aforementioned letters of credit is 7.211.481 TL as of 30 June 2022 (31 December 2021: 6.222.464 TL).

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**NOTE 10 – OTHER RECEIVABLES**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Short term other receivables</b>		
Receivables from official institutions	657.297	497.333
Receivables from related parties (note 8)	1.075.599	848.275
Deposits and guarantees given	123.026	109.241
Other	13.427	95.842
	<b>1.869.349</b>	<b>1.550.691</b>
Allowance for doubtful receivables (-)	(89.633)	(89.670)
	<b>1.779.716</b>	<b>1.461.021</b>
<b>Long term other receivables</b>		
Deposits and guarantees given	29.894	24.281
Receivables from related parties (note 8)	14.249.448	10.717.782
Other	2.632	110.170
	14.281.974	10.852.233
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	<b>14.273.696</b>	<b>10.843.955</b>

The Group provides allowance for doubtful receivables.

**NOTE 11 – INVENTORIES**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Raw materials	7.324.904	4.590.704
Work in process	354.344	226.636
Finished goods	5.767.084	4.507.882
Merchandise	743.258	294.319
Other	16.137	8.575
	14.205.727	9.628.116
Provision for impairment on inventories (-)	(147.537)	(99.413)
	<b>14.058.190</b>	<b>9.528.703</b>

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 30 June 2022 is TL 15.502.990 thousand (1 January – 30 June 2021: TL 9.049.070 thousand).

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

As of 30 June 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>30 June 2022</b>	<b>31 December 2021</b>
Raw materials	89.989	42.101
Finished goods and merchandise	57.548	57.312
	<b>147.537</b>	<b>99.413</b>

Movement of provision for impairment on inventories is as follows:

	<b>1 January -</b>	<b>1 January -</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
<b>Opening balance, 1 January</b>	<b>99.413</b>	<b>59.407</b>
Current year additions	55.848	57.826
Realised due to sale of inventory	(29.934)	(7.190)
Currency translation differences	22.210	7.074
<b>Balance at 30 June</b>	<b>147.537</b>	<b>117.117</b>

**NOTE 12 - PREPAID EXPENSES**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Prepaid expenses in current assets</b>		
Order advances given	658.891	461.085
Prepaid expenses	325.531	146.616
Business advances given	8.291	4.016
	<b>992.713</b>	<b>611.717</b>
<b>Prepaid expenses in non-current assets</b>		
Advances given for fixed asset purchases	604.543	261.847
Prepaid expenses	7.462	109.467
	<b>612.005</b>	<b>371.314</b>

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

	<b>30 June 2022</b>		<b>31 December 2021</b>	
	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>
<b>Subsidiaries</b>				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	846.901	50%	740.287
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	980.477	23%	666.525
		<b>1.827.378</b>		<b>1.406.812</b>

The movements of META, which is an investment accounted for using the equity method during the period 1 January – 30 June is as follows:

	<b>1 January -</b> <b>30 June 2022</b>	<b>1 January -</b> <b>30 June 2021</b>
<b>Balance at 1 January</b>	<b>740.287</b>	<b>808.203</b>
Shares from profit / loss	80.144	(56.567)
Shares from other comprehensive income / expense	26.470	10.623
<b>Balance at 30 June</b>	<b>846.901</b>	<b>762.259</b>

Condensed financial statement informations of META is given below:

	<b>30 June 2022</b>	<b>31 December 2021</b>
Total Assets	10.322.971	7.704.020
Total Liability	(9.964.506)	(7.558.781)
<b>Net assets</b>	<b>358.465</b>	<b>145.239</b>

	<b>1 January -</b> <b>30 June 2022</b>	<b>1 January -</b> <b>30 June 2021</b>
Net sales	971.801	346.742
Income / (loss) before tax	1.247	(126.587)
Tax benefit / (expense)	159.040	13.454
Net income / (loss) for the period	160.287	(113.133)
Total comprehensive income	213.227	(91.886)

