

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS AT
1 JANUARY – 31 DECEMBER 2023
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

| | Notes | Audited 31 December 2023 | Audited 31 December 2022 |
|---|-------|--------------------------------|--------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 4 | 729.540 | 953.664 |
| Financial Assets | | 8.968 | 66.069 |
| Trade Receivables | | 13.891.890 | 14.222.773 |
| Trade Receivables Due from Related Parties | 6 | 13.379.322 | 13.877.597 |
| Trade Receivables Due from Third Parties | 7 | 512.568 | 345.176 |
| Other Receivables | | 3.614.671 | 5.202.972 |
| Other Receivables Due from Related Parties | 6 | 2.624.267 | 3.959.759 |
| Other Receivables Due from Third Parties | 8 | 990.404 | 1.243.213 |
| Derivative Financial Instruments | 27 | 35.076 | 9.467 |
| Inventories | 9 | 7.235.371 | 7.603.835 |
| Prepaid Expenses | | 878.463 | 223.763 |
| Prepayments to Related Parties | 6 | 339.628 | - |
| Prepayments to Third Parties | 10 | 538.835 | 223.763 |
| Current Tax Assets | 25 | 16.495 | 77 |
| Other Current Assets | | 84.876 | 64.179 |
| Other Current Assets Due from Third Parties | 18 | 84.876 | 64.179 |
| TOTAL CURRENT ASSETS | | 26.495.350 | 28.346.799 |
| NON-CURRENT ASSETS | | | |
| Other Receivables | | 6.007 | 41.305 |
| Other Receivables Due from Third Parties | 8 | 6.007 | 41.305 |
| Property, Plant and Equipment | 11 | 21.580.849 | 15.190.928 |
| Right of Use Assets | 12 | 671.165 | 395.236 |
| Intangible Assets | 13 | 1.379.734 | 1.045.457 |
| Prepaid Expenses | | 780.921 | 770.734 |
| Prepaid Expenses to Related Parties | 6 | 563.826 | - |
| Prepayments to Third Parties | 10 | 217.095 | 770.734 |
| TOTAL NON-CURRENT ASSETS | | 24.418.676 | 17.443.660 |
| TOTAL ASSETS | | 50.914.026 | 45.790.459 |

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

| | Notes | Audited 31 December 2023 | Audited 31 December 2022 |
|--|-------|--------------------------------|--------------------------------|
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Short Term Borrowings | | 2.162.460 | 8.995.832 |
| Short Term Borrowings from Related Parties | | 3.555 | 2.607 |
| Lease Liabilities | 5,6 | 3.555 | 2.607 |
| Short Term Borrowings from Third Parties | | 2.158.905 | 8.993.225 |
| Bank Loans | 5 | 2.152.356 | 8.975.606 |
| Lease Liabilities | 5 | 6.549 | 17.619 |
| Current Portion of Long Term Borrowings | | 1.081.879 | 1.122.058 |
| Current Portion of Long Term Borrowings from | | | |
| Third Parties | | 1.081.879 | 1.122.058 |
| Bank Loans | 5 | 312.971 | 16.596 |
| Issued Debt Instruments | 5 | 768.908 | 1.105.462 |
| Other Financial Liabilities | 30 | 57.891 | - |
| Trade Payables | | 17.123.491 | 17.511.724 |
| Trade Payables to Related Parties | 6 | 1.352.613 | 1.036.390 |
| Trade Payables to Third Parties | 7 | 15.770.878 | 16.475.334 |
| Payables Related to Employee Benefits | 17 | 289.996 | 280.136 |
| Other Payables | | 3.414.930 | 1.227.920 |
| Other Payables to Related Parties | 6 | 3.414.930 | 1.227.920 |
| Derivative Financial Liabilities | 27 | 386.130 | 586.500 |
| Deferred Revenue | | 477.770 | 396.824 |
| Deferred Revenues from Related Parties | 8 | 477.418 | 12.748 |
| Deferred Revenue from Third Parties | 8 | 352 | 384.076 |
| Current Tax Liabilities | 25 | 10.170 | - |
| Current Provisions | | 14.443 | 18.748 |
| Other Current Provisions | 15 | 14.443 | 18.748 |
| Other Current Liabilities | | 192.376 | 225.340 |
| Other Current Liabilities to Third Parties | 18 | 192.376 | 225.340 |
| TOTAL CURRENT LIABILITIES | | 25.211.536 | 30.365.082 |

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

| | Notes | Audited 31 December 2023 | Audited 31 December 2022 |
|--|-------|--------------------------------|--------------------------------|
| NON-CURRENT LIABILITIES | | | |
| Long Term Borrowings | | 1.344.802 | 126.889 |
| Long Term Borrowings from Related Parties | | 133.313 | 113.319 |
| Lease Liabilities | 5,6 | 133.313 | 113.319 |
| Long Term Borrowings from Third Parties | | 1.211.489 | 13.570 |
| Bank Loans | 5 | 1.205.031 | 3.158 |
| Lease Liabilities | 5 | 6.458 | 10.412 |
| Other Financial Liabilities | 30 | 257.015 | - |
| Trade Payables | | 178.174 | 301.331 |
| Trade Payables to Third Parties | 7 | 178.174 | 301.331 |
| Non-current Provisions | | 676.641 | 854.775 |
| Non-current Provisions for Employee Benefits | 17 | 676.641 | 854.775 |
| Deferred Tax Liabilities | 25 | 1.644.764 | 581.582 |
| Other Non-current Liabilities | | 11.315 | 6.361 |
| Other Non-current Liabilities to Third Parties | | 11.315 | 6.361 |
| TOTAL NON-CURRENT LIABILITIES | | 4.112.711 | 1.870.938 |
| TOTAL LIABILITIES | | 29.324.247 | 32.236.020 |

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

| | Notes | Audited 31 December 2023 | Audited 31 December 2022 |
|---|-------|--------------------------------|--------------------------------|
| EQUITY | | | |
| Equity Attributable to Owners of Parent | | 21.589.779 | 13.554.439 |
| Issued Capital | 19 | 1.600.000 | 1.600.000 |
| Adjustments on Capital | 19 | 6.231.085 | 6.231.085 |
| Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss | | 3.461.763 | (396.882) |
| Gains (Losses) on Revaluation and Remeasurement | | 3.461.763 | (396.882) |
| Increases on Revaluation of | | | |
| Property, Plant and Equipment | | 4.041.312 | 41.291 |
| Losses on Remeasurement of Defined Benefit Plans | | (579.549) | (438.173) |
| Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss | | (186.382) | (181.423) |
| Losses on Hedge | | (186.382) | (181.423) |
| Losses on Cash Flow Hedges | | (186.382) | (181.423) |
| Restricted Reserves | | 1.198.318 | 1.239.341 |
| Legal Reserves | 19 | 1.198.318 | 1.239.341 |
| Prior Years' Profits | 19 | 4.560.543 | 4.850.530 |
| Current Period Net Profit | | 4.724.452 | 211.788 |
| TOTAL EQUITY | | 21.589.779 | 13.554.439 |
| TOTAL LIABILITIES AND EQUITY | | 50.914.026 | 45.790.459 |

Financial statements for the period 1 January – 31 December 2023 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 5 April 2024. The general assembly and certain regulatory bodies have the authority to make changes to the statutory financial statements after they are published.

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

| | Notes | Audited 1 January - 31 December 2023 | Audited 1 January - 31 December 2022 |
|---|-------|---|---|
| PROFIT OR LOSS | | | |
| Revenue | 20 | 61.069.905 | 59.583.113 |
| Cost of Sales | 20 | (51.094.963) | (53.782.067) |
| GROSS PROFIT | | 9.974.942 | 5.801.046 |
| General Administrative Expenses | 22 | (525.816) | (587.475) |
| Marketing Expenses | 22 | (2.950.832) | (3.778.749) |
| Research and Development Expense | 22 | (557.891) | (540.284) |
| Other Income from Operating Activities | 23 | 5.056.725 | 3.379.620 |
| Other Expenses from Operating Activities | 23 | (8.305.329) | (5.725.993) |
| PROFIT/(LOSS) FROM OPERATING ACTIVITIES | | 2.691.799 | (1.451.835) |
| PROFIT/(LOSS) BEFORE FINANCING INCOME | | 2.691.799 | (1.451.835) |
| Finance Income | 24 | 2.991.163 | 5.212.032 |
| Finance Costs | 24 | (4.775.975) | (5.725.226) |
| Monetary Gain | | 4.593.697 | 2.431.144 |
| PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX | | 5.500.684 | 466.115 |
| Tax (Expense) Income, Continuing Operations | | (776.232) | (254.327) |
| Current Tax Expense | 25 | (182.322) | (6.277) |
| Deferred Tax Income | 25 | (593.910) | (248.050) |
| PROFIT FOR THE PERIOD | | 4.724.452 | 211.788 |
| Earnings per 100 share with a Kr 1 of Par Value (TL) | 26 | 2,95 | 0,13 |

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

| | Audited | Audited |
|---|--------------------|--------------------|
| | 1 January - | 1 January - |
| | 31 December | 31 December |
| Notes | 2023 | 2022 |
| PROFIT FOR THE PERIOD OTHER COMPREHENSIVE INCOME | 4.724.452 | 211.788 |
| Other Comprehensive Income that will | | |
| not be Reclassified to Profit or Loss | 3.859.266 | (396.882) |
| Gains (Losses) on Revaluation of Property, Plant and Equipment | 4.518.693 | 51.015 |
| Gains (Losses) on Remeasurements of Defined Benefit Plans | (188.502) | (547.716) |
| Taxes Relating to Components of Other Comprehensive Income | (470.925) | 99.819 |
| Taxes Relating to Gains (Losses) on Revaluation | (518.051) | (9.724) |
| Taxes Relating to Remeasurements of Defined Benefit Plans | 47.126 | 109.543 |
| Other Comprehensive Income that will | | |
| be Reclassified to Profit or Loss | (4.959) | (565.774) |
| Other Comprehensive Income (Loss) Related with Cash Flow Hedges | (6.612) | (707.218) |
| Gains (Losses) on Cash Flow Hedges | (6.612) | (707.218) |
| Taxes Relating to Components of Other Comprehensive Income | 1.653 | 141.444 |
| Taxes Relating to Cash Flow Hedges | 1.653 | 141.444 |
| OTHER COMPREHENSIVE INCOME | 3.854.307 | (962.656) |
| TOTAL COMPREHENSIVE INCOME | 8.578.759 | (750.868) |

