

**VESTEL BEYAZ EŐYA SANAYİ VE TİCARET
ANONİM ŐİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2023

CONTENTS	PAGE
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS).....	1-5
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER	
COMPREHENSIVE INCOME	6-7
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	8
CONDENSED INTERIM STATEMENTS OF CASH FLOWS	9-11

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2023

NOTE 1	COMPANY'S ORGANISATION AND NATURE OF OPERATIONS	12
NOTE 2	BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	13-16
NOTE 3	SEGMENT REPORTING	17
NOTE 4	CASH AND CASH EQUIVALENTS	18
NOTE 5	FINANCIAL LIABILITIES	18-20
NOTE 6	RELATED PARTY DISCLOSURES.....	21-25
NOTE 7	TRADE RECEIVABLES AND PAYABLES	26
NOTE 8	OTHER RECEIVABLES	27
NOTE 9	INVENTORIES.....	28
NOTE 10	PREPAID EXPENSES.....	28
NOTE 11	PROPERTY, PLANT AND EQUIPMENT	29-30
NOTE 12	RIGHT OF USE ASSETS.....	31
NOTE 13	INTANGIBLE ASSETS	32
NOTE 14	PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	33-35
NOTE 15	COMMITMENTS	36
NOTE 16	EMPLOYEE BENEFITS.....	36-37
NOTE 17	OTHER ASSETS AND LIABILITIES.....	38
NOTE 18	CAPITAL, RESERVES AND OTHER EQUITY ITEMS	38-40
NOTE 19	SALES.....	41
NOTE 20	EXPENSES BY NATURE	41
NOTE 21	GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES	42
NOTE 22	OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES	43
NOTE 23	FINANCIAL INCOME AND FINANCIAL EXPENSE	43-44
NOTE 24	TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)	45-49
NOTE 25	EARNINGS PER SHARE	49
NOTE 26	DERIVATIVE INSTRUMENTS	50
NOTE 27	FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	50-54
NOTE 28	SUBSEQUENT EVENTS	54

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022

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

			Audited
	Footnotes	30 September 2023	31 December 2022
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	298.415	578.775
Financial Investments		7.709	40.097
Trade Receivables		12.829.542	8.631.742
Trade Receivables Due From Related Parties	6	12.426.071	8.422.256
Trade Receivables Due From Third Parties	7	403.471	209.486
Other Receivables		3.968.491	3.157.662
Other Receivables Due From Related Parties	6	3.144.110	2.403.161
Other Receivables Due From Third Parties	8	824.381	754.501
Derivative Financial Assets		199.652	5.745
Derivative Financial Assets Held for Trading	26	4.321	1.203
Derivative Financial Assets Held for Hedging	26	195.331	4.542
Inventories	9	6.678.640	4.420.387
Prepayments		771.055	135.801
Prepaid Expenses to Related Parties	6	504.082	-
Prepayments to Third Parties	10	266.973	135.801
Current Tax Assets	24	-	47
Other Current Assets		100.542	38.948
Other Current Assets Due From Third Parties	17	100.542	38.948
TOTAL CURRENT ASSETS		24.854.046	17.009.204

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022

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

		Audited	
	Footnotes	30 September 2023	31 December 2022
NON-CURRENT ASSETS			
Other Receivables		11.084	25.068
Other Receivables Due From Third Parties	8	11.084	25.068
Property, Plant and Equipments		8.928.679	7.422.854
Land and Premises	11	1.800.350	1.800.350
Land Improvements	11	91.686	95.466
Buildings	11	2.203.970	2.228.891
Machinery and Equipments	11	2.197.038	1.782.196
Vehicles	11	2.047	595
Fixtures and Fittings	11	88.103	69.512
Leasehold Improvements	11	188	26
Construction in Progress	11	2.545.297	1.445.818
Right of Use Assets	12	149.509	83.917
Intangible Assets and Goodwill		625.629	408.882
Other Rights	13	122	138
Capitalized Development Costs	13	578.616	372.645
Other Intangible Assets	13	46.891	36.099
Prepayments		418.152	325.791
Prepaid Expenses to Related Parties	6	262.858	-
Prepayments to Third Parties	10	155.294	325.791
Deferred Tax Asset	24	562.941	254.646
TOTAL NON-CURRENT ASSETS		10.695.994	8.521.158
TOTAL ASSETS		35.550.040	25.530.362

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022

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

		Audited	
	Footnotes	30 September 2023	31 December 2022
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		3.057.309	5.459.534
Current Borrowings from Related Parties		3.449	1.582
Lease Liabilities	5	3.449	1.582
Current Borrowings From Third Parties		3.053.860	5.457.952
Bank Loans	5	3.039.833	5.447.259
Lease Liabilities	5	14.027	10.693
Current Portion of Non-current Borrowings		857.239	680.972
Current Portion of Non-current Borrowings from Third Parties		857.239	680.972
Bank Loans	5	132.234	10.072
Issued Debt Instruments	5	725.005	3.438
Other Financial Liabilities		52.243	
Trade Payables		16.358.412	10.627.792
Trade Payables to Related Parties	6	1.662.799	628.981
Trade Payables to Third Parties	7	14.695.613	9.998.811
Employee Benefit Obligations	16	295.419	170.013
Other Payables		741.392	744.815
Other Payables to Related Parties	6	741.392	744.815
Derivative Financial Liabilities		44.967	355.945
Derivative Financial Liabilities Held for Trading	26	6.411	197.961
Derivative Financial Liabilities Held for Hedging	26	38.556	157.984
Deferred Income		2.394.347	240.831
Deferred Income From Related Parties	6	2.323.732	7.737
Deferred Income From Third Parties	8	70.615	233.094
Current Tax Liabilities, Current	24	17.174	-
Current Provisions		36.508	11.377
Other Current Provisions	14	36.508	11.377
Other Current Liabilities		180.436	137.162
Other Current Liabilities to Third Parties	17	180.436	137.162
TOTAL CURRENT LIABILITIES		24.035.446	18.428.441

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022

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

		Audited	
	Footnotes	30 September 2023	31 December 2022
NON-CURRENT LIABILITIES			
Long Term Borrowings		921.702	77.009
Long Term Borrowings From Related Parties		134.243	68.773
Lease Liabilities	5	134.243	68.773
Long Term Borrowings From Third Parties		787.459	8.236
Bank Loans	5	780.830	1.917
Lease Liabilities	5	6.629	6.319
Issued Debt Instruments		217.747	-
Trade Payables		183.134	182.877
Trade Payables to Third Parties	7	183.134	182.877
Non-current Provisions		509.393	518.760
Non-current Provisions for Employee Benefits	16	509.393	518.760
Other Non-current Liabilities		4.060	3.859
Other Non-current Liabilities to Third Parties		4.060	3.859
TOTAL NON-CURRENT LIABILITIES		1.836.036	782.505
TOTAL LIABILITIES		25.871.482	19.210.946

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022

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

		Audited	
	Footnotes	30 September 2023	31 December 2022
EQUITY			
Equity Attributable to Owners of Parent		9.678.558	6.319.416
Issued Capital	18	1.600.000	1.600.000
Inflation Adjustments on Capital	18	9.734	9.734
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		2.241.575	2.302.744
Gains (Losses) on Revaluation and Remeasurement		2.241.575	2.302.744
Increases (Decreases) on Revaluation of Property, Plant and Equipment		2.640.337	2.636.307
Gains (Losses) on Remeasurements of Defined Benefit Plans		(398.762)	(333.563)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		118.379	(110.105)
Gains (Losses) on Hedge		118.379	(110.105)
Gains (Losses) on Cash Flow Hedges		118.379	(110.105)
Restricted Reserves Appropriated From Profits		285.131	233.843
Legal Reserves	18	285.131	233.843
Prior Years' Profits or Losses	18	1.911.111	858.734
Current Period Net Profit Or Loss		3.512.628	1.424.466
TOTAL EQUITY		9.678.558	6.319.416
TOTAL LIABILITIES AND EQUITY		35.550.040	25.530.362

Financial statements for the period 1 January – 30 September 2023 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 23 October 2023.

