VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021 TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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Independent Auditor's Report

To the Shareholders of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi

Opinion

We have audited the consolidated financial statements of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022 and 2021, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial positions of the Group as at 31 December 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Trade Receivables from Third Parties

Refer to Note 2 and Note 9 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for recoverability of trade receivables from third parties.

The key audit matter	**How the matter was addressed in our audit**
Trade receivables from third parties, amounting to TL 10.933.054 thousand as of 31 December 2022, constitute a significant portion of the consolidated financial statements of the Group. The assessment of the recoverability of these receivables made by the Group management includes considerations of the amount of guarantees/collateral received from the customers, past collection performance, analysis of aging of receivables and litigations or disputes regarding receivables. As a result of all these assessments, determination of impairment on trade receivables from third parties include significant management judgement and estimations. Therefore, we have determined recoverability of trade receivables from third parties to be a key audit matter.	Our audit procedures in this area included, among others: - We have tested the design, implementation and operating effectiveness of the Company's key internal controls over the processes of credit control, collection of trade receivables. - We have assessed the Management's estimates for the recoverability of trade receivables by evaluating the aging of trade receivables, maturities profile of customers, guarantees pledges and insurances taken from customers. - Testing of trade receivable balances from third parties by sending confirmation letters on a sample basis. - Testing the selected invoices for the aging analysis of receivables from third parties on a sample basis. - Investigating whether there is any dispute or litigation related to the collection of trade receivables from third parties and obtaining formal assessment of legal counsels on outstanding litigations and dispute. - Testing of collections subsequent to the reporting period on a sampling basis. - Testing the expected credit loss model for trade receivables based on the guarantees obtained from customers, their past payment performance and credibility information and aging analysis of these trade receivables and taking into account the Group's expectations for the future. - Assessment of the appropriateness and adequacy of the disclosures in the notes to the consolidated financial statements related to recoverability of trade receivables from third parties in accordance with IFRS.

Fair Value Measurement of Property, Plant and Equipment

Refer to Note 2 and Note 14 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for fair Value measurement of property, plant and equipment.

The key audit matter	**How the matter was addressed in our audit**
The Group has applied the accounting policy to measure its land, buildings and land improvements at fair value in its consolidated financial statements in accordance with IAS 16, "Property, Plant and Equipment". As a result of the revaluation in 2022, the Group recognized TL 236.248 thousand fair value increase on tangible assets. Fair values of the Group's revaluated tangible assets are determined by professional independent valuation expert. Fair value measurement of property, lant and equipment is determined as a key audit matter, since the amount of fair value increase recognized in the consolidated financial statements as of 31 December 2022 is material to the consolidated financial statements of the Group and the inputs and calculations used in valuation methods are complex and includes significant estimates and judgements.	Our audit procedures in this area included, among others: - The evaluation of the competence, capabilities and objectivity of the independent professional valuation experts who have performed the valuation. - Evaluating the valuation methods and inputs used for fair value measurement of tangible assets with the participation of our valuation experts. - Evaluating the appropriateness of key estimates and inputs used in valuation methods, including comparison of current precedent values in the market and preceding values with the participation of our valuation experts. - Assessment of the appropriateness and adequacy of the consolidated financial statement disclosures, including the explanations of the key estimates and assumptions regarding the fair value measurement of tangible assets, in accordance with IFRS.

Impairment of Equity- Accounted Investees

Refer to Note 2 and Note 13 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for impairment of investments accounted for using the equity method.

The key audit matter	**How the matter was addressed in our audit**
As of 31 December 2022, the carrying value of Group's equity accounted investee, Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ("Meta"), amounted to TL 817.502 thousand. In accordance with International Accounting Standard 36 ("IAS 36"), Impairment of Assets, the Group shall assess at the end of each reporting period whether there is any indicator that assets may be impaired and perform impairment test accordingly. Impairment test is carried out by evaluating cash flow projections prepared according to business models based on significant management estimates and assumptions for future periods. The impairment testing of Meta is considered to be a key audit matter since the carrying value of Meta is material in the assets of the Group and due to the significant management estimates and assumptions sensitive to market and operational conditions such as discount rate, metal prices, mineral resource amount, facility capacity and efficiency in cash flows used in the projection.	Our audit procedures in this area included, among others: - The evaluation and assessment of the approval mechanisms for the impairment test and controls applied by the Group. - Evaluation of the appropriateness of the approach used in cash flow projections. - The significant assumptions and estimates used in the projection are evaluated with the participation of internal experts through interviews with the Group management and review of future plans and macroeconomic data. - Evaluating the significant estimates and assumptions such as valuation technique used by the Group management, the mathematical accuracy of the discounted cash flow model and the discount rate used in the cash flows together with our corporate finance specialist and checking the calculation of this discount rate. - Comparing the Group management's estimates about future nickel prices with those of the forecasts in analyst reports published by independent institutions and similar products. - Comparison of the amount of economically feasible mineral resources at the facility with the amount determined in the resource report issued by the independent expert appointed by the Group management, evaluation of the estimates used in the model such as facility production capacity and efficiency and production costs with the involvement of external experts by taking into account the investment budgets of the Group management. - Evaluation of tax advantages originating from investment incentive documents related with the completed investments to the applicable tax regulations by involving tax specialists. - Assessment of the appropriateness and adequacy of the disclosures in the notes to the consolidated financial statements related to impairment of equity accounted investees in accordance with IFRS.

Revenue recognition

Refer to Note 2 and Note 23 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

The key audit matter	**How the matter was addressed in our audit**
The Group's revenue is primarily generated from sales of produced white goods, and brown goods. The Group recognizes revenue in the consolidated financial statements at the point in time at when it transfers control of the good to the customer. Revenue recognition has been identified as a key audit matter since recognition of revenue in the relevant reporting period requires significant management judgment due to nature and size of the Group's operations.	Our audit procedures in this area included, among others: - Testing the effectiveness of the design, implementation and operating effectiveness of application controls and general IT controls over revenue process with the assistance of IT specialists. - Evaluating the compliance of accounting policies of revenue recognized in the current period with IFRS 15 and appropriateness of the disclosures related to revenue recognized by analyzing the current customer contracts. - Evaluation of the journal entries performed by the Group related to revenue in the reporting period. - Checking the existence and accuracy of trade receivables by confirmation letters obtained directly for selected customers via sampling method. - Testing the transfer of controls of the products of which sales documents and other supporting documents regarding the delivery of the goods have been completed through substantive procedures which includes samplings. - Evaluation the adequacy of Group's disclosure regarding the revenue in the consolidated financial statements in accordance with the IFRS 15.

Application of IAS 29, "Financial Reporting in Hyperinflationary Economies"

Refer to Note 2 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for Application of IAS 29, "Financial Reporting in Hyperinflationary Economies".

The key audit matter	**How the matter was addressed in our audit**
The functional currency of the Company, Turkish Lira, is considered as the currency of a hyperinflationary economy as of 31 December 2023 and the Company has started to apply IAS 29 "Financial reporting in hyperinflationary economies". In accordance with the provisions of IAS 29, the financial statements of the current period and the comparative financial statements of the prior period are presented in terms of the purchasing power of the Turkish Lira at the end of the reporting period, adjusted for the effects of inflation, using the Turkish Consumer Price Index to reflect changes in the general purchasing power of the Turkish Lira. Due to the material impact of IAS 29 on the reported results and financial position of the company, we have identified the application of IAS 29 as a key audit matter	Our audit procedures in this area included, among others: - Understanding and evaluating the process and controls related to application of IAS 29 designed and implemented by management. - Checking whether management's determination of monetary and non-monetary items is in compliance with IAS 29. - Sample testing of the recording dates and amounts in the lists of non-monetary items to check the completeness and accuracy of the calculations. - Checking the general price index rates used in in the adjustment of non-monetary items is compatible with the "Consumer Price Index" published by the Turkish Statistical Institute and applicable for the relevant date. - Testing the mathematical accuracy of the indexation of non-monetary items, income statement, and cash flow statement to reflect the impact of inflation. - Evaluating the adequacy of disclosures related to the application of IAS 29 in the notes to the consolidated financial statements in accordance with IFRS.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

İsmail Önder Ünal,

5 April 2024
İzmir,Turkey

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1.552.411	3.431.827
Financial Assets		40.153	2.810
Trade Receivables		10.973.910	10.963.815
Trade Receivables Due from Related Parties	*8*	*40.856*	*23.215*
Trade Receivables Due from Third Parties	*9*	*10.933.054*	*10.940.600*
Other Receivables		2.520.423	2.400.014
Other Receivables Due from Related Parties	*8*	*1.352.246*	*1.393.458*
Other Receivables Due from Third Parties		*1.168.177*	*1.006.556*
Derivative Financial Instruments		107.224	474.358
Derivative Financial Instruments Held for Trading	*30*	*97.790*	*23.246*
Derivative Financial Instruments Held for Hedging	*30*	*9.434*	*451.112*
Inventories	11	13.689.041	17.143.925
Prepaid Expenses		798.224	1.004.865
Prepayments to Related Parties		*198.203*	-
Prepayments to Third Parties	*12*	*600.021*	*1.004.865*
Current Tax Assets	28	34.222	13.120
Other Current Assets		157.767	353.742
Other Current Assets Due from Third Parties	*21*	*157.767*	*353.742*
TOTAL CURRENT ASSETS		**29.873.375**	**35.788.476**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
NON-CURRENT ASSETS			
Financial Investments	6	263.538	220.408
Investments in subsidiaries, joint ventures	13	3.109.319	2.560.282
Trade Receivables		67	768
Trade Receivables Due from Third Parties	*9*	*67*	*768*
Other Receivables		16.451.742	17.813.322
Other Receivables Due from Related Parties	*8*	*16.418.157*	*17.606.057*
Other Receivables Due from Third Parties		*33.585*	*207.265*
Property, Plant and Equipment	14	15.208.565	13.824.480
Right of Use Assets	15	600.420	408.323
Intangible Assets	16	1.995.500	1.868.707
Prepaid Expenses		530.931	649.582
Prepayments to Third Parties	*12*	*530.931*	*649.582*
Deferred Tax Asset	28	-	1.335.165
Other Non-current Assets		-	15.752
TOTAL NON-CURRENT ASSETS		**38.160.082**	**38.696.789**
TOTAL ASSETS		**68.033.457**	**74.485.265**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
LIABILITIES			
CURRENT LIABILITIES			
Short Term Borrowings	7	18.947.562	8.308.044
Short Term Borrowings from Related Parties		10.676	18.765
Lease Liabilities	*8*	*10.676*	*18.765*
Short Term Borrowings from Third Parties		18.936.886	8.289.279
Bank Loans	*7*	*17.668.289*	*7.137.338*
Lease Liabilities		*129.393*	*104.202*
Issued Debt Instruments	*7*	*1.139.204*	*1.047.739*
Current Portion of Long Term Borrowings		1.396.941	9.879.729
Current Portion of Long Term Borrowings from		1.396.941	9.879.729
Bank Loans	*7*	*1.396.941*	*9.879.729*
Trade Payables		21.581.477	26.326.813
Trade Payables to Related Parties	*8*	*44.064*	*108.432*
Trade Payables to Third Parties		*21.537.413*	*26.218.381*
Payables Related to Employee Benefits	20	453.969	459.139
Other Payables		2.791	17.663
Other Payables to Third Parties	*10*	*2.791*	*17.663*
Derivative Financial Liabilities	30	595.569	873.729
Derivative Financial Liabilities Held for Trading		*216.967*	*806.401*
Derivative Financial Liabilities Held for Hedging		*378.602*	*67.328*
Deferred Revenue		1.252.820	680.065
Deferred Revenue from Third Parties	10	1.252.820	680.065
Current Provisions		1.560.005	2.037.986
Other Current Provisions	*18*	*1.560.005*	*2.037.986*
Other Current Liabilities		1.217.998	1.699.914
Other Current Liabilities to Third Parties	*21*	*1.217.998*	*1.699.914*
TOTAL CURRENT LIABILITIES		**47.009.132**	**50.283.082**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
NON-CURRENT LIABILITIES			
Long Term Borrowings		1.091.203	1.716.983
Long Term Borrowings from Related Parties		-	17.537
Lease Liabilities	*7,8*	-	*17.537*
Long Term Borrowings from Third Parties		1.091.203	1.699.446
Bank Loans	*7*	*693.877*	*1.032.394*
Lease Liabilities	*7*	*397.326*	*231.738*
Issued Debt Instruments	*7*	-	*435.314*
Trade Payables		182.877	297.333
Trade Payables to Third Parties	*9*	*182.877*	*297.333*
Non-current Provisions		1.391.686	789.596
Non-current Provisions for Employee Benefits	*20*	*1.240.006*	*636.088*
Other Non-current Provisions	*18*	*151.680*	*153.508*
Deferred Tax Liabilities	28	9.905	1.406.232
Other Non-current Liabilities		3.877	4.000
Other Non-current Liabilities to Third Parties		*3.877*	*4.000*
TOTAL NON-CURRENT LIABILITIES		**2.679.548**	**4.214.144**
TOTAL LIABILITIES		**49.688.680**	**54.497.226**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (BALANCE SHEETS) AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
EQUITY			
Equity Attributable to Owners of Parent		**16.613.680**	**18.322.225**
Issued Capital	22	335.456	335.456
Adjustments on Capital		9.283.822	9.283.822
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss		1.024.401	1.762.589
Gains (Losses) on Revaluation and Remeasurement		1.024.401	1.762.589
Increases (Decreases) on Revaluation of Property, Plant and Equipment	*22*	*1.673.170*	*1.907.218*
Gains (Losses) on Remeasurement of Defined Benefit Plans		*(648.769)*	*(144.629)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss		637.257	1.983.406
Exchange Differences on Translation		716.598	1.753.554
Gains (Losses) on Hedge		(129.367)	218.373
Gains (Losses) on Cash Flow Hedges		*(129.367)*	*218.373*
Gains (Losses) on Revaluation and Reclassification		50.026	11.479
Gains (Losses) on Remeasuring Financial Assets Measured of Fair Value through Other Compressive Income	*22*	*50.026*	*11.479*
Reserves		760.558	766.974
Retained Earnings		4.639.755	(209.796)
Current Period Net Profit Or Loss		(67.569)	4.399.774
Non-controlling Interests		**1.731.097**	**1.665.814**
TOTAL EQUITY		**18.344.777**	**19.988.039**
TOTAL LIABILITIES AND EQUITY		**68.033.457**	**74.485.265**