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

| | Issued Capital | Inflation Adjustments on Capital | Increases (Decreases) on Revaluation of Property, Plant and Equipment | Gains (Losses) on Remeasurement of Defined Benefit Plans | Gains (Losses) Remeasurements | Other Accumulated Comprehensive Income That Will Not Be Reclassified To Profit Or Loss | Cash Flow Hedges | Reserve Of Gains or Losses on Hedge | Other Accumulated Comprehensive Income That Will Be Reclassified To 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 -31 December 2022 | | | | | | | | | | | | | | | |
| Beginning of Period | 1.600.000 | 6.231.085 | - | - | - | - | 384.351 | 384.351 | 384.351 | 982.003 | 6.514.120 | - | 6.514.120 | 15.711.559 | 15.711.559 |
| Total Comprehensive Income (Loss) | - | - | 41.291 | (438.173) | (396.882) | (396.882) | (565.774) | (565.774) | (565.774) | - | - | 211.788 | 211.788 | (750.868) | (750.868) |
| Profit (Loss) | - | - | - | - | - | - | - | - | - | - | - | 211.788 | 211.788 | 211.788 | 211.788 |
| Other Comprehensive Income (Loss) | - | - | 41.291 | (438.173) | (396.882) | (396.882) | (565.774) | (565.774) | (565.774) | - | - | - | - | (962.656) | (962.656) |
| Dividends Paid (Note 8) | - | - | - | - | - | - | - | - | - | 257.338 | (1.663.590) | - | (1.663.590) | (1.406.252) | (1.406.252) |
| End of Period | 1.600.000 | 6.231.085 | 41.291 | (438.173) | (396.882) | (396.882) | (181.423) | (181.423) | (181.423) | 1.239.341 | 4.850.530 | 211.788 | 5.062.318 | 13.554.439 | 13.554.439 |
| Current Period | | | | | | | | | | | | | | | |
| 1 January -31 December 2023 | | | | | | | | | | | | | | | |
| Opening Balance | 1.600.000 | 6.231.085 | 41.291 | (438.173) | (396.882) | (396.882) | (181.423) | (181.423) | (181.423) | 1.239.341 | 4.850.530 | 211.788 | 5.062.318 | 13.554.439 | 13.554.439 |
| Transfers | - | - | (621) | - | (621) | (621) | - | - | - | - | 212.409 | (211.788) | 621 | - | - |
| Total Comprehensive Income (Loss) | - | - | 4.000.642 | (141.376) | 3.859.266 | 3.859.266 | (4.959) | (4.959) | (4.959) | - | - | 4.724.452 | 4.724.452 | 8.578.759 | 8.578.759 |
| Profit (Loss) | - | - | - | - | - | - | - | - | - | - | - | 4.724.452 | 4.724.452 | 4.724.452 | 4.724.452 |
| Other Comprehensive Income (Loss) | - | - | 4.000.642 | (141.376) | 3.859.266 | 3.859.266 | (4.959) | (4.959) | (4.959) | - | - | - | - | 3.854.307 | 3.854.307 |
| Dividends Paid (Note 8) | - | - | - | - | - | - | - | - | - | (41.023) | (502.396) | - | (502.396) | (543.419) | (543.419) |
| Closing Balance | 1.600.000 | 6.231.085 | 4.041.312 | (579.549) | 3.461.763 | 3.461.763 | (186.382) | (186.382) | (186.382) | 1.198.318 | 4.560.543 | 4.724.452 | 9.284.995 | 21.589.779 | 21.589.779 |

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

| | Notes | Audited 1 January - 31 December 2023 | Audited 1 January - 31 December 2022 |
|---|----------|---|---|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | 3.907.270 | 2.950.418 |
| Profit (Loss) for the Period | | 4.724.452 | 211.788 |
| Profit (Loss) from Continuing Operations | | 4.724.452 | 211.788 |
| Adjustments to Reconcile Profit | | (645.247) | 998.353 |
| Adjustments for Depreciation and Amortisation Expense | 11,12,13 | 1.955.535 | 1.984.892 |
| Adjustments for Impairment Loss | | | |
| (Reversal of Impairment Loss) | | (35.589) | 36.058 |
| Adjustments for Impairment Loss | | | |
| (Reversal of Impairment Loss) of Receivables | | 657 | (433) |
| Adjustments for Impairment Loss | | | |
| (Reversal of Impairment Loss) of Inventories | 9 | (36.246) | 36.491 |
| Adjustments for Provisions | | 143.408 | 105.305 |
| Adjustments for (Reversal of) Provisions Related with | | | |
| Employee Benefits | | 147.713 | 112.875 |
| Adjustments for (Reversal of) Lawsuit and/or | | | |
| Penalty Provisions | 15 | (4.305) | (7.570) |
| Adjustments for Interest (Income) Expenses | | 2.130.731 | 898.048 |
| Adjustments for Interest Income | 24 | (309.343) | (426.956) |
| Adjustments for Interest Expense | 24 | 2.440.074 | 1.325.004 |
| Adjustments for Unrealised Foreign | | | |
| Exchange Losses (Gains) | | (1.121.645) | 354.067 |
| Adjustments for Fair Value Losses (Gains) | | (232.591) | (239.294) |
| Adjustments for Fair Value (Gains) Losses on | | | |
| Derivative Financial Instruments | | (232.591) | (239.294) |
| Adjustments for Tax (Income) Expenses | 25 | 776.232 | 254.327 |
| Adjustments for Losses (Gains) on Disposal of | | | |
| Non-Current Assets | | (12.703) | (10.039) |
| Adjustments for Losses (Gains) Arised from | | | |
| Sale of Tangible Assets | | (12.703) | (10.039) |
| Other Adjustments to Reconcile Profit (Loss) | 4 | 14 | 24 |
| Monetary Loss/Gain | | (4.248.639) | (2.385.035) |

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

| | Notes | Audited 1 January - 31 December 2023 | Audited 1 January - 31 December 2022 |
|---|-------|---|---|
| Changes in Working Capital | | 197.540 | 1.797.543 |
| Adjustments for Decrease (Increase) in Trade Accounts Receivable | | 330.226 | (272.599) |
| Decrease (Increase) in Trade Accounts Receivables from Related Parties | 6 | 498.275 | (8.609) |
| Decrease (Increase) in Trade Accounts Receivables from Third Parties | 7 | (168.049) | (263.990) |
| Adjustments for Decrease (Increase) in Other Receivables Related with Operations | | 288.107 | (114.411) |
| Decrease (Increase) in Other Third Party Receivables Related with Operations | 8 | 288.107 | (114.411) |
| Adjustments for Decrease (Increase) in Inventories | 9 | 404.710 | (56.455) |
| Decrease (Increase) in Prepaid Expenses | 10 | (654.700) | 178.236 |
| Adjustments for Increase (Decrease) in Trade Accounts Payable | | (196.484) | 1.508.539 |
| Increase (Decrease) in Trade Accounts Payables to Related Parties | 6 | 316.223 | 1.036.390 |
| Increase (Decrease) in Trade Accounts Payables to Third Parties | | (512.707) | 472.149 |
| Increase (Decrease) in Employee Benefit Liabilities | 17 | 9.860 | 93.742 |
| Increase (Decrease) in Deferred Revenues | | 80.946 | 396.758 |
| Other Adjustments for Other Increase (Decrease) in Working Capital | | (65.125) | 63.733 |
| Decrease (Increase) in Other Assets Related with Operations | 18 | (37.115) | (55.209) |
| Increase (Decrease) in Other Payables Related with Operations | 18 | (28.010) | 118.942 |
| Cash Flows from (used in) Operations | | 4.276.745 | 3.007.684 |
| Payments Related with Provisions for Employee Benefits | 17 | (233.867) | (49.777) |
| Income Taxes Refund (Paid) | 25 | (135.608) | (7.489) |

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

| | Notes | Audited 1 January - 31 December 2023 | Audited 1 January - 31 December 2022 |
|--|-------|---|---|
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | (1.892.815) | (5.160.669) |
| Proceeds from Sales of Property, Plant, Equipment and Intangible Assets | | 19.882 | 32.334 |
| Proceeds from Sales of Property, Plant and Equipment | | 19.882 | 32.334 |
| Purchase of Property, Plant, Equipment and Intangible Assets | | (4.055.726) | (6.258.774) |
| Purchase of Property, Plant and Equipment | 11 | (3.592.667) | (6.005.306) |
| Purchase of Intangible Assets | 13 | (463.059) | (253.468) |
| Cash Advances and Loans Made to Other Parties | | 2.085.928 | 1.131.840 |
| Cash Advances and Loans Made to Related Parties | | 1.281.628 | 1.530.524 |
| Cash Advances and Loans Made to Third Parties | | 804.300 | (398.684) |
| Other Cash Inflows (Outflows) | | 57.101 | (66.069) |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | (1.900.663) | 2.210.274 |
| Proceeds from Borrowings | | 7.025.475 | 12.050.498 |
| Proceeds from Loans | 5 | 5.696.297 | 11.390.048 |
| Proceeds from Other Financial Borrowings | | 1.329.178 | 660.450 |
| Repayments of Borrowings | | (9.392.432) | (3.190.269) |
| Loan Repayments | 5 | (8.025.750) | (3.120.555) |
| Issued bonds repayments | | (1.366.682) | (69.714) |
| Increase in Other Payables to Related Parties | | 2.804.538 | (3.778.992) |
| Payments of Lease Liabilities | | 5.918 | (264.176) |
| Dividends Paid | 6 | (543.419) | (1.406.252) |
| Interest Paid | | (1.821.230) | (1.224.175) |
| Interest Received | | 20.487 | 23.640 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES | | 113.792 | 23 |
| INFLATION EFFECT ON CASH AND CASH EQUIVALENTS | | (374.889) | 648.247 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | | 36.987 | - |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | (224.110) | 648.270 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 4 | 953.628 | 305.358 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | 729.518 | 953.628 |

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

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

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, room air conditioning units, washing machines, cookers, dishwashers and water heaters. The Company’s production facilities occupy 509 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 657 square meters.

The Company is a member of Vestel Group of Companies which are under the control of Zorlu Family. The Company performs its export 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 31 December 2023, the number of personnel employed was 9.171 (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 |

**VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ NOTES TO THE FINANCIAL STATEMENTS
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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.

Financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on 4 October 2022 and in the Financial Statement Samples and User Guide published by the CMB.

The Company bases its accounting records and preparation of its legal financial statements on the Turkish Commercial Code ("TTK"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of the Republic of Turkey. The financial statements have been prepared in Turkish Lira on the basis of historical cost, except for land, buildings and land improvements from the tangible assets group shown at their fair value, and financial assets and liabilities shown at their fair value.

Financial statements have been prepared by reflecting the necessary corrections and classifications in order to ensure accurate presentation in accordance with TFRS, on the legal records prepared on the historical cost basis.

Financial reporting in high-inflation economies

The Company has prepared its financial statements for the year dated 31 December 2023 and ending on the same date, by applying TMS 29 "Financial Reporting in High Inflation Economies" Standard, based on the announcement made by the KGK on 23 November 2023 and the "Implementation Guide on Financial Reporting in High Inflation Economies" published. In accordance with the said standard, financial statements prepared based on the currency of a hyperinflationary economy are prepared in the purchasing power of this currency at the balance sheet date, and comparative information is expressed in terms of the current measurement unit at the end of the reporting period for the purpose of comparison in the financial statements of the previous period. For this reason, the company has presented its financial statements as of December 31, 2022, on the basis of purchasing power as of December 31, 2023.

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS
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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 CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards shall comply with the provisions of TMS 29, starting from their annual financial reports for the accounting periods ending as of 31 December 2023. It was decided to apply inflation accounting by applying.

Rearrangements made in accordance with TMS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TURKSTAT"). As of December 31, 2023, the indices and correction coefficients used in the correction of financial statements are as follows:

| Date | Index | Correction Coefficient | Three-Year Compound Inflation Rate |
|------------------|--------------|-------------------------------|---|
| 31 December 2023 | 1.859,38 | 1,00000 | %268 |
| 31 December 2022 | 1.128,45 | 1,64773 | %156 |
| 31 December 2021 | 686,95 | 2,70672 | %74 |

The main elements of the Company's adjustment for financial reporting purposes in high-inflation economies are as follows:

- Current period financial statements prepared in TL are expressed in purchasing power at the balance sheet date, and amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are currently expressed in current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of TMS 36 and TMS 2 were applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

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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)**

- All items included in the statement of comprehensive income, except for non-monetary items in the balance sheet that have an impact on the statement of comprehensive income, are indexed with coefficients calculated over the periods in which the income and expense accounts are first reflected in the financial statements.
- The effect of inflation on the Company's net monetary asset position in the current period is recorded in the net monetary position gains/(losses) account in the income statement.