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

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	30 June 2022
<b>Cost or revaluation</b>						
Land	1.724.691	-	-	47.592	-	1.772.283
Land improvements	206.469	-	-	77.673	-	284.142
Buildings	3.410.966	18.492	(6)	970.328	11.528	4.411.308
Leasehold improvements	191.722	20.437	(2)	2.043	430	214.630
Plant and machinery	4.852.745	479.712	(12.426)	220.532	85.396	5.625.959
Motor vehicles	9.541	643	(407)	1.001	-	10.778
Furniture and fixtures	566.641	90.255	(1.050)	16.323	4.687	676.856
Other tangible assets	849	-	-	-	-	849
Construction in progress	82.132	461.322	-	-	(102.047)	441.407
	<b>11.045.756</b>	<b>1.070.861</b>	<b>(13.891)</b>	<b>1.335.492</b>	<b>(6)</b>	<b>13.438.212</b>
<b>Accumulated depreciation</b>						
Land improvements	2.585	12.900	-	8.437	-	23.922
Buildings	169.092	160.985	(1)	116.378	-	446.454
Leasehold improvements	187.612	8.188	(2)	1.596	-	197.394
Plant and machinery	2.760.215	262.594	(12.544)	157.666	-	3.167.931
Motor vehicles	2.605	1.308	(407)	895	-	4.401
Furniture and fixtures	495.809	31.790	(937)	15.619	-	542.281
Other tangible assets	849	-	-	-	-	849
	<b>3.618.767</b>	<b>477.765</b>	<b>(13.891)</b>	<b>300.591</b>	<b>-</b>	<b>4.383.232</b>
<b>Net book value</b>	<b>7.426.989</b>					<b>9.054.980</b>

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

	<b>1 January 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Transfers</b>	<b>30 June 2021</b>
<b>Cost or revaluation</b>						
Land	1.145.890	-	-	4.806	-	1.150.696
Land improvements	135.762	79	-	7.886	17	143.744
Buildings	2.115.662	6.192	(2)	102.143	4.545	2.228.540
Leasehold improvements	168.269	8.674	(4)	963	437	178.339
Plant and machinery	3.646.372	254.304	(32.418)	32.970	27.437	3.928.665
Motor vehicles	7.950	13	(26)	165	9	8.111
Furniture and fixtures	477.480	26.875	(1.514)	4.867	2.212	509.920
Other tangible assets	849	-	-	-	-	849
Construction in progress	38.064	78.214	(4)	-	(34.872)	81.402
	<b>7.736.298</b>	<b>374.351</b>	<b>(33.968)</b>	<b>153.800</b>	<b>(215)</b>	<b>8.230.266</b>
<b>Accumulated depreciation</b>						
Land improvements	-	3.855	-	1.299	-	5.154
Buildings	2.343	53.582	-	16.103	-	72.028
Leasehold improvements	160.263	7.311	(4)	684	-	168.254
Plant and machinery	2.361.532	214.970	(32.157)	30.651	-	2.574.996
Motor vehicles	6.876	680	(26)	138	-	7.668
Furniture and fixtures	388.638	23.046	(1.423)	4.183	-	414.444
Other tangible assets	849	-	-	-	-	849
	<b>2.920.501</b>	<b>303.444</b>	<b>(33.610)</b>	<b>53.058</b>	<b>-</b>	<b>3.243.393</b>
<b>Net book value</b>	<b>4.815.797</b>					<b>4.986.873</b>

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

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

Additions to property, plant and equipment in the period 1 January – 30 June 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 30 June 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	25 - 50 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 25 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 - 30 June 2022	1 January - 30 June 2021
Cost of sales	468.634	272.118
Research and development expenses	126.140	98.745
Marketing, selling and distribution expenses	27.205	57.987
General administrative expenses	77.617	11.519
Other operating expense (idle capacity depreciation expense)	5.564	2.868
	<b>705.160</b>	<b>443.237</b>

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**NOTE 15 – RIGHT OF USE ASSETS**

	1 January 2022	2022	Additions	Disposal	30 June 2022
<b>Cost</b>					
Land and buildings	315.286	67.073	-	-	382.359
Machinery and motor vehicles	123.509	9.328	(1.063)	-	131.774
	<b>438.795</b>	<b>76.401</b>	<b>(1.063)</b>	<b>514.133</b>	
<b>Accumulated amortization</b>					
Land and buildings	178.707	47.481	-	-	226.188
Machinery and motor vehicles	80.470	15.474	(16)	-	95.928
	<b>259.177</b>	<b>62.955</b>	<b>(16)</b>	<b>322.116</b>	
<b>Net book value</b>	<b>179.618</b>	-	-	-	<b>192.017</b>

