

**VESTEL ELEKTRONİK SANAYİ VE TİCARET
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY– 30 JUNE 2023 (TOGETHER WITH INDEPENDENT
AUDITOR’S LIMITED REVIEW REPORT)**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2023 AND 31 DECEMBER 2022**

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

		Reviewed	Audited
	Footnotes	30 June 2023	31 December 2022
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	2.747.654	1.552.411
Financial Investment		40.188	40.153
Trade Receivables		13.548.055	10.973.910
Trade Receivables Due from Related Parties	8, 9	148.064	40.856
Trade Receivables Due from Third Parties	9	13.399.991	10.933.054
Other Receivables		2.853.878	2.520.423
Other Receivables Due from Related Parties	8, 10	1.869.517	1.352.246
Other Receivables Due from Third Parties	10	984.361	1.168.177
Derivative Financial Assets		503.712	107.224
Derivative Financial Assets Held for Trading	29	446.859	97.790
Derivative Financial Assets Held for Hedging	29	56.853	9.434
Inventories	11	17.094.566	12.753.074
Prepaid Expense		668.188	798.224
Prepayments to Related Parties	8	-	198.203
Prepayments to Third Parties	12	668.188	600.021
Current Tax Assets	27	40.907	34.222
Other Current Assets	20	594.851	157.298
Other Current Assets Due from Third Parties	20	594.851	157.298
TOTAL CURRENT ASSETS		38.091.999	28.936.939

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2023 AND 31 DECEMBER 2022**

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

		Reviewed	Audited
	Footnotes	30 June 2023	31 December 2022
NON-CURRENT ASSETS			
Financial Investments	6	88.484	126.884
Investments in subsidiaries, joint ventures and associates	13	1.542.766	1.970.620
Trade Receivables		156	67
Trade Receivables Due from Third Parties		156	67
Other Receivables		22.976.686	16.451.742
Other Receivables Due from Related Parties	8	22.948.029	16.418.157
Other Receivables Due from Third Parties	10	28.657	33.585
Property, Plant and Equipments		13.610.365	12.530.713
Land	14	3.200.244	3.194.525
Land Improvements	14	259.278	259.345
Buildings	14	4.915.344	4.894.959
Machinery and Equipments	14	2.667.813	2.386.387
Vehicles	14	2.358	2.591
Fixtures and Fittings	14	362.008	280.937
Leasehold Improvements	14	84.174	56.661
Construction in Progress	14	2.119.146	1.455.308
Right of Use Assets	15	557.284	464.990
Intangible Assets and Goodwill		1.978.957	1.570.349
Goodwill		196.568	196.568
Other Rights	16	19.945	21.748
Capitalized Development Costs	16	1.564.480	1.191.783
Other Intangible Assets	16	197.964	160.250
Prepayments		1.445.738	388.793
Prepayments to Related Parties	8	1.129.322	-
Prepayments to Third Parties	12	316.416	388.793
Deferred Tax Asset	27	1.319.915	431.877
TOTAL NON-CURRENT ASSETS		43.520.351	33.936.035
TOTAL ASSETS		81.612.350	62.872.974

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2023 AND 31 DECEMBER 2022**

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

		Reviewed	Audited
	Footnotes	30 June 2023	31 December 2022
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		21.411.078	18.947.562
Current Borrowings from Related Parties		4.422	10.676
Lease Liabilities	7, 8	4.422	10.676
Current Borrowings from Third Parties		21.406.656	18.936.886
Bank Loans	7	20.096.058	17.668.289
Lease Liabilities	7	149.253	129.393
Issued debt instruments	7	1.161.345	1.139.204
Current Portion of Non-current Borrowings		2.276.598	1.396.941
Current Portion of Non-current Borrowings from Third Parties		2.276.598	1.396.941
Bank Loans	7	2.276.598	1.396.941
Trade Payables		32.476.072	21.581.477
Trade Payables to Related Parties	8	116.779	44.064
Trade Payables to Third Parties	9	32.359.293	21.537.413
Payables Related to Employee Benefit	19	1.053.631	453.969
Other Payables		78.917	2.791
Other Payables to Third Parties		78.917	2.791
Derivative Financial Liabilities		919.351	595.569
Derivative Financial Liabilities Held for Trading	29	811.656	216.967
Derivative Financial Liabilities Held for Hedging	29	107.695	378.602
Deferred Income		1.596.362	1.252.820
Deferred Income from Related Parties	8	14.834	-
Deferred Income from Third Parties		1.581.528	1.252.820
Current Tax Liabilities	27	76.251	-
Current Provisions	17	2.699.884	1.560.005
Other Current Liabilities	20	1.321.741	1.217.997
TOTAL CURRENT LIABILITIES		63.909.885	47.009.131

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2023 AND 31 DECEMBER 2022**

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

		Reviewed	Audited
	Footnotes	30 June 2023	31 December 2022
NON-CURRENT LIABILITIES			
Long Term Borrowings		2.195.163	1.091.203
Long Term Borrowings from Third Parties		2.195.163	1.091.203
Bank Loans	7	1.721.281	693.877
Lease Liabilities	7	473.882	397.326
Trade Payables	9	334.112	182.877
Non-current Provisions		1.546.704	1.391.686
Non-current Provisions for Employee Benefits	19	1.331.233	1.240.006
Other Non-current Provisions	17	215.471	151.680
Other Non-current Liabilities		1.420	3.879
Other Non-current Liabilities to Third Parties		1.420	3.879
TOTAL NON-CURRENT LIABILITIES		4.077.399	2.669.645
TOTAL LIABILITIES		67.987.284	49.678.776

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2023 AND 31 DECEMBER 2022**

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

		Reviewed	Audited
	Footnotes	30 June 2023	31 December 2022
EQUITY			
Equity Attributable to Owners of Parent		12.173.234	11.969.144
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		4.879.548	4.925.563
Gains on Revaluation and Remeasurement		4.879.548	4.925.563
Increases on Revaluation of			
Property, Plant and Equipment	21	5.716.179	5.646.358
Losses on Remeasurements of Defined Benefit Plans		(836.631)	(720.795)
Other Accumulated Comprehensive Income (Loss) that will be			
Reclassified in Profit or Loss		2.229.232	1.554.516
Exchange Differences on Translation		2.219.686	1.633.856
Losses on Hedge		(9.761)	(129.367)
Losses on Cash Flow Hedges		(9.761)	(129.367)
Gains on Revaluation and Reclassification		19.307	50.027
Gains on Remeasurement and/or Reclassification of			
Available-for-sale Financial Assets	21	19.307	50.027
Restricted Reserves Appropriated from Profits		257.324	261.116
Legal Reserves	21	257.324	261.116
Retained Earnings	21	4.463.355	3.347.431
Current Period Net (Loss) / Profit		(679.996)	856.747
Non-controlling Interests		1.451.832	1.225.054
TOTAL EQUITY		13.625.066	13.194.198
TOTAL LIABILITIES AND EQUITY		81.612.350	62.872.974

Condensed consolidated interim financial statements for the period 1 January - 30 June 2023, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 18 August 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 JUNE 2023 AND 2022**

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

		Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
PROFIT OR LOSS					
Revenue	22	37.387.287	24.630.676	20.472.188	12.889.802
Cost of Sales	22	(27.527.484)	(17.715.679)	(14.210.945)	(8.763.067)
GROSS (LOSS) / PROFIT		9.859.803	6.914.997	6.261.243	4.126.735
General Administrative Expenses	24	(979.034)	(590.344)	(433.325)	(312.304)
Marketing Expenses	24	(4.617.719)	(2.799.651)	(2.601.584)	(1.592.144)
Research and Development Expense	24	(459.963)	(323.600)	(199.363)	(179.194)
Other Income from Operating Activities	25	1.799.668	1.471.585	1.375.462	944.656
Other Expenses from Operating Activities	25	(6.511.711)	(4.101.346)	(5.577.835)	(2.355.244)
(LOSS) / PROFIT FROM OPERATIONS		(908.956)	571.641	(1.175.402)	632.505
Share of Profit (Loss) from Equity Accounted Investees for Using Equity Method	13	(366.876)	4.820	(294.943)	20.228
(LOSS) / PROFIT BEFORE FINANCING INCOME (EXPENSE)		(1.275.832)	576.461	(1.470.345)	652.733
Finance Income	26	7.605.005	4.958.554	6.342.009	2.705.113
Finance Costs	26	(7.322.720)	(4.245.044)	(5.697.207)	(2.541.000)
(LOSS) / PROFIT FROM CONTINUING OPERATIONS		(993.547)	1.289.971	(825.543)	816.846
Tax (Expense) Income, Continuing Operations		522.635	206.350	321.459	86.871
Current Period Tax (Expense) Income	27	(204.196)	(28.287)	(32.855)	(17.039)
Deferred Tax (Expense) Income	27	726.831	234.637	354.314	103.910
(LOSS) / PROFIT FROM CONTINUING OPERATIONS		(470.912)	1.496.321	(504.084)	903.717
(LOSS) / PROFIT FOR THE PERIOD		(470.912)	1.496.321	(504.084)	903.717
(Loss) / Profit , attributable to					
Non-controlling Interests		209.084	235.996	112.185	115.549
Owners of Parent		(679.996)	1.260.325	(616.269)	788.168
(Losses) / Earnings per 100 share with a Kr 1 of Par Value (TL)	28	(2,03)	3,76	(1,84)	2,35

