

**VESTEL ELEKTRONİK SANAYİ VE TİCARET
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY- 30 SEPTEMBER 2022**

(ORIGINALLY ISSUED IN TURKISH)

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

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

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

		30 September	Audited 31 December
	Notes	2022	2021
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1,520,072	2,089,143
Financial Investment		47,373	1,710
Time Deposit		47,373	1,710
Trade Receivables		8,384,459	6,674,282
Trade Receivables Due from Related Parties	8.9	24,727	14,133
Trade Receivables Due from Third Parties	9	8,359,732	6,660,149
Other Receivables		2,401,117	1,461,021
Other Receivables Due from Related Parties	8.10	1,578,947	848,275
Other Receivables Due from Third Parties	10	822,170	612,746
Derivative Financial Assets		231,435	288,768
Derivative Financial Assets Held for Trading	29	25,372	14,151
Derivative Financial Assets Held for Hedging	29	206,063	274,617
Inventories	11	14,964,489	9,528,703
Prepaid Expenses		977,118	611,717
Prepaid Expenses to Related Parties	8	110,715	-
Prepaid Expenses to Third Parties	12	866,403	611,717
Current Tax Assets	27	11,474	7,987
Other Current Assets		415,988	215,323
Other Current Assets Due from Third Parties	20	415,988	215,323
TOTAL CURRENT ASSETS		28,953,525	20,878,654

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

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

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

		Audited
	Notes	30 September 2022 31 December 2021
NON-CURRENT ASSETS		
Financial Investments	6	88,584 73,085
Financial Assets Available-for-Sale	6	88,584 73,085
Investments in subsidiaries, joint ventures	13	1,939,347 1,406,812
Trade Receivables		282 468
Trade Receivables Due from Third Parties		282 468
Other Receivables		15,672,802 10,843,955
Other Receivables Due from Related Parties	8	15,627,739 10,717,782
Other Receivables Due from Third Parties	10	45,063 126,173
Property, Plant and Equipments		9,459,776 7,426,989
Land	14	1,771,879 1,724,691
Land Improvements	14	254,064 203,884
Buildings	14	3,864,651 3,241,874
Machinery and Equipments	14	2,600,332 2,092,530
Vehicles	14	6,062 6,936
Furniture and Fixtures	14	164,669 70,832
Leasehold Improvements	14	28,306 4,110
Construction in Progress	14	769,813 82,132
Right of Use Assets	15	420,345 179,618
Intangible Assets and Goodwill		1,373,916 1,107,011
Goodwill		196,568 196,568
Other Rights	16	21,837 24,901
Capitalized Development Costs	16	1,030,176 789,738
Other Intangible Assets	16	125,335 95,804
Prepaid Expenses		441,165 371,314
Prepaid Expenses to Third Parties	12	441,165 371,314
Deferred Tax Asset	27	1,297,070 795,193
Other Non-current Assets		12,534 9,590
Other Non-Current Assets Due from Third Parties	20	12,534 9,590
TOTAL NON-CURRENT ASSETS		30,705,821 22,214,035
TOTAL ASSETS		59,659,346 43,092,689

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

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

		30 September	Audited 31 December
	Notes	2022	2021
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		17,369,676	5,057,567
Current Borrowings from Related Parties		12,512	11,423
Lease Liabilities	7.8	12,512	11,423
Current Borrowings from Third Parties		17,357,164	5,046,144
Bank Loans	7	16,179,187	4,344,893
Lease Liabilities	7	104,539	63,434
Issued debt instruments	7	1,073,438	637,817
Current Portion of Non-current Borrowings		892,079	6,014,337
Current Portion of Non-current Borrowings from Third Parties		892,079	6,014,337
Bank Loans	7	892,079	6,014,337
Trade Payables		21,587,033	16,026,589
Trade Payables to Related Parties	8	46,113	66,009
Trade Payables to Third Parties	9	21,540,920	15,960,580
Payables Related to Employee Benefits	19	432,857	279,503
Other Payables		3,670	10,752
Other Payables to Third Parties	10	3,670	10,752
Derivative Financial Liabilities		314,639	531,887
Derivative Financial Liabilities Held for Trading	29	238,974	490,901
Derivative Financial Liabilities Held for Hedging	29	75,665	40,986
Deferred Income		470,432	-
Deferred Income from Third Parties	10	470,432	-
Current Tax Liabilities	27	8,418	-
Current Provisions		1,332,651	1,240,635
Other Current Provisions	17	1,332,651	1,240,635
Other Current Liabilities		2,148,537	1,448,827
Other Current Liabilities to Third Parties	20	2,148,537	1,448,827
TOTAL CURRENT LIABILITIES		44,559,992	30,610,097

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

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

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

		30 September	Audited
	Notes	2022	31 December
		2022	2021
NON-CURRENT LIABILITIES			
Long Term Borrowings		1,057,649	1,045,222
Long Term Borrowings from Related Parties		1,150	10,676
Lease Liabilities	7.8	1,150	10,676
Long Term Borrowings from Third Parties		1,056,499	1,034,546
Bank Loans	7	741,723	628,475
Lease Liabilities	7	314,776	141,071
Issued debt instruments	7	-	265,000
Trade Payables		196,023	181,003
Trade Payables to Third Parties	9	196,023	181,003
Non-current Provisions		635,905	480,671
Non-current Provisions for Employee Benefits	19	494,335	387,222
Other Non-current Provisions	17	141,570	93,449
Deferred Tax Liabilities	27	614,694	461,600
Other Non-current Liabilities		26	2,435
Other Non-current Liabilities to Third Parties		26	2,435
TOTAL NON-CURRENT LIABILITIES		2,504,297	2,170,931
TOTAL LIABILITIES		47,064,289	32,781,028

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

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

		30 September	Audited 31 December
	Notes	2022	2021
EQUITY			
Equity Attributable to Owners of Parent		11,499,364	9,441,862
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		3,628,437	3,825,581
Gains (Losses) on Revaluation and Remeasurement		3,628,437	3,825,581
Increases (Decreases) on Revaluation of Property, Plant and Equipment	21	3,805,871	3,985,651
Gains (Losses) on Remeasurements of Defined Benefit Plans		(177,434)	(160,070)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		2,263,109	1,299,238
Exchange Differences on Translation		2,189,852	1,159,315
Gains (Losses) on Hedge		55,562	132,935
Gains (Losses) on Cash Flow Hedges		55,562	132,935
Gains (Losses) on Revaluation and Reclassification		17,695	6,988
Gains (Losses) on Remeasuring and/or Reclassification of Available-for-sale Financial Assets	21	17,695	6,988
Restricted Reserves Appropriated from Profits		261,116	265,489
Legal Reserves	21	261,116	265,489
Prior Years' Profits or Losses	21	3,363,868	1,132,296
Current Period Net Profit Or Loss		959,063	1,895,487
Non-controlling Interests		1,095,693	869,799
TOTAL EQUITY		12,595,057	10,311,661
TOTAL LIABILITIES AND EQUITY		59,659,346	43,092,689

Consolidated financial statements for the period 1 January - 30 September 2022 were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 9 November 2022.