	1 January 2021	2021	Additions	Disposal	30 June 2021
<b>Cost</b>					
Land and buildings	251.366	32.857	(5.798)	-	278.425
Machinery and motor vehicles	96.031	21.180	(2.098)	-	115.113
	<b>347.397</b>	<b>54.037</b>	<b>(7.896)</b>	<b>54.037</b>	<b>393.538</b>
<b>Accumulated amortization</b>					
Land and buildings	96.608	40.341	(1.087)	-	135.862
Machinery and motor vehicles	51.028	14.986	(1.191)	-	64.823
	<b>147.636</b>	<b>55.327</b>	<b>(2.278)</b>	<b>55.327</b>	<b>200.685</b>
<b>Net book value</b>	<b>199.761</b>	-	-	-	<b>192.853</b>

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**NOTE 16 – INTANGIBLE ASSETS**

	<b>1 January</b>			<b>Currency</b>		<b>30 June</b>
	<b>2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>translation differences</b>	<b>Transfers</b>	<b>2022</b>
<b>Cost</b>						
Rights	89.530	89	-	2.182	-	91.801
Development cost	1.717.843	295.722	(40.685)	-	-	1.972.880
Other intangible assets	212.385	34.670	-	2.830	6	249.891
	<b>2.019.758</b>	<b>330.481</b>	<b>(40.685)</b>	<b>5.012</b>	<b>6</b>	<b>2.314.572</b>
<b>Accumulated amortization</b>						
Rights	64.629	1.882	-	2.166	-	68.677
Development cost	928.105	154.127	(1.113)	-	-	1.081.119
Other intangible assets	116.581	8.431	-	3.050	-	128.062
	<b>1.109.315</b>	<b>164.440</b>	<b>(1.113)</b>	<b>5.216</b>	<b>-</b>	<b>1.277.858</b>
<b>Net book value</b>	<b>910.443</b>					<b>1.036.714</b>

	<b>1 January</b>			<b>Currency</b>		<b>30 June</b>
	<b>2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>translation differences</b>	<b>Transfers</b>	<b>2021</b>
<b>Cost</b>						
Rights	84.977	73	(101)	1.063	-	86.012
Development cost	1.383.379	171.130	(23.274)	-	-	1.531.235
Other intangible assets	175.417	10.435	(282)	3.741	215	189.526
	<b>1.643.773</b>	<b>181.638</b>	<b>(23.657)</b>	<b>4.804</b>	<b>215</b>	<b>1.806.773</b>
<b>Accumulated amortization</b>						
Rights	55.933	2.022	(93)	1.041	-	58.903
Development cost	773.431	77.867	(317)	-	-	850.981
Other intangible assets	103.469	4.577	(210)	2.383	-	110.219
	<b>932.833</b>	<b>84.466</b>	<b>(620)</b>	<b>3.424</b>	<b>-</b>	<b>1.020.103</b>
<b>Net book value</b>	<b>710.940</b>					<b>786.670</b>

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

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

Useful lives of intangible assets are as follows:

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

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

**a) Provisions**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Short term provisions</b>		
Warranty and assembly provision	600.578	477.020
Other provisions	747.508	716.541
Provision for lawsuit risks	51.136	47.074
	<b>1.399.222</b>	<b>1.240.635</b>
<b>Long term provisions</b>		
Warranty and assembly provision	119.384	93.449
	<b>119.384</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 30 June 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 51.136 thousand (31 December 2021: TL 47.074 thousand).

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

As of 30 June movements of warranty and assembly provisions are as follows:

	<b>1 January -</b> <b>30 June 2022</b>	<b>1 January -</b> <b>30 June 2021</b>
<b>Opening balance, 1 January</b>	<b>570.469</b>	<b>387.814</b>
Current year additions (Note 23)	459.182	257.850
Provisions no longer required	(309.689)	(196.771)
<b>Balance at 30 June</b>	<b>719.962</b>	<b>448.893</b>

**b) Waste Electrical and Electronic Equipment Directive**

Legal regulation prepared in conformity with European Union Waste Electrical and Electronic Equipment Directive ("WEEE") has been effective in Turkey since 2012. The Directive set collection, recycling and recovery targets for all types of electrical and electronic goods upon manufacturers. The Group fulfills these obligations.

**c) Guarantees received by the Group**

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
Guarantee letters	1.956.241	1.393.114
Cheques and notes	2.033.409	1.275.077
Collaterals and pledges	2.064.426	1.535.346
	<b>6.054.076</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.