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE PERIODS 1 JANUARY – 30 SEPTEMBER 2023 AND 2022

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

	Footnotes	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
PROFIT OR LOSS					
Revenue	19	34.580.088	21.196.102	13.393.300	8.225.981
Cost of Sales	19	(27.231.145)	(17.323.684)	(9.726.200)	(6.995.852)
GROSS PROFIT FROM COMMERCIAL OPERATIONS		7.348.943	3.872.418	3.667.100	1.230.129
GROSS PROFIT		7.348.943	3.872.418	3.667.100	1.230.129
General Administrative Expenses	21	(293.326)	(210.135)	(110.838)	(83.065)
Marketing Expenses	21	(1.643.404)	(1.307.279)	(552.756)	(544.362)
Research and Development Expense	21	(219.611)	(153.420)	(77.351)	(61.407)
Other Income from Operating Activities	22	3.087.734	1.342.387	439.846	299.622
Other Expenses from Operating Activities	22	(4.275.334)	(2.302.510)	(619.879)	(683.238)
PROFIT FROM OPERATING ACTIVITIES		4.005.002	1.241.461	2.746.122	157.679
PROFIT BEFORE FINANCING INCOME (EXPENSE)		4.005.002	1.241.461	2.746.122	157.679
Finance Income	23	1.895.617	2.361.547	475.137	955.422
Finance Costs	23	(2.598.582)	(2.338.889)	(785.263)	(972.399)
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		3.302.037	1.264.119	2.435.996	140.702
Tax (Expense) Income, Continuing Operations		210.591	175.117	65.100	32.790
Current Period Tax Expense	24	(116.075)	(2.909)	(17.223)	(108)
Deferred Tax (Expense) Income	24	326.666	178.026	82.323	32.898
PROFIT FROM CONTINUING OPERATIONS		3.512.628	1.439.236	2.501.096	173.492
NET INCOME		3.512.628	1.439.236	2.501.096	173.492
Earnings Per Share with a TL 1 of Par					
Value	25	2,20	0,90	1,56	0,11

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE PERIODS 1 JANUARY – 30 SEPTEMBER 2023 AND 2022

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

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be				
Reclassified to Profit or Loss	(29.142)	(15.313)	22.264	17.841
Gains (Losses) on Remeasurements of				
Defined Benefit Plans	(86.932)	(19.141)	18.083	22.302
Taxes Relating to Components of				
Other Comprehensive Income				
that will not be Reclassified to Profit or Loss	57.790	3.828	4.181	(4.461)
Taxes Relating to Remeasurements of				
Defined Benefit Plans	21.733	3.828	730	(4.461)
Taxes Relating to Other Components of Other				
Comprehensive Income	36.057	-	3.451	-
Other Comprehensive Income that will be				
Reclassified to Profit or Loss	228.484	(128.402)	82.747	(167.576)
Other Comprehensive Income (Loss)				
Related with Cash Flow Hedges	304.645	(166.756)	122.474	(217.631)
Deferred Tax (Loss) Gain				
Gains (Losses) on Cash Flow Hedges	304.645	(166.756)	122.474	(217.631)
Taxes Relating to Components of Other Comprehensive				
Income				
that will be Reclassified to Profit or Loss	(76.161)	38.354	(39.727)	50.055
Taxes Relating to Cash Flow Hedges	(76.161)	38.354	(39.727)	50.055
OTHER COMPREHENSIVE INCOME (LOSS)	199.342	(143.715)	105.011	(149.735)
TOTAL COMPREHENSIVE INCOME (LOSS)	3.711.970	1.295.521	2.606.107	23.757

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

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

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

	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) on Revaluations and Remeasurements	Other Accumulated Comprehensive Income that will not be Reclassified in Profit or Loss	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	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	Equity
Previous Period															
1 January -30 September 2022															
Equity at Beginning of Period	1.600.000	9.734	1.467.974	(67.637)	1.400.337	1.400.337	141.999	141.999	141.999	98.506	123.487	1.518.592	1.642.079	4.892.655	4.892.655
Transfers	-	-	(42.442)	-	(42.442)	(42.442)	-	-	-	-	1.561.034	(1.518.592)	42.442	-	-
Total Comprehensive Income (Loss)	-	-	-	(15.313)	(15.313)	(15.313)	(128.402)	(128.402)	(128.402)	-	-	1.439.236	1.439.236	1.295.521	1.295.521
Profit	-	-	-	-	-	-	-	-	-	-	-	1.439.236	1.439.236	1.439.236	1.439.236
Other Comprehensive Income (Loss)	-	-	-	(15.313)	(15.313)	(15.313)	(128.402)	(128.402)	(128.402)	-	-	-	-	(143.715)	(143.715)
Dividends Paid	-	-	-	-	-	-	-	-	-	135.337	(833.647)	-	(833.647)	(698.310)	(698.310)
Equity at End of Period	1.600.000	9.734	1.425.532	(82.950)	1.342.582	1.342.582	13.597	13.597	13.597	233.843	850.874	1.439.236	2.290.110	5.489.866	5.489.866
Current Period															
1 January -30 September 2023															
Equity at Beginning of Period	1.600.000	9.734	2.636.307	(333.563)	2.302.744	2.302.744	(110.105)	(110.105)	(110.105)	233.843	858.734	1.424.466	2.283.200	6.319.416	6.319.416
Transfers	-	-	(32.027)	-	(32.027)	(32.027)	-	-	-	24.005	1.432.488	(1.424.466)	8.022	-	-
Total Comprehensive Income (Loss)	-	-	36.057	(65.199)	(29.142)	(29.142)	228.484	228.484	228.484	-	-	3.512.628	3.512.628	3.711.970	3.711.970
Profit	-	-	-	-	-	-	-	-	-	-	-	3.512.628	3.512.628	3.512.628	3.512.628
Other Comprehensive Income (Loss)	-	-	36.057	(65.199)	(29.142)	(29.142)	228.484	228.484	228.484	-	-	-	-	199.342	199.342
Dividends Paid	-	-	-	-	-	-	-	-	-	27.283	(380.111)	-	(380.111)	(352.828)	(352.828)
Equity at End of Period	1.600.000	9.734	2.640.337	(398.762)	2.241.575	2.241.575	118.379	118.379	118.379	285.131	1.911.111	3.512.628	5.423.739	9.678.558	9.678.558

