VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2021

(ORIGINALLY ISSUED IN TURKISH)

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

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

			Audited
	Footnotes	**30 September 2021**	**31 December 2020**
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	118.885	216.011
Trade Receivables		4.129.332	3.285.995
Trade Receivables Due From Related Parties	6	4.099.395	3.280.987
Trade Receivables Due From Third Parties	7	29.937	5.008
Other Receivables		1.151.289	1.086.150
Other Receivables Due From Related Parties	6	874.528	855.935
Other Receivables Due From Third Parties	8	276.761	230.215
Derivative Financial Assets		36.595	18.830
Derivative Financial Assets Held for Trading	26	5.442	18.543
Derivative Financial Assets Held for Hedging	26	31.153	287
Inventories	9	2.203.762	952.552
Prepayments		138.915	53.422
Prepayments to Third Parties	10	138.915	53.422
Other Current Assets		9.375	3.812
Other Current Assets Due From Third Parties	17	9.375	3.812
TOTAL CURRENT ASSETS		**7.788.153**	**5.616.772**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

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

			Audited
	Footnotes	**30 September 2021**	**31 December 2020**
NON-CURRENT ASSETS			
Other Receivables		14.854	4.500
Other Recevables Due From Third Parties	8	14.854	4.500
Property, Plant and Equipments		2.328.521	2.190.304
Land and Premises	11	503.898	503.898
Land Improvements	11	48.583	49.957
Buildings	11	637.722	643.223
Machinery and Equipments	11	1.043.252	919.610
Vehicles	11	270	366
Fixtures and Fittings	11	47.082	36.413
Leasehold Improvements	11	4.720	4.688
Construction in Progress	11	42.994	32.149
Right of Use Assets	12	142.921	148.920
Intangible Assets and Goodwill		253.362	216.439
Other Rights	13	164	180
Capitalized Development Costs	13	233.856	202.424
Other Intangible Assets	13	19.342	13.835
Prepayments		143.577	53.056
Prepayments to Third Parties	10	143.577	53.056
TOTAL NON-CURRENT ASSETS		**2.883.235**	**2.613.219**
TOTAL ASSETS		**10.671.388**	**8.229.991**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

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

			Audited
	Footnotes	**30 September 2021**	**31 December 2020**
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		855.163	998.969
Current Borrowings from Related Parties		2.327	16.181
Lease Liabilities	5, 6	2.327	16.181
Current Borrowings From Third Parties		852.836	982.788
Bank Loans	5	822.775	960.540
Lease Liabilities	5	26.437	22.248
Issued Debt Instruments	5	3.624	-
Current Portion of Non-current Borrowings		18.553	234.294
Current Portion of Non-current Borrowings from Third Parties		18.553	234.294
Bank Loans	5	18.553	234.294
Trade Payables		4.153.767	2.874.941
Trade Payables to Related Parties	6	209.119	188.142
Trade Payables to Third Parties	7	3.944.648	2.686.799
Employee Benefit Obligations	16	68.563	54.166
Other Payables		1.122.988	206.285
Other Payables to Related Parties	6	1.122.988	206.285
Derivative Financial Liabilities		14.110	48.839
Derivative Financial Liabilities Held for Trading	26	11.885	11.743
Derivative Financial Liabilities Held for Hedging	26	2.225	37.096
Current Tax Liabilities, Current	24	975	2.432
Current Provisions		11.755	9.674
Other Current Provisions	14	11.755	9.674
Other Current Liabilities		41.930	29.075
Other Current Liabilities to Third Parties	17	41.930	29.075
TOTAL CURRENT LIABILITIES		**6.287.804**	**4.458.675**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

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

			Audited
	Footnotes	**30 September 2021**	**31 December 2020**
NON-CURRENT LIABILITIES			
Long Term Borrowings		401.585	207.731
Long Term Borrowings From Related Parties		121.099	109.058
Lease Liabilities	5, 6	121.099	109.058
Long Term Borrowings From Third Parties		280.486	98.673
Bank Loans	5	9.803	88.566
Lease Liabilities	5	5.683	10.107
Issued Debt Instruments	5	265.000	-
Trade Payables		110.510	61.787
Trade Payables to Third Parties	7	110.510	61.787
Non-current Provisions		110.399	85.734
Non-current Provisions for Employee Benefits	16	110.399	85.734
Deferred Tax Liabilities	24	45.937	54.299
TOTAL NON-CURRENT LIABILITIES		**668.431**	**409.551**
TOTAL LIABILITIES		**6.956.235**	**4.868.226**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

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

	Footnotes	30 September 2021	Audited 31 December 2020
EQUITY			
Equity Attributable to Owners of Parent		**3.715.153**	**3.361.765**
Issued Capital	18	190.000	190.000
Inflation Adjustments on Capital	18	9.734	9.734
Share Premium (Discount)	18	32.576	109.031
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		759.507	771.673
Gains (Losses) on Revaluation and Remeasurement		759.507	771.673
Increases (Decreases) on Revaluation of Property, Plant and Equipment		791.046	800.187
Gains (Losses) on Remeasurements of Defined Benefit Plans		(31.539)	(28.514)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		21.696	(29.447)
Gains (Losses) on Hedge		21.696	(29.447)
Gains (Losses) on Cash Flow Hedges		21.696	(29.447)
Restricted Reserves Appropriated From Profits		142.125	187.190
Legal Reserves	18	142.125	187.190
Prior Years' Profits or Losses	18	1.454.245	792.276
Current Period Net Profit Or Loss		1.105.270	1.331.308
TOTAL EQUITY		**3.715.153**	**3.361.765**
TOTAL LIABILITIES AND EQUITY		**10.671.388**	**8.229.991**

Financial statements for the period 1 January – 30 September 2021 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 20 October 2021.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 30 SEPTEMBER 2021 AND 2020

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

	Footnotes	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
PROFIT OR LOSS					
Revenue	19	11.268.255	6.043.224	3.923.452	2.532.846
Cost of Sales	19	(9.636.220)	(4.976.257)	(3.485.020)	(2.009.359)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		**1.632.035**	**1.066.967**	**438.432**	**523.487**
GROSS PROFIT (LOSS)		**1.632.035**	**1.066.967**	**438.432**	**523.487**
General Administrative Expenses	21	(87.426)	(55.389)	(28.758)	(18.823)
Marketing Expenses	21	(137.086)	(83.606)	(51.718)	(33.691)
Research and Development Expense	21	(84.368)	(47.597)	(28.627)	(16.566)
Other Income from Operating Activities	22	665.931	411.558	82.166	206.318
Other Expenses from Operating Activities	22	(753.944)	(480.455)	(114.823)	(218.229)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**1.235.142**	**811.478**	**296.672**	**442.496**
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**1.235.142**	**811.478**	**296.672**	**442.496**
Finance Income	23	697.508	379.583	186.316	162.601
Fınance Costs	23	(844.722)	(487.113)	(202.705)	(249.574)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**1.087.928**	**703.948**	**280.283**	**355.523**
Tax (Expense) Income, Continuing		17.342	5.985	(2.259)	3.690
Current Period Tax (Expense) Income	24	(4.857)	(3.335)	(991)	(1.693)
Deferred Tax (Expense) Income	24	22.199	9.320	(1.268)	5.383
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**1.105.270**	**709.933**	**278.024**	**359.213**
PROFIT (LOSS)		**1.105.270**	**709.933**	**278.024**	**359.213**
Earnings Per Share with a TL 1 of Par Value	25	**5,82**	**3,74**	**1,46**	**1,89**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 30 SEPTEMBER 2021 AND 2020