Consolidated financial statements for the period 1 January - 31 December 2022 and 1 January - 31 December 2021, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 5 April 2024.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
PROFIT OR LOSS			
Revenue	23	67.441.264	64.793.641
Cost of Sales	23	(55.977.193)	(49.059.763)
GROSS PROFIT		**11.464.071**	**15.733.878**
General Administrative Expenses	25	(1.469.440)	(1.327.179)
Marketing Expenses	25	(7.893.101)	(6.921.853)
Research and Development Expense	25	(1.023.546)	(1.018.298)
Other Income from Operating Activities	26	3.536.352	6.078.943
Other Expenses from Operating Activities	26	(9.389.457)	(12.694.719)
PROFIT / (LOSS) FROM OPERATING ACTIVITIES		**(4.775.121)**	**(149.228)**
Share of equity accounted investees		990.102	148.168
PROFIT / (LOSS) BEFORE FINANCING INCOME		**(3.785.019)**	**(1.060)**
Finance Income	27	12.175.958	15.519.798
Finance Costs	27	(11.766.554)	(14.397.608)
Monetary Gain		3.582.033	3.289.435
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		**206.418**	**4.410.565**
Tax (Expense) Income, Continuing Operations		(90.206)	491.416
Current Tax Expense	28	(23.437)	(22.775)
Deferred Tax Income	28	(66.769)	514.191
PROFIT / (EXPENSE) FROM CONTINUING OPERATIONS		**116.212**	**4.901.981**
PROFIT FOR THE PERIOD		**116.212**	**4.901.981**
Profit (loss), attributable to			
Non-controlling Interests		183.781	502.207
Owners of Parent	29	(67.569)	4.399.774
Earnings per 100 share with a Kr 1 of Par Value (TL)	29	**(0,20)**	**13,12**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		**(623.255)**	**1.135.725**
Gains (Losses) on Revaluation of Property, Plant and Equipment	14	236.248	1.339.514
Gains (Losses) on Remeasurements of Defined Benefit Plans		(700.471)	(227.960)
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss		4.047	112.530
Gains (Losses) on Revaluation of Property, Plant and Equipment of Associates Accounted by Using Equity Method		4.047	112.530
Taxes Relating to Components of Other Comprehensive Income		**(163.079)**	**(88.359)**
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment		(303.173)	(133.951)
Taxes Relating to Remeasurements of Defined Benefit Plans		140.094	45.592
Other Comprehensive Income that will be Reclassified to Profit or Loss		**(1.350.192)**	**685.646**
Foreign Exchange Differences on Translation		(1.066.803)	333.342
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		43.130	(17.602)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges		(434.675)	395.288
Gains (Losses) on Cash Flow Hedges		(434.675)	395.288
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss		29.847	50.156
Gains (Losses) on Exchange Differences on Translation of Investments Accounted for Using Equity Method		29.847	50.156
Taxes Relating to Components of Other Comprehensive Income		**78.309**	**(75.538)**
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		(8.626)	3.520
Taxes Relating to Cash Flow Hedges		86.935	(79.058)
OTHER COMPREHENSIVE INCOME		**(1.973.447)**	**1.821.371**
TOTAL COMPREHENSIVE INCOME		**(1.857.235)**	**6.723.352**
Total Comprehensive Income Attributable to			
Non-controlling Interests		67.243	595.891
Owners of Parent		(1.924.478)	6.127.461

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Issued Capital	Inflation Adjustments on Capital	Share Premium or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasure-ment of Defined Benefit Plans	Gains (Losses) Revaluations and Remeasurements	Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss	Exchange Differences on Translation	Gains (Losses) on Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasuring Financial Assets Measured of Fair Value through Other Compressive Income	Gains (Losses) on Revaluation and Reclassification	Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Current Period Net Profit Or Loss	Retained Earnings	Equity attribut-able to owners of parent	Non-controll-ing interests	Equity
Previous Period																				
1 January -31 December 2021																				
Beginning of Period	**335.456**	**9.283.822**	**910.795**	**714.322**	**-**	**714.322**	**714.322**	**1.370.056**	**(97.857)**	**(97.857)**	**25.561**	**25.561**	**1.297.760**	**366.506**	**3.549.994**	**-**	**3.549.994**	**16.458.655**	**847.558**	**17.306.213**
Transfers	-	-	-	(72.535)	-	(72.535)	(72.535)	-	-	-	-	-	-	-	72.535	-	72.535	-	-	-
Total Comprehensive Income (Loss)	-	-	-	1.265.431	(171.140)	1.094.291	1.094.291	383.498	263.980	263.980	(14.082)	(14.082)	633.396	-	-	4.399.774	4.399.774	6.127.461	595.891	6.723.352
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.399.774	4.399.774	4.399.774	502.207	4.901.981
Other Comprehensive Income (Loss)	-	-	-	1.265.431	(171.140)	1.094.291	1.094.291	383.498	263.980	263.980	(14.082)	(14.082)	633.396	-	-	-	-	1.727.687	93.684	1.821.371
Dividends Paid (Note 8)	-	-	(590.106)	-	-	-	-	-	-	-	-	-	-	410.192	(5.177.375)	-	(5.177.375)	(5.357.289)	(249.352)	(5.606.641)
Transactions with non-controlling	-	-	(320.689)	-	26.511	26.511	26.511	-	52.250	52.250	-	-	52.250	(9.724)	1.345.050	-	1.345.050	1.093.398	471.717	1.565.115
End of Period	**335.456**	**9.283.822**	**-**	**1.907.218**	**(144.629)**	**1.762.589**	**1.762.589**	**1.753.554**	**218.373**	**218.373**	**11.479**	**11.479**	**1.983.406**	**766.974**	**(209.796)**	**4.399.774**	**4.189.978**	**18.322.225**	**1.665.814**	**19.988.039**
Current Period																				
1 January -31 December 2022																				
Opening Balance	**335.456**	**9.283.822**	**-**	**1.907.218**	**(144.629)**	**1.762.589**	**1.762.589**	**1.753.554**	**218.373**	**218.373**	**11.479**	**11.479**	**1.983.406**	**766.974**	**(209.796)**	**4.399.774**	**4.189.978**	**18.322.225**	**1.665.814**	**19.988.039**
Transfers	-	-	-	(144.536)	-	(144.536)	(144.536)	-	-	-	-	-	-	(2.043)	4.546.353	(4.399.774)	146.579	-	-	-
Total Comprehensive	-	-	-	(59.314)	(513.810)	(573.124)	(573.124)	(1.036.956)	(281.333)	(281.333)	34.504	34.504	(1.283.785)	-	-	(67.569)	(67.569)	(1.924.478)	67.243	(1.857.235)
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(67.569)	(67.569)	(67.569)	183.781	116.212
Other Comprehensive Income (Loss)	-	-	-	(59.314)	(513.810)	(573.124)	(573.124)	(1.036.956)	(281.333)	(281.333)	34.504	34.504	(1.283.785)	-	-	-	-	(1.856.909)	(116.538)	(1.973.447)
Dividends Paid (Note 8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(147.709)	(147.709)
Transactions with non-controlling	-	-	-	(30.198)	9.670	(20.528)	(20.528)	-	(66.407)	(66.407)	4.043	4.043	(62.364)	(4.373)	303.198	-	303.198	215.933	145.749	361.682
Closing Balance	**335.456**	**9.283.822**	**-**	**1.673.170**	**(648.769)**	**1.024.401**	**1.024.401**	**716.598**	**(129.367)**	**(129.367)**	**50.026**	**50.026**	**637.257**	**760.558**	**4.639.755**	**(67.569)**	**4.572.186**	**16.613.680**	**1.731.097**	**18.344.777**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**(2.427.483)**	**8.233.361**
Profit		116.212	4.901.981
Profit from Continuing Operations		116.212	4.901.981
Adjustments to Reconcile Profit		**(2.140.591)**	**1.835.015**
Adjustments for Depreciation and Amortisation Expense	14	2.292.519	2.529.259
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(72.450)	(124.393)
Adjustments for Impairement Loss (Reversal of Impairment Loss) of Receivables	9	(131.472)	(160.886)
Adjustments for Impairment Loss of Inventories	11	59.022	36.493
Adjustments for Provisions		(322.638)	490.927
Adjustments for (Reversal of) Provisions Related with Employee Benefits	20	157.171	128.679
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	18	(16.819)	12.066
Adjustments for (Reversal of) Warranty Provisions	18	307.692	346.626
Adjustments for (Reversal of) Other Provisions	18	(770.682)	3.556
Adjustments for Interest (Income) Expenses		916.109	703.436
Adjustments for Interest Income	27	(1.704.143)	(1.676.680)
Adjustments for Interest Expense	27	2.620.252	2.380.116
Adjustments for Unrealised Foreign Exchange Losses (Gains)		(3.976.893)	(5.450.092)
Adjustments for Fair Value Losses (Gains)		(345.701)	366.828
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(345.701)	366.828
Adjustments for Losses From Investments Accounted for Using Equity Method		(990.102)	(148.168)
Adjustments for Tax (Income) Expenses		90.206	(491.416)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(26.656)	(41.293)
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets		(26.656)	(41.293)
Other Adjustments to Reconcile Profit (Loss)	5	14	47.397
Monetary Gain / Loss		295.001	3.952.530