The Company measures its lands, land improvements and buildings at fair value by way of revaluation policy. As part of transition provisions in IAS 29 associated revaluation funds recognised under equity was reclassified to the retained earnings as of 1 January 2022.

2.2 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.

Comparative figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the currency in effect at the end of the reporting period. Information disclosed for previous periods is also expressed in the currency valid at the end of the reporting period.

2.3 Restatement and errors in the accounting estimates

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If 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.

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

2.4. Amendments in Turkey Financial Reporting Standards

The accounting policies used in the preparation of financial statements for the accounting period ending 31 December 2023 are consistent with those used in the previous year, except for the new and amended Turkish Accounting Standards ("TMS")/IFRS and TMS/IFRS interpretations valid as of 1 January 2023, summarized below. has been implemented. The effects of these standards and interpretations on the financial position and performance of the Company are explained in the relevant paragraphs.

a) Standards, amendments, and interpretations applicable as of 31 December 2023:

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

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; 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 IAS 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.

These standards, changes and improvements have no impact on the financial position and performance of the Company.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:

Amendment to IFRS 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 IFRS 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.

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

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

Amendment to IAS 1 – Non current liabilities with covenants; It is valid for annual reporting periods beginning on or after 1 January 2024. These changes clarify how the requirements that an entity must comply with within twelve months after the reporting period affect the classification of a liability. The changes also aim to improve the information the entity provides regarding obligations subject to these conditions.

Amendments to IAS 7 and IFRS 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.

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

Amendments to IAS 21 Lack of Interchangeability; It is valid for annual reporting periods beginning on or after January 1, 2025. An entity is affected by these changes when it has a transaction or activity in a foreign currency that cannot be converted into another currency at a specific measurement date for a specific purpose. A currency may be exchanged when the opportunity to obtain another currency becomes available (with normal administrative delay) and the transaction; occurs through a market or exchange mechanism that creates enforceable rights and obligations.

IFRS 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.

IFRS 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.

However, in the Board Decision of the POA published in the Official Gazette dated December 29, 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of January 1, 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of determining businesses that will be subject to sustainability reporting within the scope of the "Board Decision Regarding the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies****2.5.1 Revenue**

The Company recognizes revenue in accordance with TFRS 15 “Revenue from contracts with customers” standard by applying the following five step model:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all of the following conditions are satisfied:

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- (b) Company can identify each party’s rights regarding the goods or services to be transferred,
- (c) Company can identify the payment terms for the goods or services to be transferred,
- (d) The contract has commercial substance,
- (e) It is probable that Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

Revenue is generated when control of the products is handed over to the customer and the customers have full authority over the product. Delivery takes place when the products are shipped to the customer's location, the risk of obsolescence and damage is transferred to the customers and the customers accept the products in accordance with the sales contract, the acceptance conditions have expired or the Company has objective evidence that all acceptance criteria have been met. If the Company is entitled to collect a fee from its customers that directly corresponds to the value of the completed performance for the customer (on delivery of the products), it recognizes the revenue in the financial statements as much as the amount it has the right to invoice.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.1 Revenue (Cont'd)**

The company has switched to the "intermediary export" model for its international sales through with its related party namely Vestel Ticaret A.Ş., which carries out marketing and sales activities, effective from 1 January 2022. In the intermediary export model, the Company is the main exporter and Vestel Ticaret is the agent. Trade receivables from Vestel Ticaret, which acts as an agent, arise from sales made through Vestel Ticaret, including to Vestel Group companies abroad.

If the company expects to refund some or all of the price collected from a customer to that customer, it reflects a refund liability in the financial statements. The refund liability is calculated based on the portion of the consideration that the business has collected (or will collect) for which it does not expect to be entitled. Previous experience is used to predict such returns at the portfolio level at the time of sale, and it is possible that a significant amount of revenue cancellation will not occur. The return obligation is updated at the end of each reporting period, taking into account changes in circumstances.

Previous experience is used to estimate sales discounts using the expected value method, with revenue recognized only to the extent that it is probable that a significant return will not occur. Sales discounts are recognized in sales discounts expected to be paid to customers in respect of sales made until the end of the period specified under other short-term provisions. There is no significant financing element as sales are made within an acceptable period of time consistent with market practice.

2.5.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Company uses moving weighted average method for costing.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

When the net realizable value of inventories falls below their cost, the inventories are reduced to their net realizable value and reflected as an expense in the income statement in the year in which the impairment occurs.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.2 Inventories (Cont'd)**

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

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2023.

Tangible assets other than land, land improvements and buildings are shown at cost on a TL purchasing power basis as of December 31, 2023, after deducting accumulated depreciation and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements and buildings is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

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

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

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

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

2.5. Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

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

| | <u>Useful life</u> |
|------------------------|--------------------|
| Land improvements | 5 - 35 years |
| Buildings | 20 - 50 years |
| Leasehold improvements | 5 years |
| Plant and machinery | 3 - 15 years |
| Motor vehicles | 5 years |
| Furniture and fixtures | 5 - 10 years |
| Leasehold improvements | 1-5 years |

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

2.5.4 Leases

Profits and losses arising from the disposal of tangible fixed assets are included in other operating income and expenses accounts. When a revalued tangible asset is disposed of, the revaluation fund related to the disposed tangible asset is transferred to retained earnings.

Expenses arising from replacing any part of tangible fixed assets, together with maintenance and repair costs, can be capitalized if they increase the future economic benefit of the asset. All other expenses are recognized as expense items in the income statement as they occur.

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Company assess whether:

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.4 Leases (Cont'd)****The Company – as a lessee**

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.
- c) The Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Company has the right to direct use of the asset, The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
 - i. The Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At the actual commencement date of the contract, the Company reflects a right-of-use asset and a lease liability in its financial statements.

The Company rents various buildings, warehouses, forklifts and machinery. The duration of the leasing contracts for machine and equipment is usually 4 years; for building and warehouses is usually fixed from 1 to 20 years.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.4 Leases (Cont'd)****Lease Liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Vestel Group Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

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

After initial recognition, the lease liability is measured:

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

The duration of the contracts, which constitute the lease obligation of the company, varies between 1 - 20 years.

The Company – as a lessor

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

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.4 Leases (Cont'd)****Right of use assets:**

Right of use is recognized with cost method at first and includes items below:

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

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

2.5.5 Intangible assets**a) Research and development costs**

Research costs are recognized as expense in the period in which they are incurred. An intangible asset arising from development (or from the development phase of an internal project) if and only if an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

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

2.5. Summary of significant accounting policies (Cont'd)

2.5.5 Intangible assets (Cont'd)

Other development costs are recognized as expense as incurred. If it is not possible to distinguish the research phase from the development phase of an internal project, the entity treats the expenditure on that project as if it were incurred in the research phase only.

b) Rights and other intangible fixed assets

Rights and other intangible assets consist acquired computer software, computer software development costs and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and are amortized on a straight line basis over their expected useful lives which are less than fifteen years.

Useful lives of intangible assets are as follows:

| | <u>Useful life</u> |
|------------------|--------------------|
| Rights | 3 - 15 years |
| Development cost | 2 - 10 years |
| Other | 2 - 15 years |

2.5.6 Financial instruments

a) Financial assets

The Company classifies its financial assets into three categories: financial assets measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. The classification depends on the basis of the business model determined according to utilization purposes and expected cash outflows. The Company classifies its financial assets at the time of initial recognition.

Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Company's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position.

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

2.5. Summary of significant accounting policies (Cont'd)

2.5.6 Financial instruments (Cont'd)

a) Financial assets (Cont'd)

Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value.

Derivative financial instruments are first recorded at their fair value as of the date of entry into force of the relevant derivative contract, and are valued at their fair value in the following periods.

Impairment of financial assets

Impairment of the financial and contractual assets measured by using "Expected credit loss model". The impairment model applies for amortized financial and contractual assets.

The Company has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 1 year). In accordance with the simplified approach, Company measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

b) Financial liabilities

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

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

c) Derivative financial instruments and hedge accounting

The derivative instruments of the Company mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under risk accounting, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognised in the profit or loss statement.

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

2.5. Summary of significant accounting policies (Cont'd)

2.5.6 Financial instruments (Cont'd)

c) Derivative financial instruments and hedge accounting (Cont'd)

The hedging transactions of the Company that qualify for hedge accounting are accounted in accordance with TFRS 9. TFRS 9 does not create any changes in hedge accounting principles. It is considered TFRS 9 has significant effect on financial statements.

Cash flow hedges:

As long as a cash flow hedge meets the qualifying criteria, the hedging relationship shall be accounted for as follows:

- (a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):
 - (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - (ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.
- (b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income.
- (c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss.

2.5.7 Foreign currency transactions

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

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.8 Provisions, contingent assets and liabilities**

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

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

2.5.9 Related parties

Subsidiaries, key management personnel and board members, close family members and companies controlled by or affiliated with them, affiliates and subsidiaries, and companies within the Zorlu Holding Group and their affiliates, subsidiaries and partnerships are considered as related parties.

2.5.10 Taxation on income

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

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

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

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.10 Taxation on income (Cont'd)**

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

Deferred tax liabilities are recognized for taxable temporary differences except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

2.5.11 Employee benefits

Employment termination benefits, as required by the Turkish Labor Law, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees.

According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision for employment termination benefits as of 31 December 2022 is calculated in accordance with the assumptions used by the independent actuarial firm and is recorded in the financial statements at its net present value. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in statements of income.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.12 Government grants**

Government grants, including non-monetary grants at fair value, are recognized in financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received.

Incentives for research and development activities are recognized in financial statements when they are authorized by the related institutions.

2.5.13 Earnings per share

Earnings per share disclosed in the statement of income is determined by dividing net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

2.5.14 Statement of cash flows

In the statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipments and financial investments.

Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.5.15 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.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)**2.5. Summary of significant accounting policies (Cont'd)****2.5.16 Events after the balance sheet date**

Events after the balance sheet date, announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue.

In the case that events require a correction to be made on the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.5.17 Borrowing costs and loans taken

Loans received are recorded at their net value after deducting transaction costs from their fair value at the date of receipt. Loans received are subsequently shown at discounted cost using the effective interest method. The difference between the remaining amount after deducting transaction costs and the discounted cost value is reflected in the consolidated statement of profit or loss and other comprehensive income as financing cost during the loan period, using the effective interest method. When financing costs arise from loans received, they are reflected in the consolidated statement of profit or loss and other comprehensive income. If the maturities of the loans received are less than 12 months from the date of the statement of financial position (balance sheet), they are shown in short-term liabilities, and if they are more than 12 months, they are shown in long-term liabilities.

Assets that necessarily require a long period of time (one year or more) to be ready for intended use or sale are defined as special assets. General or specific borrowing costs related to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until the asset is brought to the necessary formation and location to operate in line with management's objectives.

Monetary financial system in which borrowing costs are adjusted for the effect of inflation and capitalized

2.5.18 Going concern

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

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2.6. Critical accounting estimates and judgments

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the

Company management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Company management are as follows:

i. Revaluation of lands, buildings and land improvements

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2022 by professional independent valuer firm. (Note 11).

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

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.

In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.

- In the cost approach method, fair value of the buildings and land improvements was calculated by considering depreciation on the re-construction costs. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.
- The values that may occur during the purchase/sale transactions may differ from these values.
- The values determined by the cost approach method were evaluated as of the date they were first reflected in the financial statements and the relevant period ends, in accordance with the provisions of the TMS 36 "Impairment of Assets" standard, whether there were impairment indicators and it was concluded that there was no impairment.