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 JUNE 2023 AND 2022

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

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be				
Reclassified to Profit or Loss	43.036	(37.150)	(113.133)	444
(Losses) / Gains on Remeasurements of Defined Benefit Plans	(165.105)	(46.438)	(137.797)	554
Taxes Relating to Components of Other Comprehensive Income				
that will not be Reclassified to Profit or Loss	208.141	9.288	24.664	(110)
Taxes Relating to Remeasurements of Defined Benefit Plans	33.021	9.288	27.559	(110)
Taxes Relating to Other Components of Other Comprehensive Income	175.120	-	(2.895)	-
Other Comprehensive Income that will be				
Reclassified to Profit or Loss	702.901	1.042.480	590.284	742.006
Exchange Differences on Translation	585.830	1.045.406	560.146	765.789
Losses on Remeasuring or				
Reclassification Adjustments on Available-for-sale Financial Assets	(38.400)	(1.700)	(10.800)	199
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	184.739	(1.419)	48.473	(30.405)
Gains (Losses) on Cash Flow Hedges	184.739	(1.419)	48.473	(30.405)
Taxes Relating to Components of Other Comprehensive Income				
that will be Reclassified to Profit or Loss	(29.268)	193	(7.535)	6.423
Taxes Relating to Losses on Remeasuring or Reclassification Adjustments				
on Available-for-sale Financial Assets	7.680	(425)	2.160	(862)
Taxes Relating to Cash Flow Hedges	(36.948)	618	(9.695)	7.285
OTHER COMPREHENSIVE INCOME	745.937	1.005.330	477.151	742.450
TOTAL COMPREHENSIVE INCOME	275.025	2.501.651	(26.933)	1.646.167
Total Comprehensive Income Attributable to				
Non-controlling Interests	227.049	237.048	118.612	114.334
Owners of Parent	47.976	2.264.603	(145.545)	1.531.833

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS 1 JANUARY – 30 JUNE 2023 AND 2022

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

																				Equity
	Issued Capital	Inflation Adjustments on Capital	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 Be Reclassified In Profit Or Loss	Exchange Differences on Translation	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasuring and/or Reclassification of Financial Assets Measured of Fair Value through Other Comprehensive Income	Gains (Losses) on Revaluation and Reclassification	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attributable to owners of parent	Non-controlling interests		
Previous Period																				
1 January -30 June 2022																				
Beginning of Period	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	-	-	(111.918)	-	(111.918)	(111.918)	-	-	-	-	-	-	-	2.007.405	(1.895.487)	111.918	-	-	-	
Total Comprehensive Income (Loss)	-	-	-	(37.150)	(37.150)	(37.150)	1.045.406	(1.853)	(1.853)	(2.125)	(2.125)	1.041.428	-	-	1.260.325	1.260.325	2.264.603	237.048	2.501.651	
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.260.325	1.260.325	1.260.325	235.996	1.496.321	
Other Comprehensive Income (Loss)	-	-	-	(37.150)	(37.150)	(37.150)	1.045.406	(1.853)	(1.853)	(2.125)	(2.125)	1.041.428	-	-	-	-	1.004.278	1.052	1.005.330	
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(121.963)	(121.963)	
End of Period	335.456	688.315	3.873.733	(197.220)	3.676.513	3.676.513	2.204.721	131.082	131.082	4.863	4.863	2.340.666	265.489	3.139.701	1.260.325	4.400.026	11.706.465	984.884	12.691.349	
Current Period																				
1 January -30 June 2023																				
Opening Balance	335.456	688.315	5.646.358	(720.795)	4.925.563	4.925.563	1.633.856	(129.367)	(129.367)	50.027	50.027	1.554.516	261.116	3.347.431	856.747	4.204.178	11.969.144	1.225.054	13.194.198	
Transfers	-	-	(70.105)	-	(70.105)	(70.105)	-	-	-	-	-	-	-	926.852	(856.747)	70.105	-	-	-	
Total Comprehensive Income (Loss)	-	-	175.120	(121.390)	53.730	53.730	585.830	119.132	119.132	(30.720)	(30.720)	674.242	-	-	(679.996)	(679.996)	47.976	227.049	275.025	
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(679.996)	(679.996)	(679.996)	209.084	(470.912)	
Other Comprehensive Income (Loss)	-	-	175.120	(121.390)	53.730	53.730	585.830	119.132	119.132	(30.720)	(30.720)	674.242	-	-	-	-	727.972	17.965	745.937	
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(72.925)	(72.925)	
Transactions with noncontrolling interests	-	-	(35.194)	5.554	(29.640)	(29.640)	-	474	474	-	-	474	(3.792)	189.072	-	189.072	156.114	72.654	228.768	
Closing Balance	335.456	688.315	5.716.179	(836.631)	4.879.548	4.879.548	2.219.686	(9.761)	(9.761)	19.307	19.307	2.229.232	257.324	4.463.355	(679.996)	3.783.359	12.173.234	1.451.832	13.625.066	

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 JUNE 2023 AND 2022

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

		Reviewed	Reviewed
		1 January -	1 January -
		30 June	30 June
	Footnotes	2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		4.888.345	(1.719.406)
(Loss) / Profit		(470.912)	1.496.321
(Loss) / Profit from Continuing Operations		(470.912)	1.496.321
Adjustments to Reconcile Profit (Loss)		758.820	(952.481)
Adjustments for Depreciation and Amortisation Expense	14,15,16	769.461	705.160
Adjustments for Impairment Loss			
(Reversal of Impairment Loss)		70.399	35.796
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Receivables	9	6.803	9.882
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Inventories	11	63.596	25.914
Adjustments for Provisions		1.411.157	229.943
Adjustments for (Reversal of) Provisions Related with			
Employee Benefits	19	207.487	45.421
Adjustments for (Reversal of) Lawsuit and/or			
Penalty Provisions	17	11.219	4.062
Adjustments for (Reversal of) Warranty and Other Provisions	17	407.479	149.493
Adjustments for (Reversal of) Other Provisions	17	784.972	30.967
Adjustments for Interest (Income) Expenses		1.043.689	149.521
Adjustments for Interest Income	26	(963.882)	(636.173)
Adjustments for Interest Expense	26	2.007.571	785.694
Adjustments for Unrealised Foreign			
Exchange Losses (Gains)	7	(2.416.437)	(1.446.251)
Adjustments for Fair Value Losses (Gains)		46.900	(405.190)
Adjustments for Fair Value (Gains) Losses on			
Derivative Financial Instruments		46.900	(405.190)
Adjustments for Undistributed Profits of Investments Accounted for			
Using Equity Method		366.876	(4.820)
Adjustments for Tax (Income) Expenses	27	(522.635)	(206.350)
Adjustments for Losses (Gains) on Disposal of			
Non-Current Assets		(10.590)	(6.785)
Adjustments for Losses (Gains) Arised from			
Sale of Tangible Assets		(10.590)	(6.785)
Other Adjustments to Reconcile Profit (Loss)	5	-	(3.505)

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 JUNE 2023 AND 2022

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

		Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022
	Footnotes		
Changes in Working Capital		4.822.167	(2.227.514)
Decrease (Increase) in Financial Investments		(35)	(68.454)
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(2.588.070)	(2.366.615)
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(107.208)	1.736
Decrease (Increase) in Trade Accounts Receivables from Third Parties		(2.480.862)	(2.368.351)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		188.744	10.554
Decrease (Increase) in Other Third Party Receivables Related with Operations		188.744	10.554
Adjustments for Decrease (Increase) in Inventories	11	(4.422.184)	(4.577.611)
Decrease (Increase) in Prepaid Expenses		130.036	(765.466)
Adjustments for Increase (Decrease) in Trade Accounts Payable		10.952.716	4.299.859
Increase (Decrease) in Trade Accounts Payables to Related Parties		72.715	(60.342)
Increase (Decrease) in Trade Accounts Payables to Third Parties		10.880.001	4.360.201
Increase (Decrease) in Employee Benefit Liabilities	19	477.560	28.223
Adjustments for Increase (Decrease) in Other Operating Payables		76.126	(7.193)
Increase (Decrease) in Other Operating Payables to Third Parties		76.126	(7.193)
Increase (Decrease) in Deferred Income		343.542	416.665
Other Adjustments for Other Increase (Decrease) in		(336.268)	802.524
Decrease (Increase) in Other Assets Related with Operations		(437.553)	(12.450)
Increase (Decrease) in Other Payables Related with Operations		101.285	814.974
Cash Flows from (used in) Operations		5.110.075	(1.683.674)
Payments Related with Provisions for Employee Benefits	19	(159.263)	(11.042)
Income Taxes Refund (Paid)	27	(62.467)	(24.690)