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2023

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

	Footnotes	1 January - 30 September 2023	1 January - 30 September 2022
CASH FLOWS FROM OPERATING ACTIVITIES		5.270.906	2.744.026
Net Income For The Period		3.512.628	1.439.236
Profit from Continuing Operations		3.512.628	1.439.236
Adjustments to Reconcile Profit (Loss)		842.287	1.297.508
Adjustments for Depreciation and Amortisation Expense	11,12,13	484.828	389.450
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(19.116)	26.521
Adjustments for Impairment Loss (Reversal of Impairment Loss)			
of Inventories	9	(19.116)	26.521
Adjustments for Provisions		57.874	56.466
Adjustments for (Reversal of) Provisions Related with Employee			
Benefits	16	54.827	56.844
Adjustments for (Reversal of) Lawsuit and/or Penalty			
Provisions	14	3.047	(378)
Adjustments for Interest (Income) Expenses		567.649	370.822
Adjustments for Interest Income	23	(178.606)	(160.932)
Adjustments for Interest Expense	23	746.255	531.754
Adjustments for Unrealised Foreign Exchange Losses (Gains)		166.207	673.884
Adjustments for Fair Value Losses (Gains)		(200.240)	(41.317)
Adjustments for Fair Value (Gains) Losses on Derivative			
Financial Instruments		(200.240)	(41.317)
Adjustments for Tax (Income) Expenses	24	(210.591)	(175.117)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(4.324)	(3.223)
Adjustments for Losses (Gains) Arised From Sale of Tangible			
Assets		(4.324)	(3.223)
Other Adjustments to Reconcile Profit (Loss)	4	-	22

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2023

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

	Footnotes	1 January - 30 September 2023	1 January - 30 September 2022
Changes in Working Capital		1.165.971	30.015
Decrease (Increase) in Financial Investments		32.388	-
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(4.197.800)	(2.662.155)
Decrease (Increase) in Trade Accounts Receivables from Related Parties	6	(4.003.815)	(2.454.246)
Decrease (Increase) in Trade Accounts Receivables from Third Parties	7	(193.985)	(207.909)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(55.896)	(178.969)
Decrease (Increase) in Other Third Party Receivables Related with Operations	8	(55.896)	(178.969)
Adjustments for Decrease (Increase) in Inventories	9	(2.239.137)	(2.465.350)
Decrease (Increase) in Prepaid Expenses	10	(635.254)	(226.905)
Adjustments for Increase (Decrease) in Trade Accounts Payable		6.000.867	4.702.746
Increase (Decrease) in Trade Accounts Payables to Related Parties	6	1.033.818	348.542
Increase (Decrease) in Trade Accounts Payables to Third Parties	7	4.967.049	4.354.204
Increase (Decrease) in Employee Benefit Liabilities	16	125.406	98.623
Increase in Deferred Revenues		2.153.516	701.961
Other Adjustments for Other Increase (Decrease) in Working Capital		(18.119)	60.064
Decrease (Increase) in Other Assets Related with Operations	17	(61.594)	(2.386)
Increase (Decrease) in Other Payables Related with Operations	17	43.475	62.450
Cash Flows From Operations		5.520.886	2.766.759
Payments Related with Provisions for Employee Benefits	16	(151.126)	(18.900)
Income Taxes refund (Paid)	24	(98.854)	(3.833)

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2023

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

	Footnotes	1 January - 30 September 2023	1 January - 30 September 2022
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(2.900.884)	(3.896.871)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets			
Assets		45.296	37.635
Proceeds from Sales of Property, Plant and Equipment		4.949	4.999
Cash Inflows from the Sale of Intangible Assets		40.347	32.636
Purchase of Property, Plant, Equipment and Intangible Assets		(2.193.028)	(1.500.391)
Purchase of Property, Plant and Equipment	11	(1.887.554)	(1.352.016)
Purchase of Intangible Assets	13	(305.474)	(148.375)
Cash Advances and Loans Made to Other Parties		(753.152)	(2.434.115)
Cash Advances and Loans Made to Related Parties		(923.649)	(2.265.061)
Other cash advances given and payables		170.497	(169.054)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(2.650.382)	1.381.497
Proceeds from Borrowings		4.107.102	4.890.521
Proceeds from Loans	5	3.051.102	4.890.521
Cash Proceeds from Issued Bonds	5	1.056.000	-
Repayments of Borrowings		(5.853.362)	(2.133.169)
Loan Repayments	5	(4.838.362)	(2.133.169)
Increase in Other Payables to Related Parties	5	(1.015.000)	-
Decrease in Other Payables to Related Parties		(8.741)	(350.225)
Payments of Lease Liabilities		16.765	26.082
Dividends Paid	6	(352.828)	(698.310)
Interest Paid		(737.924)	(514.333)
Interest Received		178.606	160.931
NET INCREASE (DECREASE) IN CASH AND CASH			
EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(280.360)	228.652
NET INCREASE (DECREASE) IN CASH AND			
CASH EQUIVALENTS		(280.360)	228.652
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	578.753	112.815
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	298.393	341.467

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 1 – COMPANY’S ORGANISATION AND NATURE OF OPERATIONS

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (the “Company” or “Vestel Beyaz Eşya”) was incorporated in 1997 under the Turkish Commercial Code and its head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / İstanbul.

The Company started its operations in 1999 and produces refrigerators, freezers, room air conditioning units, washing machines, cookers, dishwashers and water heaters. The Company’s production facilities occupy 410.000 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 657.000 square meters.

The Company is a member of Vestel Group of Companies which are under the control of the Zorlu Family. The Company performs its foreign sales and domestic sales via Vestel Ticaret A.Ş. which is also a member of Vestel Group of Companies.

The Company is registered to Capital Market Board and its shares have been quoted to Borsa Istanbul (“BİST”) since 21 April 2006.

As of 30 September 2023, the number of personnel employed was 9.301 (31 December 2022: 10.607).

As of balance sheet dates, the shareholders of the Company and their percentage shareholdings were as follows:

	Shareholding %
Vestel Elektronik Sanayi ve Ticaret A.Ş.	77,33
Other shareholders	22,67
	100,00

As of 30 September 2023 Company have been quoted at the Borsa Istanbul (“BİST”) (31,47 % of its share capital; 31 December 2022: 31,47 %).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**2.1 Basis of presentation****2.1.1 Statement of compliance**

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

The Company prepared its condensed interim financial statements for the period ended 30 September 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 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 Company preferred to present its condensed financial statements. The Company’s condensed interim financial statements do not include all disclosure and notes that should be included at year-end financial statements. The 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. Therefore the condensed interim financial statements should be read in conjunction with the financial statements as at 31 December 2022.

The Company 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 financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL. 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 11/367 taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, “Financial Reporting in Hyperinflationary Economies” issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**2.1 Basis of presentation (Cont’d)****2.1.1 Statement of compliance (Cont’d)**

In accordance with the announcement of POA on January 20,2022, companies that apply TFRS should not adjust financial statements for TAS 29 for the year ended 31 December 2021. 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 September 2023 in accordance with TAS 29.