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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's 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 - 31 December 2023 | 1 January - 31 December 2022 |
|----------------------------|---|---|
| Turkey | 18.242.987 | 15.973.645 |
| Europe | 29.993.580 | 30.358.878 |
| Other | 13.114.215 | 13.408.886 |
| Gross segment sales | 61.350.782 | 59.741.409 |
| Discounts (-) | (280.877) | (158.296) |
| Net sales | 61.069.905 | 59.583.113 |

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

The amount of export is TL 43.107.794 thousand for the period ended 31 December 2023. (1 January-31 December 2022: TL 43.767.764 thousand).

88.3% of the export amount was realized in EUR, 9% in USD and 2.7% in other foreign currencies. Segment assets are not shown separately because a significant portion of the segment assets and the significant portion of the costs incurred to acquire the segment assets are incurred in Turkey.

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.

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NOTE 4 – CASH AND CASH EQUIVALENTS

| | 31 December 2023 | 31 December 2022 |
|----------------------------------|-------------------------|-------------------------|
| Cash | 1.237 | 1.056 |
| Bank deposits | | |
| - Demand deposits | 671.352 | 702.966 |
| - Time deposits | 56.929 | 249.606 |
| | 729.518 | 953.628 |
| Blocked deposits | 22 | 36 |
| Cash and cash equivalents | 729.540 | 953.664 |

The effective interest rates for time deposits are as below:

| | 31 December 2023 | 31 December 2022 |
|-----|-------------------------|-------------------------|
| TL | 34,74% | 18,00% |
| EUR | - | 0,01% |
| USD | - | 0,01% |

As of 31 December 2023 and 31 December 2022, the average maturity of the Group's time deposits is less than 3 months.

Based on the independent data with respect to the credit risk assessment of the banks, at which the Company has deposits, the credit quality of the banks is sufficient. The market values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet date.

NOTE 5 – FINANCIAL LIABILITIES

| | 31 December 2023 | 31 December 2022 |
|---|-------------------------|-------------------------|
| Short term financial liabilities | | |
| Short term bank loans | 2.152.356 | 8.975.606 |
| Short term portion of long term bank loans | 312.971 | 16.596 |
| Short term portion of long term lease liabilities | 10.104 | 20.226 |
| Short term issued bonds (*) | 768.908 | 1.105.462 |
| | 3.244.339 | 10.117.890 |
| Long term financial liabilities | | |
| Long term bank loans | 1.205.031 | 3.158 |
| Long term lease liabilities | 139.771 | 123.731 |
| | 1.344.802 | 126.889 |

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NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

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

| Currency | 31 December 2023 | | | 31 December 2022 | | |
|----------|--|-------------------|------------------|--|-------------------|------------------|
| | Weighted average of effective interest | Original currency | TL Equivalent | Weighted average of effective interest | Original currency | TL Equivalent |
| - USD | 10,65% | 31.573 | 931.137 | 7,76% | 72.515 | 2.238.195 |
| - EUR | 11,09% | 10.683 | 348.628 | - | - | - |
| - TL | 38,97% | 872.592 | 872.591 | 15,19% | 6.737.411 | 6.737.411 |
| | | | 2.152.356 | | | 8.975.606 |

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

| Currency | 31 December 2023 | | | 31 December 2022 | | |
|---------------------------|--|-------------------|------------------|--|-------------------|---------------|
| | Weighted average of effective interest | Original currency | TL Equivalent | Weighted average of effective interest | Original currency | TL Equivalent |
| - TL | 23,14% | 312.971 | 312.971 | 20,33% | 16.596 | 16.596 |
| Short term portion | | | 312.971 | | | 16.596 |
| - TL | 20,65% | 1.205.031 | 1.205.031 | 18,17% | 3.158 | 3.158 |
| Long term portion | | | 1.205.031 | | | 3.158 |
| | | | 1.518.002 | | | 19.754 |

(*) A significant portion of long-term loans consists of loans used within the approval of the Investment Committed Advance Loan (YTAK) with a fixed interest rate of 1.5 billion TL, originating from the Central Bank, with a total maturity of 10 years, including a grace period of 2 years for principal repayment.

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NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

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

| | 31 December 2023 | 31 December 2022 |
|---------------------|-------------------------|-------------------------|
| One to two years | 322.675 | 3.158 |
| Two to three years | 254.124 | - |
| Three to four years | 187.456 | - |
| Over five years | 440.776 | - |
| | 1.205.031 | 3.158 |

Guarantees given for the bank loans obtained are disclosed in note 15.

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.

It has fulfilled its financial commitments arising from its borrowings as of December 31, 2023 and 2022.

As of 31 December 2023 and 31 December 2022, reconciliation of net financial debt is as below:

| | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| Net financial debt as of 1 January | 9.070.462 | 3.307.677 |
| Cash inflows from loans | 7.025.475 | 12.050.499 |
| Cash outflows from loan payments | (9.392.432) | (3.190.269) |
| Payments of lease liabilities | 5.918 | (435.291) |
| Unrealized Fx gain/loss | 369.619 | 558.468 |
| Accrued interest | 74.204 | 48.435 |
| Change in cash and cash equivalents | (224.110) | 648.270 |
| Monetary gain / (loss) | (3.322.890) | (3.917.327) |
| Net financial debt at the end of the period | 3.606.246 | 9.070.462 |

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NOTE 6 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

| | 31 December 2023 | 31 December 2022 |
|-------------------------|-------------------------|-------------------------|
| Vestel Ticaret A.Ş. (1) | 13.379.155 | 13.875.893 |
| Other related parties | 167 | 1.704 |
| | 13.379.322 | 13.877.597 |

The receivables result from the Company's foreign and domestic sales performed via Vestel Ticaret A.Ş. which is also a member of Vestel Group Companies.

The company has switched to the "intermediary export" model for its international sales through with its related party namely Vestel Ticaret A.Ş., which carries out marketing and sales activities, effective from 1 January 2022. In the intermediary export model, the Company is the main exporter and Vestel Ticaret is the agent. Trade receivables from Vestel Ticaret, which acts as an agent, arise from sales made through Vestel Ticaret, including to Vestel Group companies abroad. There are insurance and guarantees regarding the receivables in question.

b) Short term trade payables to related parties

| | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (2) | 465.101 | 174.940 |
| Vestel Ticaret A.Ş. (1) | 435.278 | 756.968 |
| Vestel Holland B.V. (1) | 412.358 | 81.314 |
| Other related parties | 42.445 | 25.800 |
| | 1.355.182 | 1.039.022 |
| Deferred finance income (-) | (2.569) | (2.632) |
| | 1.352.613 | 1.036.390 |

The short term payables to related parties consist of goods and service purchases.

c) Other short term receivables from related parties

| | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (2) | 2.624.267 | 3.959.759 |
| | 2.624.267 | 3.959.759 |

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%).

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

d) Other short term liabilities to related parties

| | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (2) | 3.414.930 | 1.227.920 |
| | 3.414.930 | 1.227.920 |

The Company's interest rate of other payables in TL is 50% (As of 31 December 2021 the Company's interest rate of other payables in TL is 25%).

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

e) Lease liabilities to related parties

| | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (2) | 136.868 | 115.926 |
| | 136.868 | 115.926 |

The Company's short term lease liabilities to Vestel Elektronik Sanayi ve Ticaret A.Ş. are amounted to TL 3.555 thousand and long term lease liabilities are amounted to TL 133.313 thousand (31 December 2022: short term TL 2.607 thousand and long term TL 113.319 thousand)

f) Deferred income from related parties

| | 31 December 2023 | 31 December 2022 |
|---------------------------|-------------------------|-------------------------|
| Vestel Ticaret A.Ş. (1) | 473.397 | 12.748 |
| Diğer ilişkili kuruluşlar | 4.021 | - |
| | 477.418 | 12.748 |

g) Long-term prepaid expenses to related parties

g) İlişkili taraflara uzun vadeli peşin ödenmiş giderler

| | 31 December 2023 | 31 December 2022 |
|---------------------------------------|-------------------------|-------------------------|
| Zorlu Enerji Elektrik Üretim A.Ş. (3) | 563.826 | - |
| | 563.826 | - |

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

h) Short-term prepaid expenses to related parties

| | 31 December 2023 | 31 December 2022 |
|---------------------------|------------------|------------------|
| Vestel Holland B.V. (1) | 335.565 | - |
| Diğer ilişkili kuruluşlar | 4.063 | - |
| | 339.628 | - |

i) Transactions with related parties

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|--|------------------------------------|------------------------------------|
| Sales | | |
| Vestel Ticaret A.Ş. (1) | 59.765.704 | 56.707.122 |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (2) | 464.321 | 572.240 |
| Other related parties | 46.251 | 46.487 |
| | 60.276.276 | 57.325.849 |
| Operating expenses | | |
| Vestel Holland B.V. (1) | 2.987.983 | 497.888 |
| Vestel Ticaret A.Ş. (1) | 1.427.851 | 999.036 |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (2) | 3.005.788 | 768.453 |
| Other related parties | 231.369 | 154.508 |
| | 7.652.991 | 2.419.885 |

The sales and purchases and operating transactions to related parties consist of goods and service purchases.

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

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

i) Transactions with related parties (Cont'd)

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|--|---|---|
| Other income from operating activities | | |
| Vestel Ticaret A.Ş. (1) | 4.358.258 | 2.557.513 |
| Other related parties | 483.606 | 77.855 |
| | 4.841.864 | 2.635.368 |
| Other expense from operating activities | | |
| Vestel Ticaret A.Ş. (1) | 441.009 | 462.832 |
| Vestel Holland B.V. (1) | 119.739 | - |
| Other related parties | 178.336 | 68.475 |
| | 739.084 | 531.307 |
| Dividend payment to non-controlling interests | | |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (2) | 420.226 | 1.134.283 |
| Publicly available part | 123.193 | 271.969 |
| | 543.419 | 1.406.252 |
| Financial income | | |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (2) | 2.173.062 | 2.295.251 |
| | 2.173.062 | 2.295.251 |
| Financial expense | | |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (2) | 577.227 | 614.379 |
| Vestel Ticaret A.Ş. (1) | 355.839 | - |
| | 933.066 | 614.379 |

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

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

i) Transactions with related parties (Cont'd)

Fixed asset purchases from related parties

| | 31 Aralık 2023 | 31 Aralık 2021 |
|--|-----------------------|-----------------------|
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (2) | - | 1.110.569 |
| | - | 1.110.569 |

Guarantees received from and given to related parties are disclosed in note 15.

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 twelve months period ended 31 December 2023 is TL 45.313 thousand (1 January -31 December 2022: TL 37.545).

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

| | 31 December 2023 | 31 December 2022 |
|---|-------------------------|-------------------------|
| Short term trade receivables | | |
| Trade receivables | | |
| - Related parties (note 6) | 13.379.322 | 13.877.597 |
| - Other parties | 515.073 | 347.024 |
| | 13.894.395 | 14.224.621 |
| Allowance for doubtful receivables (-) | (2.505) | (1.848) |
| Total short term trade receivables | 13.891.890 | 14.222.773 |

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

The Company has made a provision considering its past experience in collecting its trade receivables. Hence, the Company management made a provision assessment according to the expected credit losses model within the scope of TFRS 9 and as of 31 December 2023, no additional doubtful trade receivables risk was detected.