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 1 January - 31 December	Audited 1 January - 31 December
Changes in Working Capital		**(301.141)**	**1.597.098**
Decrease (Increase) in Financial Investments		560.712	171.464
Adjustments for Decrease (Increase) in Trade Accounts Receivable		122.078	1.300.547
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(17.641)	(23.215)
Decrease (Increase) in Trade Accounts Receivables from Third Parties		139.719	1.323.762
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		12.059	(393.999)
Decrease (Increase) in Other Third Party Receivables Related with Operations		12.059	(393.999)
Adjustments for Decrease (Increase) in Inventories		3.395.862	(7.917.630)
Decrease (Increase) in Prepaid Expenses		206.641	(490.532)
Adjustments for Increase (Decrease) in Trade Accounts Payable		(4.859.792)	8.468.566
Increase (Decrease) in Trade Accounts Payables to Related Parties		(64.368)	42.262
Increase (Decrease) in Trade Accounts Payables to Third Parties		(4.795.424)	8.426.304
Increase (Decrease) in Employee Benefit Liabilities		(5.170)	(89.801)
Adjustments for Increase (Decrease) in Other Operating Payables		(14.872)	(143.112)
Increase (Decrease) in Other Operating Payables to Third Parties		(14.872)	(143.112)
Increase (Decrease) in Deferred Revenue		572.755	312.497
Other Adjustments for Other Increase (Decrease) in Working Capital		(291.414)	379.098
Decrease (Increase) in Other Assets Related with Operations		190.625	(88.022)
Increase (Decrease) in Other Payables Related with Operations		(482.039)	467.120
Cash Flows from (used in) Operations		**(2.325.520)**	**8.334.094**
Payments Related with Provisions for Employee Benefits	20	(63.657)	(47.142)
Income Taxes Refund (Paid)	28	(38.306)	(53.591)

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(4.524.261)**	**(3.315.188)**
Proceeds from sales of Shares Without Change in Control of Subsidiaries or Other Businesses		361.682	1.565.115
Cash Outflows Arising from Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(641.185)	(150.047)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		47.063	60.309
Purchase of Property, Plant, Equipment and Intangible Assets		(4.167.741)	(2.852.247)
Purchase of Property, Plant and Equipment	14	(3.679.976)	(1.834.641)
Purchase of Intangible Assets	16	(487.765)	(1.017.606)
Net Cash Advances and Loans		(124.080)	(1.938.318)
Cash Advances and Loans Made to Related Parties		(242.731)	(1.487.649)
Cash Advances and Loans Made to Third Parties		118.651	(450.669)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**6.415.026**	**(4.640.520)**
Proceeds from Borrowings	7	30.448.226	26.229.651
Proceeds from Loans		28.910.975	24.405.733
Proceeds from Issued Debt Instruments		1.537.251	1.823.918
Repayments of Borrowings	7	(21.458.283)	(23.463.548)
Loan Repayments	7	(20.133.248)	(23.372.666)
Issued bonds repayments		(1.325.035)	(90.882)
Changes of Lease Liabilities		165.153	(148.049)
Dividends Paid	8	(147.709)	(5.606.641)
Interest Paid		(2.605.135)	(2.266.203)
Interest Received		12.774	614.270
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(536.718)**	**277.653**
EFFECT OF MONETARY GAIN / LOSS ON CASH AND CASH EQUIVALENTS		**(1.589.812)**	**(4.262.241)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents		247.128	307.035
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(1.879.402)**	**(3.677.553)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	3.431.791	7.109.344
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**1.552.389**	**3.431.791**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi ("Vestel Elektronik" or "the Company") and its subsidiaries (together "the Group"), mainly produce and sell a range of brown goods and white goods. The Company's head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / Istanbul. The Group's facilities are located in Manisa Organized Industrial Zone, İzmir Aegean Free Zone.

The ultimate controller of the Company is Zorlu Family.

Vestel Elektronik is registered to Capital Market Board ("CMB") and its shares have been quoted to Borsa Istanbul ("BİST") since 1990. As of 31 December 2022, 39,05 % of the Group's shares are publicly traded (2021: 36,3%).

As of 31 December 2022 the number of personnel employed at Group is 20.438 (31 December 2021: 19.119).

The Company's subsidiaries and associates are as follows:

Subsidiaries	Country	Nature of operations
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Ticaret A.Ş.	Turkey	Sales
Vestel CIS Ltd.	Russia	Sales
Vestel Electronica SRL	Romania	Sales
Vestel Iberia SL	Spain	Sales
Vestel France SA	France	Sales
Vestel Holland BV	Holland	Sales
Vestel Germany Branch Office	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel UK Ltd.	UK	Sales
Vestel Holland B.V. UK Branch Office	UK	Sales
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	Software
Vestel Trade Ltd.	Russia	Sales
Vestel Electronics Shanghai Trading Co. Ltd.	China	Service
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Sales
Vestel Ventures Ar-ge A.Ş.	Turkey	Service
Vestel Poland sp. z.o.o.	Poland	Sales
Vestel Electronics Gulf DMC	UAE	Sales
Vestel U.S.A.	USA	Sales

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

Investments accounted for using equity method	Country	Nature of operations
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş	Turkey	Mining
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş	Turkey	Automotive

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

The accompanying consolidated financial statements are prepared on the historical cost basis as adjusted for the effects of inflation on Turkish Lira at the reporting date based on International Accounting Standard ("IAS") No. 29 "Financial Reporting in Hyperinflationary Economies" except for the monetary assets and liabilities and those assets and liabilities which are measured at fair value.

The Group and its subsidiaries operating in Turkey manintain their accounting records and prepare 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 consolidated 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.

Consolidated subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate with the required adjustments and reclassifications reflected in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB). 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 IFRS.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

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

2.1.2 Financial Reporting in High-Inflation Economies

The consolidated financial statements of entities whose functional currency was Turkish Lira have been restated for the changes in the general purchasing power of the Turkish Lira based on IAS 29 "Financial Reporting in Hyperinflationary Economies" as at 31 December 2005. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The cumulative three-year inflation rate in Turkey has been 35.61% as at 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by the Turkish Statistical Institute ("TÜİK"). By taking this in to consideration, together with the sustained positive trend in quantitative factors, such as the stabilisation in financial and monetary markets, decrease in interest rates and the appreciation of TL against USD and other hard currencies, it was declared that Turkey should be considered a non-hyperinflationary economy under IAS 29 from 1 January 2006. Therefore, IAS 29 has not been applied from 1 January 2006 to 31 December 2022.

"Since the cumulative three-year inflation rate has risen to above 100% as of March 2022, based on the Turkish nation-wide consumer price indices announced by the TÜİK, Turkey should be considered a hyperinflationary economy under IAS 29 starting from 30 April 2022. Consequently, the financial statements of the entities whose functional currency TL are restated for the changes in the general purchasing power of the Turkish Lira as at 31 December 2022 based on IAS 29. The restatement is calculated by means of conversion factors derived from the Turkish countrywide consumer price index published by the TÜİK. For the last three years, such indices and conversion factors used to restate the accompanying consolidated financial statements are as follows:

For the last three years, such indices and conversion factors used to restate the accompanying consolidated financial statements are as follows:

Date	Index	Coefficient of Correction
31 December 2022	1.128,45	1,00000
31 December 2021	686,95	1,64270
31 December 2020	504,81	2,23540

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

2.1.2 Financial Reporting in High-Inflation Economies (Cont'd)

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

- The current period consolidated financial statements prepared in TL are expressed with the purchasing power at the balance sheet date, and the amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are currently expressed with current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of IAS 36 Impairment of Asset and IAS 2 Inventories were applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been corrected using the relevant correction coefficient.
- "All items included in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet, are indexed on a quarterly basis with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period is recorded in the monetary gain / loss account in the consolidated statement of profit or loss.

In the reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, not having been hyperinflationary in the prior period, the entity shall apply the requirements of IAS 29 as if the economy had always been hyperinflationary. Therefore, in relation to non-monetary items measured at historical cost, the entity's opening statement of financial position at the beginning of the earliest period presented in the financial statements have been restated to reflect the effects of inflation from the date the assets were acquired and the liabilities were incurred or assumed until the end of the reporting period. For non-monetary items carried at the opening statement of financial position at amounts current at dates other than those of acquisition or incurrence, that restatement shall reflect instead the effect of inflation from the dates those carrying amounts were determined until the end of the reporting period.

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

2.1.3 Currency used

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company. These consolidated financial statements are presented in TL, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

ii) Transactions and balances

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow and net investment which are included under shareholders' equity.

iii) Translation of financial statements of subsidiaries having functional currency other than TL

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using monthly average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange IAS rates prevailing at the date of the transaction) and then adjustments made in accordance with IAS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TURKSTAT").

Exchange differences arising from using average and balance sheet date rates are included in "currency translation differences" under equity.

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

2.1.4 Basis of consolidation

The consolidated financial statements include the accounts of the parent and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with IFRS by applying uniform accounting policies and presentation.

a) Subsidiaries

The Group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable /receivable balances and sales / purchase transactions are eliminated. The carrying value of the investment held by Vestel Elektronik and its subsidiaries is eliminated against the related shareholders' equity.

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in shareholders' equity.

As of the balance sheet date, consolidated companies and the proportion of ownership interest of Vestel Elektronik in these subsidiaries are disclosed in note 3.

Financial assets in which the Group has direct or indirect voting rights equal to or above 50% which are immaterial to the Group financial results or over which a significant influence is not exercised by the Group are carried at cost less any provisions for impairment.

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

b) Investments in associates

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

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

Since Lentatek and Aydın Yazılım have net liability positions as of 31 December 2022, carrying value of such investment accounted for by equity method is reduced to zero in the consolidated balance sheets.

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

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

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

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

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

b) Investments in associates (Cont'd)

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

2.2 Comparatives

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

2.3 Changes in accounting policies and accounting estimates and errors

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

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

2.4. Amendments in International Financial Reporting Standards

Standards, amendments, and interpretations applicable as of 31 December 2022:

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3**, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Cooperation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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

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

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

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

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

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

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

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

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

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

- **IAS 21 Lack of Exchangeability;** a transaction or activity in a foreign currency that is not convertible into another currency at a effective from annual periods beginning on or after January 1, 2025. An entity is affected when it has particular measurement date for a particular purpose. A currency can be exchanged when the ability to obtain another currency is available (with a normal administrative delay) and the transaction occurs through a market or clearing mechanism that creates enforceable rights and obligations.

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

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

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

2.5 Summary of significant accounting policies

2.5.1 Revenue recognition

Group recognizes revenue in accordance with IFRS 15 "Revenue from contracts with customers" standard by applying the following five step model:

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

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

a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,

b) Group can identify each party's rights regarding the goods or services to be transferred,

c) Group can identify the payment terms for the goods or services to be transferred,

d) The contract has commercial substance,

e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Revenue from sale of goods

Group recognizes revenue based on the production and sale of white goods, consumer electronics, air conditioners and home appliance. Revenue is recognized when the control of the goods is transferred to the customer. In addition, Group provides legal warranty commitment to its customers depending on the type of goods and the location of sale between 1-3 years. These legal warranty commitments are mandatory by regulations, have not a separate price apart from the good and are not separately sold. Therefore, they are not treated as a separate good or service apart from the sale of good. The group makes sales through various channels at Turkey and abroad. The Group uses a built combination of dealers, e-commerce and other distribution and retail sale points.

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

2.5 Summary of significant accounting policies (Cont'd)

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. Group uses moving weighted average method for costing.

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period 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.

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value less accumulated depreciation, based on valuations performed at 31 December 2022.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is the revalued amount of the asset.

Property, plant and equipment except for land, land improvements and buildings are carried at cost in the equivalent purchasing power of TL as at 31 December 2022, 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.

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

2.5.3 Property, plant and equipment (Cont'd)

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.

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

	Useful life
Land improvements	5 - 35 years
Buildings	10 - 46 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 30 years
Motor vehicles	5 - 10 years
Furniture and fixtures	5 - 14 years

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

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 Group. 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 CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Leases

The Group – as a lessee

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

a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.

b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.

c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use;

d) The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;

ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

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 incremental borrowing rate of the relevant Group company.

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.

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

2.5.3 Property, plant and equipment (Cont'd)

c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

a) Increasing the carrying amount to reflect interest on lease liability,

b) Reducing the carrying amount to reflect the lease payments made and

c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

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

The Group – as a lessor

The Group'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 Group

To apply the cost model, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Group applies the depreciation requirements in IAS16 Property, Plant and Equipment in depreciating the right-of-use asset.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (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. Intangible assets arising from development (or from the development phase of an internal project) are recognized as intangible assets when the following criteria are met;

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

In other cases, development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

b) Rights and other intangible assets

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

Useful life of intangible assets is as follows:

	Useful life
Rights	2 - 15 years
Development cost	2 - 10 years
Other	2 - 15 years

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

2.5.5 Financial instruments

a) Financial assets

The Group classifies its financial assets into the following specified categories: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other compressive income. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets measured at amortized cost

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

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

Group 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, Group 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 Group and its expectations for the future indications.

Financial assets measured at fair value

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

Impairment of financial assets

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

b) Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (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 Group mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under risk accounting, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognised in the consolidated profit or loss statement.