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 business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

2.3 Comparative information and restatement of prior period financial statements

Financial statements of the Company 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 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.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

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

2.5. Amendments in Turkey Financial Reporting Standards

a) Standards, amendments, and interpretations applicable as of 30 September 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.

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 September 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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

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

2.5. Amendments in Turkey Financial Reporting Standards (Cont’d)

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.

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 September 30, 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 September 30, 2023 are consistent with those used in the preparation of annual financial statements for the year ended December 31, 2022. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 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 December 31, 2022 will converge to their respective fair values as of September 30, 2023 after deducting current period depreciation.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 3 - SEGMENT REPORTING

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

The Management believes that the Company operates in a single industry sector as the risks and returns for the activities do not show any material difference because the scope of activity covers only the production of white goods and the production processes and classes of customers are similar. As a result all information related to the industrial segment has been fully presented in the attached financial statements.

The Management has decided to use geographical segments for segment reporting considering the fact that risks and returns are affected by the differences in geographical regions.

Geographical segments

Segment revenue	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Turkey	10.806.932	6.123.527	4.439.450	2.138.614
Europe	16.503.913	10.398.868	6.339.486	4.186.438
Other	7.340.727	4.745.377	2.625.213	1.929.398
Gross sales	34.651.572	21.267.772	13.404.149	8.254.450
Discounts (-)	(71.484)	(71.670)	(10.849)	(28.469)
Net sales	34.580.088	21.196.102	13.393.300	8.225.981

Other segment sales mainly comprise of sales to Asian and African countries.

The amount of export is TL 23.844.640 for the period ended 30 September 2023. (1 January-30 September 2022: TL 15.144.245). Export sales are denominated in EURO, and USD as 90,2%, and 8,2% of total export respectively (1 January-30 September 2022: 83,1% EUR, 10,5% USD).

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Cash	1.310	641
Bank deposits		
- Demand deposits	297.083	426.627
- Time deposits	-	151.485
	298.393	578.753
Blocked deposits	22	22
Cash and cash equivalents	298.415	578.775

NOTE 5 – FINANCIAL LIABILITIES

	30 September 2023	31 December 2022
Short - term financial liabilities		
Short term bank loans	3.039.833	5.447.259
Short term portion of long term bank loans	132.234	10.072
Lease liabilities	17.476	12.275
Issued debt instruments	725.005	670.900
	3.914.548	6.140.506
Long - term financial liabilities		
Long term bank loans	780.830	1.917
Lease liabilities	140.872	75.092
	921.702	77.009

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 5 – FINANCIAL LIABILITIES (Cont’d)

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

Currency	30 September 2023			31 December 2022		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- USD	10,42%	36.454	999.787	7,76%	72.515	1.358.351
- EUR	11,08%	11.507	334.656	-	-	-
- TL	19,51%	1.705.390	1.705.390	15,19%	4.088.908	4.088.908
			3.039.833			5.447.259

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

Currency	30 September 2023			31 December 2022		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- TL	27,21%	132.234	132.234	20,33%	10.072	10.072
Short term portion			132.234			10.072
- TL	12,26%	780.830	780.830	18,17%	1.917	1.917
Long term portion			780.830			1.917
			913.064			11.989

(*) 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 and fixed rate. 1.5 billion TL Investment Committed Advance Loan has been approved and the first three tranche of the loan has been used. The remaining parts are expected to be used during the year.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 5 – FINANCIAL LIABILITIES (Cont’d)

The redemption schedule of the Company’s long term bank loans are given below:

	30 September 2023	31 December 2022
One to two years	144.754	1.917
Two to three years	151.210	-
Three to four years	123.334	-
Over 5 years	361.532	-
	780.830	1.917

Fair value 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.

Guarantees given for the bank loans obtained are disclosed in note 14.

As of 30 September 2023 and 30 September 2022, reconciliation of net financial debt is as below:

	30 September 2023	30 September 2022
Net financial debt as of 1 January	5.638.762	1.222.025
Cash inflows from loans	3.051.102	4.890.521
Cash outflows from loan payments	(4.838.362)	(2.133.169)
Payments of lease liabilities	70.981	26.082
Net issued debt instruments	41.000	-
Unrealized Fx gain/loss	263.561	338.125
Accrued interest	30.453	5.601
Change in cash and cash equivalents	280.360	(228.652)
Net financial debt at the end of the period	4.537.857	4.120.533

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 6 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 September 2023	31 December 2022
Vestel Ticaret A.Ş. (1)	12.424.543	8.421.222
Other related parties	1.528	1.034
	12.426.071	8.422.256

b) Short term trade payables from related parties

	30 September 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	706.804	106.170
Vestel Ticaret A.Ş. (1)	580.835	459.401
Vestel Holland B.V. (1)	325.072	49.349
Other related parties	52.684	15.658
	1.665.395	630.578
Unearned interest on payables (-)	(2.596)	(1.597)
	1.662.799	628.981

c) Other short term receivables from related parties

	30 September 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	3.144.110	2.403.161

The Company’s interest rate of short term other receivables in USD is 8% and EUR is 7% (31 December 2022: in USD 7% and EUR 5%).

(1) Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, (2) Parent, (3) Zorlu Holding Group Company

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont’d)

d) Other short term liabilities to related parties

	30 September 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	741.392	744.815

As of September 30, 2023, the Company's the interest rate of short-term other payables denominated in TL is 45% and the interest rate of short-term other receivables denominated in GBP is 7% (December 31, 2022 : TL 25%)

e) Lease liabilities to related parties

	30 September 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	137.692	70.355

The Company's short term lease liabilities to Vestel Elektronik Sanayi ve Ticaret A.Ş. are amounted to TL 3.449 and long term lease liabilities are amounted to TL 134.243 (31 December 2022: short term TL 1.582 and long term TL 68.773)

f) Deferred income from related parties

	30 September 2023	31 December 2022
Vestel Ticaret A.Ş. (1)	2.323.732	7.737
	2.323.732	7.737

g) Long-term prepaid expenses to related parties

	30 September 2023	31 December 2022
Zorlu Enerji Elektrik Üretim A.Ş. (3)	262.858	-

h) Short term prepaid expenses to related parties

	30 September 2023	31 December 2022
Vestel Holland B.V. ⁽¹⁾	502.697	-
Other related parties	1.385	-
	504.082	-

(1) Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, (2) Parent, (3) Zorlu Holding Group Company

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont’d)

i) Transactions with related parties

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Sales				
Vestel Ticaret A.Ş. (1)	34.295.775	16.502.809	13.106.478	7.861.815
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	270.561	208.492	87.968	77.842
Other related parties	8.009	1.906.749	7.407	1.377.364
	34.574.345	18.618.050	13.201.852	9.317.021
Purchases and operating expenses				
Vestel Holland B.V. (1)	1.601.029	1.146.026	655.510	367.985
Vestel Ticaret A.Ş. (1)	765.043	591.991	299.184	420.863
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	1.719.665	1.189.722	647.728	416.634
Other related parties	228.381	49.907	32.154	21.902
	4.314.118	2.927.739	1.634.576	1.227.384
Other operating income				
Vestel Ticaret A.Ş. (1)	2.672.160	1.037.380	357.565	245.657
Other related parties	152.434	72.295	81.245	43.739
	2.824.594	1.109.675	438.810	289.396

(1) Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, (2) Parent, (3) Zorlu Holding Group Company

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont’d)

i) Transactions with related parties (Cont’d)

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Other operating expense				
Vestel Ticaret A.Ş. (1)	238.350	358.925	90.828	117.923
Vestel Holland B.V. (1)	58.234	14.502	13.344	793
Other related parties	117.594	73.078	88.514	27.462
	414.178	446.505	192.686	146.178

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Dividend paid				
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	279.903	576.347	-	-
	279.903	576.347	-	-

The total dividend payables amounting to 352.828 TL consist of 279.903 TL payable to Vestel Elektronik Sanayi ve Ticaret A.Ş., and 72.925 TL payable to the publicly traded portion.