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

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	(3.025)	(4.197)	(1.561)	(1.889)
Gains (Losses) on Remeasurements of Defined Benefit Plans	(3.781)	(5.247)	(1.951)	(2.362)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	756	1.050	390	473
Taxes Relating to Remeasurements of Defined Benefit Plans	756	1.050	390	473
Other Comprehensive Income that will be Reclassified to Profit or Loss	51.143	(19.205)	(44)	(10.383)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	65.737	(24.622)	(58)	(13.312)
Gains (Losses) on Cash Flow Hedges	65.737	(24.622)	(58)	(13.312)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(14.594)	5.417	14	2.929
Taxes Relating to Cash Flow Hedges	(14.594)	5.417	14	2.929
OTHER COMPREHENSIVE INCOME (LOSS)	**48.118**	**(23.402)**	**(1.605)**	**(12.272)**
TOTAL COMPREHENSIVE INCOME (LOSS)	**1.153.388**	**686.531**	**276.419**	**346.941**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY – 30 SEPTEMBER 2021 AND 2020

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

	Issued Capital	Inflation Adjustments on Capital	Share Premiums or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasure-ments of Defined Benefit Plans	Gains (Losses) on Revaluations and Remeasurements	Other Accumulated Compre-hensive Income that will not be Reclassified in Profit or Loss	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Other Accumulated Compre-hensive Income that will be Reclassified in Profit or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attributable to owners of parent	Equity
Previous Period																
1 January -30 September 2020																
Equity at Beginning of Period	**190.000**	**9.734**	**109.031**	**410.776**	**(14.795)**	**395.981**	**395.981**	**-**	**-**	**-**	**173.938**	**359.472**	**568.072**	**927.544**	**1.806.228**	**1.806.228**
Transfers	-	-	-	(5.063)	-	(5.063)	(5.063)	-	-	-	13.252	559.883	(568.072)	(8.189)	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(4.197)	(4.197)	(4.197)	(19.205)	(19.205)	(19.205)	-	-	709.933	709.933	686.531	686.531
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	709.933	709.933	709.933	709.933
Other Comprehensive Income (Loss)	-	-	-	-	(4.197)	(4.197)	(4.197)	(19.205)	(19.205)	(19.205)	-	-	-	-	(23.402)	(23.402)
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(128.766)	-	(128.766)	(128.766)	(128.766)
Equity at End of Period	**190.000**	**9.734**	**109.031**	**405.713**	**(18.992)**	**386.721**	**386.721**	**(19.205)**	**(19.205)**	**(19.205)**	**187.190**	**790.589**	**709.933**	**1.500.522**	**2.363.993**	**2.363.993**
Current Period																
1 January -30 September 2021																
Equity at Beginning of Period	**190.000**	**9.734**	**109.031**	**800.187**	**(28.514)**	**771.673**	**771.673**	**(29.447)**	**(29.447)**	**(29.447)**	**187.190**	**792.276**	**1.331.308**	**2.123.584**	**3.361.765**	**3.361.765**
Transfers	-	-	-	(9.141)	-	(9.141)	(9.141)	-	-	-	-	1.340.449	(1.331.308)	9.141	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(3.025)	(3.025)	(3.025)	51.143	51.143	51.143	-	-	1.105.270	1.105.270	1.153.388	1.153.388
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	1.105.270	1.105.270	1.105.270	1.105.270
Other Comprehensive Income (Loss)	-	-	-	-	(3.025)	(3.025)	(3.025)	51.143	51.143	51.143	-	-	-	-	48.118	48.118
Dividends Paid	-	-	(76.455)	-	-	-	-	-	-	-	(45.065)	(678.480)	-	(678.480)	(800.000)	(800.000)
Equity at End of Period	**190.000**	**9.734**	**32.576**	**791.046**	**(31.539)**	**759.507**	**759.507**	**21.696**	**21.696**	**21.696**	**142.125**	**1.454.245**	**1.105.270**	**2.559.515**	**3.715.153**	**3.715.153**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 SEPTEMBER 2021 AND 2020

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

	Footnotes	1 January - 30 September 2021	1 January - 30 September 2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**610.627**	**397.466**
Profit (Loss)		1.105.270	709.933
Profit (Loss) from Continuing Operations		1.105.270	709.933
Adjustments to Reconcile Profit (Loss)		**523.151**	**305.078**
Adjustments for Depreciation and Amortisation Expense	11,12,13	281.336	221.050
Adjustments for Impairment Loss (Reversal of Impairment Loss)		6.053	1.928
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	6.053	1.928
Adjustments for Provisions		31.576	13.424
Adjustments for (Reversal of) Provisions Related with Employee Benefits	16	29.495	9.604
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	14	2.081	3.820
Adjustments for Interest (Income) Expenses		159.810	25.936
Adjustments for Interest Income	23	(53.180)	(37.409)
Adjustments for Interest Expense	23	212.990	63.345
Adjustments for Unrealised Foreign Exchange Losses (Gains)		26.390	56.494
Adjustments for Fair Value Losses (Gains)		13.243	8.228
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		13.243	8.228
Adjustments for Tax (Income) Expenses	24	(17.342)	(5.985)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(2.331)	(2.292)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(2.331)	(2.292)
Other Adjustments to Reconcile Profit (Loss)	4	24.416	(13.705)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 SEPTEMBER 2021 AND 2020

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

	Footnotes	1 January - 30 September 2021	1 January - 30 September 2020
Changes in Working Capital		**(1.002.869)**	**(608.177)**
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(843.337)	(844.085)
Decrease (Increase) in Trade Accounts Receivables from Related Parties	6	(818.408)	(851.008)
Decrease (Increase) in Trade Accounts Receivables from Third Parties	7	(24.929)	6.923
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(75.493)	(34.253)
Decrease (Increase) in Related Party Receivables Related with Operations	8	(18.593)	-
Decrease (Increase) in Other Third Party Receivables Related with Operations	8	(56.900)	(34.253)
Adjustments for Decrease (Increase) in Inventories	9	(1.257.263)	(387.530)
Decrease (Increase) in Prepaid Expenses	10	(176.014)	(50.071)
Adjustments for Increase (Decrease) in Trade Accounts Payable		1.327.549	682.258
Increase (Decrease) in Trade Accounts Payables to Related Parties	6	20.977	(6.108)
Increase (Decrease) in Trade Accounts Payables to Third Parties	7	1.306.572	688.366
Increase (Decrease) in Employee Benefit Liabilities	16	14.397	2.677
Other Adjustments for Other Increase (Decrease) in Working Capital		7.292	22.827
Decrease (Increase) in Other Assets Related with Operations	17	(5.563)	(8.660)
Increase (Decrease) in Other Payables Related with Operations	17	12.855	31.487
Cash Flows from (used in) Operations		**625.552**	**406.834**
Payments Related with Provisions for Employee Benefits	16	(8.611)	(7.200)
Income Taxes refund (Paid)	24	(6.314)	(2.168)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 SEPTEMBER 2021 AND 2020