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS****1 JANUARY – 30 JUNE 2023 AND 2022**

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

		Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022
	Footnotes		
CASH FLOWS FROM INVESTING ACTIVITIES		(3.926.303)	(2.090.874)
Proceeds from Sales of Shares without Change in Control of		228.768	-
Cash Outflows Arising from Purchase of Shares or Capital			
Increase of Associates and/or Joint Ventures		-	(124.776)
Capital Advance Payments to Subsidiaries and/or Joint Ventures		-	(264.500)
Proceeds from Sales of Property, Plant, Equipment and		26.423	46.357
Proceeds from Sales of Property, Plant and Equipment		26.423	46.357
Purchase of Property, Plant, Equipment and			
Intangible Assets		(2.036.340)	(1.401.342)
Purchase of Property, Plant and Equipment	14	(1.476.911)	(1.070.861)
Purchase of Intangible Assets	16	(559.429)	(330.481)
Cash Advances and Loans		(2.145.154)	(346.613)
Cash Advances and Loans Made to Related Parties	8	(2.217.531)	(346.613)
Cash Advances and Loans Made to Third Parties		72.377	-
CASH FLOWS FROM FINANCING ACTIVITIES		233.201	3.002.264
Proceeds from Borrowings	7	10.475.858	15.729.221
Proceeds from Loans		9.489.858	15.458.791
Proceeds from Issued Debt Instruments		986.000	270.430
Repayments of Borrowings	7	(8.648.153)	(11.991.973)
Loan Repayments		(7.614.293)	(11.991.973)
Issued Bonds Repayments		(1.033.860)	-
Payments of Lease Liabilities	7	(97.137)	8.011
Interest Paid		(2.461.249)	(752.937)
Interest Received		963.882	9.942
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		1.195.243	(808.016)
Effect of Exchange Rate Changes on Cash and			
Cash Equivalents		-	108.699
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1.195.243	(699.317)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1.552.389	2.089.121
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	2.747.632	1.389.804

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 JUNE 2023**

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

NOTE 1 – GROUP’S ORGANISATION AND NATURE OF OPERATIONS

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

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

The ultimate controller of the Company is Zorlu Holding.

Vestel Elektronik is registered to Capital Market Board (“CMB”) and its shares have been quoted to Borsa İstanbul (“BİST”) since 1990. As of 30 June 2023, 41,92% of the Company’s shares are publicly traded (2022: 39,05%).

As of 30 June 2023 the number of personnel employed at Group is 20.090 (31 December 2022: 20.438).

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 Holland B.V. Germany Branch Office	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel UK Ltd.	UK	Sales
Vestel Holland B.V. UK Branch Office	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 Holland B.V. Poland Branch Office	Polonya	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 JUNE 2023**

(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” or “POA”) Turkish Accounting Standards Board.

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

The Group prepared its condensed consolidated interim financial statements for the period ended 30 June 2023 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 condensed consolidated interim financial statements are presented in accordance with the “TFRS taxonomy” published by POA on 4 October 2022 and the formats specified in the Financial Statement Examples and User Guide published by CMB.

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 31 December 2022 financial statements.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**2.1.1 Statement of compliance (Cont’d)**

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

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

In the announcement made by POA on 20 January 2022, companies that apply TFRS should not adjust financial statements for the year ended 31 December 2021 for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TMS 29 application and no adjustment was made to the consolidated financial statements in accordance with TAS 29. As of the preparation date of the financial statements, POA did not make an additional announcement and no adjustment was made to the financial statements for 30 June 2023 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 JUNE 2023**

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**2.1.2 Currency used (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.

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 TFRS 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 statements of comprehensive income and the condensed consolidated 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 JUNE 2023**

(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)****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.

a) Investments in associates

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

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

Since Lentatek Uzay Havacılık ve Teknoloji A.Ş. has net liability position and Aydın Yazılım has no material net asset position as of 30 June 2023, carrying value of those investment in associates accounted for by equity method is resulted as nil in the consolidated balance sheets (31 December 2022: nil).

The Group’s voting rights and effective ownership rates in Vestel Lentatek and Aydın Yazılım are 35% and 21% respectively (31 December 2022: 35%, 21%).

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**2.2 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 group’s business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

2.3 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.

2.4 Restatement and errors in the accounting estimates

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

2.5. Amendments in Turkish Financial Reporting Standards**a) Standards, amendments, and interpretations applicable as of 30 June 2023:**

Narrow scope amendments to TAS 1, Practice statement 2 and TAS 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 TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**2.5. Amendments in Turkish Financial Reporting Standards (Cont’d)**

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

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

Amendment to TAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

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

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**2.6 Going concern**

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

2.7. Summary of significant accounting policies

The condensed interim financial statements for the period ended 30 June, 2023 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of the condensed interim financial statements for the period ended 30 June 2023 are consistent with those used in the preparation of annual financial statements for the year ended 31 December, 2022. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

2.8. Critical accounting estimates and judgments

The frequency of revaluations is determined to ensure that the carrying amounts of the revalued items of property, plant and equipment are not materially different from their fair values at the end of the reporting period. The frequency of revaluations depends on the change in the fair value of the items of property, plant and equipment. Where the fair value of a revalued asset is considered to be materially different from its carrying amount, the revaluation is required to be repeated and this is done for the entire asset class in which the revalued asset is included as of the same date. On the other hand, it is not considered necessary to repeat the revaluation of property, plant and equipment whose fair value changes are insignificant.

In this context, as a result of the assessments made by the Company management, it is assumed that the fair values of land, buildings and land improvements determined in the valuation studies performed as of 31 December 2022 will converge to their respective fair values as of 30 June, 2023 after deducting current period depreciation.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

NOTE 3 – INTERESTS IN OTHER ENTITIES**Subsidiaries:**

As of 30 June 2023 and 31 December 2022 the Group’s significant subsidiaries are as follows:

Consolidated subsidiaries	30 June 2023		31 December 2022	
	Voting rights	Effective ownership	Voting rights	Effective ownership
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	79,33	79,33	80,66	80,66
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 B.V.	100	100	100	100
Vestel Holland B.V. Germany Branch Office (*)	100	100	100	100
Cabot Communications Ltd.	90,8	90,8	90,8	90,8
Vestel UK Ltd.	100	100	100	100
Vestel Holland B.V. UK Branch Office	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 Holland B.V. Poland Branch Office (**)	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 USA	100	100	100	100

(*) Within the scope of the restructuring of sales and marketing companies abroad, Vestel Germany GmbH, which is based in Germany and wholly owned by Vestel Ticaret AŞ (Vestel Ticaret), a fully owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ (Vestel Elektronik), has been merged into Vestel Holland B.V., another wholly owned subsidiary of Vestel Ticaret. With the merger, all assets, liabilities and operations of Vestel Germany GmbH have been transferred to Vestel Holland B.V. Germany Branch Office, which is established in Germany by Vestel Holland B.V. The merger took place as of 31 December 2022.