(1) Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, (2) Parent, (3) Zorlu Holding Group Company

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont’d)

i) Transactions with related parties (Cont’d)

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Financial income				
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	1.253.626	1.033.603	198.672	328.801
	1.253.626	1.033.603	198.672	328.801
Financial expense				
Vestel Elektronik Sanayi ve Ticaret A.Ş. (2)	136.016	275.666	88.580	124.404
	136.016	275.666	88.580	124.404

Guarantees received from and given to related parties are disclosed in note 14.

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

Compensation paid to key management for the nine months period ended 30 September 2023 is TL 26.174 (1 January-30 September 2022: TL 11.992).

(1) Vestel Elektronik Sanayi ve Ticaret A.Ş. Group Company, (2) Parent, (3) Zorlu Holding Group Company

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 September 2023	31 December 2022
Short - term trade receivables		
Trade receivables		
- Related parties (note 6)	12.426.071	8.422.256
- Other parties	404.271	210.608
	12.830.342	8.632.864
Allowance for doubtful receivables (-)	(800)	(1.122)
Total short - term trade receivables	12.829.542	8.631.742

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

	30 September 2023	31 December 2022
Short term trade payables		
Trade payables		
- Related parties (note 6)	1.665.395	630.578
- Other parties	14.750.854	10.036.746
	16.416.249	10.667.324
Unearned interest income (-)		
- Related parties (note 6)	(2.596)	(1.597)
- Other parties	(55.241)	(37.935)
Total short term trade payables	16.358.412	10.627.792
Long term trade payables		
Trade payables		
- Other parties	183.134	182.877
Total long term trade payables	183.134	182.877

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 8 – OTHER RECEIVABLES

	30 September 2023	31 December 2022
Short - term other receivables		
Other receivables from related parties (note 6)	3.144.110	2.403.161
Receivables from government agencies	787.206	736.750
Deposits and guarantees given	25.903	13.970
Other receivables	11.272	3.781
	3.968.491	3.157.662
Long - term other receivables		
Deposits and guarantees given	11.084	25.068
	11.084	25.068
Short - term other payables		
Other payables		
- Related parties (note 6)	741.392	744.815
	741.392	744.815
Deferred Income		
- Related parties (note 6)	2.323.732	7.737
- Other parties	70.615	233.094
	2.394.347	240.831

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 9 – INVENTORIES

	30 September 2023	31 December 2022
Raw materials	4.069.926	2.440.442
Work in process	110.981	97.859
Finished goods	2.505.778	1.909.247
	6.686.685	4.447.548
Provision for impairment on inventories (-)	(8.045)	(27.161)
	6.678.640	4.420.387

As of 30 September 2023 the Company does not have inventories pledged as security for liabilities (31 December 2022: None).

Cost of the inventory included in the cost of sales for the current period amounts to TL 23.744.558 (1 January – 30 September 2022: TL : 15.363.386).

NOTE 10 – PREPAID EXPENSES

	30 September 2023	31 December 2022
Prepaid expenses in current assets		
- Related parties (note 6)	504.082	-
Order advances given	201.104	103.693
Prepaid expenses	65.869	32.108
	771.055	136.006
Prepaid expenses in non-current assets		
- Related parties (note 6)	262.858	-
Advances given for fixed asset purchases	154.534	325.407
Prepaid expenses	760	384
	418.152	325.791

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January				30 September
	2023	Additions	Disposals	Transfer	2023
Cost or revaluation					
Land	1.800.350	-	-	-	1.800.350
Land improvements	95.466	-	-	-	95.466
Buildings	2.228.891	16.315	-	13.957	2.259.163
Leasehold improvements	10.989	187	(10.678)	-	498
Plant and machinery	3.532.246	605.169	(13.383)	115.899	4.239.931
Motor vehicles	1.317	1.644	(31)	-	2.930
Furniture and fixtures	159.807	18.461	(695)	16.443	194.016
Construction in progress (*)	1.445.818	1.245.778	-	(146.299)	2.545.297
				-	
	9.274.884	1.887.554	(24.787)	-	11.137.651
Accumulated depreciation					
Land improvements	-	3.780	-	-	3.780
Buildings	-	55.193	-	-	55.193
Leasehold improvements	10.963	25	(10.678)	-	310
Plant and machinery	1.750.050	305.650	(12.807)	-	2.042.893
Motor vehicles	722	192	(31)	-	883
Furniture and fixtures	90.295	16.264	(646)	-	105.913
	1.852.030	381.104	(24.162)	-	2.208.972
Net book value	7.422.854				8.928.679

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

Mortgages on property, plant and equipment are disclosed in Note 14

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Cont’d)

	1 January 2022	Additions	Disposals	Transfer	30 September 2022
Cost or revaluation					
Land	755.907	-	-	-	755.907
Land improvements	64.057	95	-	-	64.152
Buildings	1.123.688	7.448	-	1.094	1.132.230
Leasehold improvements	13.784	1.917	-	313	16.014
Plant and machinery	2.647.355	521.538	(13.418)	139.890	3.295.365
Motor vehicles	834	526	-	-	1.360
Furniture and fixtures	121.975	18.543	(205)	5.699	146.012
Construction in progress	71.418	801.949	-	(146.996)	726.371
	4.799.018	1.352.016	(13.623)	-	6.137.411
Accumulated depreciation					
Land improvements	-	4.807	-	-	4.807
Buildings	-	49.846	-	-	49.846
Leasehold improvements	9.084	1.519	-	-	10.603
Plant and machinery	1.441.821	244.579	(11.646)	-	1.674.754
Motor vehicles	598	116	-	-	714
Furniture and fixtures	72.656	13.080	(201)	-	85.535
	1.524.159	313.947	(11.847)	-	1.826.259
Net book value	3.274.859				4.311.152

Allocation of period depreciation and amortization expenses is as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Cost of sales	400.337	321.503
Research and development expenses	79.020	63.679
Marketing, selling and distribution expenses	1.982	1.440
General administrative expenses	3.489	2.828
	484.828	389.450

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 12 – RIGHT OF USE ASSETS

	1 January 2023	Additions	Disposal	30 September 2023
Cost				
Land and buildings	137.756	103.029	(2.416)	238.369
Machinery	50.691	1.999	-	52.690
	188.447	105.028	(2.416)	291.059
Accumulated amortization			-	
Land and buildings	61.831	34.633	(1.208)	95.256
Machinery	42.699	3.595	-	46.294
	104.530	38.228	(1.208)	141.550
Net book value	83.917			149.509