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

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

CPM's given by the Group	USD ('000)	EUR ('000)	GBP ('000)	TL	TL Equivalent
<b>30 June 2022</b>					
A. CPM's given on behalf of its own legal entity	12.439	22.250	450	127.914	730.729
B. CPM's given on behalf of fully consolidated subsidiaries (*)	2.261.534	67.980	-	4.192.428	43.053.570
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	37.445	-	-	20.584	644.470
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.	37.445	-	-	20.584	644.470
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
<b>Total</b>	<b>2.311.418</b>	<b>90.230</b>	<b>450</b>	<b>4.340.926</b>	<b>44.428.769</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.

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**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>

As of 30 June 2022 proportion of other CPM's given by the Group to its equity is 5% (31 December 2021: 6%).

**NOTE 18 – COMMITMENTS**

As of the balance sheet date the Group has committed to realize exports amounting to 5.299.329 thousand USD (31 December 2021: 5.198.333 thousand USD) due to the export and investment incentive certificates obtained.

As of 30 June 2022 the Group has forward foreign currency purchase contract that amounts to, USD 725.602 thousand, EUR 89.772 thousand, GBP 43.064 thousand, PLN 5.255 thousand, CNY 63.686 thousand and TL 1.945.877 thousand against forward foreign currency sales contract that amounts to USD 254.306 thousand, EUR 357.833 thousand, GBP 16.861 thousand, RON 365 thousand, PLN 41.094 thousand and TL 5.524.530 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 638.255 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).

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**NOTE 19 – EMPLOYEE BENEFITS**

**Liabilities for employee benefits:**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Due to personnel	218.762	131.134
Social security payables	88.964	148.369
	<b>307.726</b>	<b>279.503</b>

**Long term provisions for employee benefits:**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Provision for employment termination benefits	<b>468.039</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 30 June 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:

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

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 30 June 2022, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 30 June 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.

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

	<b>1 January -</b> <b>30 June 2022</b>	<b>1 January -</b> <b>30 June 2021</b>
<b>Balance at 1 January</b>	<b>387.222</b>	<b>226.307</b>
Increase during the year	11.472	35.627
Payments during the year	(11.042)	(9.398)
Actuarial (gain) /loss	46.438	6.407
Interest expense	33.949	15.187
<b>Balance at 30 June</b>	<b>468.039</b>	<b>274.130</b>

**NOTE 20 – OTHER ASSETS AND LIABILITIES**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Other current assets</b>		
VAT carried forward	97.768	25.455
Rebates from suppliers and incentives income accruals	77.075	76.037
Other	37.538	113.831
	<b>212.381</b>	<b>215.323</b>
<b>Other non - current assets</b>		
Assets held for sale	25.231	9.590
	<b>25.231</b>	<b>9.590</b>

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**NOTE 20 – OTHER ASSETS AND LIABILITIES (Cont'd)**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Other current liabilities</b>		
Advances received	1.498.937	413.993
Tax payables	283.168	232.645
Other	484.094	802.189
	<b>2.266.199</b>	<b>1.448.827</b>

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

**a) Paid in capital**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<i>Shares of par value Kr 1 each</i>		
limit on registered share capital	2.000.000	2.000.000
Issued share capital	335.456	335.456

As of 30 June 2022 and 31 December 2021 the shareholding structures are as follows:

	<b>Shareholding</b>		<b>Amount</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
Zorlu Holding A.Ş.	62,27%	63,70%	208.899	213.696
Shares held by public				
Other shareholders	37,73%	36,30%	126.557	121.760
	<b>100%</b>	<b>100%</b>	<b>335.456</b>	<b>335.456</b>

**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.

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

**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. 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>30 June 2022</b>	<b>31 December 2021</b>
Legal reserves	<b>265.489</b>	<b>265.489</b>

**e) Revaluation reserve**

Fair value gains on financial assets	4.863	6.988
Revaluation of property, plant and equipment	3.873.733	3.985.651
	<b>3.878.596</b>	<b>3.992.639</b>

**f) Accumulated deficit**

Extraordinary reserves	2.035.669	512.541
Previous year's loss	984.314	500.037
Other inflation adjustment of share capital	119.718	119.718
	<b>3.139.701</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.

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

**g) Dividend distribution (cont'd)**

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

On the other hand, in accordance with the Articles of Association of the Company, 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.