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 PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2022
AND 2021

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

	Notes	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
PROFIT OR LOSS					
Revenue	22	39,102,347	21,758,573	14,471,671	7,543,991
Cost of Sales	22	(29,067,172)	(16,511,433)	(11,351,493)	(5,993,219)
GROSS PROFIT (LOSS)		10,035,175	5,247,140	3,120,178	1,550,772
General Administrative Expenses	24	(970,483)	(424,027)	(380,139)	(146,695)
Marketing Expenses	24	(4,598,200)	(2,321,698)	(1,798,549)	(842,113)
Research and Development Expense	24	(522,041)	(298,756)	(198,441)	(98,612)
Other Income from Operating Activities	25	2,240,764	1,426,140	769,179	310,739
Other Expenses from Operating Activities	25	(6,140,948)	(2,355,812)	(2,039,602)	(504,790)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		44,267	1,272,987	(527,374)	269,301
Share of Profit (Loss) from Equity Method Accounted Investments		90,007	(83,795)	85,187	(53,888)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		134,274	1,189,192	(442,187)	215,413
Finance Income	26	7,969,708	3,202,118	3,011,154	807,108
Finance Costs	26	(7,173,839)	(3,136,155)	(2,928,795)	(748,950)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		930,143	1,255,155	(359,828)	273,571
Tax (Expense) Income, Continuing		284,462	(1,474)	78,112	(56,000)
Current Period Tax (Expense) Income	27	(9,092)	(12,208)	19,195	10,067
Deferred Tax (Expense) Income	27	293,554	10,734	58,917	(66,067)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		1,214,605	1,253,681	(281,716)	217,571
PROFIT (LOSS) FOR THE PERIOD		1,214,605	1,253,681	(281,716)	217,571
Profit (loss), attributable to					
Non-controlling Interests		255,542	193,470	19,546	70,741
Owners of Parent		959,063	1,060,211	(301,262)	146,830
Earnings per 100 share with a Kr 1 of Par Value (TL)	28	2.86	3.16	(0.90)	0.44

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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 SEPTEMBER 2022
AND 2021

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

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss				
	(18,915)	(10,836)	18,235	(5,710)
Gains (Losses) on Remeasurements of Defined Benefit Plans	(23,644)	(13,545)	22,794	(7,138)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	4,729	2,709	(4,559)	1,428
Taxes Relating to Remeasurements of Defined Benefit Plans	4,729	2,709	(4,559)	1,428
Other Comprehensive Income that will be Reclassified to Profit or Loss	983,882	109,759	(58,598)	23,392
Exchange Differences on Translation	1,030,537	31,291	(14,869)	7,913
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets	8,565	(8,860)	10,265	(1,340)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	(75,099)	116,868	(73,680)	25,117
Gains (Losses) on Cash Flow Hedges	(75,099)	116,868	(73,680)	25,117
Taxes Relating to Components of Other Comprehensive Income	19,879	(29,540)	19,686	(8,298)
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets	2,142	2,031	2,567	335
Taxes Relating to Cash Flow Hedges	17,737	(31,571)	17,119	(8,633)
OTHER COMPREHENSIVE INCOME (LOSS)	964,967	98,923	(40,363)	17,682
TOTAL COMPREHENSIVE INCOME (LOSS)	2,179,572	1,352,604	(322,079)	235,253
Total Comprehensive Income Attributable to				
Non-controlling Interests	275,299	201,555	38,251	71,725
Owners of Parent	1,904,273	1,151,049	(360,330)	163,528

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 CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS
1 JANUARY – 30 SEPTEMBER 2022 AND 2021
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Issued Capital	Inflation Adjustments on Capital	Share Premium or Discounts																	Equity attributable to owners of parent	Non-controlling interests	Equity
				Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasurements of Defined Benefit Plans	Gains (Losses) and Remeasurements	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss	Exchange Differences on Translation	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasuring and/or Reclassification of 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					
Previous Period																						
1 January -30 September 2021																						
Beginning of Period	335,456	688,315	98,019	2,514,867	(65,191)	2,449,676	2,449,676	612,892	(43,776)	(43,776)	11,435	11,435	580,551	67,091	1,080,040	1,772,599	2,852,639	7,071,747	353,787	7,425,534		
Transfers	-	-	-	(64,720)	-	(64,720)	(64,720)	-	-	-	-	-	-	234,397	1,602,922	(1,772,599)	(169,677)	-	-	-		
Total Comprehensive Income (Loss)	-	-	-	-	(10,836)	(10,836)	(10,836)	31,291	85,297	85,297	(6,829)	(6,829)	109,759	-	-	1,060,211	1,060,211	1,159,134	193,470	1,352,604		
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,060,211	1,060,211	1,060,211	193,470	1,253,681		
Other Comprehensive Income (Loss)	-	-	-	-	(10,836)	(10,836)	(10,836)	31,291	85,297	85,297	(6,829)	(6,829)	109,759	-	-	-	-	98,923	-	98,923		
Dividends Paid	-	-	(76,455)	-	-	-	-	-	-	-	-	-	-	-	(1,379,722)	-	(1,379,722)	(1,456,177)	-	(1,456,177)		
Transactions with non-controlling interest	-	-	(8,036)	(65,996)	2,630	(63,366)	(63,366)	-	(6,819)	(6,819)	-	-	(6,819)	-	654,492	-	654,492	576,271	279,651	855,922		
End of Period	335,456	688,315	13,528	2,384,151	(73,397)	2,310,754	2,310,754	644,183	34,702	34,702	4,606	4,606	683,491	301,488	1,957,732	1,060,211	3,017,943	7,350,975	826,908	8,177,883		
Current Period																						
1 January -30 September 2022																						
Opening Balance	335,456	688,315	-	3,985,651	(160,070)	3,825,581	3,825,581	1,159,315	132,935	132,935	6,988	6,988	1,299,238	265,489	1,132,296	1,895,487	3,027,783	9,441,862	869,799	10,311,661		
Transfers	-	-	-	(153,123)	-	(153,123)	(153,123)	-	-	-	-	-	-	-	2,048,610	(1,895,487)	153,123	-	-	-		
Total Comprehensive Income (Loss)	-	-	-	-	(18,915)	(18,915)	(18,915)	1,030,537	(77,119)	(77,119)	10,707	10,707	964,125	-	-	959,063	959,063	1,904,273	275,299	2,179,572		
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	959,063	959,063	959,063	255,542	1,214,605		
Other Comprehensive Income (Loss)	-	-	-	-	(18,915)	(18,915)	(18,915)	1,030,537	(77,119)	(77,119)	10,707	10,707	964,125	-	-	-	-	945,210	19,757	964,967		
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(121,963)	(121,963)		
Transactions with non-controlling interest	-	-	-	(26,657)	1,551	(25,106)	(25,106)	-	(254)	(254)	-	-	(254)	(4,373)	182,962	-	182,962	153,229	72,558	225,787		
Closing Balance	335,456	688,315	-	3,805,871	(177,434)	3,628,437	3,628,437	2,189,852	55,562	55,562	17,695	17,695	2,263,109	261,116	3,363,868	959,063	4,322,931	11,499,364	1,095,693	12,595,057		

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 SEPTEMBER 2022 AND 2021

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

	Notes	1 January - 30 September 2022	1 January - 30 September 2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		(1,360,633)	1,033,088
Profit (Loss) for the Period		1,214,605	1,253,681
Profit (Loss) from Continuing Operations		1,214,605	1,253,681
Adjustments to Reconcile Profit (Loss)		(1,306,454)	284,142
Adjustments for Depreciation and Amortisation Expense	14.15.16	909,612	679,086
Adjustments for Impairment Loss (Reversal of Impairment Loss)		121,955	60,112
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	9	18,788	6,669
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	11	103,167	53,443
Adjustments for Provisions		268,333	156,966
Adjustments for (Reversal of) Provisions Related with Employee Benefits	19	128,196	64,256
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	17	11,626	11,832
Adjustments for (Reversal of) Warranty Provisions	17	150,993	48,876
Adjustments for (Reversal of) Other Provisions	17	(22,482)	32,002
Adjustments for Interest (Income) Expenses		509,981	359,071
Adjustments for Interest Income	26	(1,041,664)	(579,478)
Adjustments for Interest Expense	26	1,551,645	938,549
Adjustments for Unrealised Foreign Exchange Losses		(2,493,691)	(902,488)
Adjustments for Fair Value Gains		(237,288)	(169,907)
Adjustments for Fair Value Gains on Derivative Financial Instruments		(237,288)	(169,907)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		(90,007)	83,795
Adjustments for Tax (Income) Expenses	27	(284,462)	1,474
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(10,909)	(8,383)
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets		(10,909)	(8,383)
Other Adjustments to Reconcile Profit (Loss)	5	22	24,416