(**) Within the scope of the restructuring of sales and marketing companies abroad, Vestel Poland sp. z.o.o., which is based in Poland and wholly owned by Vestel Ticaret AŞ (Vestel Ticaret), a fully owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ (Vestel Elektronik), has been merged into Vestel Holland B.V., another wholly owned subsidiary of Vestel Ticaret. With the merger, all assets, liabilities and operations of Vestel Poland sp. z.o.o. have been transferred to Vestel Holland B.V. Poland Branch Office, which is established in Poland by Vestel Holland B.V. the merger took place as of 1 January 2023.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

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

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

	30 June 2023	31 December 2022
Accumulated non-controlling interests	1.456.991	1.230.213
Comprehensive income attributable to non-controlling interests	227.049	404.660

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

Condensed balance sheet:

	30 June 2023	31 December 2022
Current assets	23.112.615	17.009.204
Non-current assets	9.998.187	8.521.158
Current liabilities	(24.418.851)	(18.428.441)
Non-current liabilities	(1.619.500)	(782.505)
Net assets	7.072.451	6.319.416

Condensed statement of comprehensive income:

	1 January - 30 June 2023	1 January - 30 June 2022
Net sales	21.186.788	12.970.121
Income before tax	866.041	1.123.417
Tax benefit	145.491	142.327
Net income for the period	1.011.532	1.265.744
Total comprehensive income	1.105.863	1.271.764

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

NOTE 3 – INTERESTS IN OTHER ENTITIES (Cont'd)**Condensed statement of cash flows:**

	1 January - 30 June 2023	1 January - 30 June 2022
<u>Operating activities:</u>		
Changes in working capital	539.917	(1.058.959)
Net cash provided by operating activities	1.682.561	464.188
<u>Investing activities:</u>		
Net cash used in investing activities	(1.595.469)	(2.438.671)
<u>Financing activities:</u>		
Proceeds from bank borrowings	2.141.969	2.942.443
Repayment of bank borrowings	(1.832.613)	(1.777.649)
Net cash (used in) / provided by financing activities	(416.326)	2.086.373
Cash and cash equivalents at the beginning of the period	578.753	112.815
Cash and cash equivalents at the end of the period	249.519	224.705

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

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

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 June 2023			
Revenue	11.872.868	25.514.419	37.387.287
Cost of sales	(9.598.192)	(17.929.292)	(27.527.484)
Gross profit	2.274.676	7.585.127	9.859.803
Depreciation and amortization	425.339	344.122	769.461
1 January -30 June 2022			
Revenue	9.133.516	15.497.160	24.630.676
Cost of sales	(7.259.558)	(10.456.121)	(17.715.679)
Gross profit	1.873.958	5.041.039	6.914.997
Depreciation and amortization	468.345	236.815	705.160
1 April -30 June 2023			
Revenue	6.680.561	13.791.627	20.472.188
Cost of sales	(5.367.091)	(8.843.854)	(14.210.945)
Gross profit	1.313.470	4.947.773	6.261.243
Depreciation and amortization	226.634	165.204	391.838

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

NOTE 4 - SEGMENT REPORTING (Cont'd)

	Television and electronic devices	White goods	Total
1 April -30 June 2022			
Revenue	4.869.000	8.020.802	12.889.802
Cost of sales	(3.754.008)	(5.009.059)	(8.763.067)
Gross profit	1.114.992	3.011.743	4.126.735
Depreciation and amortization	295.094	77.384	372.478

Capital expenditure

	Television and electronic devices	White goods	Total
1 January -30 June 2023	616.114	1.420.226	2.036.340
1 January -30 June 2022	369.706	1.031.636	1.401.342

Geographical segments:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Segment revenue				
Turkey	14.938.485	7.859.292	8.490.837	4.713.952
Europe	20.370.822	14.357.468	11.101.504	6.792.823
Other	5.004.630	3.719.120	2.457.957	2.153.311
Gross segment sales	40.313.937	25.935.880	22.050.298	13.660.086
Discounts (-)	(2.926.650)	(1.305.204)	(1.578.110)	(770.284)
Net sales	37.387.287	24.630.676	20.472.188	12.889.802

The amount of export for the period 1 January - 30 June 2023 is TL 25.375.452 (1 January – 30 June 2022: TL 18.076.588). Export sales are denominated in EUR, USD and other currencies as 72,5%, 21%, and 6,5% of total exports respectively. (1 January – 30 June 2022: 68,7% EUR, 26,6 % USD, 4,7 % 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.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
Cash	55.290	3.148
Bank deposits		
- Demand deposits	2.210.312	1.217.107
- Time deposits	382.160	214.747
Cheques and notes	25.529	45.029
Other	74.341	72.358
	2.747.632	1.552.389
Blocked deposits	22	22
Cash and cash equivalents	2.747.654	1.552.411

Effective interest rates(%)

	30 June 2023	31 December 2022
USD	-	0,04%
EUR	-	0,01%
TL	34,90%	18,00%
RUB	-	4,50%

The Group has time deposits amounting to TL 382.160. (31 December 2022: USD 1.003 thousand, EUR 4.200 thousand, RUB 60.000 and TL 96.696) As of 30 June 2023 and 31 December 2022 the Group's time deposits have an average maturity of less than 3 months.

The credit risks of the banks where the Group has deposits are evaluated based on independent data and no significant credit risk is expected.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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NOTE 6 – FINANCIAL ASSETS

		Ownership(%)		Amount	
		30 June	31 December	30 June	31 December
	Country	2023	2022	2023	2022
Financial assets measured at fair value through other comprehensive income:					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	32.000	70.400
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
Other				200	200
				32.211	70.611

		Ownership(%)		Amount	
		30 June	31 December	30 June	31 December
Non-consolidated subsidiaries on the grounds of materiality:	Country	2023	2022	2023	2022
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	56.273	56.273
				56.273	56.273

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

NOTE 7 – FINANCIAL LIABILITIES

	30 June 2023	31 December 2022
Short term financial liabilities		
Short term bank loans	20.096.058	17.668.289
Short term portion of long term bank loans	2.276.598	1.396.941
Short term portion of long term lease liabilities	153.675	140.069
Short term lease liabilities (*)	1.161.345	1.139.204
	23.687.676	20.344.503
Long term financial liabilities		
Long term bank loans	1.721.281	693.877
Long term lease liabilities	473.882	397.326
	2.195.163	1.091.203

(*) Sales transaction related to the issuance of TL 110.000, 99 days maturity, fixed coupon payment commercial papers amounting to TL 110.000 to be sold to qualified investors without public offering by the Group on 25 May 2023; sales transaction related to the issuance of TL 246.000, 86 days maturity, fixed coupon payment commercial papers on 7 June 2023; sales transaction related to the issuance of TL 30.000 amounting to TL 30.000 with a maturity of 389 days and variable coupon payment; 1 August 2022; TL 61.000 amounting to TL 61.000 with a maturity of 365 days and a floating coupon payment was completed on 25 August 2022; TL 230.000 amounting to TL 135 days and a fixed coupon payment was completed on 12 April 2023; TL 120.000 amounting to TL 379 days and a fixed coupon payment was completed on 25 January 2023; TL 280.000 amounting to TL 175 days and a fixed coupon payment was completed on 25 January 2023.

As of 2 December 2022, the principal payment of the financing bond amounting to TL 394,000 was completed on 25 May 2023; as of 25 August 2022, the principal payment of the financing bond amounting to TL 214,000 was completed on 25 January 2023; as of 9 June 2021, the principal payment of the bond amounting to TL 265,000 was completed on 7 June 2023; as of 9 March 2022, the principal payment of the bond amounting to TL 160,860 was completed on 12 April 2023.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

NOTE 7 – FINANCIAL LIABILITIES (Cont’d)

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

Currency	30 June 2023			31 December 2022		
	Weighted	Original	TL Equivalent	Weighted	Original	TL Equivalent
	average of effective interest rates per annum			average of effective interest rates per annum		
- USD	9,40%	290.870	7.524.689	8,27%	235.849	4.417.923
- EUR	8,78%	57.782	1.629.729	8,75%	64.505	1.288.216
- TL	18,84%	10.941.640	10.941.640	16,75%	11.778.618	11.778.618
- CNY	-	-	-	4,55%	68.467	183.532
			20.096.058			17.668.289

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

Currency	30 June 2023			31 December 2022		
	Weighted average of effective	Original	TL Equivalent	Weighted average of effective	Original	TL Equivalent
	interest rates per annum			interest rates per annum		
- USD	11,05%	16.493	426.680	6,74%	13.104	245.464
- EUR	7,73%	28.002	789.788	5,37%	20.097	401.353
- TL	12,55%	1.060.130	1.060.130	14,82%	750.124	750.124
Short term portion			2.276.598			1.396.941
- USD	11,11%	31.957	826.706	8,18%	36.142	677.012
- EUR	10,66%	12.392	349.501	-	-	-
- TL	9,34%	545.074	545.074	15,00%	16.865	16.865
Long term portion			1.721.281			693.877
			3.997.879			2.090.818

Total amount of Group’s floating bank loans is TL 20.773.804 (31 December 2022: TL 17.054.935).