	1 January 2022	Additions	Disposal	30 September 2022
Cost				
Land and buildings	159.115	60.556	-	219.671
Machinery	44.035	4.378	(694)	47.719
	203.150	64.934	(694)	267.390
Accumulated amortization				
Land and buildings	37.674	27.461	-	65.135
Machinery	32.521	8.475	(12)	40.984
	70.195	35.936	(12)	106.119
Net book value	132.955			161.271

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 13 – INTANGIBLE ASSETS

	1 January			30 September
	2023	Additions	Disposals	2023
Cost				
Rights	6.567	-	-	6.567
Development cost	622.658	289.358	(31.789)	880.227
Other intangible assets	52.521	16.116	-	68.637
	681.746	305.474	(31.789)	955.431
Accumulated amortization				
Rights	6.429	16	-	6.445
Development cost	250.013	60.156	(8.558)	301.611
Other intangible assets	16.422	5.324	-	21.746
	272.864	65.496	(8.558)	329.802
Net book value	408.882			625.629

	1 January			30 September
	2022	Additions	Disposals	2022
Cost				
Rights	6.568	-	-	6.568
Development cost	452.565	140.250	(30.375)	562.440
Other intangible assets	34.816	8.125	-	42.941
	493.949	148.375	(30.375)	611.949
Accumulated amortization				
Rights	6.410	16	-	6.426
Development cost	203.382	36.583	(2.261)	237.704
Other intangible assets	12.207	2.968	-	15.175
	221.999	39.567	(2.261)	259.305
Net book value	271.950			352.644

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 September 2023	31 December 2022
Short - term provisions		
Other provisions	22.084	-
Provision for lawsuit risks	14.424	11.377
	36.508	11.377

b) Guarantees received by the Company

	30 September 2023	31 December 2022
Guarantee letters	343.579	351.382
Cheques and notes	740	740
Collaterals and pledges	38.908.019	26.010.366
	39.252.338	26.362.488

Vestel Elektronik Sanayi ve Ticaret A.Ş., Vestel Ticaret A.Ş., and Vestel Komünikasyon Sanayi ve Ticaret A.Ş. has given guarantees to various banks on behalf of the Company for its forward contracts and bank borrowings.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

c) Collaterals, pledges , mortgages and bails (“CPMB’s”) given by the Company are as follows:

CPMB's given by the Group	USD (‘000)	EUR (‘000)	TL	TL Equivalent
30 September 2023				
A. CPMB's given on behalf of its own legal entity	10.000	2.000	983.138	1.315.564
B. CPMB's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPMB's given	501.041	-	501.728	14.243.278
i. Total amount of CPMB's given on behalf of the parent company	380.820	-	376.364	10.820.733
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	120.221	-	125.364	3.422.545
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	511.041	2.000	1.484.866	15.558.842

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPMB's given by the Group	USD (‘000)	EUR (‘000)	TL	TL Equivalent
31 December 2022				
A. CPMB's given on behalf of its own legal entity	21.500	2.000	51.414	494.094
B. CPMB's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPMB's given	501.042	-	714.412	10.099.931
i. Total amount of CPMB's given on behalf of the parent company	380.820	-	589.049	7.722.569
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	120.222	-	125.363	2.377.362
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	522.542	2.000	765.826	10.594.025

The Company has given collaterals to various banks on behalf of Vestel Elektronik Sanayi and Ticaret A.Ş. Vestel Ticaret A.Ş. for their forward contracts and bank loans obtained.

Proportion of other CPMB's given by the Company to its equity 147% as of 30 September 2023. (31 December 2022: 160%).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 15 – COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to USD 1.197.559 thousand (31 December 2022: USD 1.164.855 thousand) due to the export and investment incentive certificates obtained.

As of 30 September 2023 the Company has forward foreign currency purchase contract that amounts to EUR 50.035 thousand, USD 407.030 thousand, PLN 240 thousand and GBP 4.268 thousand against forward foreign currency sales contract that amounts to USD 35.871 thousand, EUR 344.558 thousand, GBP 14.588 thousand, PLN 4.583 thousand, CHF 120 thousand and TL 1.101.123 thousand. (31 December 2022 : The Company has forward foreign currency sales contract of EUR 383.372 thousand, GBP 4.500 thousand, PLN 49.806 thousand, USD 70.145 thousand and TL 2.123.273 against purchase contract of TL 1.169.111, EUR 14.668 thousand, PLN 14.097 thousand, GBP 13.139 thousand and USD 495.366 thousand).

NOTE 16 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 September 2023	31 December 2022
Due to personnel	209.138	116.402
Social security payables	86.281	53.611
	295.419	170.013

Long term provisions for employee benefits:

	30 September 2023	31 December 2022
Provision for employment termination benefits	509.393	518.760

Under Turkish law, the Company 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 Company 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 gross salary for each year of service and is limited to a maximum of TL 23.489,83 TL/ year as of 30 September 2023 (31 December 2022: TL 15.371,40 /year).

The provision for employee termination benefits is not funded.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 16-EMPLOYEE BENEFITS (Cont’d)

The provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. Turkish Accounting Standards No: 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 is 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 at 30 September 2023 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 30 September 2023 provision is calculated based on real discount rate of 2% (31 December 2022: 2%) assuming 13,53 % annual inflation rate and 15,80% 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.

The movements in the provision for employment termination benefit are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Balance at 1 January	518.760	151.875
Increase during the year	29.247	31.314
Payments during the year	(151.126)	(18.900)
Actuarial (gain) /loss	86.932	19.141
Interest expense	25.580	25.530
Balance at 30 September	509.393	208.960

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 17 – OTHER ASSETS AND LIABILITIES

	30 September 2023	31 December 2022
Other current assets		
VAT carried forward	1.383	931
Income and discount accruals	99.159	38.017
	100.542	38.948

	30 September 2023	31 December 2022
Other current liabilities		
Taxes and dues payable	156.283	134.766
Other	24.153	2.396
	180.436	137.162

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 September 2023	31 December 2022
Shares of par value TL 1 each		
Issued share capital	1.600.000	1.600.000

As of 30 September 2023 and 31 December 2022 the shareholding structure is as follows:

	Shareholding		Amount	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Vestel Elektronik Sanayi ve Ticaret A.Ş.	77,33%	80,66%	1.237.302	1.290.560
Shares held by public	22,67%	19,34%	362.698	309.440
	100,00%	100,00%	1.600.000	1.600.000

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)

a) Paid in capital (Cont’d)

Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 7,750,000 shares of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on June 13, 2023, 8,500,000 shares on June 22, 2023, 5,000,000 shares on June 23, 2023 and 32,000,000 shares on August 14, 2023 at Borsa Istanbul. With these transactions, Vestel Elektronik Sanayi ve Ticaret A.Ş.’s share in the capital of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. decreased to 77,33%.

b) Adjustments to share capital

Adjustment to share capital is the difference between the share capital recalculated to adjust the effects of hyperinflation until 31 December 2004 and historical share capital.