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

Cash flow hedges:

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

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

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

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

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

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

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

2.5.6 Foreign currency transactions

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

Foreign currency transactions during the period are recorded at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currency in the balance sheet are translated into TL using the exchange rates prevailing in balance sheet date.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, and then rearrangements made in accordance with IAS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TURKSTAT"). Exchange differences arising are recognized in other comprehensive income and in equity.

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

2.5.7 Provisions, contingent assets and liabilities

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

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

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

2.5.8 Warranty and assembly expenses provision

Warranty expenses include repair and maintenance expenses of products sold and labor and material costs of authorized services for products under the scope of warranty terms without any charge to the customers. Based on estimations using past statistical information, warranty expense provision is recognized for the products sold with warranty terms in the period, for possible repair and maintenance expenses to be incurred during the warranty period.

Based on estimations using past statistical information, assembly expenses provision is recognized for products sold during the period but not yet installed in the sites of the end customers, against the cost of free of charge installments.

2.5.9 Related parties

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

2.5.10 Taxation on income

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

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

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

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

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

2.5.10 Taxation on income (Cont'd)

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

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

2.5.11 Employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. Employment termination benefits are considered as being part of defined retirement benefit plan as per IAS 19. All actuarial gains and losses are recognized in consolidated statements of income.

The effects of the significant forecasts used in employment termination benefits provision calculations have been recognized as actuarial gains and losses and they have been explained in the relevant note.

2.5.12 Government grants

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

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

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

2.5.13 Earnings per share

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

2.5.14 Statement of cash flows

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

2.5.15 Segment reporting

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

The Group management evaluates the operational results at industrial and geographical level. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Group's operations are reported under two industrial segments:

- Consumer and mobility electronics
- Household appliances

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

2.5.15 Segment reporting (Cont'd)

Group's operations are reported under three geographical segments:

- Turkey
- Europe
- Other

2.5.16 Offsetting

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

2.5.17 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. Subsequent events consist of all events between the balance sheet date and the date of validity authorisation, even if they existed after public explanation of an announcement about profit or other financial information. If events requiring an adjustment to the financial statements occur after the balance sheet date, the Group makes the necessary corrections in the consolidated financial statements. In the case that events require a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.5.18 Going Concern

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

2.5.19 Trade payables

Trade payables are recognized at their fair values.

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

2.5.20 Borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income as finance cost over the period of the borrowings. Borrowing costs are expensed as incurred. If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which (at least a period of one year) are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.6. Critical accounting estimates and judgments

Preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions.

Significant estimates of the Group management are as follows:

i. Revaluation of land, buildings and land improvements:

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2022 (Note 14).

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

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

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

- The method of cost approach, considering existing utilization of the aforementioned land, building and land improvements are consistent to the highest and best use approach.
- In the market comparison method, current market information was utilized, taking into consideration the comparable market prices for the recent transactions in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m^2 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 approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

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 Group performs impairment assessment for buildings and land improvements of which valuations are based on revaluation approach, accordance with the IAS36 "Impairment of Assets", and no impairment indicator is identified.

ii. Impairment tests of investments accounted for using the equity method

As stated in the accounting policies in Note 2.1.4.b, if there is an indicator of impairment related to the carrying amount of investments accounted for using the equity method, such investments are subjected to impairment tests.

The impairment test is performed by comparing the carrying amounts of the calculated cash flows with the recoverable amount calculated with the value-in-use of the investment. Significant estimates and assumptions used in determining the cash flows and their sensitivity analysis are presented in Note 13. As of 31 December 2022, no impairment was identified as a result of the impairment tests performed (Note 13).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 3 – INTERESTS IN OTHER ENTITIES

Subsidiaries:

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

	31 December 2022		31 December 2021	
Consolidated subsidiaries	**Voting rights**	**Effective ownership**	**Voting rights**	**Effective ownership**
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (*)	80,66	80,66	82,53	82,53
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100	100	100	100
Vestel Ticaret A.Ş.	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Iberia SL	100	100	100	100
Vestel France SA	100	100	100	100
Vestel Holland BV	100	100	100	100
Vestel Germany GmbH (**)	100	100	100	100
Cabot Communications Ltd.	90,80	90,80	90,80	90,80
Vestel UK Ltd.	100	100	100	100
Vestel Holland B.V. UK Branch Office	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99,90	99,90	99,90	99,90
Vestel Central Asia LLP	100	100	100	100
Vestel Poland sp. z.o.o.	100	100	100	100
Vestel Electronics Gulf DMC	100	100	100	100
Vestel Electronics Shanghai Trading Co. Ltd.	100	100	100	100
Vestel Electronica SRL	100	100	100	100
Vestel USA (***)	100	100	-	-

(*) Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 30,000,000 shares on 20 September 2022 on Borsa Istanbul. Following the transaction, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 80.66%.

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

(***) Our wholly-owned subsidiary Vestel Ticaret AŞ established a new company named Vestel USA Inc. under its 100% ownership in the New York state of the USA. Through this new company, we aim to closely monitor and manage our increasing business volume and customer portfolio in North America, accurately identify market needs through market research and adapt our existing product range and develop products specifically for the US market.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

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

Subsidiaries (Cont'd):

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

	31 December 2022	31 December 2021
Accumulated non-controlling interests	1.590.934	1.665.814
Comprehensive income attributable to non-controlling interests	67.243	595.891

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

Balance sheet:

	31 December 2022	31 December 2021
Current assets	17.203.555	16.875.552
Non-current assets	10.586.485	7.992.315
Current liabilities	(18.428.442)	(14.064.782)
Non-current liabilities	(1.135.465)	(1.267.802)
Net assets	**8.226.133**	**9.535.283**

Statement of comprehensive income:

	1 January - 31 December 2022	1 January - 31 December 2021
Net sales	36.160.744	32.337.877
Income / (loss) before tax	282.883	1.979.013
Tax benefit / (expense)	(154.350)	315.698
Net income / (loss) for the period	128.533	2.294.711
Total comprehensive income	(455.699)	3.629.048

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

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

Subsidiaries (Cont'd):

Statement of cash flows:

	1 January - 31 December 2022	1 January - 31 December 2021
Operating activities:		
Changes in working capital	1.090.921	(811.410)
Net cash provided by operating activities	**1.790.596**	**(10.144.674)**
Investing activities:		
Net cash used in investing activities	**(3.131.989)**	**11.667.894**
Financing activities:		
Proceeds from bank borrowings	6.912.573	3.278.942
Repayment of bank borrowings	(1.893.852)	(3.878.201)
Dividends paid	(853.448)	(2.488.317)
Net cash (used in) / provided by financing activities	**1.341.406**	**(1.773.336)**
Cash and cash equivalents at the beginning of the period	185.321	435.437
Cash and cash equivalents at the end of the period	578.753	185.321

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 4 - SEGMENT REPORTING

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

Considering the fact that the Group's risks and rate of returns are dissimilar between product types and between geographical areas, The Group management uses industrial segments as primary reporting format and geographical segments as secondary reporting format.

Industrial segments

	Consumer and mobility electronics	Household appliances	Total
1 January -31 December 2022			
Revenue	25.051.914	42.389.350	67.441.264
Cost of sales	(21.258.893)	(34.718.300)	(55.977.193)
Gross profit	**3.793.021**	**7.671.050**	**11.464.071**
Depreciation and amortization	**1.130.660**	**1.161.859**	**2.292.519**
1 January -31 December 2021			
Revenue	26.037.010	38.756.631	64.793.641
Cost of sales	(20.946.954)	(28.112.809)	(49.059.763)
Gross profit	**5.090.056**	**10.643.822**	**15.733.878**
Depreciation and amortization	**1.434.446**	**1.094.813**	**2.529.259**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 4 - SEGMENT REPORTING (Cont'd)

Purchase of Property, Plant, Equipment and Intangible Assets

	Consumer and mobility electronics	Household appliances	Total
1 January -31 December 2022	1.058.416	3.109.325	4.167.741
1 January -31 December 2021	1.663.670	1.188.577	2.852.247

Geographical segments:

	1 January - 31 December 2022	1 January - 31 December 2021
Turkey	22.131.120	17.120.946
Europe	40.351.426	44.455.685
Other	9.342.229	7.254.181
Gross segment sales	**71.824.775**	**68.830.812**
Discounts (-)	(4.383.511)	(4.037.171)
Revenue	**67.441.264**	**64.793.641**

The amount of export for the period 1 January - 31 December 2022 is TL 49.693.655 (1 January - 31 December 2021: TL 51.709.866). Export sales are denominated in EUR, USD and other currencies as 68,7%, 25,3%, and 6% of total exports respectively (1 January – 31 December 2021: 63,3% EUR, 28% USD, 8,7% other).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	3.148	3.594
Bank deposits		
- Demand deposits	*1.217.107*	*2.316.481*
- Time deposits	*214.747*	*904.789*
Cheques and notes	45.029	65.369
Other	72.358	141.558
	1.552.389	**3.431.791**
Blocked deposits	22	36
Cash and cash equivalents	**1.552.411**	**3.431.827**

The Group has time deposits amounting to USD 1.003 thousand, TL 96.696 thousand, EUR 4.200 thousand and RUB 60.000 (31 December 2021: USD 1.000 thousand, TL 459.171 thousand, EUR 5.167 thousand, KZT 500 thousand, and RUB 16.000). As of 31 December 2022, and 31 December 2021 the Group's time deposits have a maturity of less than 3 months.

See Note 31 for the foreign currency details of the Group's demand deposits.

NOTE 6 – FINANCIAL ASSETS

		Ownership		Amount	
	Country	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial assets measured at fair value through other comprehensive income:					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	70.400	27.270
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	62	62
Other	Turkey	-	-	729	729
				71.191	**28.061**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 6 – FINANCIAL ASSETS (Cont'd)

		Ownership		Amount	
Non-consolidated subsidiaries on the grounds of materiality:	**Country**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Vestel Ventures Ar-ge A.Ş.	Turkey	%100	%100	192.347	192.347
				192.347	**192.347**

NOTE 7 – FINANCIAL LIABILITIES

	31 December 2022	31 December 2021
Short term financial liabilities		
Short term bank loans	17.668.289	7.137.338
Short term portion of long term bank loans	1.396.941	9.879.729
Short term portion of long term lease liabilities	140.069	122.967
Short term issued bonds	1.139.204	1.047.739
	20.344.503	**18.187.773**
Long term financial liabilities		
Long term bank loans	693.877	1.032.394
Long term lease liabilities	397.326	249.275
Long term issued bonds	-	435.314
	1.091.203	**1.716.983**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

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

	31 December 2022			31 December 2021		
Currency	**Weighted average of effective interest**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest**	**Original currency**	**TL Equivalent**
- USD	8,27%	235.849	4.417.923	3,71%	130.232	2.776.296
- EUR	8,75%	64.505	1.288.216	3,74%	16.636	401.243
- TL	16,75%	11.778.618	11.778.618	24,97%	3.959.799	3.959.799
- CNY	4,55%	68.467	183.532	-	-	-
			17.668.289			**7.137.338**

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

Currency	**Weighted average of effective interest rates per**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per**	**Original currency**	**TL Equivalent**
- USD	6,74%	13.104	245.464	3,54%	257.296	5.485.069
- EUR	5,37%	20.097	401.353	4,36%	38.620	931.450
- TL	14,82%	750.124	750.124	16,12%	3.463.210	3.463.210
Short term portion			**1.396.941**			**9.879.729**
- USD	8,18%	36.142	677.012	5,97%	23.342	497.600
- EUR	-	-	-	3,00%	19.455	469.229
- TL	15,00%	16.865	16.865	12,31%	65.565	65.565
Long term portion			**693.877**			**1.032.394**
			2.090.818			**10.912.123**

Total amount of Group's floating bank loans is amounting to TL 10.401.240 (31 December 2021: TL 9.495.062).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

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

	31 December 2022	31 December 2021
One to two years	454.791	631.270
Two to three years	239.086	401.124
	693.877	**1.032.394**

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

	31 December 2022	31 December 2021
3 months or less	3.740.153	1.286.336
Between 3-6 months	2.690.124	28.943
Between 6-12 months	3.174.415	7.116.691
1 year or more	796.548	1.063.092
	10.401.240	**9.495.062**

Guarantees given for the bank loans are presented in Note 18.