(*) A significant portion of the long-term loans originated from the Central Bank of the Republic of Turkey, the term of the loan is 10 years with a 2-year grace period. 1.5 billion TL Investment Committed Advance Loan has been approved and the first tranche of the loan has been used. The remaining part are expected to be used during the year.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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NOTE 7 – FINANCIAL LIABILITIES (Cont’d)

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

	30 June 2023	31 December 2022
One to two years	940.624	454.791
Two years and more	780.657	239.086
	1.721.281	693.877

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

	30 June 2023	31 December 2022
6 months or less	7.290.900	4.267.300
Between 3-6 months	8.654.355	3.724.156
Between 6-12 months	3.945.162	9.063.479
More than 1 year	883.387	-
	20.773.804	17.054.935

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

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

As of 30 June 2023 and 2022, the Group’s net financial debt reconciliation is shown below:

	30 June 2023	30 June 2022
Net financial debt as of 1 January	19.883.317	10.028.005
Cash inflows from loans and issued bonds	10.475.858	15.729.221
Cash outflows from loan payments	(8.648.153)	(11.991.973)
Net debt movement of lease liabilities	90.162	8.011
Unrealized Fx gain/loss	2.991.219	1.533.791
Accrued interest	(461.953)	(25.112)
Change in cash and cash equivalents	(1.195.243)	699.317
Net financial debt at the end of the period	23.135.207	15.981.260

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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NOTE 8 – RELATED PARTY DISCLOSURES**a) Short term trade receivables from related parties**

	30 June 2023	31 December 2022
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. ⁽³⁾	55.259	109
ZES Dijital Ticaret A.Ş. ⁽¹⁾	36.719	12.451
Korteks Mensucat Sanayi ve Ticaret A.Ş. ⁽¹⁾	10.496	8.790
Other related parties	45.590	19.506
	148.064	40.856

b) Short term trade payables to related parties

	30 June 2023	31 December 2022
Zorlu Holding A.Ş. ⁽²⁾	25.602	13.790
ABH Turizm Temsilcilik ve Ticaret A.Ş. ⁽¹⁾	13.520	11.377
Other related parties	77.657	18.897
	116.779	44.064

c) Other short term receivables from related parties

	30 June 2023	31 December 2022
Vestel Ventures A.Ş. ⁽³⁾	1.075.098	744.432
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. ⁽³⁾	794.419	607.814
	1.869.517	1.352.246

The Company's interest rate of short term other receivables in USD is 7% , EUR is 5% and TL 35% (31 December 2022: in USD 7% and TL 25%).

d) Short term prepayments to related parties

	30 June 2023	31 December 2022
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ⁽¹⁾	-	198.203
	-	198.203

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)**e) Other long term receivables from related parties**

	30 June 2023	31 December 2022
Zorlu Holding A.Ş. ⁽²⁾	8.842.377	6.461.918
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. (3)	8.036.104	5.674.420
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş. ⁽³⁾	6.069.548	4.281.819
	22.948.029	16.418.157

The Company's interest rate of short term other receivables in USD is 7%, and TL 35% (31 December 2022: in USD 7% and TL 25%).

f) Lease liabilities to related parties

	30 June 2023	31 December 2022
Zorlu Yapı Yatırım A.Ş. ⁽¹⁾	509	1.229
Other related parties	3.913	9.447
	4.422	10.676

g) Long term prepayments to related parties

	30 June 2023	31 December 2022
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ⁽¹⁾	334.257	-
Zorlu Enerji Elektrik Üretim A.Ş. ⁽¹⁾	795.065	-
	1.129.322	-

h) Deferred income from related parties

	30 June 2023	31 December 2022
Other related parties	14.834	-
	14.834	-

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)**i) Transactions with related parties**

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Sales				
ZES Dijital Ticaret A.Ş. ⁽¹⁾	23.527	56.898	23.120	3.784
Rotor Elektrik Üretim A.Ş. ⁽¹⁾	-	56.864	-	33.590
Linens Tekstil Ürünleri Pazarlama A.Ş. ⁽¹⁾	4.849	3.749	2.733	1.569
Other related parties	77.370	44.812	68.579	43.836
	105.746	162.323	94.432	82.779
Operating expenses				
ABH Turizm Temsilcilik ve Ticaret A.Ş. ⁽¹⁾	39.477	32.916	22.695	26.744
Zorlu Holding A.Ş. ⁽²⁾	137.844	63.531	71.765	34.306
Zorlu Air Havacılık A.Ş. ⁽¹⁾	6.292	5.009	3.364	3.087
Other related parties	42.970	28.130	17.867	16.165
	226.583	129.586	115.691	80.302
Financial income				
Zorlu Holding A.Ş. ⁽²⁾	2.642.885	1.453.793	2.369.705	792.527
Lentatek Uzay Havacılık Ve Teknoloji A.Ş. ⁽³⁾	2.319.920	1.278.802	2.024.029	700.326
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş. ⁽³⁾	1.655.929	691.302	1.457.496	389.372
Other related parties	332.457	126.292	272.792	69.311
	6.951.191	3.550.189	6.124.022	1.951.536

Financial income from related parties results from interest income from financial liabilities.

Financial expense

Other related parties	4.559	479	4.515	21
	4.559	479	4.515	21

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Other income from operating activities				
Other related parties	299.089	12.436	292.911	5.192
	299.089	12.436	292.911	5.192
Other expense from operating activities				
Other related parties	4.833	16.505	4.138	7.116
	4.833	16.505	4.138	7.116

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

j) Compensation paid to key management including directors, the Chairman and members of Board of Directors, general managers and assistant general managers for the six months period ended is TL 68.847 (1 January - 30 June 2022: TL 34.484).

NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	30 June 2023	31 December 2022
Short term trade receivables		
Trade receivables		
- Related parties (note 8)	148.064	40.856
- Other parties	11.667.309	9.766.217
Cheques and notes receivables	1.850.764	1.304.931
Other	101.655	117.122
	13.767.792	11.229.126
Unearned interest expense (-)		
- Other parties	(51.303)	(100.618)
Allowance for doubtful receivables (-)	(168.434)	(154.598)
Total short term trade receivables	13.548.055	10.973.910

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

Movement of provision for doubtful receivables is as follows:

	1 January - 30 June 2023	1 January - 30 June 2022
Opening balance, 1 January	154.598	174.147
Current year additions	62.253	9.882
Provisions no longer required	(55.450)	(20.332)
Currency translation differences	7.033	5.337
Balance at 30 June	168.434	169.034

	30 June 2023	31 December 2022
Short term trade payables		
Trade payables		
- Related parties (note 8)	116.779	44.064
- Other parties	32.441.296	21.595.766
Other	5.170	4.925
	32.563.245	21.644.755
Unearned interest income (-)		
- Other parties	(87.173)	(63.278)
Total short term trade payables	32.476.072	21.581.477

Long term trade payables

Trade payables		
- Other parties	334.112	182.877
Total long term trade payables	334.112	182.877

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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NOTE 10 – OTHER RECEIVABLES

	30 June 2023	31 December 2022
Short term other receivables		
Receivables from official institutions	771.394	1.001.378
Receivables from related parties (note 8)	1.869.517	1.352.246
Deposits and guarantees given	203.529	165.120
Other	99.061	91.302
	2.943.501	2.610.046
Allowance for doubtful receivables (-)	(89.623)	(89.623)
	2.853.878	2.520.423
Long term other receivables		
Deposits and guarantees given	28.588	33.447
Receivables from related parties (note 8)	22.948.029	16.418.157
Other	8.347	8.416
	22.984.964	16.460.020
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	22.976.686	16.451.742

The Group provides allowance for doubtful receivables.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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NOTE 11 – INVENTORIES

	30 June 2023	31 December 2022
Raw materials	9.975.626	6.128.682
Work in process	408.470	374.961
Finished goods	6.304.456	5.732.317
Merchandise	601.182	652.625
Other	58.132	37.097
	17.347.866	12.925.682
Provision for impairment on inventories (-)	(253.300)	(172.608)
	17.094.566	12.753.074

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 30 June 2023 is TL 23.877.195 (1 January – 30 June 2022: TL 15.502.990).

As of 30 June 2023, the Group does not have inventories pledged as security for liabilities (31 December 2022: None)

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

	30 June 2023	31 December 2022
Raw materials	147.960	124.884
Finished goods and merchandise	105.340	47.724
	253.300	172.608

Movement of provision for impairment on inventories is as follows:

	1 January - 30 June 2023	1 January - 30 June 2022
Opening balance, 1 January	172.608	99.413
Current year additions	73.966	55.848
Realised due to sale of inventory	(10.370)	(29.934)
Currency translation differences	17.096	22.210
Balance at 30 June	253.300	147.537

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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NOTE 12 – PREPAID EXPENSES

	30 June 2023	31 December 2022
Prepaid expenses in current assets		
Order advances given	363.576	380.694
Prepaid expenses	295.704	214.539
Business advances given	8.908	4.788
	668.188	600.021
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	312.635	375.631
Prepaid expenses	3.781	13.162
	316.416	388.793

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2023		31 December 2022	
	%	Amount	%	Amount
Subsidiaries				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	415.395	50%	817.503
Türkiye'nin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	1.127.371	23%	1.153.117
		1.542.766		1.970.620

The Group's voting rights and effective ownership rates in Lentatek and Aydın Yazılım are 35% and 21% respectively (31 December 2022: 35%, 21%).