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 SEPTEMBER 2022 AND 2021

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

	Notes	1 January - 30 September 2022	1 January - 30 September 2021
Changes in Working Capital		(1,211,909)	(457,045)
Decrease (Increase) in Financial Investments		(61,162)	7,717
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(1,728,779)	768,943
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(10,594)	1,485
Decrease (Increase) in Trade Accounts Receivables from Third Parties		(1,718,185)	767,458
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(128,314)	(101,634)
Decrease (Increase) in Other Third Party Receivables Related with Operations		(128,314)	(101,634)
Adjustments for Decrease (Increase) in Inventories	11	(5,561,429)	(3,820,581)
Decrease (Increase) in Prepaid Expenses		(418,173)	(181,620)
Adjustments for Increase (Decrease) in Trade Accounts Payable		5,575,464	2,359,046
Increase (Decrease) in Trade Accounts Payables to Related Parties		(19,896)	3,328
Increase (Decrease) in Trade Accounts Payables to Third Parties		5,595,360	2,355,718
Increase (Decrease) in Employee Benefit Liabilities	19	153,354	(26,825)
Adjustments for Increase (Decrease) in Other Operating Payables		(7,082)	67,754
Increase (Decrease) in Other Operating Payables to Third Parties		(7,082)	67,754
Other Adjustments for Other Increase (Decrease) in Working Capital		493,780	470,155
Decrease (Increase) in Other Assets Related with Operations		(203,521)	19,630
Increase (Decrease) in Other Payables Related with Operations		697,301	450,525
Cash Flows from (used in) Operations		(1,303,758)	1,080,778
Payments Related with Provisions for Employee Benefits	19	(44,727)	(18,721)
Income Taxes (Paid)	27	(12,148)	(28,969)

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 SEPTEMBER 2022 AND 2021

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

	Notes	1 January - 30 September 2022	1 January - 30 September 2021
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(3,522,194)	(869,156)
Proceeds from sales of Shares Without		225,787	689,917
Cash Outflows Arising from Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(178,028)	(246,718)
Subsidiaries and/or Joint Ventures Capital Advance		(264,500)	-
Cash Out of Payments		70,489	42,460
Proceeds from Sales of Property, Plant, Equipment and		70,489	42,460
Proceeds from Sales of Property, Plant and Equipment			
Purchase of Property, Plant, Equipment and			
Intangible Assets		(2,235,797)	(949,885)
Purchase of Property, Plant and Equipment	14	(1,757,766)	(667,490)
Purchase of Intangible Assets	16	(478,031)	(282,395)
Cash Advances and Loans Made to Other Parties		(1,140,145)	(404,930)
Cash Advances and Loans Made to Related Parties	8	(1,140,145)	(404,930)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		4,302,616	(1,226,970)
Proceeds from Borrowings	7	17,542,853	8,025,005
Proceeds from Loans		16,742,993	7,195,005
Proceeds from issued bonds		799,860	830,000
Repayments of Borrowings	7	(12,491,247)	(7,372,631)
Loan Repayments		(11,875,867)	(7,322,565)
Issued bonds repayments		(615,380)	(50,066)
Increase in Other Payables to Related Parties		-	14,217
Payments of Lease Liabilities		(105,212)	(121,820)
Dividends Paid		(121,963)	(1,456,177)
Interest Paid		(1,563,479)	(895,042)
Interest Received		1,041,664	579,478
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(580,211)	(1,063,038)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		11,162	250,587
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(569,049)	(812,451)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	2,089,121	3,172,696
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	1,520,072	2,360,245

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

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

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

NOTE 1 – GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi (“Vestel Elektronik” or “the Company”) and its subsidiaries (together “the Group”), mainly produce and sell a range of brown goods and white goods.

The Company’s head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / İstanbul. The Group’s production facilities are located in Manisa Organized Industrial Zone, İzmir Aegean Free Zone and Russia.

The ultimate controller of the Company is Zorlu Family.

Vestel Elektronik is registered to Capital Market Board (“CMB”) and its shares have been quoted to Borsa İstanbul (“BİST”) since 1990. As of 30 September 2022, 38,46 % of the Company’s shares are publicly traded (2021: 36,3%).

As of 30 September 2022 the number of personnel employed at Group is 20.151 (31 December 2021: 19.119).

The Company’s subsidiaries and associates are as follows:

Subsidiaries	Country	Nature of operations
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	Production
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 U.S.A.	United States	Sales

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

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

NOTE 1 – GROUP’S ORGANISATION AND NATURE OF OPERATIONS (Cont’d)

Investments accounted for using equity method	Country	Nature of operations
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”) 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 September 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
PERIOD 1 JANUARY – 30 SEPTEMBER 2022

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

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

2.1 Basis of presentation (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/IFRS.

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 TASB, 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 IFRS 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 TAS 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.

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

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

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

2.1 Basis of presentation (Cont'd)

2.1.2 Currency used (Cont'd)

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.

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

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.

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 interim statements of comprehensive income and the condensed consolidated interim statements of changes in shareholders' equity.

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

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

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

2.1 Basis of presentation (Cont'd)

a) Subsidiaries (Cont'd)

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. According to equity method, after purchasing the associates, net profit / (loss) for the period is included in the included in the consolidated statements of comprehensive income in regards with the Group's share.

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

Since Lentatek and Aydın Yazılım has net liability position as of 30 September 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 Lentatek and Aydın 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.

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

If the carrying amount of the investments accounted for using the equity method exceeds the recoverable amount, the impairment is accounted for. Impairments are recognized in profit and loss accounts. Impairments are recorded in the statement of profit or loss and other comprehensive income.

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

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

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

2.1.3 Basis of consolidation (Cont'd)

b) Investments in associates (Cont'd)

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

2.2 Comparatives

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

2.3 Restatement and errors in the accounting estimates

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

2.4. Amendments in Turkish Financial Reporting Standards

a) New standards, amendments and interpretations issued and effective for the financial year beginning 30 September 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.

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

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

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

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

- **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.
 - **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.

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

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

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

2.4. Amendments in Turkish Financial Reporting Standards (Cont’d)

- **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.

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.

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

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

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

2.5 Summary of significant accounting policies (Cont'd)

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.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2021.

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.

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

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

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

2.5 Summary of significant accounting policies (Cont'd)

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.

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.

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

2.5 Summary of significant accounting policies (Cont'd)

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

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

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.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

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

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

The Group – as a lessor

The Group's activities as a lessor are not material

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

2.5 Summary of significant accounting policies (Cont'd)

Right of use assets:

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

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

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

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.

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

2.5 Summary of significant accounting policies (Cont’d)

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.

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.

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

2.5 Summary of significant accounting policies (Cont'd)

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.

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.

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

2.5 Summary of significant accounting policies (Cont'd)

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, even though providing effective economic hedges under risk accounting, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognised in the consolidated profit or loss statement.

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

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.

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

2.5 Summary of significant accounting policies (Cont'd)

2.5.6 Foreign currency transactions

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

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

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

2.5.7 Provisions, contingent assets and liabilities

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

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

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.

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

2.5 Summary of significant accounting policies (Cont'd)

2.5.9 Related parties

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

2.5.10 Taxation on income

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

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

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

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

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.

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

2.5 Summary of significant accounting policies (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 condensed consolidated interim 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 original maturities equal or less than three months.

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

2.5 Summary of significant accounting policies (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 strategic 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.

2.5.18 Going Concern

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

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

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:

The Group's lands, buildings and land improvements are stated in the consolidated financial statements at their fair values determined in the valuation studies. (Note 14).

The frequency of revaluation is determined to ensure that the carrying values of the revalued property, plant and equipment do not differ materially from their fair values at the end of the relevant reporting period. The frequency of revaluation depends on the change in the fair value of the items of property, plant and equipment.

In cases where the fair value of a revalued asset is considered to differ materially from its carrying value, the revaluation needs to be repeated, and this is done for the entire asset class in which the revalued asset is located as of the same date.

On the other hand, it is not considered necessary to repeat the revaluation for tangible assets whose fair value changes are insignificant. In this context, as a result of the evaluations made by the Company management, it has been concluded that the fair values of the lands, buildings and surface improvements determined in the valuation studies carried out as of 31 December 2021 will converge to their relevant fair values as of 30 September 2022, after deducting the current period depreciation.