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

As of 31 December 2022, and 31 December 2021, the Group's net financial debt reconciliation is shown below:

	31 December 2022	31 December 2021
Net financial debt as of 1 January	**16.472.965**	**12.612.025**
Cash inflows from loans and issued bonds	30.448.226	26.229.651
Cash outflows from loan and bonds payments	(21.458.284)	(23.463.548)
Changes of lease liabilities	165.153	(148.049)
Unrealized Fx gain/loss	1.657.263	3.319.354
Changed interest	786.851	(9.372)
Change in cash and cash equivalents	1.879.402	3.677.553
Monetary gain / (loss)	(10.068.259)	(5.744.649)
Net financial debt at the end of the period	**19.883.317**	**16.472.965**

NOTE 8 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	31 December 2022	31 December 2021
Korteks Mensucat Sanayi ve Ticaret A.Ş. (1)	8.790	9.703
Linens Pazarlama A.Ş. (1)	-	6.784
Other related parties	32.066	6.728
	40.856	**23.215**

The short term receivables from related parties consist of goods and service sales.

b) Short term trade payables to related parties

	31 December 2022	31 December 2021
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	11.377	862
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (3)	11	102.476
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. (1)	-	506
Zorlu Air Havacılık A.Ş. (1)	963	2.114
Zorlu Holding A.Ş. (2)	13.790	-
Other related parties	17.923	2.474
	44.064	**108.432**

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

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

c) Other short term receivables from related parties

	31 December 2022	31 December 2021
Vestel Ventures A.Ş (3)	744.432	641.134
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (3)	607.814	752.324
	1.352.246	**1.393.458**

Other receivables from related parties mainly consists of cash fund deposits transferred to the Group companies. As of 31 December 2022, the annual average effective interest rate of other receivables in TL is 25%. and in USD is 7%. (31 December 2021: USD 7%, TL 20%).

d) Other long term receivables from related parties

	31 December 2022	31 December 2021
Zorlu Holding A.Ş. (2)	6.461.918	7.257.585
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (3)	5.674.420	6.603.973
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A. Ş. (3)	4.281.819	3.744.499
	16.418.157	**17.606.057**

Other long term receivables from related parties mainly consists of cash fund deposits transferred to the Group companies. As of 31 December 2022, the annual average effective interest rate of other receivables in TL is 25% and in USD is 7%. (31 December 2021: USD 7%, TL 20%).

e) Lease liabilities to related parties

	31 December 2022	31 December 2021
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.(1)	9.447	32.123
Zorlu Yapı Yatırım A.Ş.(1)	1.229	4.179
	10.676	**36.302**

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

f) Transactions with related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Sales		
Zorlu Enerji Elektrik Üretim A.Ş. (1)	230.915	51
ZES Dijital Ticaret A.Ş. (1)	86.753	27.236
Rotor Elektrik Üretim A.Ş. (1)	73.060	20
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. (1)	70	9.510
Other related parties	88.029	8.864
	478.827	**45.681**

	1 January - 31 December 2022	1 January - 31 December 2021
Operating expenses		
Zorlu Holding A.Ş. (2)	182.718	177.235
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	123.845	18.492
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. (1)	21.106	28.090
Zorlu Air Havacılık A.Ş. (1)	11.759	14.096
Other related parties	79.323	53.885
	418.751	**291.798**

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

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

f) Transactions with related parties (Cont'd)

	1 January - 31 December 2022	1 January - 31 December 2021
Other income from operating activities		
Other related parties	**13.595**	**21.010**
Other expense from operating activities		
Other related parties	**27.180**	**107.687**

	1 January - 31 December 2022	1 January - 31 December 2021
Financial income		
Zorlu Holding A.Ş. (2)	2.891.569	4.817.227
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (3)	2.651.102	2.612.982
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. (3)	1.453.739	1.822.837
Other related parties	263.111	262.877
	7.259.521	**9.515.923**

	1 January - 31 December 2022	1 January - 31 December 2021
Financial expense		
Other related parties	602	13.025
	602	**13.025**

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

f) Transactions with related parties (Cont'd)

	1 January - 31 December 2022	**1 January - 31 December 2021**
Dividend payment to non-controlling interests	**147.709**	**5.606.641**

g) Guarantees received from and given to related parties are disclosed in note 18.

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

Compensation paid to key management for the year ended 31 December 2022 is TL 80.900 (1 January - 31 December 2021: TL 131.213).

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

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Short term trade receivables		
Trade receivables		
- Related parties (note 8)	*40.856*	*23.215*
- Other parties	*9.766.217*	*10.286.347*
Cheques and notes receivables	1.304.931	688.526
Other	117.122	300.012
	11.229.126	11.298.100
Unearned interest expense (-)		
- Other parties	*(100.618)*	*(48.215)*
Allowance for doubtful receivables (-)	(154.598)	(286.070)
Total short term trade receivables	**10.973.910**	**10.963.815**
Long term trade receivables		
Cheques and notes receivables	67	768
Total long term trade receivables	**67**	**768**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

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

	31 December 2022	31 December 2021
Short term trade payables		
Trade payables		
- Related parties (note 8)	*44.064*	*108.432*
- Other parties	*21.595.766*	*26.251.327*
Other	4.925	6.914
	21.644.755	26.366.673
Unearned interest income (-)		
- Other parties	*(63.278)*	*(39.860)*
Total short term trade payables	**21.581.477**	**26.326.813**

Long term trade payables		
Trade payables		
- Other parties	*182.877*	*297.333*
Total long term trade payables	**182.877**	**297.333**

NOTE 10 – OTHER RECEIVABLES AND OTHER PAYABLES

	31 December 2022	31 December 2021
Short term other receivables		
Receivables from public institutions	1.001.378	816.967
Receivables from related parties (note 8)	1.352.246	1.393.458
Deposits and guarantees given	165.120	179.449
Other	91.302	157.440
	2.610.046	**2.547.314**
Allowance for doubtful receivables (-)	(89.623)	(147.300)
	2.520.423	**2.400.014**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 10 – OTHER RECEIVABLES AND OTHER PAYABLES (Cont'd)

	31 December 2022	31 December 2021
Long term other receivables		
Deposits and guarantees given	33.447	39.886
Receivables from related parties (note 8)	16.418.157	17.606.057
Other	8.416	180.978
	16.460.020	17.826.921
Allowance for doubtful receivables (-)	(8.278)	(13.599)
	16.451.742	**17.813.322**
Short term other payables		
Other payables		
- Related parties	*2.791*	*17.663*
	2.791	**17.663**
Deferred revenue from third parties		
- Other parties	1.252.820	680.065
	1.252.820	**680.065**

NOTE 11 – INVENTORIES

	31 December 2022	31 December 2021
Raw materials	6.548.699	8.027.163
Work in process	412.084	379.315
Finished goods	6.220.995	8.387.791
Merchandise	703.389	530.175
Other	37.451	14.138
	13.922.618	17.338.582
Provision for impairment on inventories (-)	(233.577)	(194.657)
	13.689.041	**17.143.925**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 11 – INVENTORIES (Cont'd)

Movement of provision for impairment on inventories is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	**194.657**	**132.798**
Current year additions	114.116	63.492
Realised due to sale of inventory	(55.094)	(26.999)
Currency translation differences	28.252	52.114
Monetary gain / (loss)	(48.354)	(26.748)
Balance at 31 December	**233.577**	**194.657**

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 31 December 2022 is TL 49.200.514 (2021: TL 42.525.361).

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

NOTE 12 – PREPAID EXPENSES

	31 December 2022	31 December 2021
Prepaid expenses in current assets		
Order advances given	380.694	757.422
Prepaid expenses	214.539	240.845
Business advances given	4.788	6.598
	600.021	**1.004.865**
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	517.769	469.761
Prepaid expenses	13.162	179.821
	530.931	**649.582**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2022		31 December 2021	
	%	**Amount**	**%**	**Amount**
Investment in associates				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	817.502	50%	1.216.066
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	2.291.817	23%	1.344.216
		3.109.319		**2.560.282**

Pursuant to the Group's goal to diversify its lines of business and achieve profitable growth by investing in new-generation technologies, the Group has purchased 916.335.000 shares (each with a nominal value of TL 1 and representing 50% of the Group's share capital) of Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ("META"), which is a Zorlu Holding A.Ş. subsidiary and is involved in nickel-cobalt mining, from Ahmet Nazif Zorlu, Olgun Zorlu, Mehmet Emre Zorlu, Selen Zorlu Melik, Meta Madencilik Enerji Turizm Danışmanlık Sanayi ve Ticaret A.Ş. and Zorlu Holding AŞ, for a total consideration of US$250 mn (TL 1.152.075) in order to secure the supply of nickel sulphate and cobalt sulphate compounds, which are critical raw materials for the production of EV batteries. The acquisition value is in accordance with the valuation range of US$447,2 million and US$572 million stated in the independent appraisal report dated 29 June 2018 and prepared by Ernst & Young Advisory Services, which is licensed by the Capital Markets Board.

META was founded in 2000 to undertake nickel mining in Turkey, has been operating under Zorlu Group since 2007. The Group's nickel cobalt mining facility in Gördes, Manisa was commissioned at the end of 2014. The facility has a production capacity of 10.000 tons of nickel content and 550 tons of cobalt content per annum. Besides Gördes, META also has a licensed field in Eskişehir and undertakes surveying activities in various regions of Turkey. Currently, META produces nickel- cobalt hydroxide (MHP), which is an intermediate product, and plans to undertake an investment for the production of nickel sulfate and cobalt corbonat compounds, which are critical for Li-ion battery production.

Within the framework of Turkey's Automobile Project, following the work undertaken by the Joint Initiative Group, to which Group's controlling shareholder, Zorlu Holding AŞ was a party, Vestel Elektronik Sanayi ve Ticaret AŞ decided to participated with 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which was planned to be established to produce mainly electric passenger cars and carry out supporting activities. In this respect, the Shareholders Agreement and Articles of Association have been signed on 31 May 2018. Establishment of the new Group is completed on 28 June 2018.

Within the scope of the decision taken at the Annual General Meeting of TOGG which was held on 31 May 2021, the Group's stake in TOGG has reached to 23%.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

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

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

The movements of META, which is an investment accounted for using the equity method during the period 1 January – 31 December 2022 and 2021 is as follows:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Balance at 1 January	**1.216.066**	**1.508.810**
Shares from profit / loss	43.322	(256.410)
Shares from other comprehensive income / expense	33.894	162.686
Currency translation differences	(475.780)	(199.020)
	817.502	**1.216.066**

Summary financial statement information of META is as follows:

	31 December 2022	**31 December 2021**
Total Assets	12.312.082	12.655.363
Total Liabilities	(12.020.507)	(12.416.779)
	291.575	**238.584**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

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

	1 January - 31 December 2022	**1 January - 31 December 2021**
Net sales	2.252.089	1.453.135
Income / (loss) before tax	(485.487)	(204.718)
Tax benefit / (expense)	572.131	(308.101)
Net income / (loss) for the period	86.644	(512.819)
Total comprehensive loss	146.338	(223.129)

Impairment test of investments accounted for using the equity method:

As stated in the accounting policies in Note 2.1.3.b, on the grounds of materiality, the Group has performed impairment analyis for META in accordance with the provisions of IAS 36 "Impairment of Assets", which is accounted for using the equity method. The recoverable amount was determined based on discounted cash flow analysis prepared on the basis of the mine resources of META in licensed mine areas in Gördes.

As a result of impairment tests, no impairment was identified related to META as of 31 December 2022 (2021: None).