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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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 June is as follows:

	1 January - 30 June 2023	1 January - 30 June 2022
Balance at 1 January	817.503	740.287
Shares from profit / loss	(334.214)	80.144
Shares from other comprehensive income / expense	(67.894)	26.470
Balance at 30 June	415.395	846.901

Condensed financial statement informations of META is given below:

	30 June 2023	31 December 2022
Total Assets	16.853.760	12.312.082
Total Liability	(16.336.995)	(12.020.507)
Net assets	516.765	291.575

	1 January - 30 June 2023	1 January - 30 June 2022
Net sales	1.064.181	971.801
Income / (loss) before tax	(348.497)	1.247
Tax benefit / (expense)	(319.932)	159.040
Net income / (loss) for the period	(668.429)	160.287
Total comprehensive income	(804.216)	213.227

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NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	2023	Additions	Disposals	Currency translation differences	Transfers	2023
Cost or revaluation						
Land	3.194.525	-	-	5.719	-	3.200.244
Land improvements	277.893	544	-	8.654	-	287.091
Buildings	5.153.189	21.860	-	127.963	18.026	5.321.038
Leasehold improvements	255.693	35.412	(10.678)	17.329	5.747	303.503
Plant and machinery	5.867.290	512.178	(27.106)	75.660	90.793	6.518.815
Motor vehicles	12.588	130	-	720	-	13.438
Furniture and fixtures	806.084	110.187	(1.017)	23.906	15.644	954.804
Other tangible assets	849	-	-	-	-	849
Construction in progress (*)	1.455.308	796.600	-	-	(132.762)	2.119.146
	17.023.419	1.476.911	(38.801)	259.951	(2.552)	18.718.928
Accumulated depreciation						
Land improvements	18.548	6.615	-	2.650	-	27.813
Buildings	258.230	104.618	-	42.846	-	405.694
Leasehold improvements	199.032	15.331	(10.678)	15.644	-	219.329
Plant and machinery	3.480.903	369.859	(26.882)	27.122	-	3.851.002
Motor vehicles	9.997	707	-	376	-	11.080
Furniture and fixtures	525.147	47.494	(750)	20.905	-	592.796
Other tangible assets	849	-	-	-	-	849
	4.492.706	544.624	(38.310)	109.543	-	5.108.563
Net book value	12.530.713					13.610.365

(*) A significant portion of construction in progress consists of investments related to the new dishwasher factory investment.

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

	1 January			Currency translation		30 June
	2022	Additions	Disposals	differences	Transfers	2022
Cost or revaluation						
Land	1.724.691	-	-	47.592	-	1.772.283
Land improvements	213.477	-	-	70.665	-	284.142
Buildings	3.667.374	18.492	(6)	713.920	11.528	4.411.308
Leasehold improvements	191.722	20.437	(2)	2.043	430	214.630
Plant and machinery	4.589.149	479.712	(12.426)	484.128	85.396	5.625.959
Motor vehicles	9.541	643	(407)	1.001	-	10.778
Furniture and fixtures	566.821	90.255	(1.050)	16.143	4.687	676.856
Other tangible assets	849	-	-	-	-	849
Construction in progress	82.132	461.322	-	-	(102.047)	441.407
	11.045.756	1.070.861	(13.891)	1.335.492	(6)	13.438.212
Accumulated depreciation						
Land improvements	2.585	12.900	-	8.437	-	23.922
Buildings	169.092	160.985	(1)	116.378	-	446.454
Leasehold improvements	187.612	8.188	(2)	1.596	-	197.394
Plant and machinery	2.760.215	262.594	(12.544)	157.666	-	3.167.931
Motor vehicles	2.605	1.308	(407)	895	-	4.401
Furniture and fixtures	495.809	31.790	(937)	15.619	-	542.281
Other tangible assets	849	-	-	-	-	849
	3.618.767	477.765	(13.891)	300.591	-	4.383.232
Net book value	7.426.989					9.054.980

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

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

	1 January - 30 June 2023	1 January - 30 June 2022
Cost of sales	456.649	468.634
Research and development expenses (Note 24)	171.789	126.140
Marketing, selling and distribution expenses	93.453	27.205
General administrative expenses	40.219	77.617
Other operating expense (idle capacity depreciation expense)	7.351	5.564
	769.461	705.160

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NOTE 15 – RIGHT OF USE ASSETS

	1 January			30 June
	2023	Additions	Disposal	2023
Cost				
Land and buildings	714.611	161.757	-	876.368
Machinery and motor vehicles	157.133	17.267	-	174.400
	871.744	179.024	-	1.050.768
Accumulated amortization				
Land and buildings	299.616	74.433	-	374.049
Machinery and motor vehicles	107.138	12.297	-	119.435
	406.754	86.730	-	493.484
Net book value	464.990	-	-	557.284

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

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NOTE 16 – INTANGIBLE ASSETS

	1 January			Currency		30 June
	2023	Additions	Disposals	translation	Transfers	2023
				differences		
Cost						
Rights	94.660	123	-	6.360	-	101.143
Development cost	2.299.125	516.447	(20.769)	-	-	2.794.803
Other intangible assets	292.090	42.859	-	9.596	2.552	347.097
	2.685.875	559.429	(20.769)	15.956	2.552	3.243.043
Accumulated amortization						
Rights	72.912	1.969	-	6.317	-	81.198
Development cost	1.107.342	128.408	(5.427)	-	-	1.230.323
Other intangible assets	131.840	7.730	-	9.563	-	149.133
	1.312.094	138.107	(5.427)	15.880	-	1.460.654
Net book value	1.373.781					1.782.389

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

Development costs, incurred by the Group on development projects relating to television and electronic devices, refrigerators, split air conditioners, washing machines, cookers, drying machines and dish washers are capitalized as intangible assets.

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NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**a) Provisions**

	30 June 2023	31 December 2022
Short term provisions		
Warranty and assembly provision	1.023.703	680.015
Other provisions	1.604.452	819.480
Provision for lawsuit risks	71.729	60.510
	2.699.884	1.560.005
Long term provisions		
Warranty and assembly provision	206.805	151.680
Other provisions	8.666	-
	215.471	151.680

With reference to Group management's and legal advisors' assessments, no provision is provided for those cases that are expected to be finalized in favor of the Group. As of 30 June 2023, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is TL 71.729 (31 December 2022: TL 60.510).

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

	1 January - 30 June 2023	1 January - 30 June 2022
Opening balance, 1 January	831.695	570.469
Current year additions (Note 23)	1.070.879	459.182
Provisions no longer required	(672.066)	(309.689)
Balance at 30 June	1.230.508	719.962

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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 June 2023	31 December 2022
Guarantee letters	3.072.128	2.198.770
Cheques and notes	1.751.627	2.083.544
Collaterals and pledges	3.697.312	2.625.958
	8.521.067	6.908.272

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

	USD	EUR	GBP		
CPMB's given by the Group	('000)	('000)	('000)	TL	TL Equivalent
30 June 2023					
A. CPMB's given on behalf of its own legal entity	15.875	22.278	450	727.770	1.781.637
B. CPMB's given on behalf of fully consolidated subsidiaries (*)	2.179.237	67.665	-	6.177.638	64.462.081
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	36.104	-	-	19.931	953.905
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	36.104	-	-	19.931	953.905
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2.231.216	89.943	450	6.925.339	67.197.623

(*) 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)

CPMB's given by the Group	USD ('000)	EUR ('000)	GBP ('000)	TL	TL Equivalent
31 December 2022					
A. CPMB's given on behalf of its own legal entity	30.342	24.000	450	96.791	1.154.629
B. CPMB's given on behalf of fully consolidated subsidiaries	2.199.937	63.343	-	4.127.624	46.601.837
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	34.991	-	-	19.383	674.834
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	34.991	-	-	19.383	674.834
iii.Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2.265.270	87.343	450	4.243.798	48.431.300

As of 30 June 2023, proportion of other CPMB's given by the Group to its equity is 7% (31 December 2022: 5%).

NOTE 18 – COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to 5.293.530 thousand USD (31 December 2022: 5.331.164 thousand USD) due to the export and investment incentive certificates obtained.

As of 30 June 2023, the Group has forward foreign currency purchase contract that amounts to, USD 738.242 thousand, EUR 241.058 thousand, GBP 67.708 thousand, PLN 4.140 thousand, and TL 4.892.821 against forward foreign currency sales contract that amounts to USD 536.289 thousand, EUR 486.250 thousand, GBP 86.679 thousand, PLN 20.476, CHF 40 and TL 2.854.710. (31 December 2022: purchase contract that amounts to USD 813.078 thousand, EUR 173.310 thousand, GBP 79.849 thousand, PLN 23.186 thousand, CNY 66.896 thousand, TL 5.563.115 against forward foreign currency sales contract that amounts to USD 559.982 thousand, EUR 540.395 thousand, GBP 84.901 thousand, PLN 87.098 thousand, TL 3.178.).