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NOTE 3 – INTERESTS IN OTHER ENTITIES

Subsidiaries:

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

Consolidated subsidiaries	30 September 2022		31 December 2021	
	Voting rights	Effective ownership	Voting rights	Effective ownership
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	80.7	80.7	82.5	82.5
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100	100	100	100
Vestel Ticaret A.Ş.	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Iberia SL	100	100	100	100
Vestel France SA	100	100	100	100
Vestel Holland BV	100	100	100	100
Vestel Germany GmbH	100	100	100	100
Cabot Communications Ltd.	90.8	90.8	90.8	90.8
Vestel UK Ltd.	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99.9	99.9	99.9	99.9
Vestel Central Asia LLP	100	100	100	100
Vestel Poland sp. z.o.o.	100	100	100	100
Vestel Electronics Gulf DMC	100	100	100	100
Vestel Electronics Shanghai Trading Co. Ltd	100	100	100	100
Vestel Electronica SRL	100	100	100	100
Vestel U.S.A.	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.

	30 September 2022	31 December 2021
Accumulated non-controlling interests	1,222,815	874,958
Comprehensive income attributable to non-controlling interests	275,299	400,053

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NOTE 3 – INTERESTS IN OTHER ENTITIES (Cont'd)

Condensed balance sheet:

	30 September 2022	31 December 2021
Current assets	17,569,812	10,120,625
Non-current assets	5,606,645	4,068,788
Current liabilities	(17,125,084)	(8,562,036)
Non-current liabilities	(561,507)	(734,722)
Net assets	5,489,866	4,892,655

Condensed statement of comprehensive income:

	1 January - 30 September 2022	1 January - 30 September 2021
Net sales	21,196,102	11,268,255
Income / (loss) before tax	1,264,119	1,087,928
Tax benefit / (expense)	175,117	17,342
Net income / (loss) for the period	1,439,236	1,105,270
Total comprehensive income	1,295,521	1,153,388

Condensed statement of cash flows:

Operating activities:

Changes in working capital	30,015	(893,755)
Net cash provided by operating activities	2,744,026	725,964

Investing activities:

Net cash used in investing activities	(3,896,871)	(561,084)
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Financing activities:

Proceeds from bank borrowings	4,890,521	1,795,552
Repayment of bank borrowings	(2,133,169)	(1,978,474)
Other payables to related parties	698,310	800,000
Net cash (used in) / provided by financing activities	1,381,497	(237,590)
Cash and cash equivalents at the beginning of the period	112,815	187,136
Cash and cash equivalents at the end of the period	341,467	114,426

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.

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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 strategic 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

	Television and electronic devices	White goods	Total
1 January -30 September 2022			
Revenue	14,531,313	24,571,034	39,102,347
Cost of sales	(11,584,363)	(17,482,809)	(29,067,172)
Gross profit	2,946,950	7,088,225	10,035,175
Depreciation and amortization	520,768	388,844	909,612
1 January -30 September 2021			
Revenue	8,622,091	13,136,482	21,758,573
Cost of sales	(7,050,491)	(9,460,942)	(16,511,433)
Gross profit	1,571,600	3,675,540	5,247,140
Depreciation and amortization	312,222	366,864	679,086

	Television and electronic devices	White goods	Total
1 July-30 September 2022			
Revenue	5,397,797	9,073,874	14,471,671
Cost of sales	(4,324,805)	(7,026,688)	(11,351,493)
Gross profit	1,072,992	2,047,186	3,120,178
Depreciation and amortization	52,423	152,029	204,452

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NOTE 4 - SEGMENT REPORTING (Cont'd)

	Television and electronic devices	White goods	Total
1 July-30 September 2021			
Revenue	2,816,881	4,727,110	7,543,991
Cost of sales	(2,535,520)	(3,457,699)	(5,993,219)
Gross profit	281,361	1,269,411	1,550,772
Depreciation and amortization	108,725	127,124	235,849

Capital expenditure

	Television and Electronical devices	White goods	Total
1 January -30 September 2022	583,152	1,652,645	2,235,797
1 January -30 September 2021	487,654	462,231	949,885

Geographical segments:

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Segment revenue				
Turkey	12,531,346	5,690,459	4,672,054	2,084,490
Europe	22,683,348	14,938,511	8,325,880	5,101,653
Other	6,326,767	2,428,192	2,607,647	880,407
Gross segment sales	41,541,461	23,057,162	15,605,581	8,066,550
Discounts (-)	(2,439,114)	(1,298,589)	(1,133,910)	(522,559)
Net sales	39,102,347	21,758,573	14,471,671	7,543,991

The amount of export for the period 1 January - 30 September 2022 is TL thousand 28,905,715 (1 January - 30 September 2021: thousand TL 17,366,703). Export sales are denominated in EUR, USD and other currencies as 69.2%, 25.9%, and 4.9% of total exports respectively. (1 January - 30 September 2021: 66.2% EUR, 27 % USD, 6.8 % other)

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

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NOTE 5 - CASH AND CASH EQUIVALENTS

	30 September 2022	31 December 2021
Cash	25,170	2,188
Bank deposits		
- Demand deposits	1,059,493	1,410,170
- Time deposits	248,650	550,795
Cheques and notes	33,890	39,794
Other	152,869	86,174
	1,520,072	2,089,121
Blocked deposits	-	22
Cash and cash equivalents	1,520,072	2,089,143

The Group has time deposits amounting to TL 50,581 thousand, EUR 5,100 thousand, USD 1,200 thousand and RUB 270,870 thousand. (31 December 2021: USD 1,000 thousand, TL 460,718 thousand, EUR 5,167 thousand, KZT 500 thousand and RUB 16,000 thousand) As of 30 September 2022 and 31 December 2021 the Group's time deposits have an average maturity of less than 3 months.

NOTE 6 - FINANCIAL ASSETS

		Ownership		Amount	
	Country	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Financial assets measured at fair value through other comprehensive income					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	32,100	16,601
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
Other	Turkey	1%	1%	200	200
				32,311	16,812

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NOTE 6 – FINANCIAL ASSETS (Cont'd)

		Ownership		Amount	
		30 September	31 December	30 September	31 December
Non-consolidated subsidiaries	Country	2022	2021	2022	2021
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	56,273	56,273
				56,273	56,273

NOTE 7 – FINANCIAL LIABILITIES

	30 September 2022	31 December 2021
Short term financial liabilities		
Short term bank loans	16,179,187	4,344,893
Short term portion of long term bank loans	892,079	6,014,337
Operational lease debts	117,051	74,857
Issued debt instruments	1,073,438	637,817
	18,261,755	11,071,904
Long term financial liabilities		
Long term bank loans	741,723	628,475
Long term lease liabilities	315,926	151,747
Issued debt instruments	-	265,000
	1,057,649	1,045,222

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NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

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

	30 September 2022			31 December 2021		
	Weighted average of effective interest rates per annum(%)	Original currency	TL Equivalent	Weighted average of effective interest rates per annum(%)	Original currency	TL Equivalent
Currency						
- USD	6.52%	388,001	7,198,233	3.71%	130,232	1,690,085
- EUR	7.40%	78,500	1,426,518	3.74%	16,636	244,259
- TL	21.22%	7,379,619	7,379,619	24.97%	2,410,549	2,410,549
- CNY	4.55%	67,212	174,817	-	-	-
			16,179,187			
				4,344,893		

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

30 September 2022				31 December 2021		
	Weighted average of effective interest rates per annum(%)	Original currency	TL Equivalent	Weighted average of effective interest rates per annum(%)	Original currency	TL Equivalent
Currency						
- USD	5.97%	6,835	126,804	3.54%	257,296	3,339,065
- EUR	3.00%	599	10,885	4.36%	38,620	567,025
- TL	14.81%	754,390	754,390	16.12%	2,108,247	2,108,247
Short term portion			892,079	6,014,337		
- USD	5.97%	19,579	363,232	5.97%	23,342	302,916
- EUR	3.00%	19,604	356,248	3.00%	19,455	285,645
- TL	14.93%	22,243	22,243	12.31%	39,914	39,914
Long term portion			741,723	628,475		
			1,633,802	6,642,812		

Total amount of Group's floating bank loans is TL thousand 15,956,358 (31 December 2021: thousand TL 8,733,735).