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

	Footnotes	1 January - 30 September 2021	1 January - 30 September 2020
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(445.747)**	**(680.257)**
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		21.301	3.100
Proceeds from Sales of Property, Plant and Equipment		21.301	3.100
Purchase of Property, Plant, Equipment and Intangible Assets		(448.455)	(310.858)
Purchase of Property, Plant and Equipment	11	(363.464)	(256.664)
Purchase of Intangible Assets	13	(84.991)	(54.194)
Cash Advances and Loans Made to Other Parties		(18.593)	(372.499)
Cash Advances and Loans Made to Related Parties	6	(18.593)	(372.499)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(237.590)**	**209.795**
Proceeds from Borrowings		1.795.552	1.569.984
Proceeds from Loans	5	1.530.552	1.569.984
Cash Proceeds from Issued Bonds	5	265.000	-
Repayments of Borrowings		(1.978.474)	(1.321.531)
Loan Repayments	5	(1.978.474)	(1.321.531)
Decrease in Other Payables to Related Parties		916.703	129.012
Payments of Lease Liabilities		(26.991)	(24.098)
Dividends Paid	6	(800.000)	(128.766)
Interest Paid		(197.559)	(52.215)
Interest Received		53.179	37.409
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(72.710)**	**(72.996)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(72.710)**	**(72.996)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	187.136	82.287
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4**	**114.426**	**9.291**

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

NOTE 1 – COMPANY'S ORGANISATION AND NATURE OF OPERATIONS

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

The Company started its operations in 1999 and produces refrigerators, freezers, room air conditioning units, washing machines, cookers, dishwashers and water heaters. The Company's production facilities occupy 406.000 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 629.000 square meters.

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

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

As of 30 September 2021, the number of personnel employed was 9.321 (31 December 2020: 9.210).

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.	82,53
Other shareholders	17,47
	100,00

As of 30 September 2021, 59.800.000 shares of the Company have been quoted at the Borsa Istanbul ("BİST") (31,47 % of its share capital; 31 December 2020: 31,47 %).

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 ("TFRIC") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA" or "POA") Turkish Accounting Standards Board.

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)

The Company prepared its condensed interim financial statements for the period ended 30 June 2021 in accordance with ("TAS") 34 "Interim Financial Reporting" in the framework of the Communiqué Serial II, No: 14.1, and its related announcement. The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

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

The Company's condensed interim financial statements do not include all disclosure and notes that should be included at year-end financial statements. Therefore the condensed interim financial statements should be read in conjunction with the financial statements as at 31 December 2020.

The Company maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL. These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

With the decision 11/367 taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" issued by the POA, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

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.

2.3 Restatement and errors in the accounting estimates

Major changes in accounting policies are applied retrospectively, 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 in both the period where the change is applied and future periods prospectively.

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

2.4. Amendments in Turkey Financial Reporting Standards

New standards, amendments and interpretations issued and effective for the financial year beginning 30 September 2021

Standards issued but not yet effective and not early adopted

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

COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)

IASB has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on 7 April 2021.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

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

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

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

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

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

Classification of Liabilities as Current or Non-current (Amendments to TAS 1) (Cont'd)

The amendments include:

(a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;

(b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;

(c) Clarifying how lending conditions affect classification; and

(d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023. Related changes were published by POA on 15 January 2021.

The Company does not expect that application of these amendments to TAS 1 will have significant impact on its financial statements.

Annual Improvements to TFRS Standards 2018–2020

Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

TFRS 1 First-time Adoption of Turkish Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16 (a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

TFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

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

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

Amendments are effective on 1 January 2021

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021:

1) Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TAS by the POA, thus they do not constitute part of TAS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021.

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

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

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

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (Cont'd)

The amendments are consistent with the refined definition of material previously:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The amendments are effective from 1 January 2023 but companies can apply it earlier.

The Company does not expect that application of these amendments to Amendments to IAS 1 and IFRS Practice Statement 2 will have significant impact on its financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Company does not expect that application of these amendments to Amendments to IAS 8 and IFRS Practice Statement 2 will have significant impact on its financial statements.

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 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.

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 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.

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

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2020 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Property, plant and equipment except for land, land improvements and buildings acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

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

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

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

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

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

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

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

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)

Leases

The Company – as a lessee

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:

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 5 years; for building and warehouses is usually fixed from 2 to 20 years.

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)

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 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. h

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.

Right of use assets:

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

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

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

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

2.5.4 Intangible assets

a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. 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
- 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 five years.

2.5.5 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 ad expected cash outflows. The Company classifies its financial assets at the time of initial recognition.

<u>Financial assets carried at amortized cost</u>

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.

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

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

2.5.5 Financial instruments (Cont'd)

a) Financial assets (Cont'd)

Financial assets carried at amortized cost (Cont'd)

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

Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Company measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Company and its expectations for the future indications.

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 far value.

Impairment of financial assets

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

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 12 months). 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.

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

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

2.5.5 Financial instruments (Cont'd)

c) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The derivative instruments of the 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.

The hedging transactions of the Company that qualify for hedge accounting are accounted in accordance with TFRS 9.

Cash flow hedges:

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

(a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

(i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and

(ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

(b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income.

(c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss.

2.5.6 Foreign currency transactions

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

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

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

2.5.7 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.

2.5.8 Related parties

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

2.5.9 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.

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.

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

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

2.5.9 Taxation on income (Cont'd)

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Transfer pricing

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

Tax exposures

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

2.5.10 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 2020 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.

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

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

2.5.11 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.

2.5.12 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.

2.5.13 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 equipment 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.

2.5.14 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

2.5.15 Subsequent events

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.

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

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

2.5.16 Going concern

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

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 as at 31 December 2020 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Note 11).

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

- Revaluations of land were based on the market approach 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 equipment 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 recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

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

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

2.6. Critical accounting estimates and judgments (Cont'd)

i. Revaluation of lands, buildings and land improvements (Cont'd)

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Company performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the TAS 36 "Impairment of Assets", and no impairment indicator is identified.