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NOTE 19 – EMPLOYEE BENEFITS**Liabilities for employee benefits:**

	30 June 2023	31 December 2022
Due to personnel	561.571	273.856
Social security payables	492.060	180.113
	1.053.631	453.969

Long term provisions for employee benefits:

	30 June 2023	31 December 2022
Provision for employment termination benefits	1.331.233	1.240.006

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 19.982,83 TL/year as of 30 June 2023 (31 December 2022: 15.371,40 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 June 2023, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 30 June 2023, provision is calculated based on real discount rate of 2% (31 December 2022: 2%) assuming 15,8% annual inflation rate and 13,53% discount rate.

The main assumption is that the seniority ceiling for each year of service increases in line with inflation. Thus, the discount rate applied represents the actual rate adjusted for the expected effects of inflation. As the maximum liability is revised every six months, the maximum amount of TL 23.489,83 (1 January 2023: TL 19.982,83) effective from 1 July 2023 has been taken into consideration in calculating the reserve for employment termination benefits of the Company.

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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 June 2023	1 January - 30 June 2022
Balance at 1 January	1.240.006	387.222
Increase during the year	152.885	11.472
Payments during the year	(281.365)	(11.042)
Actuarial (gain) /loss	165.105	46.438
Interest expense	54.602	33.949
Balance at 30 June	1.331.233	468.039

NOTE 20 – OTHER ASSETS AND LIABILITIES

	30 June 2023	31 December 2022
Other current assets		
VAT carried forward	242.324	21.860
Rebates from suppliers and incentives income accruals	249.029	42.452
Other	103.498	92.986
	594.851	157.298

	30 June 2023	31 December 2022
Other current liabilities		
Tax payables	523.979	402.443
Other	797.762	815.554
	1.321.741	1.217.997

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NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS**a) Paid in capital**

	30 June 2023	31 December 2022
<i>Shares of par value Kr 1 each</i>		
limit on registered share capital	2.000.000	2.000.000
Issued share capital	335.456	335.456

As of 30 June 2023 and 31 December 2022 the shareholding structures are as follows:

	Shareholding		Amount	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
Zorlu Holding A.Ş.	58,08%	60,95%	194.848	204.444
Shares held by public				
Other shareholders	41,92%	39,05%	140.608	131.012
	100%	100%	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 not be distributed. It may be used in capital increase.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)**d) Legal reserves**

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

	30 June 2023	31 December 2022
Legal reserves	257.324	261.116

e) Revaluation reserve

Fair value gains on financial assets	19.307	50.027
Revaluation of property, plant and equipment	5.716.179	5.646.358
	5.735.486	5.696.385

f) Accumulated deficit

Extraordinary reserves	512.541	512.541
Previous year’s loss	3.831.096	2.715.172
Other inflation adjustment of share capital	119.718	119.718
	4.463.355	3.347.431

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, dividends can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

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NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)**g) Dividend distribution(cont’d)**

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

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

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

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NOTE 22 – SALES

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Domestic sales	14.938.485	7.859.292	8.490.837	4.713.952
Overseas sales	25.375.452	18.076.588	13.559.461	8.946.134
Gross sales	40.313.937	25.935.880	22.050.298	13.660.086
Sales discounts (-)	(2.926.650)	(1.305.204)	(1.578.110)	(770.284)
Net sales	37.387.287	24.630.676	20.472.188	12.889.802
Cost of sales	(27.527.484)	(17.715.679)	(14.210.945)	(8.763.067)
Gross profit	9.859.803	6.914.997	6.261.243	4.126.735

NOTE 23 – EXPENSES BY NATURE

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Raw materials, supplies and finished goods	23.877.195	15.502.990	12.472.769	7.608.984
Personnel expenses	3.723.200	1.861.720	1.947.525	984.125
Depreciation and amortization	762.110	699.596	388.424	369.245
Export, transportation and warehouse expenses	1.646.189	1.262.208	899.931	721.806
Warranty and assembly expenses	1.070.879	459.182	762.940	257.033
Advertising expenses	302.711	258.931	141.764	150.780
Other	2.201.916	1.384.647	831.864	754.736
	33.584.200	21.429.274	17.445.217	10.846.709

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NOTE 24 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES**a) General administrative expenses:**

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Personnel expenses	394.648	186.463	201.001	101.151
Consultancy expenses	111.215	77.640	58.121	39.719
Information technology expenses	107.203	49.311	64.906	27.773
Other	365.968	276.930	109.297	143.661
	979.034	590.344	433.325	312.304

b) Marketing expenses:

Export, transportation, warehouse expenses	1.533.170	1.155.332	802.566	645.369
Warranty and assembly expenses	1.070.879	459.182	762.940	257.033
Personnel expenses	1.000.015	493.701	544.327	264.710
Advertising expenses	256.730	219.971	96.097	129.295
Other	756.925	471.465	395.654	295.737
	4.617.719	2.799.651	2.601.584	1.592.144

c) Research and development expenses:

Personnel expenses	159.275	83.304	78.645	44.186
Depreciation and amortization	171.789	126.140	86.969	63.382
Other	128.899	114.156	33.749	71.626
	459.963	323.600	199.363	179.194

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NOTE 25 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES**a) Other income from operating activities:**

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Credit finance gains arising from trading activities	264.892	53.820	213.102	39.060
Foreign exchange gains arising from trading activities	1.419.249	1.246.024	1.142.435	840.703
Other income	115.527	171.741	19.925	64.893
	1.799.668	1.471.585	1.375.462	944.656

b) Other expense from operating activities:

Debit finance charges arising from trading activities	330.777	306.803	185.032	167.148
Foreign exchange expenses arising from trading activities	5.921.452	3.638.984	5.240.603	2.134.284
Other expenses	259.482	155.559	152.200	53.812
	6.511.711	4.101.346	5.577.835	2.355.244

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NOTE 26 – FINANCIAL INCOME AND FINANCIAL EXPENSE**a) Financial income:**

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Foreign exchange gains	5.594.425	3.055.636	5.186.381	1.687.060
Gains on derivative financial instruments	1.046.698	1.266.745	623.813	680.524
Interest income	963.882	636.173	531.815	337.529
	7.605.005	4.958.554	6.342.009	2.705.113

b) Financial expense:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Foreign exchange losses	3.260.627	2.076.167	3.047.287	1.266.933
Losses on derivative financial instruments	1.804.530	1.378.777	1.332.366	866.192
Interest and commission expense	2.007.571	785.694	1.255.423	406.330
Other finance expenses	249.992	4.406	62.131	1.545
	7.322.720	4.245.044	5.697.207	2.541.000

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

	30 June 2023	31 December 2022
Corporation and income taxes	132.033	17.204
Prepaid taxes (-)	(96.689)	(51.426)
Current income tax liabilities - net	35.344	(34.222)
Deferred tax assets	1.319.915	431.877
Total	1.319.915	431.877

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

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

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

In Turkey, advance tax returns are filed on a quarterly basis at the rate of 25%, until the 14th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

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

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.

As per the Law numbered 7440 "Law on Restructuring of Certain Receivables and Amendment of Certain Laws" published in the Official Gazette on 12 March 2023, the Company is required to calculate additional tax at the rate of 10% on the exemption and discount amounts deducted from corporate income in accordance with the regulations in the laws and the bases subject to reduced corporate tax, and at the rate of 5% on exempt earnings, without being associated with the period earnings, by showing in the corporate tax declaration for the year 2022. As of June 30, 2023, additional tax amounts calculated within the scope of the aforementioned regulation have been accrued in the financial statements of the Company and the effect of tax expense for the period is TL 169.795. The first installment of the tax was paid in May 2023.

Corporate Tax rate will be applied as 20% for the corporate income for the taxation period of 2023.

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

In Russia, corporate tax rate applicable is 20% (2022: 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 June 2023 and 2022 tax benefit in the consolidated statement of income is as follows:

	1 January - 30 June 2023	1 January - 30 June 2022
Current period tax expense	(204.196)	(28.287)
Deferred tax benefit	726.831	234.637
Total tax benefit	522.635	206.350

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.