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NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

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

	30 September 2022	31 December 2021
One to two years	454,718	384,289
Two to three years	287,005	244,186
	741,723	628,475

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

	30 September 2022	31 December 2021
6 months or less	10,332,205	3,548,704
	10,332,205	3,548,704

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

	30 September 2022	30 September 2021
Net financial debt as of 1 January	10,028,005	5,641,966
Cash inflows from loans	17,542,853	8,025,005
Cash outflows from loan payments	(12,491,247)	(7,372,631)
Payments of lease liabilities	235,131	(103,500)
Unrealized Fx gain/loss	1,927,375	372,171
Accrued interest	(11,834)	22,416
Change in cash and cash equivalents	569,049	812,451
Net financial debt at the end of the period	17,799,332	7,397,878

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NOTE 8 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 September 2022	31 December 2021
Korteks Mensucat Sanayi ve Ticaret A.Ş. ⁽¹⁾	8,080	5,907
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ⁽³⁾	1,280	760
ZES Dijital Ticaret A.Ş. ⁽¹⁾	7,906	4
Linens Pazarlama A.Ş. ⁽¹⁾	19	4,130
Other related parties	7,442	3,332
	24,727	14,133

b) Short term trade payables to related parties

	30 September 2022	31 December 2021
Lentatek Uzay Havacılık ve Teknoloji A.Ş. ⁽³⁾	-	62,383
ABH Turizm Temsilcilik ve Ticaret A.Ş. ⁽¹⁾	11,753	525
Hayriya Bilişim ve Sağlık Teknolojileri A.Ş. ⁽¹⁾	12,254	56
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş. ⁽¹⁾	-	308
Zorlu Air Havacılık A.Ş. ⁽¹⁾	2,877	1,287
Zorlu Holding A.Ş. ⁽²⁾	6,239	-
Zorlu Yapı Yatırım A.Ş. ⁽¹⁾	-	226
Other related parties	8,969	1,224
	46,113	66,009

c) Short term other receivables from related parties

	30 September 2022	31 December 2021
Vestel Ventures A.Ş. ⁽³⁾	590,592	390,294
Lentatek Uzay Havacılık ve Teknoloji A.Ş. ⁽³⁾	988,355	457,981
	1,578,947	848,275

As of 30 September 2022, other short term receivables from related parties result from financial liabilities.

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

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

d) Long term other receivables from related parties

	30 September 2022	31 December 2021
Zorlu Holding A.Ş. ⁽²⁾	6,347,543	4,418,094
Lentatek Uzay Havacılık ve Teknoloji A.Ş. ⁽³⁾	5,698,376	4,020,204
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş. ⁽³⁾	3,581,820	2,279,484
	15,627,739	10,717,782

As of 30 September 2022, the annual interest rate of other receivables in USD is 7%, interest rate of other receivables in TL is 25% (31 December 2021: USD 7%, TL 20%).

e) Lease liabilities to related parties

	30 September 2022	31 December 2021
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş. ⁽¹⁾	12,090	19,555
Zorlu Yapı Yatırım A.Ş. ⁽¹⁾	1,572	2,544
	13,662	22,099

f) Prepaid expense to related parties

	30 September 2022	31 December 2021
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ⁽¹⁾	110,715	-
	110,715	-

(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

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Sales				
Rotor Elektrik Üretim A.Ş. ⁽¹⁾	55,682	-	-	-
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. ⁽¹⁾	52	4,963	52	1,167
Linens Tekstil Ürünleri Pazarlama A.Ş. ⁽¹⁾	4,906	-	1,157	-
Zorlu Enerji Elektrik Üretim A.Ş. ⁽¹⁾	47,972	-	9,454	-
ZES Dijital Ticaret A.Ş. ⁽¹⁾	44,593	-	-	-
Other related parties	12,124	16,660	5,830	4,808
	165,329	21,623	16,493	5,975

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Operating expenses				
ABH Turizm Temsilcilik ve Ticaret A.Ş. ⁽¹⁾	53,393	3,344	20,477	1,826
Zorlu Holding A.Ş. ⁽²⁾	107,043	62,030	43,512	20,299
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. ⁽¹⁾	13,183	10,362	4,547	3,494
⁽¹⁾	27,813	7,555	17,247	3,629
Zorlu Air Havacılık A.Ş. ⁽¹⁾	7,776	5,117	2,767	1,964
Other related parties	12,385	13,988	3,457	5,805
	221,593	102,396	92,007	37,017

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Other income from operating activities				
Other related parties	24,410	8,410	11,974	7,162
Other expense from operating activities				
Other related parties	23,936	16,776	7,431	1,999

(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 (Devamı)

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Financial income				
Zorlu Holding A.Ş. ⁽²⁾	2,189,925	707,730	736,132	205,099
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. ⁽³⁾	1,962,022	503,802	683,220	111,612
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş. ⁽³⁾	1,075,940	317,460	384,638	60,248
Vestel Ventures Arge A.Ş. ⁽³⁾	192,043	-	65,751	-
Other related parties	25,895	53,992	25,895	8,396
	5,445,825	1,582,984	1,895,636	385,355
Financial expense				
Other related parties	549	5,479	70	3,273
	549	5,479	70	3,273

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

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

h) 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 nine months period ended 30 September 2022 is thousand TL 47,097 (1 January - 30 September 2021: thousand TL 38.728).

i) Financial income from related parties result from interest income from financial liabilities.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
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NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	30 September 2022	31 December 2021
Short term trade receivables		
Trade receivables		
- <i>Related parties (note 8)</i>	24,727	14,133
- <i>Other parties</i>	6,949,873	6,261,868
Cheques and notes receivables	1,523,495	419,144
Other	142,383	182,635
	8,640,478	6,877,780
Unearned interest expense (-)		
- <i>Other parties</i>	(88,910)	(29,351)
Allowance for doubtful receivables (-)	(167,109)	(174,147)
Total short term trade receivables	8,384,459	6,674,282

	1 January - 30 September 2022	1 January - 30 September 2021
Opening balance, 1 January	174,147	199,946
Current year additions	18,788	6,669
Doubtful receivables written-off	(31,376)	(46,678)
Currency translation differences	5,550	1,771
Balance at 30 September	167,109	161,708

	30 September 2022	31 December 2021
Short term trade payables		
Trade payables		
- <i>Related parties (note 8)</i>	46,113	66,009
- <i>Other parties</i>	21,536,638	15,956,371
Other	4,282	4,209
Total short term trade payables	21,587,033	16,026,589

Long term trade payables		
Trade payables		
- Other parties	196,023	181,003
Total long term trade payables	196,023	181,003

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
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NOTE 10 – OTHER RECEIVABLES AND PAYABLES

	30 September 2022	31 December 2021
Short term other receivables		
Receivables from official institutions	739,136	497,333
Receivables from related parties (note 8)	1,578,947	848,275
Deposits and guarantees given	116,978	109,241
Other receivables	55,684	95,842
	2,490,745	1,550,691
Allowance for doubtful receivables (-)	(89,628)	(89,670)
	2,401,117	1,461,021
Long term other receivables		
Deposits and guarantees given	33,151	24,281
Receivables from related parties (note 8)	15,627,739	10,717,782
Other receivables	20,190	110,170
	15,681,080	10,852,233
Allowance for doubtful receivables (-)	(8,278)	(8,278)
	15,672,802	10,843,955
Short term other payables		
Other payables		
- Other parties (note 8)	3,670	10,752
	3,670	10,752
Deferred revenue		
- Other parties	470,432	-
	470,432	-

The Group provides allowance for doubtful receivables.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
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NOTE 11 – INVENTORIES

	30 September 2022	31 December 2021
Raw materials	7,962,740	4,590,704
Work in process	443,423	226,636
Finished goods	6,008,012	4,507,882
Merchandise	704,392	294,319
Other	35,770	8,575
	15,154,337	9,628,116
Provision for impairment on inventories (-)	(189,848)	(99,413)
	14,964,489	9,528,703

Cost of the raw materials, supplies and finished goods included in the condensed consolidated interim statement of comprehensive income in the period 1 January – 30 September 2022 is amounting to thousand TL 25,401,452 (1 January – 30 September 2021: thousand TL 14,452,836).