NOTE 3 - SEGMENT REPORTING

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

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

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

Geographical segments

Segment revenue	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Turkey	2.666.237	1.483.519	912.168	595.267
Europe	6.343.036	3.437.329	2.257.419	1.498.356
Other	2.307.550	1.131.750	785.857	443.171
Gross sales	11.316.823	6.052.598	3.955.444	2.536.794
Discounts (-)	(48.568)	(9.374)	(31.992)	(3.948)
Net sales	**11.268.255**	**6.043.224**	**3.923.452**	**2.532.846**

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

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

NOTE 3 - SEGMENT REPORTING(Cont'd)

The amount of export is TL 8.650.586 thousand for the period ended 30 September 2021. (1 January-30 September 2020: TL 4.569.079 thousand). Export sales are denominated in EURO, and USD as 93,7%, and 6,3% of total export respectively (1 January-30 September 2020: 94,2% EUR, 5,8% USD).

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 September 2021	31 December 2020
Cash	299	215
Bank deposits		
- Demand deposits	64.931	169.037
- Time deposits	49.196	17.884
	114.426	**187.136**
Blocked deposits	4.459	28.875
Cash and cash equivalents	**118.885**	**216.011**

As at 30 September 2021, the Company has time deposits principal amounting to TL 10.000 thousand and EUR 3.800. The maturities for time deposits are less than 1 month. (31 December 2020: USD 2.300 thousand and TL 1.000 thousand).

Effective interest rates

	30 September 2021	31 December 2020
TL	17,75%	18,00%
USD	-	1,00%
EUR	0,10%	-

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

NOTE 5 – FINANCIAL LIABILITIES

	30 September 2021	31 December 2020
Short - term financial liabilities		
Short term bank loans	822.775	960.540
Short term portion of long term bank loans	18.553	234.294
Lease liabilities	28.764	38.429
Issued debt instruments (*)	3.624	-
	873.716	**1.233.263**
Long - term financial liabilities		
Long term bank loans	9.803	88.566
Lease liabilities	126.782	119.165
Issued debt instruments (*)	265.000	-
	401.585	**207.731**

(*) The sale of corporate bonds to qualified investors with a maturity of 728 days and variable coupon payments amounting to TL 265.000 thousand was completed on 9 June 2021.

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

NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

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

	30 September 2021			31 December 2020		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- USD	-	-	-	3,17%	20.000	146.810
- EUR	2,59%	58.344	601.736	2,57%	89.400	805.306
- TL	20,27%	221.039	221.039	20,61%	8.424	8.424
			822.775			**960.540**

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

	30 September 2021			31 December 2020		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- EUR	-	-	-	2,57%	3.477	31.316
- TL	20,89%	18.553	18.553	20,61%	202.978	202.978
Short term portion			**18.553**			**234.294**
- TL	20,52%	9.803	9.803	20,61%	29.677	29.677
- EUR	-	-	-	2,57%	6.537	58.889
Long term portion			**9.803**			**88.566**
			28.356			**322.860**

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

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

NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

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

	30 September 2021	31 December 2020
One to two years	7.972	85.284
Two to three years	1.620	1.877
Three to four years	211	1.405
	9.803	**88.566**

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.

As of 30 September 2021 and 30 September 2020, reconciliation of net financial debt is as below:

	30 September 2021	30 September 2020
Net financial debt as of 1 January	**1.253.858**	**721.186**
Cash inflows from loans	1.530.552	1.569.984
Cash outflows from loan payments	(1.978.474)	(1.321.531)
Payments of lease liabilities	(12.183)	66.923
Issued debt instruments	265.000	-
Unrealized Fx gain/loss	26.390	56.494
Accrued interest	3.022	(196)
Change in cash and cash equivalents	72.710	72.996
Net financial debt at the end of the period	**1.160.875**	**1.165.856**

NOTE 6 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 September 2021	31 December 2020
Vestel Ticaret A.Ş.	4.099.395	3.278.077
Other related parties	-	2.910
	4.099.395	**3.280.987**

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.

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

NOTE 6 – RELATED PARTY DISCLOSURES

b) Short term trade payables to related parties

	30 September 2021	31 December 2020
Vestel Elektronik Sanayi ve Ticaret A.Ş.	143.480	113.846
Vestel Ticaret A.Ş.	-	13.646
Vestel Holland B.V.	49.141	50.610
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	17.659	10.887
Other related parties	925	671
	211.205	189.660
Unearned interest on payables (-)	(2.086)	(1.518)
	209.119	**188.142**

c) Other short term receivables from related parties

	30 September 2021	31 December 2020
Vestel Elektronik Sanayi ve Ticaret A.Ş.	874.528	855.935

The Company's interest rate of other receivables in USD is 7% and EUR is 5% (31 December 2020: in USD 7% and EUR 5%).

d) Other short term liabilities to related parties

	30 September 2021	31 December 2020
Vestel Elektronik Sanayi ve Ticaret A.Ş.	1.122.988	206.285

The Company's interest rate of other payables in TL is 20% (31 December 2020: TL 20%).

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

e) Lease liabilities to related parties

	30 September 2021	31 December 2020
Vestel Elektronik Sanayi ve Ticaret A.Ş.	123.426	125.239

The Company's short term lease liabilities to Vestel Elektronik Sanayi ve Ticaret A.Ş. are amounted to TL 2.327 thousand and long term lease liabilities are amounted to TL 121.099 thousand (31 December 2020: short term TL 16.181 thousand and TL 109.058 thousand).

f) Transactions with related parties

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Sales				
Vestel Ticaret A.Ş.	10.908.901	5.924.874	3.812.672	2.473.062
Vestel Elektronik Sanayi ve Ticaret A.Ş.	147.967	68.660	42.873	28.350
Other related parties	166	7	19	-
	11.057.034	**5.993.541**	**3.855.564**	**2.501.412**
Purchases and operating expenses				
Vestel Holland B.V.	292.890	183.308	147.840	83.526
Vestel Ticaret A.Ş.	49.620	-	17.858	-
Vestel Elektronik Sanayi ve Ticaret A.Ş.	641.661	325.883	208.817	135.414
Other related parties	19.570	21.477	6.957	3.527
	1.003.741	**530.668**	**381.472**	**222.467**

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Other operating income				
Vestel Ticaret A.Ş.	520.529	352.862	55.020	184.471
Other related parties	4.456	2.427	758	1.028
	524.985	**355.289**	**55.778**	**185.499**
Other operating expense				
Vestel Ticaret A.Ş.	212.652	4.013	65.491	(30.237)
Other related parties	14.144	18.636	11.927	7.728
	226.796	**22.649**	**77.418**	**(22.509)**
Dividend paid				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	681.329	119.166	227.110	119.166
Public shares	118.671	9.600	75.883	9.600
	800.000	**128.766**	**302.993**	**128.766**

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Financial income				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	247.969	152.538	7.807	100.209
Other related parties	-	38	-	-
	247.969	**152.576**	**7.807**	**100.209**
Financial expense				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	109.448	13.088	58.250	9.664
Other related parties	-	34	-	-
	109.448	**13.122**	**58.250**	**9.664**

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

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

Compensation paid to key management for the nine months period ended 30 September 2021 is TL 9.191 thousand (1 January-30 September 2020: TL 6.340 thousand).