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

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

	Cumulative temporary		Deferred tax	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
Deferred tax assets				
Revaluation of tangible fixed assets	6.824.618	6.742.123	(1.108.439)	(1.095.765)
Employment termination benefits	(1.331.233)	(1.240.006)	266.247	248.001
Investment incentives	-	-	500.651	532.965
Warranty provision	(1.230.508)	(831.695)	246.102	166.339
Provision for doubtful receivables	(168.434)	(154.598)	33.687	30.920
Net difference between book values and tax				
bases of tangible and intangible assets	(3.625.137)	(869.566)	725.027	173.913
Provision for impairment on				
inventories	(253.300)	(172.608)	50.660	34.522
Derivative financial instruments	(415.639)	(488.345)	83.128	97.669
R&D incentives	-	-	452.386	295.603
Other	(352.330)	261.450	70.466	(52.290)
Deferred tax assets - net			1.319.915	504.069

The company has revalued its depreciable assets as of December 31, 2022, in accordance with the Turkish taxation system within the scope of Turkish taxation system Article 298.Ç in the financial statements prepared for the current period. The deferred tax effect calculated as TL 531.852 as a result of the mentioned application has been accounted for in the income statement or statement of profit or loss and other comprehensive income during the six-month interim period ending on June 30, 2023.

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD****1 JANUARY – 30 JUNE 2023**

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

As of June 30, 2023, the tax advantage amounting to TL 500.651 that the Company will benefit from in the foreseeable future is reflected in the financial statements as deferred tax asset. In line with the precautionary principle of accounting and in line with the budget made by the Company, the tax advantage arising from the investment incentives that the Company expects to benefit from in the coming year has been recognized as deferred tax asset in the financial statements. However, the tax advantage amounting to TL 3.080.024 that the Company is entitled to use has not been recognized in deferred tax assets in accordance with the precautionary principle of accounting.

Total tax advantage arising from investment incentive certificate used in the current period is TL 129.581.

The Company assesses the recoverability of deferred tax assets related to investment incentives based on business models that include estimates of taxable profit. These business models include forward-looking management estimates such as sales volumes, selling prices and exchange rate expectations. As a result of the sensitivity analyses on the forward-looking use of investment incentives, it has been concluded that a 10% increase/decrease in the related estimates has no impact on the recoverability of the related deferred tax assets.

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

	1 January - 30 June 2023	1 January - 30 June 2022
Opening balance, 1 January	431.877	333.593
Tax benefit recognized in income statement	726.831	234.637
Recognized in shareholders' equity	178.873	(9.481)
Currency translation differences	(17.666)	(2.282)
Deferred tax assets at the end of the period, net	1.319.915	556.467

NOTE 28 – (LOSS) / EARNINGS PER SHARE

	1 January - 30 June 2023	1 January - 30 June 2022
Net income / (loss) attributable to equity holders of the parent	(679.996)	1.260.325
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.546.000	33.546.000
(Losses) / Earnings per share	(2,03)	3,76

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NOTE 29 – DERIVATIVE INSTRUMENTS

	30 June 2023		31 December 2022	
		Fair Value		Fair Value
	Contract	Assets /	Contract	Assets /
	amount	(Liabilities)	amount	(Liabilities)
<u>Derivative financial assets:</u>				
Held for trading				
Forward foreign currency transactions	6.980.914	446.859	4.322.285	97.790
Cash flow hedge				
Forward foreign currency transactions	7.929.564	56.853	2.974.281	9.434
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	7.174.569	(811.656)	3.952.326	(216.967)
Cash flow hedge				
Forward foreign currency transactions	6.013.077	(107.695)	9.658.119	(378.602)
	28.098.124	(415.639)	20.907.011	(488.345)

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 June 2023	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	95.983	277.965	606.230	10.910.631
2a. Monetary financial assets (including cash and cash equivalents)	39.038	24.887	23.925	1.732.686
2b. Non-monetary financial assets	-	-	-	-
3. Other	65.795	857	-	1.723.179
4. Current assets (1+2+3)	200.816	303.709	630.155	14.366.496
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	3.018	6.526	-	261.665
7. Other	821.015	51	-	21.202.594
8. Non-current assets (5+6+7)	824.033	6.577	-	21.464.258
9. Total assets (4+8)	1.024.849	310.286	630.155	35.830.754
10. Trade payables	763.034	237.438	140.434	26.576.710
11. Financial liabilities	307.363	85.784	-	10.370.887
12a. Other monetary liabilities	242	1.036	-	35.468
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	1.070.639	324.258	140.434	36.983.065
14. Trade payables	-	11.846	-	334.112
15. Financial liabilities	31.957	12.392	-	1.176.207
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	31.957	24.238	-	1.510.319
18. Total liabilities (13+17)	1.102.596	348.496	140.434	38.493.384
19. Off-balance sheet derivative instruments				
net asset / (liability) position (19a+19b)	201.953	(245.192)	(727.383)	(2.465.105)
19a. Hedged total assets	738.242	241.058	2.247.662	28.098.106
19b. Hedged total liabilities	(536.289)	(486.250)	(2.975.045)	(30.563.211)
20. Net foreign currency asset/ (liability) position (9-18+19)	124.206	(283.402)	(237.662)	(5.127.735)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(80.765)	(44.736)	489.721	(2.924.294)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(415.639)
23. Export	242.555	781.462	1.424.696	25.375.452
24. Import	672.748	111.579	8.252	15.765.742

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

31 December 2022	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	92.683	263.765	587.424	7.578.567
2a. Monetary financial assets (including cash and cash equivalents)	21.100	26.982	10.514	942.932
2b. Non-monetary financial assets	-	-	-	-
3. Other	40.192	832	-	768.108
4. Current assets (1+2+3)	153.975	291.579	597.938	9.289.607
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	4.595	10.569	-	296.611
7. Other	783.367	51	-	14.648.648
8. Non-current assets (5+6+7)	787.962	10.620	-	14.945.259
9. Total assets (4+8)	941.937	302.199	597.938	24.234.866
10. Trade payables	677.301	217.665	95.485	17.129.632
11. Financial liabilities	248.953	84.602	183.531	6.536.488
12a. Other monetary liabilities	277	805	-	21.265
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	926.531	303.072	279.016	23.687.385
14. Trade payables	-	9.157	-	182.873
15. Financial liabilities	36.142	-	-	677.012
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	36.142	9.157	-	859.885
18. Total liabilities (13+17)	962.673	312.229	279.016	24.547.270
19. Off-balance sheet derivative instruments				
net asset / (liability) position (19a+19b)	253.096	(367.085)	(206.830)	(2.796.817)
19a. Hedged total assets	813.078	173.310	2.073.924	20.765.640
19b. Hedged total liabilities	(559.982)	(540.395)	(2.280.754)	(23.562.457)
20. Net foreign currency asset/ (liability) position (9-18+19)	232.360	(377.115)	112.092	(3.109.221)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(25.331)	(20.599)	318.922	(609.015)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(488.345)
23. Export	614.513	1.589.196	2.421.546	43.007.114
24. Import	1.279.169	264.044	157.073	25.932.596

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

As of 30 June 2023 and 31 December 2022 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 June 2023				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(205.894)	205.894	(205.894)	205.894
Secured portion from USD risk (-)	(557.746)	557.746	(369.058)	369.058
USD net effect	(763.640)	763.640	(574.952)	574.952
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(109.347)	109.347	(109.347)	109.347
Secured portion from EUR risk (-)	167.505	(167.505)	127.238	(127.238)
EUR net effect	58.158	(58.158)	17.891	(17.891)
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	48.972	(48.972)	48.972	(48.972)
Secured portion from other currency risk (-)	145.486	(145.486)	263.199	(263.199)
Other currency net effect	194.458	(194.458)	312.171	(312.171)

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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 2022				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(42.017)	42.017	(42.017)	42.017
Secured portion from USD risk (-)	(370.415)	370.415	(370.415)	370.415
USD net effect	(412.432)	412.432	(412.432)	412.432
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(18.910)	18.910	(18.910)	18.910
Secured portion from EUR risk (-)	(17.801)	17.801	(17.801)	17.801
EUR net effect	(36.711)	36.711	(36.711)	36.711
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	11.548	(11.548)	11.548	(11.548)
Secured portion from other currency risk (-)	(38.620)	38.620	329.651	(329.651)
Other currency net effect	(27.072)	27.072	341.199	(341.199)

NOTE 31 – SUBSEQUENT EVENTS

On July 5, 2023, with the "Law Proposal on the Amendment of Certain Laws and the Decree Law No. 375 on the Amendment of Certain Laws and the Decree Law No. 375 on Additional Motor Vehicles Tax for the Compensation of the Economic Losses Caused by the Earthquakes Occurring on February 6, 2023", the corporate tax rate was increased from 20% to 25% as a result of a 5 percentage point increase in the corporate tax rate, and it was proposed to terminate the regulation exempting the income from the sale of immovable property from corporate tax. The law proposal was enacted on July 15, 2023.

Considering the date when the law will be implemented, the estimated financial impact expected to decrease the deferred tax asset carried forward today amounts to TL 181.613.