As of 30 September 2022 the Group does not have inventories pledged as security for liabilities (31 December 2021: None)

Movement of provision for impairment on inventories is as follows:

	30 September 2022	31 December 2021
Raw materials	19,815	42,101
Finished goods and merchandise	170,033	57,312
	189,848	99,413

	1 January - 30 September 2022	1 January - 30 September 2021
Opening balance, 1 January	99,413	59,407
Current year additions	103,167	53,443
Realised due to sale of inventory	(35,208)	(9,563)
Currency translation differences	22,476	6,703
Balance at 30 September	189,848	109,990

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NOTE 12 – PREPAID EXPENSES

	30 September 2022	31 December 2021
Prepaid expenses in current assets		
Order advances given	583,528	461,085
Prepaid expenses	273,486	146,616
Business advances given	9,389	4,016
	866,403	611,717
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	429,349	261,847
Prepaid expenses	11,816	109,467
	441,165	371,314

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 September 2022		31 December 2021	
	%	Amount	%	Amount
Subsidiaries				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	943,886	50%	740,287
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	995,461	23%	666,525
		1,939,347		1,406,812

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

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

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

	1 January - 30 September 2022	1 January - 30 September 2021
Balance at 1 January	740,287	808,203
Shares from profit / loss	157,263	(107,842)
Shares from other comprehensive income / expense	46,336	10,362
Balance at 30 September	943,886	710,723

Condensed financial statement information of META is given below:

	30 September 2022	31 December 2021
Total Assets	12,406,695	7,704,020
Total liabilities	(11,854,260)	(7,558,781)
Net assets	552,435	145,239

	1 January - 30 September 2022	1 January - 30 September 2021
Revenue	1,204,378	553,608
Income / (loss) before tax	27,677	(209,808)
Tax benefit / (expense)	286,848	(5,876)
Net income / (loss) for the period	314,525	(215,684)
Total comprehensive income	407,197	(194,960)

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

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NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	30 September 2022
Cost/ Revaluation Amount						
Land	1,724,691	-	-	47,188	-	1,771,879
Land improvements	206,469	95	-	76,834	-	283,398
Buildings	3,410,966	22,351	(103)	919,141	19,509	4,371,864
Leasehold improvements	191,722	34,972	(2)	2,315	1,807	230,814
Plant and machinery	4,852,745	702,424	(20,420)	165,877	144,863	5,845,489
Motor vehicles	9,541	873	(414)	1,008	-	11,008
Furniture and fixtures	566,641	136,442	(1,273)	16,362	7,076	725,248
Other tangible assets	849	-	-	-	-	849
Construction in progress	82,132	860,609	369	-	(173,297)	769,813
	11,045,756	1,757,766	(21,843)	1,228,725	(42)	14,010,362
Accumulated depreciation						
Land improvements	2,585	18,440	-	8,309	-	29,334
Buildings	169,092	223,425	(10)	114,706	-	507,213
Leasehold improvements	187,612	13,081	(2)	1,817	-	202,508
Plant and machinery	2,760,215	350,074	(20,349)	155,217	-	3,245,157
Motor vehicles	2,604	1,851	(414)	905	-	4,946
Furniture and fixtures	495,809	50,270	(1,033)	15,533	-	560,579
Other tangible assets	849	-	-	-	-	849
	3,618,766	657,141	(21,808)	296,487	-	4,550,586
Net book value	7,426,990					9,459,776

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

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

	1 January 2021	Additions	Disposals	Currency translation differences	Transfers	30 September 2021
Cost/ Revaluation Amount						
Land	1,145,890	-	-	5,120	-	1,151,010
Land improvements	135,762	173	-	8,447	17	144,399
Buildings	2,115,662	12,814	-	108,492	5,773	2,242,741
Leasehold improvements	168,269	11,615	(81)	920	583	181,306
Plant and machinery	3,646,372	497,370	(49,130)	35,031	75,185	4,204,828
Motor vehicles	7,950	47	(26)	177	9	8,157
Furniture and fixtures	477,480	42,748	(2,681)	5,049	6,074	528,670
Other tangible assets	849	-	-	-	-	849
Construction in progress	38,064	102,717	-	-	(87,865)	52,916
	7,736,298	667,484	(51,918)	163,236	(224)	8,514,876
Accumulated depreciation						
Land improvements	-	5,820	-	1,377	-	7,197
Buildings	2,343	81,049	-	17,106	-	100,498
Leasehold improvements	160,263	11,027	(81)	658	-	171,867
Plant and machinery	2,361,532	333,577	(48,809)	33,480	-	2,679,780
Motor vehicles	6,876	1,029	(26)	148	-	8,027
Furniture and fixtures	388,638	35,517	(2,562)	4,171	-	425,764
Other tangible assets	849	-	-	-	-	849
	2,920,501	468,019	(51,478)	56,940	-	3,393,982
Net book value	4,815,797					5,120,894

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

Additions to property, plant and equipment in the period 1 January – 30 September 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 September 2022 the Group does not have property, plant and equipment pledged (2020: None)

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

	Useful life
Land improvements	5 - 35 years
Buildings	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 September 2022	1 January - 30 September 2021
Cost of sales	547,222	415,634
Research and development expenses	193,438	150,483
Marketing, selling and distribution expenses	43,377	91,438
General administrative expenses	116,076	17,478
Other operating expense (idle capacity depreciation expense)	9,499	4,053
	909,612	679,086

30 September 2022	Level 1	Level 2	Level 3
Tangible Assets			
Lands	-	1,771,879	-
Buildings and land improvements	-	4,118,715	-
31 December 2021	Level 1	Level 2	Level 3
Tangible Assets			
Lands	-	1,724,691	-
Buildings and land improvements	-	3,445,758	-

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NOTE 15 – RIGHT OF USE ASSETS

	1 January 2022	Additions	Disposals	30 September 2022
Cost				
Land and buildings	315,286	323,160	-	638,446
Machinery and motor vehicles	123,509	18,230	(1,063)	140,676
	438,795	341,390	(1,063)	779,122
Accumulated amortization				
Land and buildings	178,707	78,813	-	257,520
Machinery and motor vehicles	80,470	20,803	(16)	101,257
	259,177	99,616	(16)	358,777
Net book value	179,618	-	-	420,345

	1 January 2021	Additions	Disposals	30 September 2021
Cost				
Land and buildings	251,366	58,527	(5,798)	304,095
Machinery and motor vehicles	96,031	27,542	(3,925)	119,648
	347,397	86,069	(9,723)	423,743
Accumulated amortization				
Land and buildings	96,608	62,368	(1,087)	157,889
Machinery and motor vehicles	51,028	22,593	(1,547)	72,074
	147,636	84,961	(2,634)	229,963
Net book value	199,761	-	-	193,780

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NOTE 16 – INTANGIBLE ASSETS

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	30 September 2022
Cost						
Rights	89,530	38	-	2,490	-	92,058
Development cost	1,717,843	437,069	(61,578)	-	-	2,093,334
Other intangible assets	212,385	40,924	(231)	2,815	42	255,935
	2,019,758	478,031	(61,809)	5,305	42	2,441,327
Accumulated amortization						
Rights	64,629	3,198	-	2,394	-	70,221
Development cost	928,105	137,314	(2,261)	-	-	1,063,158
Other intangible assets	116,581	12,343	(3)	1,679	-	130,600
	1,109,315	152,855	(2,264)	4,073	-	1,263,979
Net book value	910,443					1,177,348

	1 January 2021	Additions	Disposals	Currency translation differences	Transfers	30 September 2021
Cost						
Rights	84,977	201	(101)	1,026	-	86,103
Development cost	1,383,379	266,054	(34,106)	-	-	1,615,327
Other intangible assets	175,417	16,140	(281)	4,178	224	195,678
	1,643,773	282,395	(34,488)	5,204	224	1,897,108
Accumulated amortization						
Rights	55,933	3,034	(92)	1,002	-	59,877
Development cost	773,431	116,209	(555)	-	-	889,085
Other intangible assets	103,469	6,863	(210)	2,283	-	112,405
	932,833	126,106	(857)	3,285	-	1,061,367
Net book value	710,940					835,741

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.

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NOTE 16 – INTANGIBLE ASSETS (Cont'd)

Useful lives of intangible assets are as follows:

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

NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 September 2022	31 December 2021
Short term provisions		
Warranty and assembly provision	579,892	477,020
Other provisions	694,059	716,541
Provision for lawsuit risks	58,700	47,074
	1,332,651	1,240,635
Long term provisions		
Warranty and assembly provision	141,570	93,449
	141,570	93,449

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 September 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 amounting to thousand TL 58,700 (31 December 2021: thousand TL 47.074).