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

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Cont'd)

| | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| Short term trade payables | | |
| Trade payables | | |
| - <i>Related parties (note 6)</i> | 1.355.182 | 1.039.022 |
| - <i>Other parties</i> | 15.815.311 | 16.537.839 |
| | 17.170.493 | 17.576.861 |
| Unearned interest income (-) | | |
| - <i>Related parties (note 6)</i> | (2.569) | (2.632) |
| - <i>Other parties</i> | (44.433) | (62.505) |
| Total short term trade payables | 17.123.491 | 17.511.724 |
| Long term trade payables | | |
| Trade payables | | |
| - <i>Other parties</i> | 178.174 | 301.331 |
| Total long term trade payables | 178.174 | 301.331 |

NOTE 8 – OTHER RECEIVABLES

| | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| Short term other receivables | | |
| Receivables from public institutions | 953.832 | 1.213.965 |
| Receivables from related parties (note 6) | 2.624.267 | 3.959.759 |
| Deposits and guarantees given | 27.287 | 23.018 |
| Other | 9.285 | 6.230 |
| Kısa vadeli diğer alacaklar toplamı | 3.614.671 | 5.202.972 |

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NOTE 8 – OTHER RECEIVABLES (Cont'd)

| | 31 December 2023 | 31 December 2022 |
|------------------------------------|-------------------------|-------------------------|
| Long term other receivables | | |
| Deposits and guarantees given | 6.007 | 41.305 |
| | 6.007 | 41.305 |
| Short term other payables | | |
| Other payables | | |
| - Related parties (Note 6) | 3.414.930 | 1.227.920 |
| | 3.414.930 | 1.227.920 |
| Deferred revenue | | |
| - Related parties (Note 6) | 477.418 | 12.748 |
| - Other parties | 352 | 384.076 |
| | 477.770 | 396.824 |

NOTE 9 – INVENTORIES

| | 31 December 2023 | 31 December 2022 |
|---|-------------------------|-------------------------|
| Raw materials | 4.539.399 | 4.153.181 |
| Work in process | 182.786 | 170.750 |
| Finished goods | 2.515.024 | 3.331.376 |
| Merchandise | 13.388 | - |
| | 7.250.597 | 7.655.307 |
| Provision for impairment on inventories (-) | (15.226) | (51.472) |
| | 7.235.371 | 7.603.835 |

As of 31 December 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 44.095.323 thousand (1 January – 31 December 2022: TL 47.493.262).

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NOTE 10 – PREPAID EXPENSES

| | 31 December 2023 | 31 December 2022 |
|---|-------------------------|-------------------------|
| Short-term prepaid expenses | | |
| - Related parties (Note 8) | 339.628 | - |
| Order advances given | 471.668 | 170.858 |
| Prepaid expenses | 67.167 | 52.905 |
| | 878.463 | 223.763 |
| Long-term prepaid expenses | | |
| - Related parties (Note 8) | 563.826 | - |
| Advances given for purchase of fixed assets | 216.229 | 770.102 |
| Prepaid expenses | 866 | 632 |
| | 780.921 | 770.734 |

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

| | 1 January | | | | Fair value | 31 December |
|---------------------------------|-------------------|------------------|------------------|------------------|-------------------|--------------------|
| | 2023 | Additions | Disposals | Transfers | increase | 2023 |
| Cost or revaluation | | | | | | |
| Land | 2.966.489 | - | - | - | 4.120.766 | 7.087.255 |
| Land improvements | 157.301 | 984 | - | 251 | 433 | 158.969 |
| Buildings | 3.672.606 | 148.182 | (39) | 1.524.575 | 216.915 | 5.562.239 |
| Leasehold improvements | 2.329 | 228 | - | - | - | 2.557 |
| Plant and machinery | 18.654.272 | 1.048.853 | (234.338) | 1.686.071 | - | 21.154.858 |
| Motor vehicles | 5.719 | 1.919 | (352) | - | - | 7.286 |
| Furniture and fixtures | 878.049 | 42.677 | (7.296) | 52.071 | - | 965.501 |
| Construction in progress | 2.661.346 | 2.349.824 | - | (3.263.784) | - | 1.747.386 |
| | 28.998.111 | 3.592.667 | (242.025) | (816) | 4.338.114 | 36.686.051 |
| Accumulated depreciation | | | | | | |
| Land improvements | - | 9.309 | - | - | (9.309) | - |
| Buildings | - | 171.270 | - | - | (171.270) | - |
| Leasehold improvements | 2.188 | 127 | - | - | - | 2.315 |
| Plant and machinery | 13.132.782 | 1.463.129 | (227.392) | - | - | 14.368.519 |
| Motor vehicles | 4.303 | 641 | (352) | - | - | 4.592 |
| Furniture and fixtures | 667.910 | 68.968 | (7.102) | - | - | 729.776 |
| | 13.807.183 | 1.713.444 | (234.846) | - | (180.579) | 15.105.202 |
| Net book value | 15.190.928 | | | | | 21.580.849 |

(*) A significant part of the investments being made are related to ongoing building investments. Mortgages on property, plant and equipment are disclosed in Note 14.

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS
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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| | 1 January 2022 | Additions | Disposals | Transfers | Fair value increase | 31 December 2022 |
|---------------------------------|-------------------|------------------|------------------|-----------|------------------------|---------------------|
| Cost or revaluation | | | | | | |
| Land | 2.046.025 | 915.684 | - | - | 4.780 | 2.966.489 |
| Land improvements | 173.384 | 157 | - | - | (16.240) | 157.301 |
| Buildings | 3.041.507 | 800.056 | - | 4.915 | (173.872) | 3.672.606 |
| Leasehold improvements | 92.050 | 4.788 | (94.509) | - | - | 2.329 |
| Plant and machinery | 17.065.388 | 1.298.373 | (171.484) | 461.995 | - | 18.654.272 |
| Motor vehicles | 4.986 | 1.007 | (274) | - | - | 5.719 |
| Furniture and fixtures | 804.486 | 48.081 | (4.312) | 29.794 | - | 878.049 |
| Construction in progress | 220.890 | 2.937.160 | - | (496.704) | - | 2.661.346 |
| | 23.448.716 | 6.005.306 | (270.579) | - | (185.332) | 28.998.111 |
| Accumulated depreciation | | | | | | |
| Land improvements | - | 18.198 | - | - | (18.198) | - |
| Buildings | - | 218.149 | - | - | (218.149) | - |
| Leasehold improvements | 70.129 | 8.555 | (76.496) | - | - | 2.188 |
| Plant and machinery | 12.009.001 | 1.291.016 | (167.235) | - | - | 13.132.782 |
| Motor vehicles | 4.009 | 568 | (274) | - | - | 4.303 |
| Furniture and fixtures | 601.098 | 71.091 | (4.279) | - | - | 667.910 |
| | 12.684.237 | 1.607.577 | (248.284) | - | (236.347) | 13.807.183 |
| Net book value | 10.764.479 | | | | | 15.190.928 |

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

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|--|---|---|
| Cost of sales | 1.646.019 | 1.656.925 |
| Research and development expenses | 286.510 | 304.941 |
| Marketing, selling and distribution expenses | 7.883 | 7.966 |
| General administrative expenses | 15.123 | 15.060 |
| | 1.955.535 | 1.984.892 |

Allocation of period depreciation and amortization expenses is as follows:

| 31 December 2023 | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|----------------|----------------|----------------|--------------|
| Tangible Assets | | | | |
| Lands | - | 7.087.255 | - | 7.087.255 |
| Buildings and land improvements | - | 5.721.208 | - | 5.721.208 |
| 31 December 2022 | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Tangible Assets | | | | |
| Lands | - | 2.966.489 | - | 2.966.489 |
| Buildings and land improvements | - | 3.829.907 | - | 3.829.907 |

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

| 31 December 2022 | Land | Land improvements and buildings |
|------------------------------|------------------|--|
| Cost | 1.268.752 | 3.657.108 |
| Accumulated depreciation (-) | - | (775.716) |
| Net book value | 1.268.752 | 2.881.392 |
| 31 December 2021 | | |
| | Land | Land improvements and buildings |
| Cost | 1.268.752 | 2.417.637 |
| Accumulated depreciation (-) | - | (686.999) |
| Net book value | 1.268.752 | 1.730.638 |

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NOTE 12 – RIGHT OF USE ASSETS

| | 1 January | | | 31 December |
|---------------------------------|------------------|------------------|------------------|--------------------|
| | 2023 | Additions | Disposals | 2023 |
| Cost | | | | |
| Land and buildings | 589.786 | 389.674 | (11.197) | 968.263 |
| Motor vehicles | 210.939 | 2.479 | - | 213.418 |
| | 800.725 | 392.153 | (11.197) | 1.181.681 |
| Accumulated amortization | | | | |
| Land and buildings | 261.718 | 100.975 | (7.465) | 355.228 |
| Motor vehicles | 143.770 | 11.518 | - | 155.288 |
| | 405.488 | 112.493 | (7.465) | 510.516 |
| Net book value | 395.237 | | | 671.165 |
| | | | | |
| | 1 January | | | 31 December |
| | 2022 | Additions | Disposals | 2022 |
| Cost | | | | |
| Land and buildings | 723.576 | 194.897 | (328.687) | 589.786 |
| Motor vehicles | 196.943 | 16.820 | (2.824) | 210.939 |
| | 920.519 | 211.717 | (331.511) | 800.725 |
| Accumulated amortization | | | | |
| Land and buildings | 148.444 | 148.493 | (35.219) | 261.718 |
| Motor vehicles | 129.975 | 17.023 | (3.228) | 143.770 |
| | 278.419 | 165.516 | (38.447) | 405.488 |
| | 642.100 | | | 395.237 |

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NOTE 13 – INTANGIBLE ASSETS

| | 1 January | | Currency translation | | | 31 December |
|---------------------------------|------------------|----------------|----------------------|-------------|------------|------------------|
| | 2023 | Additions | Disposals | differences | Transfers | 2023 |
| Cost | | | | | | |
| Rights | 104.677 | - | - | - | - | 104.677 |
| Development cost | 2.613.069 | 452.891 | - | - | - | 3.065.960 |
| Other intangible assets | 232.532 | 10.168 | - | - | 816 | 243.516 |
| | 2.950.278 | 463.059 | - | - | 816 | 3.414.153 |
| Accumulated amortization | | | | | | |
| Rights | 104.049 | 107 | - | - | - | 104.156 |
| Development cost | 1.690.290 | 109.007 | - | - | - | 1.799.297 |
| Other intangible assets | 110.482 | 20.484 | - | - | - | 130.966 |
| | 1.904.821 | 129.598 | - | - | - | 2.034.419 |
| Net book value | 1.045.457 | | | | | 1.379.734 |

| | 1 January | | Currency translation | | | 31 December |
|---------------------------------|------------------|----------------|----------------------|-------------|-----------|------------------|
| | 2022 | Additions | Disposals | differences | Transfers | 2022 |
| Cost | | | | | | |
| Rights | 104.677 | - | - | - | - | 104.677 |
| Development cost | 2.400.116 | 212.953 | - | - | - | 2.613.069 |
| Other intangible assets | 192.017 | 40.515 | - | - | - | 232.532 |
| | 2.696.810 | 253.468 | - | - | - | 2.950.278 |
| Accumulated amortization | | | | | | |
| Rights | 103.942 | 107 | - | - | - | 104.049 |
| Development cost | 1.494.613 | 195.677 | - | - | - | 1.690.290 |
| Other intangible assets | 94.467 | 16.015 | - | - | - | 110.482 |
| | 1.693.022 | 211.799 | - | - | - | 1.904.821 |
| Net book value | 1.003.788 | | | | | 1.045.457 |

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 since it is highly probable that it will derive economic benefit from these projects and the economic benefits and expenditures made during the development process can be reliably measured.