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 September 2021	31 December 2020
Short - term trade receivables		
Trade receivables		
- Related parties (note 6)	4.099.395	3.280.987
- Other parties	30.586	5.583
	4.129.981	3.286.570
Allowance for doubtful receivables (-)	(649)	(575)
Total short - term trade receivables	**4.129.332**	**3.285.995**

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

	30 September 2021	31 December 2020
Short term trade payables		
Trade payables		
- Related parties (note 6)	211.205	189.660
- Other parties	3.956.429	2.696.289
	4.167.634	2.885.949
Unearned interest income (-)		
- Related parties (note 6)	(2.086)	(1.518)
- Other parties	(11.781)	(9.490)
Total short term trade payables	**4.153.767**	**2.874.941**
Long term trade payables		
Trade payables		
- Other parties	110.510	61.832
	110.510	61.832
Unearned interest income (-)		
- Other parties	-	(45)
Total long term trade payables	**110.510**	**61.787**

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

NOTE 8 – OTHER RECEIVABLES

	30 September 2021	31 December 2020
Short - term other receivables		
Other receivables from related parties (note 6)	874.528	855.935
Receivables from government agencies	266.026	216.766
Deposits and guarantees given	9.225	12.347
Other receivables	1.510	1.102
	1.151.289	**1.086.150**
Long - term other receivables		
Deposits and guarantees given	14.854	4.500
	14.854	**4.500**

NOTE 9 – INVENTORIES

	30 September 2021	31 December 2020
Raw materials	1.499.211	622.132
Work in process	37.576	18.062
Finished goods	670.112	314.013
	2.206.899	954.207
Provision for impairment on inventories (-)	(3.137)	(1.655)
	2.203.762	**952.552**

As of 30 September 2021 the Company does not have inventories pledged as security for liabilities (31 December 2020: None).

Cost of the inventory included in the cost of sales for the current period amounts to TL 8.557.008 thousand (1 January – 30 September 2020: TL 4.286.095 thousand).

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

	30 September 2021	31 December 2020
Raw materials	1.645	205
Finished goods and merchandise	1.492	1.450
	3.137	**1.655**

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

NOTE 9 – INVENTORIES (Cont'd)

Movement of inventory impairment on inventories is as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance, 1 January	**1.655**	**1.023**
Current year additions	6.053	1.928
Realised due to sale of inventory	(4.571)	(1.540)
Balance at 30 September	**3.137**	**1.411**

NOTE 10 – PREPAID EXPENSES

	30 September 2021	31 December 2020
Prepaid expenses in current assets		
Order advances given	120.017	33.914
Prepaid expenses	18.898	19.508
	138.915	**53.422**
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	143.239	49.821
Prepaid expenses	338	3.235
	143.577	**53.056**

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2021	Additions	Disposals	Transfer	30 September 2021
Cost or revaluation					
Land	503.898	-	-	-	503.898
Land improvements	49.957	-	-	2	49.959
Buildings	643.223	7.644	(2)	780	651.645
Leasehold improvements	12.014	779	(5)	551	13.339
Plant and machinery	2.111.681	249.854	(7.529)	72.373	2.426.379
Motor vehicles	862	-	(26)	-	836
Furniture and fixtures	96.533	15.363	(694)	5.273	116.475
Construction in progress	32.149	89.824	-	(78.979)	42.994
				-	
	3.450.317	**363.464**	**(8.256)**	**-**	**3.805.525**
Accumulated depreciation					
Land improvements	-	1.376	-	-	1.376
Buildings	-	13.924	(1)	-	13.923
Leasehold improvements	7.326	1.297	(4)	-	8.619
Plant and machinery	1.192.071	198.396	(7.340)	-	1.383.127
Motor vehicles	496	96	(26)	-	566
Furniture and fixtures	60.120	9.945	(672)	-	69.393
	1.260.013	**225.034**	**(8.043)**	**-**	**1.477.004**
Net book value	**2.190.304**				**2.328.521**

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

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

	1 January 2020	**Additions**	**Disposals**	**Transfer**	**30 September 2020**
Cost or revaluation					
Land	192.824	-	-	-	192.824
Land improvements	40.998	531	-	-	41.529
Buildings	447.048	4.256	-	2.241	453.545
Leasehold improvements	10.907	818	(3)	89	11.811
Plant and machinery	1.763.514	219.121	(15.986)	41.099	2.007.748
Motor vehicles	626	179	(59)	-	746
Furniture and fixtures	76.719	7.421	(252)	4.659	88.547
Construction in progress	45.231	24.338	-	(48.098)	21.471
	2.577.867	**256.664**	**(16.300)**	**(10)**	**2.818.221**
Accumulated depreciation					
Land improvements	1.366	82	-	-	1.448
Buildings	11.496	10.060	-	-	21.556
Leasehold improvements	5.774	1.154	(2)	-	6.926
Plant and machinery	992.131	162.588	(15.656)	-	1.139.063
Motor vehicles	458	70	(59)	-	469
Furniture and fixtures	50.383	7.240	(232)	-	57.391
	1.061.608	**181.194**	**(15.949)**	**-**	**1.226.853**
Net book value	**1.516.259**				**1.591.368**

Additions to property, plant and equipment in the period 1 January – 30 September 2021 and 2020 mainly consist of machinery and equipment investments made to refrigerator, washing machine, cooker, dishwasher and air conditioner factories. As of 30 September 2021, there are no pledges against the property, plant and equipment.

As of 30 September 2021, there are no pledges against the property, plant and equipments. (31 December 2020: None.)