The sensitivity analysis performed for the estimates and assumptions used in determining the cash flows is as follows:

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

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

Sensitivity analysis:

Sensitivity scenarios are analysis by comparing base scenario to the scenarios where significant assumptions used in impairment tests show negative deviations in defined percentages. In the related sensitivity analysis performed as of 31 December 2022, the deviations of the recoverable amount compared to the carrying amount including goodwill are summarized in the table below:

Sensitivity analysis	**Percentage of META's carrying amount in financials**
1% increase in discount rate	347%
10% decrease in nickel prices	244%
10% decrease in cobalt carbonat prices	356%
10% decrease in metal equivalent mine resource amount	351%

In accordance with the loan agreement of Meta Nikel as amended on 23 August 2020:

- Pursuant to the Commercial Enterprise Pledge Agreement, a first-degree pledge amounting to TL 3.000.000 thousand is placed on behalf of creditors Meta Nikel's assets indefinitely and the pledge will be valid until payment of the mentioned loans.
- In accordance with the Mining License Mortgage Agreement a top limit mining license first degree mortgage amounting to USD 420,000 thousand is established.
- Pursuant to the share pledge agreement, first degree pledge was established on all shares representing 100% of Meta Nikel's share capital, including all shares to be issued by Meta Nikel.
- In accordance with the Transfer of Receivables Agreement, Vestel Elektronik, Zorlu Holding and Zorlu Dış Ticaret are the Successor Creditors in the collection of receivables from Meta Nikel in order to establish a permanent guarantee of the performance of the debts of Meta Nikel resulting from the loan agreement subject to collateral.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	Net off Accumulated Depreciation Before Revaluation	Fair value increase	31 December 2022
Cost or revaluation								
Land	2.833.141	-	-	(352.009)	-	-	713.393	3.194.525
Land improvements	362.244	421	-	(18.436)	325	(13.733)	(52.721)	278.100
Buildings	6.160.149	23.834	(4.133)	(493.497)	33.588	(142.329)	(424.424)	5.153.188
Leasehold improvements	757.140	73.616	(47.511)	(3.435)	-	-	-	779.810
Plant and machinery	17.754.130	998.730	(170.092)	(43.312)	429.434	-	-	18.968.890
Motor vehicles	33.784	3.087	(853)	(258)	-	-	-	35.760
Furniture and fixtures	3.075.891	237.759	(9.475)	(14.029)	20.715	-	-	3.310.861
Other tangible assets	8.392	-	-	-	-	-	-	8.392
Construction in progress (*)	154.902	2.342.529	(10.591)	-	(484.119)	-	-	2.002.721
	31.139.773	**3.679.976**	**(242.655)**	**(924.976)**	**(57)**	**(156.062)**	**236.248**	**33.732.247**
Accumulated depreciation								
Land improvements	16.126	19.946	-	(3.792)	-	(13.733)	-	18.547
Buildings	213.933	234.109	(6)	(47.477)	-	(142.329)	-	258.230
Leasehold improvements	672.272	37.552	(46.443)	(6.631)	-	-	-	656.750
Plant and machinery	13.548.725	1.177.068	(165.680)	23.300	-	-	-	14.583.413
Motor vehicles	28.463	2.509	(842)	(231)	-	-	-	29.899
Furniture and fixtures	2.827.382	152.361	(9.277)	(2.015)	-	-	-	2.968.451
Other tangible assets	8.392	-	-	-	-	-	-	8.392
	17.315.293	**1.623.545**	**(222.248)**	**(36.846)**	**-**	**(156.062)**	**-**	**18.523.682**
Net book value	**13.824.480**							**15.208.237**

*Substantial part of construction in progress consists of new dishwasher factory investment. There is no finance cost capitalized on construction in progress.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

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

	1 January 2021	Additions	Disposals	Currency translation differences	Transfers	Net off Accumulated Depreciation Before Revaluation	Fair value increase	31 December 2021
Cost or revaluation								
Land	2.547.835	-	-	28.364	-	-	256.942	2.833.141
Land improvements	284.820	528	-	46.094	34	(205)	30.973	362.244
Buildings	4.486.362	59.356	(14.901)	599.137	18.904	(40.308)	1.051.599	6.160.149
Leasehold improvements	713.781	34.573	(39)	6.602	2.223	-	-	757.140
Plant and machinery	16.428.846	1.444.437	(591.599)	192.222	280.224	-	-	17.754.130
Motor vehicles	31.385	1.649	(140)	872	18	-	-	33.784
Furniture and fixtures	2.913.847	132.948	(21.178)	30.930	19.344	-	-	3.075.891
Other tangible assets	8.392	-	-	-	-	-	-	8.392
Construction in progress	318.210	161.150	(3.251)	-	(321.207)	-	-	154.902
	27.733.478	**1.834.641**	**(631.108)**	**904.221**	**(460)**	**(40.513)**	**1.339.514**	**31.139.773**
Accumulated depreciation								
Land improvements	197	9.558	-	6.576	-	(205)	-	16.126
Buildings	3.987	159.901	(3.617)	93.970	-	(40.308)	-	213.933
Leasehold improvements	633.396	34.219	(39)	4.696	-	-	-	672.272
Plant and machinery	12.800.281	1.292.952	(589.739)	45.231	-	-	-	13.548.725
Motor vehicles	23.799	4.093	(140)	711	-	-	-	28.463
Furniture and fixtures	2.668.791	146.302	(20.144)	32.433	-	-	-	2.827.382
Other tangible assets	8.389	3	-	-	-	-	-	8.392
	16.138.840	**1.647.028**	**(613.679)**	**183.617**	**-**	**(40.513)**	**-**	**17.315.293**
Net book value	**11.594.638**							**13.824.480**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

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

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

31 December 2022	**Land**	**Land improvements and buildings**
Cost	558.088	2.926.144
Accumulated depreciation (-)	-	(961.206)
Net book value	**558.088**	**1.964.938**

31 December 2021	**Land**	**Land improvements and buildings**
Cost	558.088	2.659.361
Accumulated depreciation (-)	-	(924.770)
Net book value	**558.088**	**1.734.591**

As of 31 December 2022, the Group does not have property, plant and equipment pledged (2021: None)

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

	1 January - 31 December 2022	**1 January - 31 December 2021**
Cost of sales	1.499.264	1.515.092
Research and development expenses	492.118	606.795
Marketing, selling and distribution expenses	158.164	315.335
General administrative expenses	129.247	82.799
Other operating expense (idle capacity depreciation expense)	13.726	9.238
	2.292.519	**2.529.259**

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

Fair value hierarchy table

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

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

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

Level 3: Valuation techniques does not contains observable market inputs

31 December 2022	**Level 1**	**Level 2**	**Level 3**
Tangible Assets			
Lands	-	3.194.525	-
Buildings and land improvements	-	5.154.511	-

31 December 2021	**Level 1**	**Level 2**	**Level 3**
Tangible Assets			
Lands	-	2.833.141	-
Buildings and land improvements	-	6.292.334	-

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 15 – RIGHT OF USE ASSETS

	1 January 2022	Additions	Disposals	31 December 2022
Cost				
Land and buildings	655.237	453.572	-	1.108.809
Motor vehicles	251.209	14.985	(2.083)	264.111
	906.446	468.557	(2.083)	1.372.920
Accumulated amortization				
Land and buildings	347.046	219.760	-	566.806
Motor vehicles	151.077	56.335	(1.718)	205.694
	498.123	**276.095**	**(1.718)**	**772.500**
Net book value	**408.323**			**600.420**

	1 January 2021	Additions	Disposals	31 December 2021
Cost				
Land and buildings	567.456	92.361	(4.580)	655.237
Motor vehicles	188.245	66.634	(3.670)	251.209
	755.701	**158.995**	**(8.250)**	**906.446**
Accumulated amortization				
Land and buildings	157.081	192.076	(2.111)	347.046
Motor vehicles	86.550	65.128	(601)	151.077
	243.631	**257.204**	**(2.712)**	**498.123**
	512.070			**408.323**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 16 – INTANGIBLE ASSETS

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	31 December 2022
Cost						
Rights	368.081	349	-	(4.124)	-	364.306
Development cost	5.958.868	417.678	-	16.921	-	6.393.467
Other intangible assets	970.459	69.738	(38)	5.799	57	1.046.015
	7.297.408	**487.765**	**(38)**	**18.596**	**57**	**7.803.788**
Accumulated amortization						
Rights	281.241	14.567	-	(3.824)	-	291.984
Development cost	4.379.462	345.120	-	-	-	4.724.582
Other intangible assets	767.998	33.192	(38)	(9.430)	-	791.722
	5.428.701	**392.879**	**(38)**	**(13.254)**	**-**	**5.808.288**
Net book value	**1.868.707**					**1.995.500**

	1 January 2021	Additions	Disposals	Currency translation differences	Transfers	31 December 2021
Cost						
Rights	360.849	212	(141)	7.161	-	368.081
Development cost	5.007.502	951.366	-	-	-	5.958.868
Other intangible assets	891.258	66.028	(2.845)	15.558	460	970.459
	6.259.609	**1.017.606**	**(2.986)**	**22.719**	**460**	**7.297.408**
Accumulated amortization						
Rights	259.668	14.649	(97)	7.021	-	281.241
Development cost	3.807.761	571.701	-	-	-	4.379.462
Other intangible assets	717.037	38.677	(1.303)	13.587	-	767.998
	4.784.466	**625.027**	**(1.400)**	**20.608**	**-**	**5.428.701**
Net book value	**1.475.143**					**1.868.707**

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

NOTE 17 – GOVERNMENT GRANTS

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

i) Exemption from customs duty on machinery and equipment to be imported,
ii) VAT exemption with respect to purchases of investment goods both from domestic and export markets,
iii) Incentives under the jurisdiction of the research and development law, (Note 28)
iv) Inward processing permission certificates,
v) Cash refund from Tübitak - Teydeb for research and development expenses,
vi) Discounted corporate tax incentive,
vii) Insurance premium employer share incentive
viii) Brand support incentive (Turquality) given by Republic of Turkey Ministry of Economy.

Research and development incentive premium from Tübitak Technology and Innovation Funding programs directorate ("TEYDEB") amounts to TL 5.956 for the period 1 January - 31 December 2022. (1 January -31 December 2021 TL 34.350).

Brand support incentive Turquality obtained from Republic of Turkey Ministry of Economy amounts to TL 48.536 in year 2022. (2021: TL 13.356).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	31 December 2022	31 December 2021
Short term provisions		
Warranty and assembly provision	680.015	783.599
Other provisions	819.480	1.177.058
Provision for lawsuit risks	60.510	77.329
	1.560.005	**2.037.986**
Long term provisions		
Warranty and assembly provision	151.680	153.508
	151.680	**153.508**

As of 31 December 2022, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is TL 60.510 (2021: TL 77.329).

As of 31 December 2022 and 2021 movements of warranty and assembly provisions are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	**937.107**	**866.918**
Current year additions	1.192.793	1.165.452
Provisions no longer required	(885.101)	(818.826)
Monetary gain / (loss)	(413.104)	(276.437)
Balance at 31 December	**831.695**	**937.107**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

b) Guarantees received by the Group

Guarantee letters, collaterals, cheques and notes received

	31 December 2022	31 December 2021
Guarantee letters	2.198.770	2.288.463
Cheques and notes	2.083.544	2.094.564
Collaterals and pledges	2.625.958	2.522.107
	6.908.272	**6.905.134**

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

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

CPMB's given by the Group	USD ('000)	EUR ('000)	GBP ('000)	TL	TL Equivalent
31 December 2022					
A. CPMB's given on behalf of its own legal entity	3.625	4.227	-	24.076	176.397
B. CPMB's given on behalf of fully consolidated subsidiaries (*)	2.226.653	83.116	450	4.200.339	47.580.069
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	34.991	-	-	19.383	674.834
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	34.991	-	-	19.383	674.834
iii.Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	**2.265.269**	**87.343**	**450**	**4.243.798**	**48.431.300**

(*) Fully consolidated subsidiaries have given collaterals to various financial institutions on behalf of each other for their forward contracts and for the total amount of loans utilized.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 18 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPMB's given by the Group	USD ('000)	EUR ('000)	GBP ('000)	TL	TL Equivalent
31 December 2021					
A. CPMB's given on behalf of its own legal entity	8.879	22.206	450	197.386	935.147
B. CPMB's given on behalf of fully consolidated subsidiaries (*)	2.205.303	64.201	81	7.028.787	55.592.387
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	43.137	-	-	34.774	954.372
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	43.137	-	-	34.774	954.372
iii.Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	**2.257.319**	**86.407**	**531**	**7.260.947**	**57.481.906**

As of 31 December 2022, proportion of other CPMB's given by the Group to its equity is 4% (31 December 2021: 5%).

NOTE 19 – COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to 5.331.164 thousand USD (31 December 2021: 5.198.333 thousand USD) due to the export and investment incentive certificates obtained.