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NOTE 14 – GOVERNMENT GRANTS

There are investment incentive certificates to which the Company has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Company in nature are as follows:

- i) Exemption from customs duty on machinery and equipment to be imported,
- ii) Value-added tax exemption with respect to purchases of investment goods both from domestic and export markets,
- iii) Incentives under jurisdiction of the research and development law
- iv) Inward processing permission certificates,
- v) Cash refund from Tübitak-Teydeb for research and development expenses,
- vi) Discounted corporate tax incentive,
- vii) Insurance premium employer share incentive,

NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

| | 31 December 2023 | 31 December 2022 |
|------------------------------|-------------------------|-------------------------|
| Short term provisions | | |
| Provision for lawsuit risks | 14.443 | 18.748 |
| | 14.443 | 18.748 |

b) Guarantees received by the Company

| | 31 December 2023 | 31 December 2022 |
|-------------------------|-------------------------|-------------------------|
| Guarantee letters | 208.274 | 578.984 |
| Cheques and notes | 16.252 | 1.219 |
| Collaterals and pledges | 40.515.035 | 42.858.039 |
| | 40.739.561 | 43.438.242 |

The table above has been prepared based on the lower of the limits used or the amounts of guarantees received regarding the guarantees received by the Company. The amount of guarantees received by the Company, including the total collaterals amount, is 61,523,271 TL.

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

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NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

c) Collaterals, pledges and mortgages ("CPM's") given by the Company are as follows:

| CPM's given by the Group | USD ('000) | EUR ('000) | TL | TL Equivalent |
|--|----------------|----------------|------------------|-------------------|
| 31 December 2023 | | | | |
| A. CPM's given on behalf of its own legal entity | 15.800 | 13.895 | 625.204 | 1.544.597 |
| B. CPM's given on behalf of fully consolidated subsidiaries (*) | - | - | - | - |
| C. CPM's given on behalf of third parties for ordinary course of business | - | - | - | - |
| D. Total amount of other CPM's given | 501.042 | - | 501.727 | 15.278.107 |
| i. Total amount of CPM's given on behalf of the parent company | 380.820 | - | 376.364 | 11.607.241 |
| ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C. | 120.222 | - | 125.363 | 3.670.866 |
| iii. Total amount of CPM's given on behalf of third parties which are not in scope of C. | - | - | - | - |
| Total | 516.842 | 13.895 | 1.126.931 | 16.822.704 |

The table above has been prepared based on the lower of the limits used or the amounts of guarantees received regarding the guarantees given by the Company. The total guarantee amount, as well as the guarantees, pledges, mortgages and guarantees given by the Company, are 946.100 thousand US Dollars, 13.895 thousand Euro, 1.456.604 TL, equivalent to a total of 29.811.753 TL.

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NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

| CPM's given by the Group | USD | EUR | TL | TL Equivalent |
|--|----------------|--------------|------------------|-------------------|
| | ('000) | ('000) | | |
| 31 December 2022 | | | | |
| A. CPM's given on behalf of its own legal entity | 21.500 | 2.000 | 84.716 | 814.133 |
| B. CPM's given on behalf of fully consolidated subsidiaries | - | - | - | - |
| C. CPM's given on behalf of third parties for ordinary course of business | - | - | - | - |
| D. Total amount of other CPM's given | 501.042 | - | 1.177.157 | 16.641.951 |
| i. Total amount of CPM's given on behalf of the parent company | 380.820 | - | 970.593 | 12.724.702 |
| ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C. | 120.222 | - | 206.564 | 3.917.249 |
| iii. Total amount of CPM's given on behalf of third parties which are not in scope of C. | - | - | - | - |
| Total | 522.542 | 2.000 | 1.261.873 | 17.456.084 |

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

Proportion of other CPMB's given by the Company to its equity 71% as of 31 December 2023. (31 December 2022: 123%).

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NOTE 16 – COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to USD 1.093.911 (31 December 2022: USD 1.164.855 thousand) due to the export and investment incentive certificates obtained.

As of 31 December 2023 the Company has forward foreign currency purchase contract that amounts to EUR 23.517, PLN 6.895 GBP 10.794 and USD 675.619 against forward foreign currency sales contract that amounts to EUR 548.376, GBP 18.642 ,PLN 20.350, USD 12.352 and TL 2.542.725 (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 3.498.579 against purchase contract of TL 1.926.378, EUR 14.668 thousand, PLN 14.097 thousand, GBP 13.139 thousand and USD 495.366 thousand).

NOTE 17 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

| | 31 December 2023 | 31 December 2022 |
|--------------------------|-------------------------|-------------------------|
| Due to personnel | 193.400 | 191.800 |
| Social security payables | 96.596 | 88.336 |
| | 289.996 | 280.136 |

Long term provisions for employee benefits:

| | 31 December 2023 | 31 December 2022 |
|---|-------------------------|-------------------------|
| Provision for employment termination benefits | 676.641 | 854.775 |
| | 676.641 | 854.775 |

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 31 December 2023 (31 December 2022: TL 15.371,40 /year). The provision for employee termination benefits is not funded.

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NOTE 17-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 31 December 2023 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 31 December 2023 provision is calculated based on real discount rate of 3,72% (31 December 2022: 2%) assuming 23,60% annual inflation rate and 49,25% 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 - 31 December 2023 | 1 January - 31 December 2022 |
|-------------------------------|---|---|
| Balance at 1 January | 854.775 | 411.083 |
| Increase during the year | 147.713 | 53.014 |
| Payments during the year | (233.867) | (49.777) |
| Actuarial (gain) /loss | 188.502 | 547.716 |
| Interest expense | 79.547 | 59.861 |
| Monetary gain/ (loss) | (360.029) | (167.122) |
| Balance at 31 December | 676.641 | 854.775 |

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NOTE 18 – OTHER ASSETS AND LIABILITIES

| | 31 December 2023 | 31 December 2022 |
|---|-------------------------|-------------------------|
| Other current assets | | |
| VAT carried forward | 1.328 | 1.534 |
| Rebates from suppliers and incentives income accruals | 83.548 | 62.645 |
| | 84.876 | 64.179 |
| Other current liabilities | | |
| Tax payables | 184.092 | 222.058 |
| Other | 8.284 | 3.282 |
| | 192.376 | 225.340 |

NOTE 19 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

| | 31 December 2023 | 31 December 2022 |
|-------------------------------|-------------------------|-------------------------|
| Shares of par value Kr 1 each | | |
| Issued share capital | 1.600.000 | 1.600.000 |

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

| | Shareholding | | Amount | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| Vestel Elektronik Sanayi ve Ticaret A.Ş. (*) | 77,33% | 80,66% | 1.237.302 | 1.290.560 |
| Stocks traded on BIST | 22,67% | 19,34% | 362.698 | 309.440 |
| | 100% | 100% | 1.600.000 | 1.600.000 |

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NOTE 19 – 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, 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.

| | 31 December 2023 | 31 December 2022 |
|------------------------------|-------------------------|-------------------------|
| Adjustments to share capital | 6.231.085 | 6.231.085 |

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.

| | 31 December 2023 | 31 December 2022 |
|----------------|-------------------------|-------------------------|
| Legal reserves | 1.198.318 | 1.239.341 |

The differences arising as a result of converting the following inflation-adjusted amounts in the company's legal records into CPI-adjusted amounts within the scope of TAS 29 are accounted under the Retained Earnings item.

| | PPI-Indexed Legal Records | CPI Indexed Amounts | Differences Tracked in Past Years Profits/Losses |
|---------------------------------|--------------------------------------|--------------------------------|---|
| Capital Adjustment Gains/Losses | 8.152.194 | 6.231.085 | 1.921.109 |
| Appropriated Retained Earnings | 1.939.472 | 1.198.318 | 741.154 |

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NOTE 19 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

c) Restricted reserves ("Legal reserves") (Cont'd)

The details of the "Retained Years Profits or Losses" item in the Company's balance sheet prepared in accordance with TFRS within the scope of the first transition to TMS 29 inflation accounting are as follows:

| | January 1, 2022 | | 31 December 2022 | |
|--------------------------|---------------------------------------|---|--|--|
| | Amount before inflation accounting | Amount after inflation accounting | Amount before inflation accounting (excluding 2022 net profit/loss) | 31 December 2022 Amount after inflation accounting |
| Prior Years Profits/Loss | 1.642.079 | 6.514.120 | 858.734 | 4.850.530 |

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.

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NOTE 20 – SALES

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|---------------------|---|---|
| Domestic sales | 18.242.987 | 15.973.645 |
| Overseas sales | 43.107.795 | 43.767.764 |
| Gross sales | 61.350.782 | 59.741.409 |
| Sales discounts (-) | (280.877) | (158.296) |
| Net sales | 61.069.905 | 59.583.113 |
| Cost of sales | (51.094.963) | (53.782.067) |
| Gross profit | 9.974.942 | 5.801.046 |

NOTE 21 – EXPENSES BY NATURE

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|--|---|---|
| Raw materials, supplies and finished goods | 44.095.323 | 47.493.262 |
| Personnel expenses | 4.407.290 | 3.576.997 |
| Depreciation and amortization | 1.955.534 | 1.984.895 |
| Export, transportation, warehouse expenses | 2.379.727 | 3.433.252 |
| Other | 2.291.628 | 2.200.169 |
| | 55.129.502 | 58.688.575 |

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NOTE 21 – EXPENSES BY NATURE (Cont'd)

Fees for Services Received from Independent Auditor/Independent Audit Firm

The Company's explanation of the fees for the services received from the independent audit firm is as follows:

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|------------------------|---|---|
| Independent Audit Fees | 3.391 | 1.844 |
| | 3.391 | 1.844 |

NOTE 22 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|---------------------------------------|---|---|
| Personnel expenses | 147.651 | 144.708 |
| Depreciation and amortization | 15.123 | 15.060 |
| Consultancy expenses | 277.615 | 230.460 |
| Rent and office expenses | 15.055 | 17.280 |
| Travelling expenses | 11.681 | 6.890 |
| Energy expenses | 5.937 | 8.406 |
| Dışarıdan sağlanan fayda ve hizmetler | 1.715 | 1.900 |
| Other | 51.039 | 162.771 |
| | 525.816 | 587.475 |

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NOTE 22 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Cont'd)

b) Marketing expenses:

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|--|---|---|
| Export, transportation, warehouse expenses | 2.323.376 | 3.358.600 |
| Personnel expenses | 218.332 | 181.821 |
| Taxes, duties and fees | 90.579 | 95.787 |
| Depreciation and amortization | 7.883 | 7.966 |
| Sigorta giderleri | 47.864 | 56.503 |
| Other | 262.798 | 78.072 |
| | 2.950.832 | 3.778.749 |

c) Research and development expenses:

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|-------------------------------|---|---|
| Depreciation and amortization | 286.510 | 304.941 |
| Personnel expenses | 161.000 | 150.729 |
| Other | 110.381 | 84.614 |
| | 557.891 | 540.284 |

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NOTE 23 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|--|---|---|
| Credit finance gains arising from trading activities | 187.579 | 126.533 |
| Foreign exchange gains arising from trading activities | 4.851.892 | 3.073.745 |
| Other income | 17.254 | 179.342 |
| | 5.056.725 | 3.379.620 |

b) Other operating expenses

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|---|---|---|
| Debit finance charges and interest income arising from trading activities | 32.258 | 151.328 |
| Foreign exchange expenses arising from trading activities | 8.080.331 | 5.501.033 |
| Other expenses | 192.740 | 73.632 |
| | 8.305.329 | 5.725.993 |

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NOTE 24 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|---|---|---|
| Foreign exchange gains | 1.938.599 | 2.026.039 |
| Gains on derivative financial instruments | 743.221 | 2.759.037 |
| Interest income | 309.343 | 426.956 |
| | 2.991.163 | 5.212.032 |

b) Financial expense:

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|--|---|---|
| Foreign exchange losses | 1.145.736 | 1.139.816 |
| Losses on derivative financial instruments | 1.226.501 | 3.021.954 |
| Interest and commision expense | 1.846.999 | 1.325.004 |
| Other finance expenses | 556.739 | 238.452 |
| | 4.775.975 | 5.725.226 |

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

| | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| Corporation and income taxes | 129.360 | 4.870 |
| Prepaid taxes (-) | (135.685) | (4.947) |
| Current income tax liabilities - net | (6.325) | (77) |
| Deferred tax assets/liabilities - net | (1.644.764) | (581.582) |

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.