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

	Useful life
Land improvements	8 - 35 years
Buildings	25 - 50 years
Leasehold improvements	5 years
Plant and machinery	5 - 20 years
Motor vehicles	5 years
Furniture and fixtures	5 - 10 years

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

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

Allocation of period depreciation and amortization expenses is as follows:

	1 January - 30 September 2021	**1 January - 30 September 2020**
Cost of sales	230.502	184.986
Research and development expenses	38.173	28.807
Marketing, selling and distribution expenses	10.257	5.611
General administrative expenses	2.404	1.646
	281.336	**221.050**

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

30 September 2021	**Level 1**	**Level 2**
Tangible Assets		
Lands	-	503.898
Buildings and land improvements	-	686.305

31 December 2020	**Level 1**	**Level 2**
Tangible Assets		
Lands	-	503.898
Buildings and land improvements	-	693.180

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

NOTE 12 – RIGHT OF USE ASSETS

	1 January 2021	Additions	Disposal	30 September 2021
Cost				
Land and buildings	143.046	16.068	-	159.114
Machinery	39.111	4.924	-	44.035
	182.157	**20.992**	**-**	**203.149**
Accumulated amortization			-	
Land and buildings	13.507	17.701	-	31.208
Machinery	19.730	9.290	-	29.020
	33.237	**26.991**	**-**	**60.228**
Net book value	**148.920**	**(5.999)**	**-**	**142.921**

	1 January 2020	Additions	Disposal	30 September 2020
Cost				
Land and buildings	43.353	75.127	-	118.480
Machinery	32.790	4.568	(2.198)	35.160
	76.143	**79.695**	**-**	**153.640**
Accumulated amortization				
Land and buildings	5.136	6.447	-	11.583
Machinery	9.060	9.241	(2.198)	16.103
	14.196	**15.688**	**(2.198)**	**27.686**
Net book value	**61.947**	**64.007**	**-**	**125.954**

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

NOTE 13 – INTANGIBLE ASSETS

	1 January 2021	Additions	Disposals	Transfers	30 September 2021
Cost					
Rights	6.568	-	-	-	6.568
Development cost	366.325	77.766	(19.312)	-	424.779
Other intangible assets	23.577	7.225	-	-	30.802
	396.470	**84.991**	**(19.312)**	**-**	**462.149**
Accumulated amortization					
Rights	6.388	16	-	-	6.404
Development cost	163.901	27.577	(555)	-	190.923
Other intangible assets	9.742	1.718	-	-	11.460
	180.031	**29.311**	**(555)**	**-**	**208.787**
Net book value	**216.439**				**253.362**

	1 January 2020	Additions	Disposals	Transfers	30 September 2020
Cost					
Rights	6.534	-	-	-	6.534
Development cost	301.527	52.684	(457)	-	353.754
Other intangible assets	20.328	1.510	-	10	21.848
	328.389	**54.194**	**(457)**	**10**	**382.136**
Accumulated amortization					
Rights	6.369	14	-	-	6.383
Development cost	133.572	22.834	-	-	156.406
Other intangible assets	7.939	1.320	-	-	9.259
	147.880	**24.168**	**-**	**-**	**172.048**
Net book value	**180.509**				**210.088**

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.

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

NOTE 13 – INTANGIBLE ASSETS (Cont'd)

Useful lives of intangible assets are as follows:

	Useful life
Rights	3 - 15 years
Development cost	2 - 10 years
Other intangible assets	2 - 15 years

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 September 2021	31 December 2020
Short - term provisions		
Provision for lawsuit risks	11.755	9.674
	11.755	**9.674**

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance, 1 January	**9.674**	**5.847**
Current year additions	2.650	4.041
Payments/ disposals	(569)	(221)
Balance at 30 September	**11.755**	**9.667**

b) Guarantees received by the Company

	30 September 2021	31 December 2020
Guarantee letters	142.591	38.071
Cheques and notes	1.548	1.435
Collaterals and pledges	9.903.134	8.163.433
	10.047.273	**8.202.939**

Vestel Elektronik 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.

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

NOTE 14 – 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
30 September 2021				
A. CPM's given on behalf of its own legal entity	-	2.000	89.945	110.572
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	501.542	-	711.412	5.146.699
i. Total amount of CPM's given on behalf of the parent company	380.820	-	589.049	3.956.755
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	120.722	-	122.363	1.189.944
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**501.542**	**2.000**	**801.357**	**5.257.271**

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

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

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 December 2020				
A. CPM's given on behalf of its own legal entity	-	7.420	44.929	111.766
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	1.008.140	32.031	854.695	8.543.476
i. Total amount of CPM's given on behalf of the parent company	722.288	-	614.636	5.916.588
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	285.852	32.031	240.059	2.626.888
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**1.008.140**	**39.451**	**899.624**	**8.655.242**

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 CPM's given by the Company to its equity 139% as of 30 September 2021. (31 December 2020: 254%).

NOTE 15 – COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to USD 1.152.114 thousand (31 December 2020: USD 974.233 thousand) due to the export and investment incentive certificates obtained.

As of 30 September 2021 the Company has forward foreign currency purchase contract that amounts to TL 1.426.419 thousand, EUR 12.410 thousand and USD 577.508 thousand against forward foreign currency sales contract that amounts to USD 101.720 thousand, EUR 547.210 thousand and TL 44.995 thousand (31 December 2020: TL 959.540 thousand, EUR 4.257 thousand and USD 287.768 thousand against forward foreign currency sales contract that amounts to EUR 289.759 thousand, USD 39.567 thousand and TL 238.438 thousand sales contracts).

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

NOTE 16 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 September 2021	31 December 2020
Due to personnel	50.649	38.090
Social security payables	17.914	16.076
	68.563	**54.166**

Long term provisions for employee benefits:

	30 September 2021	31 December 2020
Provision for employment termination benefits	110.399	85.734

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due caus. 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 8.284,51 TL/year as of 30 September 2021 (31 December 2020: TL 7.117,17 TL/year).

The provision for employee termination benefits is not funded.

The provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. Turkish Accounting Standards No: 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which is described below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as at 30 September 2021 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 30 September 2021 provision is calculated based on real discount rate of 4,44% (31 December 2020: 4,44%) assuming 8,5% annual inflation rate and 12,94% discount rate.

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

NOTE 16 – EMPLOYEE BENEFITS (Cont'd)

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

	1 January - 30 September 2021	1 January - 30 September 2020
Balance at 1 January	**85.734**	**57.289**
Increase during the year	20.625	4.053
Payments during the year	(8.611)	(7.200)
Actuarial (gain) /loss	3.781	5.247
Interest expense	8.870	5.551
Balance at 30 September	**110.399**	**64.940**

NOTE 17 – OTHER ASSETS AND LIABILITIES

	30 September 2021	31 December 2020
Other current assets		
VAT carried forward	481	333
Income and discount accruals	8.894	3.479
	9.375	**3.812**
Other current liabilities		
Taxes and dues payable	28.823	28.055
Advances received	447	121
Other	12.660	899
	41.930	**29.075**

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

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 September 2021	31 December 2020
Shares of par value TL 1 each		
Issued share capital	190.000	190.000

As of 30 September 2021 and 31 December 2020 the shareholding structure is as follows:

	Shareholding		Amount	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Vestel Elektronik Sanayi ve Ticaret A.Ş.	82,53%	89,90%	156.816	170.810
Shares held by public	17,47%	10,10%	33.184	19.190
	100,00%	**100,00%**	**190.000**	**190.000**

Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 5.000.000 shares of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. at Borsa Istanbul on 19 February 2021, 4.000.000 shares of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. at Borsa Istanbul on 12 April 2021 and 5.000.000 shares of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. at Borsa Istanbul on 2 September 2021 Following these transactions, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 82,53%.