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**NOTE 22 - SALES**

	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>	<b>1 April - 30 June 2022</b>	<b>1 April - 30 June 2021</b>
Domestic sales	7.859.292	3.605.969	4.713.952	1.856.044
Overseas sales	18.076.588	11.384.643	8.946.134	6.548.538
<b>Gross sales</b>	<b>25.935.880</b>	<b>14.990.612</b>	<b>13.660.086</b>	<b>8.404.582</b>
Sales discounts (-)	(1.305.204)	(776.030)	(770.284)	(390.674)
<b>Net sales</b>	<b>24.630.676</b>	<b>14.214.582</b>	<b>12.889.802</b>	<b>8.013.908</b>
Cost of sales	(17.715.679)	(10.518.214)	(8.763.067)	(5.831.319)
<b>Gross profit</b>	<b>6.914.997</b>	<b>3.696.368</b>	<b>4.126.735</b>	<b>2.182.589</b>

**NOTE 23 - EXPENSES BY NATURE**

	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>	<b>1 April - 30 June 2022</b>	<b>1 April - 30 June 2021</b>
Raw materials, supplies and finished goods	17.338.839	10.711.908	8.216.691	5.941.198
Changes in finished goods, work in process, trade goods	(1.835.849)	(1.662.838)	(607.707)	(857.753)
Personnel expenses	1.861.720	1.127.254	984.125	599.615
Depreciation and amortization	699.596	440.369	369.245	225.371
warehouse expenses	1.262.208	598.580	721.806	366.718
Warranty and assembly expenses	459.182	257.850	257.033	153.777
Advertising expenses	258.931	158.956	150.780	86.208
Other	1.384.647	843.196	754.736	426.875
	<b>21.429.274</b>	<b>12.475.275</b>	<b>10.846.709</b>	<b>6.942.009</b>

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

**a) General administrative expenses:**

	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>	<b>1 April - 30 June 2022</b>	<b>1 April - 30 June 2021</b>
Personnel expenses	186.463	113.485	101.151	58.531
Depreciation and amortization	77.617	11.519	61.119	5.536
Consultancy expenses	77.640	37.418	39.719	20.955
Information technology expenses	49.311	27.349	27.773	14.787
Rent and office expenses	29.893	19.457	15.952	9.691
Tax and duties	14.632	9.674	6.700	5.642
Insurance expenses	16.100	10.912	5.174	6.038
Travelling expenses	6.984	3.269	4.544	1.627
Benefits and services provided externally	2.261	2.865	835	1.340
Other	129.443	41.384	49.337	33.235
	<b>590.344</b>	<b>277.332</b>	<b>312.304</b>	<b>157.382</b>

**b) Marketing expenses:**

Export, transportation, warehouse expenses	1.155.332	564.622	645.369	348.566
Warranty and assembly expenses	459.182	257.850	257.033	153.777
Personnel expenses	493.701	267.490	264.710	142.477
Advertising expenses	219.971	135.329	129.295	71.627
Other	471.465	254.294	299.723	132.854
	<b>2.799.651</b>	<b>1.479.585</b>	<b>1.596.130</b>	<b>849.301</b>

**c) Research and development expenses:**

Personnel expenses	83.304	48.306	44.186	25.570
Depreciation and amortization	126.140	98.745	63.382	51.780
Travelling expenses	9.950	139	7.870	95
Other	104.206	52.954	63.756	26.562
	<b>323.600</b>	<b>200.144</b>	<b>179.194</b>	<b>104.007</b>

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

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

	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>	<b>1 April - 30 June 2022</b>	<b>1 April - 30 June 2021</b>
Credit finance gains arising from trading activities	53.820	18.556	39.060	475
Foreign exchange gains arising from trading activities	1.246.024	1.021.201	840.703	634.537
Other income	171.741	75.644	64.893	40.058
	<b>1.471.585</b>	<b>1.115.401</b>	<b>944.656</b>	<b>675.070</b>

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

Debit finance charges arising from trading activities	306.803	122.683	167.148	65.282
Foreign exchange expenses arising from trading activities	3.638.984	1.662.125	2.134.284	787.403
Other expenses	155.559	66.214	53.812	45.654
	<b>4.101.346</b>	<b>1.851.022</b>	<b>2.355.244</b>	<b>898.339</b>