	30 September 2023	31 December 2022
Adjustment to share capital	9.734	9.734

c) Restricted reserves (“Legal reserves”)

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

	30 September 2023	31 December 2022
Legal reserves	285.131	233.843

d) Retained earnings

	30 September 2023	31 December 2022
Extraordinary reserves	635.293	533.014
Previous year’s profits	1.275.818	325.720
	1.911.111	858.734

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)**e) Dividend distribution**

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

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

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of redeemed shares 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, up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors or used for certain reasons designated by the Board of Directors when necessary.

- Based on the approval of the General Assembly, up to 3% of retained earnings after dividend distribution could be allocated to plant investments designated in accordance with article of 468 in TCC,
- Up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors as necessary,
- Up to 5% of retained earnings after dividend distribution could be allocated to donations, bonuses etc.

In accordance with the provisions of the Turkish Commercial Code and the Tax Procedure Law, the Company paid TL 352,828 to the shareholders in cash as dividend for the 2022 accounting period (gross TL 0.2205, net TL 0.1985 for each share with a nominal value of TL 1.00).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 19 – REVENUE

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Domestic sales	10.806.932	6.123.527	4.439.450	2.138.614
Overseas sales	23.844.640	15.144.245	8.964.699	6.115.836
Gross sales	34.651.572	21.267.772	13.404.149	8.254.450
Less: Sales discounts	(71.484)	(71.670)	(10.849)	(28.469)
Net sales	34.580.088	21.196.102	13.393.300	8.225.981
Cost of sales	(27.231.145)	(17.323.684)	(9.726.200)	(6.995.852)
Gross profit	7.348.943	3.872.418	3.667.100	1.230.129

NOTE 20 – EXPENSES BY NATURE

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Raw materials, supplies and finished goods	23.744.558	15.363.386	8.375.916	6.197.832
Personnel expenses	2.528.070	1.292.056	1.040.189	550.586
Depreciation and amortization	484.828	389.450	161.815	133.405
Transportation expenses	1.349.350	1.183.015	427.901	646.254
Other	1.280.680	766.611	461.324	156.609
	29.387.486	18.994.518	10.467.145	7.684.686

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 21 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Personnel expenses	98.015	70.971	38.822	47.898
Consultancy and IT expenses	135.498	85.132	54.914	29.154
Rent and office expenses	13.281	6.446	5.457	2.069
Depreciation and amortization	3.489	2.828	1.428	979
Other	43.043	44.758	10.217	2.965
	293.326	210.135	110.838	83.065

b) Marketing expenses:

Personnel expenses	124.935	63.907	47.379	26.660
Transportation expenses	1.318.138	1.159.558	415.940	484.835
Tax and duties	48.947	34.232	16.247	11.904
Insurance expenses	29.844	18.987	29.844	9.389
Depreciation and amortization	1.982	1.440	682	515
Other	119.558	29.155	42.664	11.059
	1.643.404	1.307.279	552.756	544.362

c) Research and development expenses:

Depreciation and amortization	79.020	63.679	27.392	21.024
Personnel expenses	92.362	55.035	35.461	23.217
Other	48.229	34.706	14.498	17.166
	219.611	153.420	77.351	61.407

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 22 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Credit finance gains arising from trading activities	101.490	16.621	11.016	4.107
Foreign exchange gains arising from trading activities	2.980.149	1.238.759	426.407	286.792
Other income	6.095	87.007	2.423	8.723
	3.087.734	1.342.387	439.846	299.622
b) Other operating expenses				
	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Debit finance charges arising from trading activities	25.196	37.230	24.675	5.735
Foreign exchange expenses arising from trading activities	4.128.978	2.229.243	574.219	662.197
Other expenses	121.160	36.037	20.985	15.306
	4.275.334	2.302.510	619.879	683.238

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 23 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Foreign exchange gains	1.121.004	942.920	141.880	286.592
Derivative Financial Instruments				
Income	596.007	1.257.695	259.927	604.732
Interest income	178.606	160.932	73.330	64.098
	1.895.617	2.361.547	475.137	955.422

b) Financial expense:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Foreign exchange losses	688.462	532.368	81.829	136.969
Losses on derivative financial				
instruments	822.069	1.272.533	274.097	508.791
Interest expense	746.255	531.754	298.461	325.849
Other finance expenses	341.796	2.234	130.876	790
	2.598.582	2.338.889	785.263	972.399

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 September 2023	31 December 2022
Corporation and income taxes	116.075	2.909
Prepaid taxes	(98.901)	(2.956)
Current Tax Liability / Asset - Net	17.174	(47)
Deffered tax assets	562.941	254.646
Deferred Tax Assets	562.941	254.646

Pursuant to paragraph 1 of Article 6 of the Corporate Tax Law No. 5520, corporate tax is calculated on the net corporate income of the taxpayers for an accounting period.

Pursuant to paragraph 2 of the same article, by taking into account the provisions of Income Tax Law No. 193 on commercial income, pure corporate income is calculated by adding legally unacceptable expenses to the commercial income and deducting the exempt earnings and discounts from the commercial income.

With the amendment made to Article 32 of the Corporate Tax Law No. 5520 with Article 21 of the Law No. 7456, corporate taxpayers other than banks, companies within the scope of the Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies are subject to corporate tax at the rate of 25% on their net corporate earnings in 2023 and the following taxation periods. For banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the same legal amendment set the rate at 30%.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

The above-mentioned amendment regarding the corporate tax rate will take effect starting from the declarations to be submitted on October 1, 2023. For the declarations submitted before this date, the corporate tax rate is 20%.

In addition to the corporate tax levied on corporate income, withholding income/corporate tax burden may arise if all or part of the profits of corporations are subject to profit distribution. By full taxpayer corporations;

- Full taxpayer real persons,
- For non-income and corporate taxpayers,
- For those exempt from income tax,
- Narrow taxpayer real persons,
- Limited taxpayers exempt from income tax,
- Institutions exempt from corporate tax,
- To limited taxpayer corporations or limited taxpayers exempt from corporate tax, except for those who obtain dividends through a place of business or permanent representative in Turkey,

In case of dividend distribution, 10% withholding income/corporate tax is payable. According to the Turkish tax legislation, capitalization of profit is not considered as dividend distribution.

Corporations are required to calculate advance tax on their quarterly earnings for the first 9 months of their accounting periods in accordance with the principles set out in the Income Tax Law No. 193 and at the corporate tax rate and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day.

Advance tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year.

Corporations are exempt from corporate tax on 75% of the gains arising from the sale of participation shares included in their assets for at least two full years and 25% of the gains arising from the sale of immovables included in their assets on July 15, 2023 for the same period.

As of July 15, 2023, corporate tax exemption is not applied to the gains arising from the sale of immovables taken into assets.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

Under Turkish tax legislation, tax losses carried forward can be carried forward to offset against future taxable income for up to 5 years. However, tax losses cannot be offset against retained earnings.

In Turkey, there is no such practice as reconciliation with the tax authority on taxes payable. Corporate tax returns are required to be filed with the tax office by the 30th of the fourth month following the close of the accounting period and corporate tax is payable within the same period.

However, tax authorities may examine the accounting records within five years and the amount of tax payable may change if incorrect transactions are detected.

Earnings from the Company’s 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 completely until the investment contribution amount is reached.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized in respect of deductible temporary differences, tax losses and tax advantages arising from investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized in respect of deductible temporary differences, tax losses and tax advantages arising from investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax.