As of 30 September 2022 and 2021 movements of warranty and assembly provisions are as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
Opening balance, 1 January	570,469	387,814
Current year additions	726,096	410,720
Provisions no longer required	(575,103)	(361,844)
Balance at 30 September	721,462	436,690

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

b) Guarantees received by the Group

Guarantee letters, collaterals, cheques and notes received

	30 September 2022	31 December 2021
Guarantee letters	2,054,257	1,393,114
Cheques and notes	2,122,016	1,275,077
Collaterals and pledges	2,231,612	1,535,346
	6,407,885	4,203,537

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

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

CPM's given by the Group	USD (‘000)	EUR (‘000)	GBP (‘000)	TL	TL Equivalent
30 September 2022					
A. CPM's given on behalf of its own legal entity	3,625	2,227	-	24,858	132,579
B. CPM's given on behalf of fully consolidated subsidiaries (*)	2,227,632	83,063	450	5,527,158	48,372,847
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	35,033	-	-	19,385	669,321
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.	35,033	-	-	19,385	669,321
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2,266,290	85,290	450	5,571,401	49,174,747

(*) 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
31 December 2021					
A. CPM's given on behalf of its own legal entity	8,879	22,206	450	120,160	582,467
B. CPM's given on behalf of fully consolidated subsidiaries	2,205,303	64,201	81	4,278,812	34,698,013
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	597,177
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	597,177
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2,257,319	86,407	531	4,420,141	35,877,657

As of 30 September 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 USD 5,204,341 thousand (31 December 2021: USD 5,198,333 thousand) due to the export and investment incentive certificates obtained.

As of 30 September 2022 the Group has forward foreign currency purchase contract amounting to USD 464,212 thousand, EUR 126,216 thousand, GBP 54,925 thousand, PLN 30,761 thousand, CNY 656,896 thousand, and TL 2,582,974 thousand against forward foreign currency sales contract that amounts to USD 316,689 thousand, EUR 140,330 thousand, GBP 52,927 thousand, PLN 43,514 thousand and TL 5,346,615 thousand, (31 December 2021: USD 889,644 thousand, EUR 182,045 thousand, GBP 94,967 thousand, PLN 26,510 thousand, RON 10,508 thousand and 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:

	30 September 2022	31 December 2021
Due to personnel	271,771	131,134
Social security payables	161,086	148,369
	432,857	279,503

Long term provisions for employee benefits:

	30 September 2022	31 December 2021
Provision for employment termination benefits	494,335	387,222

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 15,371.40 TL/year as of 30 September 2022 (31 December 2021: 8,284,51 TL/year).

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

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as of 30 September 2021, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 30 September 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.

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NOTE 19 – EMPLOYEE BENEFITS (Cont'd)

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

	1 January - 30 September 2022	1 January - 30 September 2021
Balance at 1 January	387,222	226,307
Increase during the year	65,318	41,475
Payments during the year	(44,727)	(18,721)
Actuarial (gain) /loss	23,644	13,545
Interest expense	62,878	22,781
Balance at 30 September	494,335	285,387

NOTE 20 – OTHER ASSETS AND LIABILITIES

	30 September 2022	31 December 2021
Other current assets		
VAT carried forward	166,745	25,455
Rebates from suppliers and incentives income accru	78,909	76,037
Other	170,334	113,831
	415,988	215,323
Other non - current assets		
Assets held for sale	12,534	9,590
	12,534	9,590

	30 September 2022	31 December 2021
Other current liabilities		
Advances received	1,093,723	413,993
Tax payables	206,200	232,645
Other	848,614	802,189
	2,148,537	1,448,827

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NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

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

	Shareholding		Amount	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Zorlu Holding A.Ş.	61.54%	63.70%	206,444	213,696
Other shareholders	38.46%	36.30%	129,012	121,760
	100%	100%	335,456	335,456

	30 September 2022	31 December 2021
Shares of par value Kr 1 each		
limit on registered share capital	2,000,000	2,000,000
Issued share capital	335,456	335,456

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 be used in capital increase.

d) Legal reserves

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. Under TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

	30 September 2022	31 December 2021
Legal reserves	261,116	265,489

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

e) Revaluation reserve

	30 September 2022	31 December 2021
Fair value gains on financial assets	17,695	6,988
Revaluation of property, plant and equipment	3,805,871	3,985,651
	3,823,566	3,992,639

f) Retained Earnings (Accumulated Losses)

	30 September 2022	31 December 2021
Extraordinary reserves	2,035,669	512,541
Previous year's profit/(loss)	1,208,481	500,037
Other inflation adjustment of share capital	119,718	119,718
	3,363,868	1,132,296

g) Dividend distribution

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

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

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

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

g) Dividend distribution (Cont'd)

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

- i. As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.
- ii. 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.
- iii. 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.
- iv. After the amounts stated in paragraph (1), (2) and (3) 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.
- v. 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.

NOTE 22 – SALES

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Domestic sales	12,531,346	5,690,459	4,672,054	2,084,490
Export sales	29,010,115	17,366,703	10,933,527	5,982,060
Gross sales	41,541,461	23,057,162	15,605,581	8,066,550
Sales discounts (-)	(2,439,114)	(1,298,589)	(1,133,910)	(522,559)
Net sales	39,102,347	21,758,573	14,471,671	7,543,991
Cost of sales	(29,067,172)	(16,511,433)	(11,351,493)	(5,993,219)
Gross profit	10,035,175	5,247,140	3,120,178	1,550,772

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NOTE 23 – EXPENSES BY NATURE

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Raw materials, supplies and finished goods	27,528,532	16,287,006	10,189,693	5,575,098
Changes in finished goods, work in process, trade goods	(2,126,990)	(1,834,170)	(291,141)	(171,332)
Personnel expenses	3,170,232	1,701,978	1,308,512	574,724
Depreciation and amortization	900,113	675,033	200,517	234,664
Export, transportation and warehouse expenses	2,088,262	961,182	826,054	362,602
Warranty and assembly expenses	726,096	410,720	266,914	152,870
Advertising expenses	469,246	236,242	210,315	77,286
Other	2,402,405	1,117,923	1,017,758	274,727
	35,157,896	19,555,914	13,728,622	7,080,639

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

a) General administrative expenses:

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Personnel expenses	333,638	170,436	147,175	56,951
Depreciation and amortization	116,076	17,478	38,459	5,959
Consultancy expenses	118,767	59,343	41,127	21,925
Information technology expenses	83,494	40,788	34,183	13,439
Rent and office expenses	48,087	30,132	18,194	10,675
Tax and duties	21,289	13,890	6,657	4,216
Insurance expenses	24,404	15,477	8,304	4,565
Travelling expenses	12,262	5,610	5,278	2,341
Benefits and services provided externally	2,965	3,975	704	1,110
Other	209,501	66,898	80,058	25,514
	970,483	424,027	380,139	146,695

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NOTE 24 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Cont'd)

b) Marketing expenses:

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Export, transportation, warehouse expenses	1,915,416	903,670	760,084	339,048
Depreciation and amortization	43,377	91,438	16,172	33,451
Warranty and assembly expenses	726,096	410,720	266,914	152,870
Personnel expenses	831,637	415,232	337,936	147,742
Advertising expenses	404,204	197,683	184,233	62,354
Other	677,470	302,955	233,210	106,648
	4,598,200	2,321,698	1,798,549	842,113

c) Research and development expenses:

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Personnel expenses	146,401	72,098	63,097	23,792
Depreciation and amortization	193,438	150,483	67,298	51,738
Travelling expenses	20,186	705	10,236	566
Other	162,016	75,470	57,810	22,516
	522,041	298,756	198,441	98,612

NOTE 25 - OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Credit finance gains arising from trading activities	62,919	17,925	9,099	(631)
Foreign exchange gains arising from trading activities	1,930,318	1,291,832	684,294	270,631
Other income	247,527	116,383	75,786	40,739
	2,240,764	1,426,140	769,179	310,739

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NOTE 25 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES (Cont'd)

b) Other expense from operating activities:

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Debit finance charges arising from trading activities	436,298	188,274	129,495	65,591
Foreign exchange expenses arising from trading activities	5,459,564	2,032,746	1,820,580	370,621
Other expenses	245,086	134,792	89,527	68,578
	6,140,948	2,355,812	2,039,602	504,790

NOTE 26 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Foreign exchange gains	4,571,546	1,584,270	1,515,910	211,424
Gains on derivative financial instruments	2,356,498	1,038,370	1,089,753	392,265
Interest income	1,041,664	579,478	405,491	203,419
	7,969,708	3,202,118	3,011,154	807,108

b) Financial expense:

	1 January - 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Foreign exchange losses	3,128,136	907,677	1,051,969	179,275
Losses on derivative financial instruments	2,486,313	1,279,847	1,107,536	232,896
Interest and commission expense	1,551,645	938,549	765,951	336,685
Other finance expenses	7,745	10,082	3,339	94
	7,173,839	3,136,155	2,928,795	748,950

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

	30 September 2022	31 December 2021
Corporation and income taxes	9,092	14,285
Prepaid taxes (-)	(12,148)	(22,272)
Current income tax liabilities - net	(3,056)	(7,987)
Deferred tax liabilities	(614,694)	(461,600)
Deferred tax assets	1,297,070	795,193
Deferred tax liabilities - net	682,376	333,593

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

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses and by deducting other exempt income. If the profit is not distributed, no other tax is paid, and all or part of the profit as dividend;

- To real people
- Real and legal persons exempted or exempted from Income and Corporate Tax,
- Limited taxpayer real and legal entities,

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed at the rate of 15%, except

Advance tax returns are filed on a quarterly basis at the rate of 23%, until the 17th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and 75% of 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 until the 25th day following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

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

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 September 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 occurs 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.

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 September 2022 and 2021 tax benefit in the consolidated statement of income is as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
Current period tax expense	(9,092)	(12,208)
Deferred tax benefit	293,554	10,734
Total tax (expense) / benefit	284,462	(1,474)

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

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 September 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)

Deferred tax assets and liabilities

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

	Cumulative temporary differences		Deferred tax	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Deferred tax assets				
Employment termination benefits	(494,335)	(387,222)	96,959	77,444
Investment incentives	-	-	370,209	228,430
Warranty and assembly provision	(721,462)	(570,469)	165,936	114,094
Provision for doubtful receivables	(167,109)	(174,147)	38,435	43,537
Net difference between book values and tax bases of property, plant and equipment and intangible assets	(866,980)	(100,000)	173,396	20,000
Provision for impairment on inventories	(189,848)	(99,413)	43,665	24,853
Derivative financial instruments	(314,639)	(531,887)	62,928	132,965
R&D incentives	(1,031,412)	(415,763)	237,225	103,941
Other	(541,584)	(249,645)	108,317	49,929
			1,297,070	795,193

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

Deferred tax assets and liabilities (Cont'd)

	Cumulative temporary differences		Deferred tax	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Deferred tax liabilities				
Derivative financial instruments	231,435	288,768	(46,287)	72,192
Revaluation of tangible fixed assets	5,126,143	5,305,380	(512,614)	(530,538)
Other	242,578	13,016	(55,793)	(3,254)
			(614,694)	(461,600)

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

	1 January - 30 September 2022	1 January - 30 September 2021
Opening balance, 1 January	333,593	(12,216)
Tax benefit recognized in income statement	293,554	10,734
Recognized in shareholders' equity	24,608	(26,831)
Currency translation differences	30,621	2,428
Deferred tax (liabilities) / assets at the end of the period, net	682,376	(25,885)

NOTE 28 – EARNINGS PER SHARE

	1 January - 30 September 2022	1 January - 30 September 2021
Net income / (loss) attributable to equity holders of the parent	959,063	1,060,211
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33,546,000	33,546,000
Earnings per share	2.86	3.16

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NOTE 29 – DERIVATIVE INSTRUMENTS

	30 September 2022		31 December 2021	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
<u>Derivative financial assets:</u>				
Held for trading				
Forward foreign currency transactions	4,350,829	25,372	1,610,694	14,151
Cash flow hedge				
Forward foreign currency transactions	2,623,579	206,063	7,794,738	274,617
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	4,268,827	(238,974)	5,999,754	(490,901)
Cash flow hedge				
Forward foreign currency transactions	3,576,014	(75,665)	1,374,424	(40,986)
	14,819,249	(83,204)	16,779,610	(243,119)

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)

30 September 2022	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	70,130	206,073	559,268	5,596,044
2a. Monetary financial assets (including cash and cash equivalents)	14,344	22,324	131,918	802,484
2b. Non-monetary financial assets	-	-	-	-
3. Other	52,888	821	-	994,317
4. Current assets (1+2+3)	137,362	229,218	691,186	7,392,845
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	1,926	14,119	-	291,788
7. Other	778,407	51	-	14,416,011
8. Non-current assets (5+6+7)	780,333	14,170	-	14,707,800
9. Total assets (4+8)	917,695	243,388	691,186	22,100,644
10. Trade payables	782,825	216,821	47,748	18,510,897
11. Financial liabilities	394,836	79,099	174,817	8,937,262
12a. Other monetary liabilities	170	1,374	-	28,114
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	1,177,831	297,294	222,565	27,476,273
14. Trade payables	-	10,787	-	196,023
15. Financial liabilities	19,579	19,604	-	719,480
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	19,579	30,391	-	915,504
18. Total liabilities (13+17)	1,197,410	327,685	222,565	28,391,777
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	147,523	(14,114)	164,248	2,641,015
19a. Hedged total assets	464,212	126,216	1,384,401	12,236,275
19b. Hedged total liabilities	(316,689)	(140,330)	(1,220,153)	(9,595,260)
20. Net foreign currency asset/ (liability) position (9-18+19)	(132,192)	(98,411)	632,869	(3,650,117)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(281,641)	(98,416)	468,621	(6,582,920)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(83,204)
23. Export	444,392	1,119,133	1,299,217	28,905,115
24. Import	1,003,103	193,636	139,547	19,021,339

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

31 December 2021	USD	EUR	Other (TL Equivalent)	TL Equivalent
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
4. Current assets (1+2+3)	185,165	275,555	2,016,261	8,465,021
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
8. Non-current assets (5+6+7)	751,991	8,534	-	9,884,262
9. Total assets (4+8)	937,156	284,089	2,016,261	18,349,283
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	-	-	-	-
13. Current liabilities (10+11+12)	1,324,108	215,926	48,129	20,402,035
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	-	-	-	-
17. Non-current liabilities (14+15+16)	23,342	31,783	-	769,564
18. Total liabilities (13+17)	1,347,450	247,709	48,129	21,171,599
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	459,279	(456,210)	(529,994)	(1,267,913)
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)
20. Net foreign currency asset/ (liability) position (9-18+19)	48,985	(419,830)	1,438,138	(4,090,229)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(416,170)	27,897	1,968,132	(3,023,122)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(243,119)
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 September 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.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
30 September 2022				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(521,143)	521,143	(521,143)	521,143
Hedged portion from USD risk (-)	(96,275)	96,275	(467,851)	467,851
USD net effect	(617,418)	617,418	(988,994)	988,994
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(176,393)	176,393	(176,393)	176,393
Hedged portion from EUR risk (-)	67,638	(67,638)	136,938	(136,938)
EUR net effect	(108,755)	108,755	(39,455)	39,455
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	46,862	(46,862)	46,862	(46,862)
risk (-)	45,795	(45,795)	124,164	(124,164)
Other currency net effect	92,657	(92,657)	171,026	(171,026)

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

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2021				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(612,131)	612,131	(612,131)	612,131
Hedged portion from USD risk (-)	(154,729)	154,729	(71,556)	71,556
USD net effect	(766,860)	766,860	(683,687)	683,687
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	40,959	(40,959)	40,959	(40,959)
Hedged portion from EUR risk (-)	(125,042)	125,042	(387,274)	387,274
EUR net effect	(84,083)	84,083	(346,315)	346,315
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	196,813	(196,813)	196,813	(196,813)
risk (-)	169,037	(169,037)	329,651	(329,651)
Other currency net effect	365,850	(365,850)	526,464	(526,464)

NOTE 31 – SUBSEQUENT EVENTS

None.