The company has applied to Capital Markets Board to increase its share capital from 190.000 Thousand TL to 1.600.000 Thousand TL on September 1 2021.Share capital increase will be free of charge.Capital Board Market has approved the application and process is continuing as of reporting date.

b) Adjustments to share capital

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

	30 September 2021	31 December 2020
Adjustment to share capital	**9.734**	**9.734**

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

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

c) Share Premium

Share premium account refers the difference between par value of the Company's shares and the amount of the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may be used in capital increase.

	30 September 2021	31 December 2020
Share premium	**32.576**	**109.031**

d) Restricted reserves ("Legal reserves")

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

	30 September 2021	31 December 2020
Legal reserves	**142.125**	**187.190**

e) Retained earnings

	30 September 2021	31 December 2020
Extraordinary reserves	282.607	694.202
Previous year's profits	1.171.638	98.074
	1.454.245	**792.276**

f) 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.

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

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

f) Dividend distribution(Cont'd)

On the other hand, in accordance with the Articles of Association of the Company, up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors or used for certain reasons designated by the Board of Directors when necessary.

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

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, The Company paid dividends related to 2020 financial period amounting to TL 800,000 thousand with a three equal installment (4,2105 TL gross, 3,5789 TL net for each 1.00 TL nominal value per share) in 2021.

NOTE 19 – REVENUE

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Domestic sales	2.666.237	1.483.519	912.168	595.267
Overseas sales	8.650.586	4.569.079	3.043.276	1.941.527
Gross sales	**11.316.823**	**6.052.598**	**3.955.444**	**2.536.794**
Less: Sales discounts	(48.568)	(9.374)	(31.992)	(3.948)
Net sales	**11.268.255**	**6.043.224**	**3.923.452**	**2.532.846**
Cost of sales	(9.636.220)	(4.976.257)	(3.485.020)	(2.009.359)
Gross profit	**1.632.035**	**1.066.967**	**438.432**	**523.487**

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

NOTE 20 – EXPENSES BY NATURE

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Raw materials, supplies and finished goods	8.932.621	4.315.914	3.145.133	1.789.178
Changes in finished goods, work in process and trade goods	(375.613)	(29.819)	(23.868)	(44.666)
Personnel expenses	723.891	430.282	241.738	170.503
Depreciation and amortization	281.336	221.050	99.095	75.832
Other	382.865	225.422	132.025	87.592
	9.945.100	**5.162.849**	**3.594.123**	**2.078.439**

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

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

a) General administrative expenses:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Personnel expenses	22.543	10.882	7.256	4.638
Consultancy and IT expenses	40.717	24.232	14.271	8.649
Rent and office expenses	5.225	3.851	1.894	1.343
Travelling expense	1.213	911	391	323
Energy expenses	667	654	245	163
Depreciation and amortization	2.404	1.646	858	563
External benefits and services	878	774	237	406
Other	13.779	12.439	3.606	2.738
	87.426	**55.389**	**28.758**	**18.823**

b) Marketing expenses:

Personnel expenses	34.899	20.029	12.075	7.774
Transportation expenses	57.200	34.205	20.478	11.180
Tax and duties	16.585	10.869	6.601	4.508
Insurance expenses	3.620	1.902	1.651	1.144
Depreciation and amortization	10.257	5.611	5.437	1.829
Other	14.525	10.990	5.476	7.256
	137.086	**83.606**	**51.718**	**33.691**

c) Research and development expenses:

Depreciation and amortization	38.173	28.807	13.223	9.604
Personnel expenses	26.469	6.936	9.164	2.513
Other	19.726	11.854	6.240	4.449
	84.368	**47.597**	**28.627**	**16.566**

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

NOTE 22 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income	**1 January - 30 September 2021**	**1 January - 30 September 2020**	**1 July- 30 September 2021**	**1 July- 30 September 2020**
Credit finance gains arising from trading activities	4.115	7.301	(2.004)	1.935
Foreign exchange gains arising from trading activities	649.504	381.561	82.936	199.379
Other income	12.312	22.696	1.234	5.004
	665.931	**411.558**	**82.166**	**206.318**

b) Other operating expenses

	1 January - 30 September 2021	**1 January - 30 September 2020**	**1 July- 30 September 2021**	**1 July- 30 September 2020**
Debit finance charges arising from trading activities	3.387	595	1.267	175
Foreign exchange expenses arising from trading activities	726.596	470.020	99.747	216.286
Other expenses	23.961	9.840	13.809	1.768
	753.944	**480.455**	**114.823**	**218.229**

NOTE 23 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 30 September 2021	**1 January - 30 September 2020**	**1 July- 30 September 2021**	**1 July- 30 September 2020**
Foreign exchange gains	279.606	162.444	11.862	103.055
Gains on derivative financial instruments	364.722	179.730	160.485	49.048
Interest income	53.180	37.409	13.969	10.498
	697.508	**379.583**	**186.316**	**162.601**

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

NOTE 23 – FINANCIAL INCOME AND FINANCIAL EXPENSE (Cont'd)

b) Financial expense:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Foreign exchange losses	191.704	194.047	16.229	106.858
Losses on derivative financial instruments	436.920	228.872	90.091	111.035
Interest expense	212.990	63.345	95.812	31.492
Other finance expenses	3.108	849	573	189
	844.722	**487.113**	**202.705**	**249.574**

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

	30 September 2021	31 December 2020
Corporation and income taxes	4.857	5.771
Prepaid taxes	(3.882)	(3.339)
Current income tax liabilities - net	**975**	**2.432**
Deffered tax liabilities	(45.937)	(54.299)
Deferred tax assets / (liabilities)	**(45.937)**	**(54.299)**

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

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

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

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

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

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

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed between 1-25 April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

In accordance with the regulation numbered 31462, published in Official Gazette on 22 April 2021, corporate tax rate for the year 2021 has set for 25%, 2022 for 23%. This change will be effective for corporate tax calculation for the periods starting from 1 July 2021, Therefore, deferred tax assets and liabilities as of 30 September 2021 are calculated with 25% tax rate for the temporary differences which will be realized within 12 months period, and with those 20% for those which will be realized after 2022 September and onwards.

As of 1 January – 30 September 2021 and 2020 tax expense in the statement of income is as follows:

	1 January - 30 September 2021	**1 January - 30 September 2020**
Current period tax expense	(4.857)	(3.335)
Deferred tax benefit / (expense)	22.199	9.320
Total tax income	**17.342**	**5.985**

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

Deferred tax assets and liabilities

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Communiqué II, No. 14.1 and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes.