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;

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

- 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.

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.

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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 December 31, 2023 and 2022, tax expenses recognized in the statement of comprehensive income are as follows;

| | 31 December 2023 | 31 December 2022 |
|----------------------------|-------------------------|-------------------------|
| Current period tax expense | (182.322) | (6.277) |
| Deferred tax benefit | (593.910) | (248.050) |
| Total tax benefit | (776.232) | (254.327) |

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

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

The reconciliation of the period tax expense with the calculated tax provision is as follows:

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|---|---|---|
| Profit before tax | 5.500.684 | 466.115 |
| Local tax rate | %25 | %23 |
| Tax income calculated using local tax rate | (1.375.171) | (107.206) |
| Non-deductible expenses | (131.623) | (77.107) |
| Deduction and exemptions | 185.454 | 152.562 |
| Reduced taxation | 1.033.691 | 883.361 |
| Deferred tax effect of change in legal tax rate | (56.090) | 2.673 |
| Monetary gain / loss | (748.016) | (729.794) |
| Other | 315.523 | (378.816) |
| Total tax benefit | (776.232) | (254.327) |

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Deferred tax assets and liabilities

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

| | Cumulative temporary differences | | Deferred tax | |
|---|-------------------------------------|---------------------|---------------------|---------------------|
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| Deferred tax assets/(liabilities) | | | | |
| Employment termination benefits | (676.641) | (854.775) | 169.160 | 170.955 |
| Investment incentive | - | - | 741.782 | 878.182 |
| Net difference between book values and tax bases of property, plant and equipment and intangible asset | 12.340.471 | 8.346.376 | (2.636.836) | (1.671.590) |
| Provision for impairment on inventories | 385.460 | 190.237 | (96.365) | (38.048) |
| Derivative financial instruments | (351.054) | (577.033) | 87.764 | 115.407 |
| Other | (358.924) | 182.440 | 89.731 | (36.488) |
| | | | (1.644.764) | (581.582) |

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.

Furthermore, financial statements consist of the deferred tax effect of the temporary differences accounted by the adjustments made regarding inflation accounting together with the notification of the Corporate Tax Law dated 30 December 2023 and numbered 32415.

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Deferred tax assets and liabilities (Cont'd)

As of December 31, 2023, the tax advantage amounting to TL 741.782 that the Company will benefit from in the foreseeable future is reflected in the financial statements as deferred tax asset. In line with the precautionary principle of accounting and in line with the budget made by the Company, the tax advantage arising from the investment incentives that the Company expects to benefit from in the coming year has been recognized as deferred tax asset in the financial statements.

However, the tax advantage amounting to TL 3.557.930 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 708.501.

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 - 31 December 2023 | 1 January - 31 December 2022 |
|--|---|---|
| Opening balance, 1 January | (581.582) | (574.795) |
| Tax benefit recognized in income statement | (593.910) | (248.050) |
| Recognized in shareholders' equity | (469.272) | 241.263 |
| Deferred tax assets at the end of the period, net | (1.644.764) | (581.582) |

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NOTE 26– EARNINGS PER SHARE

| | 1 January - 31 December 2023 | 1 January - 31 December 2022 |
|--|------------------------------------|------------------------------------|
| Net income / (loss) attributable to equity holders of the parent | 4.724.452 | 211.788 |
| Weighted number of ordinary shares with a Kr 1 of par value (hundred shares) | 1.600.000.000 | 1.600.000.000 |
| Earnings per share | 2,95 | 0,13 |

NOTE 27 – DERIVATIVE INSTRUMENTS

| | 31 December 2023 | | 31 December 2022 | |
|--|--------------------|---|--------------------|---|
| | Contract amount | Fair Value Assets / (Liabilities) | Contract amount | Fair Value Assets / (Liabilities) |
| Derivative financial instruments: | | | | |
| Held for trading | | | | |
| Forward foreign currency transactions | 464.617 | 3.176 | 452.526 | 1.984 |
| Cash flow hedge | | | | |
| Forward foreign currency transactions | 5.515.823 | 31.900 | 3.971.677 | 7.483 |
| Derivative financial liabilities: | | | | |
| Held for trading | | | | |
| Forward foreign currency transactions | 3.216.786 | (56.690) | 3.678.341 | (326.185) |
| Cash flow hedge | | | | |
| Forward foreign currency transactions | 11.913.788 | (329.440) | 8.515.642 | (260.315) |
| | 21.111.014 | (351.054) | 16.618.186 | (577.033) |

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Capital risk management:

The Company manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through optimization of the debt and equity balance.

The management considers the cost of capital and the risks associated with each class of capital. The management aims to balance its overall capital structure through the payment of dividends, share issues and proceeds from or repayments of debt.

As of 31 December 2023 and 2022 the Company's net debt / total equity ratios are as follows:

| | 31 December 2023 | 31 December 2022 |
|--------------------------------------|-------------------------|-------------------------|
| Total financial liabilities (Note 6) | 4.589.141 | 10.244.779 |
| Cash and cash equivalents (Note 5) | (729.518) | (953.628) |
| Net debt | 3.859.623 | 9.291.151 |
| Total shareholders equity | 21.589.779 | 13.554.439 |
| Total capital invested | 25.449.402 | 22.845.590 |
| Net debt/capital invested | 15% | 41% |

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**b) Financial risk factors:**

The Company's activities expose it to a variety of financial risks including the foreign currency exchange rates risk, credit risk and liquidity risk. The Company's overall risk management program on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments in order to protect itself from various financial risks.

b.1) Credit risk:

Credit risk arises from bank deposits, trade receivables and other trade receivables. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of these agreements. The Company sells significant portion of its products to Vestel Ticaret A.Ş. which is a group company. Credit risk is evaluated by considering past experiences and current economic conditions and receivables is presented in the balance sheet after appropriate amount of provision for doubtful receivables is allocated. The company considers that the credit risk is managed effectively. The following statements show the analysis of credit risk as of 31 December 2023 and 31 December 2022:

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

| | Receivables | | | | | | |
|---|-------------------|----------------|-------------------|----------------|----------------|---------------|-------|
| | Trade receivables | | Other receivables | | | Bank deposits | Other |
| | Related party | Other party | Related party | Other party | Other | | |
| 31 December 2023 | | | | | | | |
| Maximum exposed credit risk as of 31 December 2022 (A+B+C+D) | 13.379.322 | 512.568 | 2.624.267 | 996.411 | 728.281 | 1.259 | |
| - Secured portion of the maximum credit risk by guarantees, etc. | - | (64.000) | - | - | - | - | |
| A.Net book value of financial assets either are not due or not impaired | 12.263.164 | 118.264 | 2.624.267 | 996.411 | 728.281 | 1.259 | |
| - Secured portion by guarantees etc. | - | - | - | - | - | - | |
| B. Financial assets with renegotiated conditions | - | - | - | - | - | - | |
| C.Net book value of the overdue but not impaired financial assets | 1.116.158 | 394.304 | - | - | - | - | |
| - Secured portion by guarantees etc. | - | (64.000) | - | - | - | - | |
| D.Net book value of the impaired financial assets | - | - | - | - | - | - | |
| -Over due (gross book value) | - | 2.505 | - | - | - | - | |
| -Impairment (-) | - | (2.505) | - | - | - | - | |
| -Secured portion of the net value by guarantees etc. | - | - | - | - | - | - | |
| E. Off-balance sheet elements involving credit risk | - | - | - | - | - | - | |

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

| | Receivables | | | | Bank deposits | Other |
|--|-------------------|----------------|-------------------|------------------|----------------|--------------|
| | Trade receivables | | Other receivables | | | |
| | Related party | Other party | Related party | Other party | | |
| 31 December 2022 | | | | | | |
| Maximum exposed credit risk as of 31 December 2021 (A+B+C+D) | 13.877.597 | 345.176 | 3.959.759 | 1.284.518 | 952.572 | 1.092 |
| - Secured portion of the maximum credit risk by guarantees, etc. | - | (154.421) | - | - | - | - |
| A. Net book value of financial assets either are not due or not impaired | 13.877.597 | 188.906 | 3.959.759 | 1.284.518 | 952.572 | 1.092 |
| - Secured portion by guarantees etc. | - | - | - | - | - | - |
| B. Financial assets with renegotiated conditions | - | - | - | - | - | - |
| C. Net book value of the overdue but not impaired financial assets | - | 154.421 | - | - | - | - |
| - Secured portion by guarantees etc. | - | (154.421) | - | - | - | - |
| D. Net book value of the impaired financial assets | - | - | - | - | - | - |
| -Over due (gross book value) | - | 1.848 | - | - | - | - |
| -Impairment (-) | - | (1.848) | - | - | - | - |
| -Secured portion of the net value by guarantees etc. | - | - | - | - | - | - |
| E. Off-balance sheet elements involving credit risk | - | - | - | - | - | - |

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Aging of financial assets which are overdue but not impaired is as follows:

| | 31 December 2023 | 31 December 2022 |
|-----------------------|-------------------------|-------------------------|
| Overdue 1 - 30 days | 627.598 | 87.517 |
| Overdue 1 - 3 months | 236.732 | 60.524 |
| Overdue 3 - 12 months | 646.132 | 6.380 |
| Total | 1.510.462 | 154.421 |

b.2) Price risk:

Due to the fact that the Company's operating profit and cash flows from operating activities has been affected by competition in the sector and changes in raw material prices, the prices are monitored by the Company management and cost-cutting measures has been taken in order to mitigate cost pressure effect on price level. In addition, the Company reviews market prices for active financial and operational risk management regularly.

Existing risks has been monitored on Audit Committee and Board of Directors meetings and raw material prices in market is reviewed closely.

b.3) Liquidity risk:

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company manages liquidity risk by providing the continuity of sufficient funds and loan reserves by twinning the maturities of financial assets and liabilities by following cash flow regularly.

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented by undiscounted net inflows and outflows.

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2023:

| Contractual maturities | Carrying value | Contractual cash flows | | | | 1 - 5 years | More than 5 years |
|---|-------------------|------------------------|-------------------|------------------|------------------|------------------|-------------------|
| | | Up to 3 months | 3 - 12 months | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Financial and lease liabilities | 4.589.141 | 6.042.960 | 1.559.143 | 1.508.242 | 1.435.023 | 1.540.552 | |
| Trade payables | 17.301.665 | 17.365.605 | 15.334.459 | 1.487.559 | 429.269 | 114.318 | |
| Other payables and liabilities | 3.414.930 | 3.414.930 | 3.414.930 | - | - | - | |
| | 25.305.736 | 26.823.495 | 20.308.532 | 2.995.801 | 1.864.292 | 1.654.870 | |
| Derivative financial instruments | | | | | | | |
| Derivative cash inflows | | (21.111.014) | (9.354.319) | (11.756.695) | - | - | |
| Derivative cash outflows | | 21.620.092 | 9.662.672 | 11.957.420 | - | - | |
| | 351.054 | 509.078 | 308.353 | 200.725 | - | - | |

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NOTE 28– FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2022:

| Contractual maturities | Carrying value | Contractual cash flows | | | | More than 5 years |
|---|-------------------|------------------------|--------------------|-------------------|----------------|-------------------|
| | | Up to 3 months | 3 - 12 months | 1 - 5 years | | |
| Non-derivative financial liabilities | | | | | | |
| Financial and lease liabilities | 10.244.779 | 10.770.278 | 2.882.336 | 7.869.808 | 18.134 | - |
| Trade payables | 17.813.055 | 17.930.957 | 15.328.583 | 2.191.539 | 295.558 | 115.277 |
| Other payables and liabilities | 1.227.920 | 1.227.253 | 1.227.253 | - | - | - |
| | 29.285.754 | 29.928.488 | 19.438.172 | 10.061.347 | 313.692 | 115.277 |
| Derivative financial instruments | | | | | | |
| Derivative cash inflows | | (16.618.186) | (16.618.186) | - | - | - |
| Derivative cash outflows | | 14.703.419 | 14.703.419 | - | - | - |
| | 577.033 | (1.914.767) | (1.914.767) | - | - | - |

b.4) 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.