For the periods ended September 30, 2023 and 2022, tax expenses recognized in the statement of comprehensive income are as follows;

	1 January - 30 September 2023	1 January - 30 September 2022
Current period tax expense	(116.075)	(2.909)
Deferred tax benefit / (expense)	326.666	178.026
Total tax income	210.591	175.117

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

Deferred tax assets and liabilities

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

	Cumulative temporary		Deferred tax	
	30 Eylül 2023	31 Aralık 2022	30 Eylül 2023	31 Aralık 2022
Deferred tax assets / liabilities				
Employment termination benefits	(509.393)	(518.760)	127.348	103.752
Investment incentive	-	-	579.717	532.965
Net difference between book values and tax bases of tangible and intangible assets	(1.630.636)	(138.270)	407.659	27.654
Provision for impairment on inventories	(8.045)	(27.161)	2.011	5.432
Derivative financial instruments	154.685	(350.200)	(38.671)	70.040
Revaluation of tangible fixed assets	3.121.293	3.127.939	(480.956)	(491.632)
Other	136.668	(32.175)	(34.167)	6.435
			562.941	254.646

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. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized for deductible temporary differences, tax losses and investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax.

As of September 30, 2023, the tax advantage amounting to TL 579.717 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.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

However, the tax advantage amounting to TL 3.031.011 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 614.012.

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 September 2023	1 January - 30 September 2022
Opening balance, 1 January	254.646	132.778
Tax expense recognized in income statement	326.666	178.026
Recognized in shareholders' equity	(18.371)	42.182
Deferred tax liabilities		
at the end of the period, net	562.941	352.986

NOTE 25– EARNINGS PER SHARE

	1 January - 30 September 2023	1 January - 30 September 2022
Net income attributable to equity holders of the parent	3.512.628	1.439.236
Weighted number of ordinary shares with a TL 1 of par value (thousand shares)	1.600.000	1.600.000
	2,20	0,90

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 26 – DERIVATIVE INSTRUMENTS

	30 September 2023		31 December 2022	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
Derivative financial assets:				
Held for trading				
Forward foreign currency transactions	698.270	4.321	274.636	1.203
Cash flow hedge				
Forward foreign currency transactions	9.495.987	195.331	2.410.394	4.542
Derivative financial liabilities:				
Held for trading				
Forward foreign currency transactions	1.361.853	(6.411)	2.232.370	(197.961)
Cash flow hedge				
Forward foreign currency transactions	1.183.972	(38.556)	5.168.108	(157.984)
	12.740.082	154.685	10.085.508	(350.200)

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk:

The Company 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 Company mainly prefers using foreign exchange forward contracts.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

30 September 2023	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	18.281	153.754	127.375	5.091.404
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	5.661	3.258	848	250.409
2b. Non-monetary financial assets	-	-	-	-
3. Other	59.601	52.098	-	3.144.110
4. Current assets (1+2+3)	83.543	209.110	128.223	8.485.923
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	11.198	4.618	-	440.627
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	11.198	4.618	-	440.627
9. Total assets (4+8)	94.741	213.728	128.223	8.926.550
10. Trade payables	283.360	187.520	64.061	13.289.099
11. Financial liabilities	36.454	13.307	-	1.386.792
12a. Other monetary liabilities	-	-	17.499	17.499
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	319.814	200.827	81.560	14.693.390
14. Trade payables	-	3.095	-	90.011
15. Financial liabilities	-	7.487	-	217.743
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	10.582	-	307.754
18. Total liabilities (13+17)	319.814	211.409	81.560	15.001.144
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b) (*)	371.159	(294.523)	(376.391)	1.214.779
19a. Hedged total assets	407.030	50.035	144.399	12.740.078
19b. Hedged total liabilities	(35.871)	(344.558)	(520.790)	(11.525.299)
20. Net foreign currency asset/ (liability) position (9-18+19)	146.086	(292.204)	(329.728)	(4.859.815)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(236.271)	(2.299)	46.663	(6.515.221)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	154.685
23. Export	94.271	923.899	383.744	23.844.640
24. Import	412.123	154.848	20.336	12.759.310

(*)The net asset / (liability) positions of derivative instruments in foreign currency are included outside the statement of financial position.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

31 December 2022	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	29.570	238.673	187.763	5.498.594
2a. Monetary financial assets (including cash and cash equivalents)	9.764	14.193	1.221	466.727
2b. Non-monetary financial assets	-	-	-	-
3. Other	128.489	31	-	2.403.144
4. Current assets (1+2+3)	167.823	252.897	188.984	8.368.465
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	1.504	9.663	-	220.753
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	1.504	9.663	-	220.753
9. Total assets (4+8)	169.327	262.560	188.984	8.589.218
10. Trade payables	230.100	193.495	41.743	8.216.226
11. Financial liabilities	72.515	-	-	1.358.351
12a. Other monetary liabilities	-	11.265	-	224.971
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	302.615	204.760	41.743	9.799.548
14. Trade payables	-	9.157	-	182.873
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	9.157	-	182.873
18. Total liabilities (13+17)	302.615	213.917	41.743	9.982.421
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	425.221	(368.704)	42.017	642.849
19a. Hedged total assets	495.366	14.668	355.595	9.910.502
19b. Hedged total liabilities	(70.145)	(383.372)	(313.578)	(9.267.653)
20. Net foreign currency asset/ (liability) position (9-18+19)	291.933	(320.061)	189.258	(750.353)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(134.792)	38.980	147.241	(1.613.956)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(350.200)
23. Export	145.634	1.242.590	465.822	23.175.130
24. Import	563.708	242.049	19.656	13.404.762

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

As of 30 September 2023 and 31 December 2022, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
30 September 2023				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(617.752)	617.752	(617.752)	617.752
Secured portion from USD risk (-)	(8.311)	8.311	796.375	(796.375)
USD net effect	(626.063)	626.063	178.623	(178.623)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	5.627	(5.627)	5.627	(5.627)
Secured portion from EUR risk (-)	94.257	(94.257)	(835.964)	835.964
EUR net effect	99.884	(99.884)	(830.337)	830.337
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	4.666	(4.666)	4.666	(4.666)
Secured portion from other currency risk (-)	(86.615)	86.615	(43.241)	43.241
Other currency net effect	(81.949)	81.949	(38.575)	38.575
Total	(608.128)	608.128	(690.289)	690.289

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 27 – 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	(250.246)	250.246	(250.246)	250.246
Secured portion from USD risk (-)	81.374	(81.374)	490.845	(490.845)
USD net effect	(168.872)	168.872	240.599	(240.599)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	96.201	(96.201)	96.201	(96.201)
Secured portion from EUR risk (-)	(139.565)	139.565	(695.871)	695.871
EUR net effect	(43.364)	43.364	(599.670)	599.670
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	14.724	(14.724)	14.724	(14.724)
Secured portion from other currency risk (-)	627	(627)	10.679	(10.679)
Other currency net effect	15.351	(15.351)	25.403	(25.403)
Total	(196.885)	196.885	(333.668)	333.668

NOTE 28– SUBSEQUENT EVENTS

None.