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

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

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

	Cumulative temporary differences		**Deferred tax**	
	30 September 2021	**31 December 2020**	**30 September 2021**	**31 December 2020**
Deferred tax assets				
Employment termination benefits	(110.399)	(85.734)	22.080	17.147
Net difference between book values and tax bases of tangible and intangible assets	(79.542)	(34.505)	15.908	6.901
Provision for impairment on inventories	(3.125)	(1.655)	781	331
Derivative financial instruments	(14.110)	(48.839)	3.528	9.768
Other	(51.519)	(43.034)	12.880	8.607
			55.177	**42.754**

	Cumulative temporary differences		**Deferred tax**	
	30 September 2021	**31 December 2020**	**30 September 2021**	**31 December 2020**
Deferred tax liabilites				
Revaluation of tangible fixed assets	877.065	887.222	(86.019)	(87.035)
Derivative financial instruments	36.595	18.830	(9.149)	(3.766)
Other	23.785	31.259	(5.946)	(6.252)
			(101.114)	**(97.053)**
Deferred tax assets / (liabilities) - net			**(45.937)**	**(54.299)**

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

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

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

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance, 1 January	**(54.299)**	**(64.989)**
Tax expense recognized in income statement	22.199	9.320
Recognized in shareholders' equity	(13.838)	6.467
Deferred tax liabilities at the end of the period, net	**(45.938)**	**(49.202)**

NOTE 25– EARNINGS PER SHARE

	1 January - 30 September 2021	1 January - 30 September 2020
Net (loss) / income attributable to equity holders of the parent	1.105.270	709.933
Weighted number of ordinary shares with a TL 1 of par value (thousand shares)	190.000	190.000
	5,82	**3,74**

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

NOTE 26 – DERIVATIVE INSTRUMENTS

	30 September 2021		31 December 2020	
	Contract amount	**Fair Value Assets / (Liabilities)**	**Contract amount**	**Fair Value Assets / (Liabilities)**
Derivative financial assets:				
Held for trading				
Forward foreign currency transactions	1.346.488	5.442	975.841	18.543
Cash flow hedge				
Forward foreign currency transactions	3.418.263	31.153	195.845	287
Derivative financial liabilities:				
Held for trading				
Forward foreign currency transactions	1.142.752	(11.885)	528.226	(11.743)
Cash flow hedge				
Forward foreign currency transactions	753.980	(2.225)	1.410.330	(37.096)
	6.661.483	**22.485**	**3.110.242**	**(30.009)**

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk:

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

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

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

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

30 September 2021	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	28.043	217.862	128	2.495.040
2a. Monetary financial assets (including	-	-	-	-
cash and cash equivalents)	1.905	8.305	96	102.596
2b. Non-monetary financial assets	-	-	-	-
3. Other	31.436	57.840	-	874.531
4. Current assets (1+2+3)	**61.384**	**284.007**	**224**	**3.472.167**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	1.627	9.406	-	111.397
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	**1.627**	**9.406**	**-**	**111.397**
9. Total assets (4+8)	**63.011**	**293.413**	**224**	**3.583.564**
10. Trade payables	220.182	127.532	1.420	3.263.857
11. Financial liabilities	-	58.344	-	601.736
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**220.182**	**185.876**	**1.420**	**3.865.593**
14. Trade payables	-	10.715	-	110.509
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**-**	**10.715**	**-**	**110.509**
18. Total liabilities (13+17)	**220.182**	**196.591**	**1.420**	**3.976.102**
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	**475.788**	**(534.800)**	**-**	**(1.308.124)**
19a. Hedged total assets	577.508	12.410	-	5.235.067
19b. Hedged total liabilities	(101.720)	(547.210)	-	(6.543.191)
20. Net foreign currency asset/ (liability) position (9-18+19)	**318.617**	**(437.978)**	**(1.196)**	**(1.700.662)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a-10-11-12a-14-15-16a)	**(158.798)**	**87.416**	**(1.196)**	**(503.935)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**22.485**
23. Export	66.605	829.249	1.499	8.650.586
24. Import	340.107	183.630	5.682	4.550.905

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

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

31 December 2020	**USD**	**EUR**	**Other (TL Equivalent)**	**TL Equivalent**
1. Trade receivables	8.918	244.192	10	2.265.130
2a. Monetary financial assets (including	-	-	-	-
cash and cash equivalents)	3.274	20.868	-	212.010
2b. Non-monetary financial assets	-	-	-	-
3. Other	88.113	23.218	-	855.939
4. Current assets (1+2+3)	**100.305**	**288.278**	**10**	**3.333.078**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	155	2.181	-	20.784
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	**155**	**2.181**	**-**	**20.784**
9. Total assets (4+8)	**100.460**	**290.459**	**10**	**3.353.862**
10. Trade payables	161.127	106.687	59	2.143.838
11. Financial liabilities	20.000	92.877	-	983.441
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**181.127**	**199.564**	**59**	**3.127.279**
14. Trade payables	-	6.833	-	61.551
15. Financial liabilities	-	6.537	-	58.889
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**-**	**13.370**	**-**	**120.440**
18. Total liabilities (13+17)	**181.127**	**212.935**	**59**	**3.247.719**
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	**248.201**	**(285.503)**	**-**	**(749.863)**
19a. Hedged total assets	287.768	4.257	-	2.150.708
19b. Hedged total liabilities	(39.567)	(289.760)	-	(2.900.571)
20. Net foreign currency asset/ (liability) position (9-18+19)	**167.534**	**(207.979)**	**(49)**	**(643.720)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a-10-11-12a-14-15-16a)	**(80.822)**	**75.343**	**(49)**	**85.360**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**(30.009)**
23. Export	59.616	851.767	-	7.287.032
24. Import	295.017	148.673	5.215	3.274.444

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

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

As of 30 September 2021 and 31 December 2020, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

	Gain / Loss		Equity	
30 September 2021	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(140.430)	140.430	(140.430)	140.430
Secured portion from USD risk (-)	4.745	(4.745)	420.619	(420.619)
USD net effect	**(135.685)**	**135.685**	**280.189**	**(280.189)**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	90.156	(90.156)	90.156	(90.156)
Secured portion from EUR risk (-)	(121.903)	121.903	(534.885)	534.885
EUR net effect	**(31.747)**	**31.747**	**(444.729)**	**444.729**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(120)	120	(120)	120
Other currency net effect	**(120)**	**120**	**(120)**	**120**
Total	**(167.552)**	**167.552**	**(164.660)**	**164.660**

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

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

	Gain / Loss		Equity	
31 December 2020	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(59.327)	59.327	(59.327)	59.327
Secured portion from USD risk (-)	21.718	(21.718)	162.649	(162.649)
USD net effect	**(37.609)**	**37.609**	**103.322**	**(103.322)**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	67.868	(67.868)	67.868	(67.868)
Secured portion from EUR risk (-)	(93.192)	93.192	(237.804)	237.804
EUR net effect	**(25.324)**	**25.324**	**(169.936)**	**169.936**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(5)	5	(5)	5
Secured portion from other currency risk (-)	-	-	-	-
Other currency net effect	**(5)**	**5**	**(5)**	**5**
Total	**(62.938)**	**62.938**	**(66.619)**	**66.619**

NOTE 28– SUBSEQUENT EVENTS

None.