As of 31 December 2022, the Group has forward foreign currency purchase contracts that amounts to USD 813.078 thousand, EUR 173.310 thousand, GBP 79.849 thousand, PLN 23.186 thousand, CNY 66.896 thousand, TL 5.563.115 thousand against forward foreign currency sales contract that amounts to USD 559.982 thousand, EUR 540.395 thousand, GBP 84.901 thousand, PLN 87.098 thousand, TL 3.178.893 thousand. (31 December 2021: USD 889.644 thousand, EUR 182.045 thousand, GBP 94.967 thousand, PLN 26.510 thousand, RON 10.508 thousand, TL 2.083.288 thousand against forward foreign currency sales contract that amounts to USD 430.365 thousand, EUR 638.255 thousand, GBP 106.292 thousand, RUB 993.900 thousand, RON 18.031 thousand, PLN 65.490 thousand, SEK 9.447 thousand and TL 1.008.312 thousand against forward foreign currency sales contract).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 20 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	31 December 2022	31 December 2021
Due to personnel	273.856	215.413
Social security payables	180.113	243.726
	453.969	**459.139**

Long-Term provisions for employee benefits:

	31 December 2022	31 December 2021
Provision for employment termination benefits	**1.240.006**	**636.088**

Under Turkish law, the Group is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No.2422 and 25 August 1999, No.4447, the Group is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's salary for each year of service and is limited to a maximum of 15.371,40 TL/year as of 31 December 2022 (31 December 2021: 8.284,51 TL/year).

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

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently, in the accompanying financial statements as of 31 December 2021, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 31 December 2022 provision is calculated based on real discount rate of 2%, assuming 7,02% annual inflation rate and 9,16% discount rate (31 December 2021: 4,44% real discount rate, 15,8% inflation rate and 20,9% discount rate).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 20 – EMPLOYEE BENEFITS (Cont'd)

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. The maximum amount of TL 19.982,83 which is effective from 1 January 2023 (1 January 2022: TL 10.848,59) has been taken into consideration in calculating the provision for employment termination benefits of the Group which is calculated once in every six months.

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

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	**636.088**	**505.886**
Increase during the year	65.873	31.415
Payments during the year	(63.657)	(47.142)
Actuarial (gain) /loss	700.471	227.960
Interest expense	91.298	97.264
Monetary gain / (loss)	(190.067)	(179.295)
Balance at 31 December	**1.240.006**	**636.088**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 21 – OTHER ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Other current assets		
VAT carried forward	21.860	41.815
Rebates from suppliers and incentives income accruals	42.452	124.905
Other	93.455	187.022
	157.767	**353.742**

	31 December 2022	31 December 2021
Other current liabilities		
Taxes payable	597.508	776.153
Other	620.490	923.761
	1.217.998	**1.699.914**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 22 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	31 December 2022	31 December 2021
Shares of par value Kr 1 each		
limit on registered share capital	2.000.000	2.000.000
Issued share capital	335.456	335.456

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

	Shareholding		Amount	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Zorlu Holding A.Ş.	%60,95	%63,70	204.460	213.685
Other shareholders	%39,05	%36,30	130.996	121.771
	%100	**%100**	**335.456**	**335.456**

Zorlu Holding A.Ş. sold Vestel Elektronik Sanayi ve Ticaret A.Ş. shares with a nominal amount of TL 5.983.545 on 28 April 2022, TL 2.727.657 on 26 August 2022, TL 2.000.000 on 28 December 2022. Amounts are expressed in purchasing power of TL as of December 31, 2022. Following the transaction, Zorlu Holding A.Ş.'s share in Vestel Elektronik Sanayi ve Ticaret A.Ş. declined to 60.95%.

b) Adjustment to share capital

Adjustment to share capital (restated to 31 December 2004 purchasing power of money) is the difference between restated share capital and historical share capital.

c) Share premium

Share premium account refers the difference between par value of the Company’s shares and the amount the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may not be distributed. It may be used in capital increase.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 22 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

d) Restricted Reserves Appropriated from Profits

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

	31 December 2022	31 December 2021
Legal reserves	**760.558**	**766.974**

e) Revaluation reserve

Financial Assets Measured of Fair Value through Other Compressive Income	50.026	11.479
Revaluation of property, plant and equipment	1.673.170	1.907.218
	1.723.196	**1.918.697**

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 usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

NOTE 22 – 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, the net period income is allocated after deducting the accumulated losses from the previous years, if any, as follows:

a) As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.

b) A dividend is allocated from the remaining amount, at the rate determined by the General Assembly over an amount to be found after the addition of a donation, which is made in line with the Turkish Commercial Code and Capital Market Legislation.

c) After the deductions above, the General Assembly has the right to decide how to allocate the dividend to members of the board of directors and officers, employees and workers, foundations established with various purposes, and similar persons and corporations.

d) After the amounts stated in paragraph (a), (b) and (c) are deducted from the net period profit, the General Assembly is authorized to allocate the remaining amount as a second dividend or to allocate the remaining amount to its own reserve as per Article 521 of the Turkish Commercial Code.

e) One tenth of the amount obtained after a dividend of 5% of the paid in capital and other legal reserve are deducted from the amount that is agreed to be allocated to the shareholders and other persons participating to the profit is added to the general legal reserve as per paragraph (c) of the second clause of article 519 of the Turkish Commercial Code.

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. decided to distribute dividends related to 2021 financial period amounting to TL 1.136.198 (TL 0,43644 gross, TL 0,39280 net for each TL 1.00 nominal value per share). As of 31 December 2022, dividends paid amounted to TL 147.709 except Vestel Elektronik Sanayi ve Ticaret A.Ş.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 1 JANUARY – 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 23 – SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Domestic sales	22.131.120	17.120.946
Export sales	49.693.655	51.709.866
Gross sales	**71.824.775**	**68.830.812**
Sales discounts (-)	(4.383.511)	(4.037.171)
Net sales	**67.441.264**	**64.793.641**
Cost of sales	(55.977.193)	(49.059.763)
Gross profit	**11.464.071**	**15.733.878**

NOTE 24 – EXPENSES BY NATURE

	1 January - 31 December 2022	1 January - 31 December 2021
Raw materials, supplies and finished goods	49.200.514	42.525.361
Personnel expenses	5.305.112	4.801.922
Depreciation and amortization	2.278.793	2.520.021
Export, transportation, warehouse expenses	3.743.797	2.874.705
Warranty and assembly expenses	1.192.793	1.165.452
Advertising expenses	616.466	663.447
Other	4.025.805	3.776.185
	66.363.280	**58.327.093**

The expenses by nature consists of cost of sales, general administrative expenses, marketing expenses, and research and development expense.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Personnel expenses	518.861	497.554
Depreciation and amortization	129.247	82.799
Consultancy expenses	194.851	178.243
Information technology expenses	143.681	121.554
Rent and office expenses	79.564	88.920
Tax and duties	92.921	35.670
Insurance expenses	45.294	55.888
Travelling expenses	20.120	15.933
Benefits and services provided externally	4.752	9.729
Other	240.149	240.889
	1.469.440	**1.327.179**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Cont'd)

b) Marketing expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Export, transportation, warehouse expenses	3.581.781	2.728.284
Warranty and assembly expenses	1.192.793	1.165.452
Personnel expenses	1.400.573	1.201.419
Advertising expenses	614.445	662.023
Depreciation and amortization	158.164	315.335
Other	945.345	849.340
	7.893.101	**6.921.853**

c) Research and development expenses:

Depreciation and amortization	492.118	606.795
Personnel expenses	250.386	202.844
Other	281.042	208.659
	1.023.546	**1.018.298**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 26 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Interest arising from trading activities	149.755	59.370
Foreign exchange gains arising from trading activities	2.916.934	4.975.424
Reversal of provisions	31.383	26.901
Other income	438.280	1.017.248
	3.536.352	**6.078.943**

b) Other expense from operating activities:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Debit finance charges and interest income arising from trading	845.087	497.921
Foreign exchange expenses arising from trading activities	8.165.829	11.702.054
Provision expenses	12.471	61.791
Other expenses	366.070	432.953
	9.389.457	**12.694.719**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 27 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange gains	6.923.470	10.085.553
Gains on derivative financial instruments	3.548.345	3.757.565
Interest income	1.704.143	1.676.680
	12.175.958	**15.519.798**

b) Financial expense:

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange losses	4.980.952	6.092.430
Losses on derivative financial instruments	3.702.525	5.677.099
Interest expense	2.620.252	2.380.116
Other finance expenses	462.825	247.963
	11.766.554	**14.397.608**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 28 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2022	31 December 2021
Corporation and income taxes	17.204	21.791
Prepaid taxes (-)	(51.426)	(34.911)
Current tax liabilities - net	**(34.222)**	**(13.120)**
Deferred tax liabilities	(9.905)	(1.406.232)
Deferred tax assets	-	1.335.165
Deferred tax liabilities - net	**(9.905)**	**(71.067)**

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

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

Corporate tax rate is applied to tax base by adding back non deductable expenses; deducting exceptions and discounts which are stated in taxaxion law. In case of any undistributed divident, there is not any other tax payment. Therefore, in case of a distribution of the profit to;

- Individuals,
- Individuals and legal entities who are not subject to income and corporate tax,
- Individuals and legal entities who are limited taxpayers,

is subject to 15% income tax witholding tax. In case of addition to capital from current year's profit, it is not considered as profit distribution and witholding tax is not applied.

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

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 28 – 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 until 25th 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, corporate tax rate for the year 2022 has set for 23%, 2023 for 20%.

The tax results of Company's subsidiaries in other countries are not material to consolidated financial statements.

As of 1 January - 31 December 2022 and 2021 tax benefit in the consolidated statement of income is as follows:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Current period tax benefit/(expense)	(23.437)	(22.775)
Deferred tax benefit/(expense)	(66.769)	514.191
Total tax benefit	**(90.206)**	**491.416**

Reconciliation between the current period tax expense and deferred tax benefit as follows:

	1 January - 31 December 2022		**1 January - 31 December 2021**	
Profit before tax	**Effective Tax Rate**	**206.418**	**Effective Tax Rate**	**4.410.565**
Local tax rate		%23		%25
Tax income calculated using local tax rate	23,0%	(47.476)	25,0%	(1.102.641)
Non-deductible expenses	65,3%	(134.804)	3,8%	(167.332)
Loss from equity accounted investment	9,4%	(19.303)	0,5%	(20.399)
Adjustments with no tax effects	180,7%	(372.909)	2,1%	(91.629)
Deduction and exemptions	(118,1%)	243.860	(10,4%)	456.554
Reduced tax incentives	(352,6%)	727.770	(22,3%)	985.527
Deferred tax effect of change in legal tax rate	34,8%	(71.835)	0,6%	(27.400)
Monetary gain / loss	201,3%	(415.509)	(10,4%)	458.736
Total tax benefit	**43,8%**	**(90.206)**	**(11,1%)**	**491.416**

Due to modernization, plant extension and investments incentive documents in Manisa Organized Industrial Zone, the Group is subject to reduced rate due to incentives.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 28 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Deferred tax assets and liabilities

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which is used in the computation of taxable profit.