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

| | USD | EUR | Other | |
|---|------------------|------------------|------------------|--------------------|
| | (Thousand) | (Thousand) | (TL Equivalent) | TL Equivalent |
| 31 December 2023 | | | | |
| 1. Trade receivables | 16.067 | 182.605 | 198.433 | 6.619.574 |
| 2a. Monetary financial assets (including cash and cash equivalents) | 18.739 | 2.341 | 590 | 628.488 |
| 2b. Non-monetary financial assets | - | - | - | - |
| 3. Other | 52.992 | 47.760 | 2 | 3.115.721 |
| 4. Current assets (1+2+3) | 87.798 | 232.706 | 199.025 | 10.363.783 |
| 5. Trade receivables | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - |
| 6b. Non-monetary financial assets | 6.636 | 2.017 | - | 261.053 |
| 7. Other | - | - | - | - |
| 8. Non-current assets (5+6+7) | 6.636 | 2.017 | - | 261.053 |
| 9. Total assets (4+8) | 94.434 | 234.723 | 199.025 | 10.624.836 |
| 10. Trade payables | 245.638 | 193.029 | 87.968 | 13.631.190 |
| 11. Financial liabilities | 31.573 | 12.461 | - | 1.337.764 |
| 12a. Other monetary liabilities | - | - | 19.675 | 19.675 |
| 12b. Other non-monetary liabilities | - | - | - | - |
| 13. Current liabilities (10+11+12) | 277.211 | 205.490 | 107.643 | 14.988.629 |
| 14. Trade payables | - | 5.460 | - | 178.174 |
| 15. Financial liabilities | - | 7.890 | - | 257.471 |
| 16a. Other monetary liabilities | - | - | - | - |
| 16b. Other non-monetary liabilities | - | - | - | - |
| 17. Non-current liabilities (14+15+16) | - | 13.350 | - | 435.645 |
| 18. Total liabilities (13+17) | 277.211 | 218.840 | 107.643 | 15.424.274 |
| 19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b) | - | - | - | - |
| 19a. Hedged total assets | 675.619 | 23.517 | 455.990 | 21.111.014 |
| 19b. Hedged total liabilities | (12.352) | (548.376) | (854.627) | (19.113.838) |
| 20. Net foreign currency asset/ (liability) position (9-18+19) | 480.490 | (508.976) | (307.255) | (2.802.262) |
| 21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a) | (189.413) | 13.866 | 91.382 | (5.060.491) |
| 22. Fair value of financial instruments used in foreign currency hedging | - | - | - | (351.054) |
| 23. Export | 132.539 | 1.231.812 | 753.533 | 43.107.795 |
| 24. Import | 526.414 | 192.062 | 28.675 | 17.115.356 |

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

| | USD | EUR | Other (TL Equivalent) | TL Equivalent |
|---|-------------------|-------------------|-----------------------------|--------------------|
| 31 December 2022 | (Thousand) | (Thousand) | (Thousand) | (Thousand) |
| 1. Trade receivables | 29.570 | 238.673 | 187.763 | 9.060.198 |
| 2a. Monetary financial assets (including cash and cash equivalents) | - | - | - | - |
| | 9.764 | 14.193 | 1.221 | 769.040 |
| 2b. Non-monetary financial assets | - | - | - | - |
| 3. Other | 128.489 | 31 | - | 3.959.732 |
| 4. Current assets (1+2+3) | 167.823 | 252.897 | 188.984 | 13.788.964 |
| 5. Trade receivables | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - |
| 6b. Non-monetary financial assets | 1.504 | 9.663 | - | 363.742 |
| 7. Other | - | - | - | - |
| 8. Non-current assets (5+6+7) | 1.504 | 9.663 | - | 363.742 |
| 9. Total assets (4+8) | 169.327 | 262.560 | 188.984 | 14.152.706 |
| 10. Trade payables | 230.100 | 193.495 | 41.743 | 13.538.122 |
| 11. Financial liabilities | 72.515 | - | - | 2.238.196 |
| 12a. Other monetary liabilities | - | 11.265 | - | 370.692 |
| 12b. Other non-monetary liabilities | - | - | - | - |
| 13. Current liabilities (10+11+12) | 302.615 | 204.760 | 41.743 | 16.147.002 |
| 14. Trade payables | - | 9.157 | - | 301.325 |
| 15. Financial liabilities | - | - | - | - |
| 16a. Other monetary liabilities | - | - | - | - |
| 16b. Other non-monetary liabilities | - | - | - | - |
| 17. Non-current liabilities (14+15+16) | - | 9.157 | - | 301.325 |
| 18. Total liabilities (13+17) | 302.615 | 213.917 | 41.743 | 16.448.326 |
| 19. Off-balance sheet derivative instruments | - | - | - | - |
| net asset / (liability) position (19a+19b) | 425.221 | (368.704) | 42.017 | 1.059.242 |
| 19a. Hedged total assets | 495.366 | 14.668 | 355.595 | 16.329.832 |
| 19b. Hedged total liabilities | (70.145) | (383.372) | (313.578) | (15.270.589) |
| 20. Net foreign currency asset/ (liability) position (9-18+19) | 291.933 | (320.061) | 189.258 | (1.236.378) |
| 21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a) | (134.792) | 38.980 | 147.241 | (2.659.363) |
| 22. Fair value of financial instruments used in foreign currency hedging | - | - | - | (577.035) |
| 23. Export | 145.634 | 1.242.590 | 465.822 | 43.767.764 |
| 24. Import | 563.708 | 242.049 | 19.656 | 22.087.418 |

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 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 |
| 31 December 2023 | | | | |
| +/- 10% fluctuation of USD rate: | | | | |
| USD net asset / liability | (539.535) | 539.535 | (539.535) | 539.535 |
| Secured portion from USD risk (-) | 403.745 | (403.745) | 1.922.151 | (1.922.151) |
| USD net effect | (135.790) | 135.790 | 1.382.616 | (1.382.616) |
| +/- 10% fluctuation of EUR rate: | | | | |
| EUR net asset / liability | 50.453 | (50.453) | 50.453 | (50.453) |
| Secured portion from EUR risk (-) | (172.163) | 172.163 | (1.764.675) | 1.764.675 |
| EUR net effect | (121.710) | 121.710 | (1.714.222) | 1.714.222 |
| +/- 10% fluctuation of other currency rates: | | | | |
| Other currencies net asset / liability | 9.138 | (9.138) | 9.138 | (9.138) |
| Secured portion from other currency risk (-) | 5.671 | (5.671) | 43.490 | (43.490) |
| Other currency net effect | 14.809 | (14.809) | 52.628 | (52.628) |
| Total | (242.691) | 242.691 | (278.978) | 278.978 |

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NOTE 28 – 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 | (412.338) | 412.338 | (412.338) | 412.338 |
| Secured portion from USD risk (-) | 134.082 | (134.082) | 808.780 | (808.780) |
| USD net effect | (278.256) | 278.256 | 396.442 | (396.442) |
| +/- 10% fluctuation of EUR rate: | | | | |
| EUR net asset / liability | 158.513 | (158.513) | 158.513 | (158.513) |
| Secured portion from EUR risk (-) | (229.965) | 229.965 | (1.146.607) | 1.146.607 |
| EUR net effect | (71.452) | 71.452 | (988.094) | 988.094 |
| +/- 10% fluctuation of other currency rates: | | | | |
| Other currencies net asset / liability | 24.261 | (24.261) | 24.261 | (24.261) |
| Secured portion from other currency risk (-) | 1.033 | (1.033) | 17.596 | (17.596) |
| Other currency net effect | 25.294 | (25.294) | 41.857 | (41.857) |
| Total | (324.414) | 324.414 | (549.795) | 549.795 |

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

b.5) Interest rate risk:

The Company is exposed to interest rate risk as the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate hedge contracts and forward interest rate contracts.

Analysis of financial instruments of the Company which are sensitive to interest rate changes is as follows:

| | 31 December 2023 | 31 December 2022 |
|---|-------------------------|-------------------------|
| Financial instruments with fixed interest rates | | |
| Bank deposits | 56.929 | 249.606 |
| Financial liabilities | 3.612.442 | 1.444.584 |
| Financial instruments with floating interest rates | | |
| Financial liabilities | 976.699 | 8.800.195 |

On 31 December 2023, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has strengthened / weakened by 100 basis points with all other variables held constant, income before taxes would have been TL 46.893 (2022: TL 27.977) lower / higher as a result of interest expenses.

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Categories of financial instruments and fair values

The Company classifies its financial assets into three categories: financial assets measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. Among Company's financial assets, cash and cash equivalents (note 4), trade receivables (notes 6 and 7) and other receivables (notes 6 and 8), are classified as loans and receivables and are measured at amortized cost using the effective interest method.

Company's financial liabilities consist of financial liabilities (note 5) and trade payables (note 7) are measured at amortized cost using the effective interest method.

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**NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)
(Cont'd)****Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Company, using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Monetary assets

The book value of foreign currency denominated balances which are translated to TL using exchange rates prevailing on the date of the balance sheet approximate their fair values. For financial assets measured at cost including cash and cash equivalents, the carrying amounts are the same with fair values due to their short term nature. Carrying amounts of trade receivables net of impairments approximate their fair values.

Monetary liabilities

The fair values of short term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. Fair value is calculated by discounting the cash out flows regarding due dates of financial liabilities considering the changing country risk premium and changes in the market interest rates.

Fair value hierarchy

The Company classifies the fair value measurement of each class of financial instruments according to the source, using the three level hierarchy, as follows:

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**NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)
(Cont'd)**

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques do not contain observable market inputs

Fair value hierarchy tables as of 31 December 2023 and 31 December 2022 are as follows:

| 31 December 2023 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|----------------|----------------|----------------|--------------|
| Financial assets | | | | |
| Derivative financial instruments | - | (351.054) | - | (351.054) |
| 31 December 2022 | | | | |
| Level 1 | | | | |
| Level 2 | | | | |
| Level 3 | | | | |
| Total | | | | |
| Financial assets | | | | |
| Derivative financial instruments | - | (577.033) | - | (577.033) |

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December 2023 unless otherwise stated.)

**NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)
(Cont'd)**

The Company's non-financial assets, calculated at fair value as of December 31, 2023 and 2022, are as follows:

| 31 December 2023 | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|----------------|----------------|----------------|--------------|
| Tangible Assets | | | | |
| Lands | - | 7.087.255 | - | 7.087.255 |
| Buildings and land improvements | - | 5.721.208 | - | 5.721.208 |
| 31 December 2022 | | | | |
| 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
| Tangible Assets | | | | |
| Lands | - | 2.966.489 | - | 2.966.489 |
| Buildings and land improvements | - | 3.829.907 | - | 3.829.907 |

NOTE 30 - OTHER FINANCIAL LIABILITIES

The maturity of other financial liabilities is 30 July 2030 and the interest rate is EURIBOR+2.5.

NOTE 31 – SUBSEQUENT EVENTS

None.