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

**a) Financial income:**

	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>	<b>1 April - 30 June 2022</b>	<b>1 April - 30 June 2021</b>
Foreign exchange gains	3.055.636	1.372.846	1.687.060	480.255
Gains on derivative financial instruments	1.266.745	646.105	680.524	163.576
Interest income	636.173	376.059	337.529	193.297
	<b>4.958.554</b>	<b>2.395.010</b>	<b>2.705.113</b>	<b>837.128</b>

**b) Financial expense:**

	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>	<b>1 April - 30 June 2022</b>	<b>1 April - 30 June 2021</b>
Foreign exchange losses	2.076.167	728.402	1.266.933	205.244
Losses on derivative financial instruments	1.378.777	1.046.951	866.192	389.015
Interest and commision expense	785.694	601.864	406.330	315.184
Other finance expenses	4.406	9.988	1.545	8.509
	<b>4.245.044</b>	<b>2.387.205</b>	<b>2.541.000</b>	<b>917.952</b>

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
Corporation and income taxes	8.965	14.285
Prepaid taxes (-)	(16.703)	(22.272)
<b>Current income tax liabilities - net</b>	<b>(7.738)</b>	<b>(7.987)</b>
Deferred tax liabilities	(690.004)	(461.600)
Deferred tax assets	1.266.617	795.193
	<b>576.613</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.

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

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 25%, until the 14th 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.

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.

In accordance with the regulation numbered 31462, published in Official Gazette on 22 April 2021, corporate tax rate for the year 2021 has set for 25%, 2022 for 23%. This change will be effective for corporate tax calculation for the periods starting from 1 July 2021. This change will be valid for the taxation of corporate earnings for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. Therefore, deferred tax assets and liabilities as of 30 June 2022 are calculated with 23% and 20% tax rates for the temporary differences.

**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 can occur frequently in Russian Federation. Management's interpretation for such legislation, which is applied to the company's operations and activities, can be interpreted by regional and federal authorities in different ways.

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

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 - 30 June 2022 and 2021 tax benefit in the consolidated statement of income is as follows:

	<b>1 January -</b> <b>30 June 2022</b>	<b>1 January -</b> <b>30 June 2021</b>
Current period tax expense	(28.287)	(22.275)
Deferred tax benefit	234.637	76.801
<b>Total tax (expense) / benefit</b>	<b>206.350</b>	<b>54.526</b>

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

**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.

As of 30 June 2022, the Group has not recognized deferred tax assets arising from its investment incentive certificate, in accordance with conservatism principle of accounting.

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

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

	Cumulative temporary differences		Deferred tax	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<b>Deferred tax assets</b>			
Employment termination benefits	(468.039)	(387.222)	93.608	77.444
Investment incentives	-	-	370.209	228.430
Warranty provision	(719.962)	(570.469)	165.591	114.094
Provision for doubtful receivables	(169.034)	(174.147)	38.878	43.537
Net difference between book values and tax bases of tangible and intangible assets	(1.010.554)	(100.000)	202.111	20.000
Provision for impairment on inventories	(147.537)	(99.413)	33.934	24.853
Derivative financial instruments	(368.914)	(531.887)	84.850	132.965
R&D incentives	(909.171)	(415.763)	209.109	103.941
Other	(341.635)	(249.645)	68.327	49.929
			<b>1.266.617</b>	<b>795.193</b>
<b>Deferred tax liabilities</b>				
Derivative financial instruments	529.566	288.768	(121.800)	72.192
Revaluation of tangible fixed assets	5.682.043	5.305.380	(568.204)	(530.538)
Other	-	13.016	-	(3.254)
			<b>(690.004)</b>	<b>(461.600)</b>
<b>Deferred tax assets / (liabilities) - net</b>			<b>576.613</b>	<b>333.593</b>

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

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

	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>
<b>Opening balance, 1 January</b>	<b>333.593</b>	<b>(12.216)</b>
Tax benefit recognized in income statement	234.637	76.801
Recognized in shareholders' equity	9.481	(19.961)
Currency translation differences	(2.282)	(3.408)
<b>Deferred tax (liabilities) / assets at the end of the period, net</b>	<b>575.429</b>	<b>41.216</b>

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

	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>
Net income / (loss) attributable to equity holders of the parent	1.260.325	913.381
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.546.000	33.546.000
<b>Earnings per share</b>	<b>3,76</b>	<b>2,72</b>

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**NOTE 29 – DERIVATIVE INSTRUMENTS**

	<b>30 June 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	2.300.525	65.465	1.610.694	14.151
<b>Cash flow hedge</b>				
Forward foreign currency transactions	6.176.387	464.101	7.794.738	274.617
<b><u>Derivative financial liabilities:</u></b>				
<b>Held for trading</b>				
Forward foreign currency transactions	5.671.722	(244.610)	5.999.754	(490.901)
<b>Cash flow hedge</b>				
Forward foreign currency transactions	2.514.685	(124.304)	1.374.424	(40.986)
	<b>16.663.319</b>	<b>160.652</b>	<b>16.779.610</b>	<b>(243.119)</b>

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

**Foreign currency risk:**

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

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

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

<b>30 June 2022</b>	<b>USD</b>	<b>EUR</b>	<b>Other (TL Equivalent)</b>	<b>TL Equivalent</b>
1. Trade receivables	99.373	242.332	451.212	6.316.236
2a. Monetary financial assets (including cash and cash equivalents)	13.458	17.857	14.834	549.241
2b. Non-monetary financial assets	-	-	-	-
3. Other	29.723	807	-	509.244
<b>4. Current assets (1+2+3)</b>	<b>142.554</b>	<b>260.996</b>	<b>466.046</b>	<b>7.374.721</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	14.388	16.213	-	521.346
7. Other	778.407	51	-	12.970.236
<b>8. Non-current assets (5+6+7)</b>	<b>792.795</b>	<b>16.264</b>	-	<b>13.491.582</b>
<b>9. Total assets (4+8)</b>	<b>935.349</b>	<b>277.260</b>	<b>466.046</b>	<b>20.866.303</b>
10. Trade payables	888.211	188.526	66.785	18.172.886
11. Financial liabilities	498.437	90.320	163.234	10.054.539
12a. Other monetary liabilities	151	1.355	-	26.099
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>1.386.799</b>	<b>280.201</b>	<b>230.019</b>	<b>28.253.524</b>
14. Trade payables	-	11.557	-	201.108
15. Financial liabilities	22.349	19.590	-	713.921
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>22.349</b>	<b>31.147</b>	-	<b>915.029</b>
<b>18. Total liabilities (13+17)</b>	<b>1.409.148</b>	<b>311.347</b>	<b>230.019</b>	<b>29.168.553</b>
<b>19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)</b>	<b>471.296</b>	<b>(268.061)</b>	<b>552.784</b>	<b>3.730.160</b>
19a. Hedged total assets	725.602	89.772	1.049.386	14.698.280
19b. Hedged total liabilities	(254.306)	(357.833)	(496.602)	(10.968.120)
<b>20. Net foreign currency asset / (liability) position (9-18+19)</b>	<b>(2.503)</b>	<b>(302.148)</b>	<b>788.811</b>	<b>(4.572.090)</b>
<b>21. Net foreign currency monetary asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(488.187)</b>	<b>(50.301)</b>	<b>236.027</b>	<b>(8.823.596)</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	-	-	-	<b>160.652</b>
23. Export	309.187	737.753	810.220	18.076.588
24. Import	677.304	127.602	5.950	12.018.716

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**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>-</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>-</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>-</b>	<b>-</b>	<b>-</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

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

As of 30 June 2022 and 31 December 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>30 June 2022</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(813.387)	813.387	(813.387)	813.387
Secured portion from USD risk (-)	338.948	(338.948)	(211.387)	211.387
<b>USD net effect</b>	<b>(474.439)</b>	<b>474.439</b>	<b>(1.024.774)</b>	<b>1.024.774</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	(87.373)	87.373	(87.373)	87.373
Secured portion from EUR risk (-)	(379.428)	379.428	(510.727)	510.727
<b>EUR net effect</b>	<b>(466.801)</b>	<b>466.801</b>	<b>(598.100)</b>	<b>598.100</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability risk (-)	23.603	(23.603)	23.603	(23.603)
	71.697	(71.697)	91.356	(91.356)
<b>Other currency net effect</b>	<b>95.300</b>	<b>(95.300)</b>	<b>114.959</b>	<b>(114.959)</b>

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**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**

The Company completed the sale of a TL 30,000,000 corporate bond with floating coupon payments with a maturity of 389 days to domestic qualified investors and TL 334,000,000 discounted commercial paper with a maturity of 123 days to domestic qualified investors on August 1, 2022