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

	Cumulative temporary		Deferred tax	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Deferred tax assets / (liabilities)				
Employment termination benefits	(1.240.006)	(636.088)	248.001	127.218
Investment incentive	-	-	532.965	375.241
Warranty provision	(831.695)	(937.107)	166.339	187.421
Provision for doubtful receivables	(154.598)	(286.070)	30.920	57.214
Net difference between book values and tax bases of property, plant and equipment and intangible asset	6.584.722	6.859.766	(1.110.631)	(1.137.302)
Net difference between book values and tax bases of inventories	818.716	1.548.882	(163.743)	(309.776)
Provision for derivative instruments	(488.345)	(399.371)	97.669	79.874
Carryforward tax losses and R&D incentives	-	-	295.603	170.743
Other	(459.845)	(1.891.500)	(107.028)	378.300
Deferred tax assets / (liabilities) - net			**(9.905)**	**(71.067)**

	31 December 2022	31 December 2021
Subsidiaries with net deferred tax liabilities	(9.905)	(1.406.232)
Subsidiaries with net deferred tax assets	-	1.335.165

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 28 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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

	31 December 2022	31 December 2021
Opening balance, 1 January	**(71.067)**	**(20.067)**
Tax benefit recognized in income statement	(66.769)	514.191
Recognized in shareholders' equity	(84.770)	(163.897)
Currency translation differences	212.701	(401.294)
Deferred tax (liabilities) / assets at the end of the period, net	**(9.905)**	**(71.067)**

NOTE 29 – EARNINGS PER SHARE

	1 January - 31 December 2022	1 January - 31 December 2021
Net income / (loss) attributable to equity holders of the parent	(67.569)	4.399.774
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.545.600	33.545.600
Earnings per share	**(0,20)**	**13,12**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 30 – DERIVATIVE INSTRUMENTS

	31 December 2022		31 December 2021	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
Derivative financial instruments:				
Held for trading				
Forward foreign currency transactions	4.322.285	97.790	2.645.881	23.246
Foreign currency swap contracts				
Cash flow hedge				
Forward foreign currency transactions	2.974.281	9.434	12.804.385	451.112
Derivative financial liabilities:				
Held for trading				
Forward foreign currency transactions	3.952.326	(216.967)	9.855.772	(806.401)
Cross foreign currency swap transactions				
Cash flow hedge				
Forward foreign currency transactions	9.658.119	(378.602)	2.257.760	(67.328)
	20.907.011	**(488.345)**	**27.563.798**	**(399.371)**

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Capital risk management:

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

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022, and 31 December 2021 the Group's net debt / total equity ratios are as follows:

	31 December 2022	31 December 2021
Total financial liabilities (Note 7)	21.435.706	19.904.756
Cash and cash equivalents (Note 5)	(1.552.411)	(3.431.827)
Net debt	**19.883.295**	**16.472.929**
Total shareholders equity	18.344.777	19.988.039
Total capital invested	**38.228.072**	**36.460.968**
Net debt/capital invested	**52%**	**45%**

b) Financial risk factors:

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

b.1) Credit risk:

The Group is exposed to credit risk arising from receivables from credit finance sales and deposits with banks. Credit risk of receivables from third parties is managed by securing receivables with highest possible coverage. Methods used are:

- Bank guarantees (guarantee letters, etc.)
- Credit insurance
- Mortgages
- Cheque-notes

For customers receivables from which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors and individual risk limits are determined and monitored regularly.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Receivables					
	Trade receivables		Other receivables			
31 December 2022	**Related party**	**Other party**	**Related party**	**Other party**	**Bank deposits**	**Other**
Maximum exposed credit risk as of 31 December 2022 (A+B+C+D)	**40.856**	**10.933.121**	**17.770.403**	**1.201.762**	**1.431.854**	**120.557**
- Secured portion of the maximum credit risk by guarantees, etc.	-	(7.357.564)	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	40.856	5.666.103	17.770.403	1.201.762	1.431.854	120.557
- Secured portion by guarantees etc.	-	(4.820.753)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C.Net book value of the overdue but not impaired financial assets	-	5.267.018	-	-	-	-
- Secured portion by guarantees etc.	-	(2.691.409)	-	-	-	-
D.Net book value of the impaired financial assets	-	-	-	-	-	-
-Over due (gross book value)	-	-	-	97.901	-	-
-Impairment (-)	-	(154.598)	-	(97.901)	-	-
-Secured portion of the net value by guarantees etc.	-	154.598	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Receivables					
	Trade receivables		**Other receivables**			
31 December 2021	**Related party**	**Other party**	**Related party**	**Other party**	**Bank deposits**	**Other**
Maximum exposed credit risk as of 31 December 2021 (A+B+C+D)	**23.215**	**10.941.368**	**18.999.515**	**1.213.821**	**3.221.270**	**210.557**
- Secured portion of the maximum credit risk by guarantees, etc.	-	(6.396.849)	-	-	-	-
A.Net book value of financial assets either are not due or not impaired	23.180	8.345.206	18.999.515	1.213.821	3.221.270	210.557
- Secured portion by guarantees etc.	-	(5.674.365)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C.Net book value of the overdue but not impaired financial assets	35	2.595.857	-	-	-	-
- Secured portion by guarantees etc.	-	(1.008.555)	-	-	-	-
D.Net book value of the impaired financial assets	-	305	-	-	-	-
-Over due (gross book value)	-	-	-	160.899	-	-
-Impairment (-)	-	(286.070)	-	(160.899)	-	-
-Secured portion of the net value by guarantees etc.	-	286.070	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

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

	31 December 2022	31 December 2021
Overdue 1 - 30 days	2.141.857	1.327.044
Overdue 1 - 3 months	1.203.516	772.908
Overdue 3 - 12 months	1.469.453	400.447
Overdue 1 - 5 years	452.192	95.458
Total	**5.267.018**	**2.595.857**

There is no additional guarantee for receivables from related parties. The ultimate parent declares that such receivables will be paid in case of need.

b.2) Liquidity risk:

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

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

The Group has classified letters of credit that used for the purchases of goods within the scope of its ordinary activities under trade payables. The amount of such letters of credit is TL 5.718.961 as of 31 December 2022 (31 December 2021: TL 10.221.617).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	**Carrying value**	**Contractual cash flows**	**Up to 3 months**	**3 - 12 months**	**1 - 5 years**	**More than 5 years**
Non-derivative financial liabilities						
Financial and lease liabilities	21.435.706	22.408.170	2.121.340	19.031.425	1.255.405	-
Trade payables	21.764.354	22.064.601	17.450.836	4.364.431	143.498	105.836
Other payables	2.791	2.791	2.791	-	-	-
	43.202.851	**44.475.562**	**19.574.967**	**23.395.856**	**1.398.903**	**105.836**
Derivative financial instruments						
Derivative cash inflows		20.907.011	13.983.731	6.923.280	-	-
Derivative cash outflows		(23.179.965)	(16.969.861)	(6.210.104)	-	-
	488.345	**(2.272.954)**	**(2.986.130)**	**713.176**	**-**	**-**

As of 31 December 2021, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	**Carrying value**	**Contractual cash flows**	**Up to 3 months**	**3 - 12 months**	**1 - 5 years**	**More than 5 years**
Non-derivative financial liabilities						
Financial and lease liabilities	19.904.756	21.529.123	9.336.672	10.349.422	1.532.417	310.612
Trade payables	26.624.146	27.382.653	10.520.188	16.862.378	87	-
Other payables and liabilities	17.663	17.662	17.662	-	-	-
	46.546.565	**48.929.438**	**19.874.522**	**27.211.800**	**1.532.504**	**310.612**
Derivative financial instruments						
Derivative cash inflows		27.563.798	20.780.316	6.783.482	-	-
Derivative cash outflows		(26.941.470)	(20.390.550)	(6.550.920)	-	-
	399.371	**622.328**	**389.766**	**232.562**	**-**	**-**

b.3) Foreign currency risk:

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

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2022	**USD (Thousand)**	**EUR (Thousand)**	**Other (TL Equivalent)**	**TL Equivalent**
1. Trade receivables	92.683	263.765	587.424	7.578.567
2a. Monetary financial assets (including cash and cash equivalents)	21.100	26.982	10.514	942.932
2b. Non-monetary financial assets	-	-	-	-
3. Other	40.192	832	-	768.108
4. Current assets (1+2+3)	**153.975**	**291.579**	**597.938**	**9.289.607**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	4.595	10.569	-	296.611
7. Other	783.367	51	-	14.648.648
8. Non-current assets (5+6+7)	**787.962**	**10.620**	**-**	**14.945.259**
9. Total assets (4+8)	**941.937**	**302.199**	**597.938**	**24.234.866**
10. Trade payables	677.301	217.665	95.485	17.129.632
11. Financial liabilities	248.953	84.602	183.531	6.536.488
12a. Other monetary liabilities	277	805	-	21.265
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**926.531**	**303.072**	**279.016**	**23.687.385**
14. Trade payables	-	9.157	-	182.873
15. Financial liabilities	36.142	-	-	677.012
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**36.142**	**9.157**	**-**	**859.885**
18. Total liabilities (13+17)	**962.673**	**312.229**	**279.016**	**24.547.270**
19. Off-balance sheet derivative instruments	**-**	**-**	-	-
net asset / (liability) position (19a+19b)	**253.096**	**(367.085)**	**(206.830)**	**(2.796.817)**
19a. Hedged total assets	813.078	173.310	2.073.924	20.765.640
19b. Hedged total liabilities	(559.982)	(540.395)	(2.280.754)	(23.562.457)
20. Net foreign currency asset/ (liability) position (9-18+19)	**232.360**	**(377.115)**	**112.092**	**(3.109.221)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	**(25.331)**	**(20.599)**	**318.922**	**(609.015)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	-	**(488.345)**
23. Export	614.513	1.589.196	2.421.546	49.693.655
24. Import	1.279.169	264.044	157.073	25.932.596

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2021	USD (Thousand)	EUR (Thousand)	Other (TL Equivalent)	TL Equivalent (Historic Date)	TL Equivalent
1. Trade receivables	123.693	259.585	536.015	5.952.546	9.778.223
2a. Monetary financial assets (including	-	-	-	-	-
cash and cash equivalents)	32.874	15.189	1.480.246	2.129.878	3.498.742
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	28.598	781	-	382.597	628.491
4. Current assets (1+2+3)	**185.165**	**275.555**	**2.016.261**	**8.465.021**	**13.905.456**
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	5.876	8.483	-	200.806	329.863
7. Other	746.115	51	-	9.683.456	15.906.974
8. Non-current assets (5+6+7)	**751.991**	**8.534**	-	**9.884.262**	**16.236.837**
9. Total assets (4+8)	**937.156**	**284.089**	**2.016.261**	**18.349.283**	**30.142.293**
10. Trade payables	930.274	159.275	48.129	14.459.283	23.752.206
11. Financial liabilities	387.528	55.256	-	5.840.434	9.594.057
12a. Other monetary liabilities	6.306	1.395	-	102.318	168.077
12b. Other non-monetary liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**1.324.108**	**215.926**	**48.129**	**20.402.035**	**33.514.340**
14. Trade payables	-	12.328	-	181.003	297.333
15. Financial liabilities	23.342	19.455	-	588.561	966.827
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	**23.342**	**31.783**	**-**	**769.564**	**1.264.160**
18. Total liabilities (13+17)	**1.347.450**	**247.709**	**48.129**	**21.171.599**	**34.778.500**
19. Off-balance sheet derivative instruments	**-**	**-**	-	**-**	**-**
net asset / (liability) position (19a+19b)	**459.279**	**(456.210)**	**(529.994)**	**(1.267.913)**	**(2.082.796)**
19a. Hedged total assets	889.644	182.045	1.773.263	15.991.457	26.269.102
19b. Hedged total liabilities	(430.365)	(638.255)	(2.303.257)	(17.259.370)	(28.351.898)
20. Net foreign currency asset/ (liability) position (9-18+19)	**48.985**	**(419.830)**	**1.438.138**	**(4.090.229)**	**(6.719.003)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	**(416.170)**	**27.897**	**1.968.132**	**(3.023.122)**	**(4.966.070)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**(243.119)**	**(399.371)**
23. Export	750.685	1.444.050	2.060.349	25.942.328	51.709.866
24. Import	1.580.568	253.795	9.959	15.716.719	25.817.791

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022 and 31 December 2021 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain / Loss		Equity	
31 December 2022	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(42.017)	42.017	(42.017)	42.017
Secured portion from USD risk (-)	(370.415)	370.415	(370.415)	370.415
USD net effect	**(412.432)**	**412.432**	**(412.432)**	**412.432**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(18.910)	18.910	(18.910)	18.910
Secured portion from EUR risk (-)	(17.801)	17.801	(17.801)	17.801
EUR net effect	**(36.711)**	**36.711**	**(36.711)**	**36.711**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	11.548	(11.548)	11.548	(11.548)
Secured portion from other currency risk (-)	(38.620)	38.620	329.651	(329.651)
Other currency net effect	**(27.072)**	**27.072**	**341.199**	**(341.199)**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
31 December 2021	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(1.005.545)	1.005.545	(1.005.545)	1.005.545
Secured portion from USD risk (-)	(254.173)	254.173	(117.545)	117.545
USD net effect	**(1.259.718)**	**1.259.718**	**(1.123.090)**	**1.123.090**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	67.283	(67.283)	67.283	(67.283)
Secured portion from EUR risk (-)	(205.406)	205.406	(636.173)	636.173
EUR net effect	**(138.123)**	**138.123**	**(568.890)**	**568.890**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	323.304	(323.304)	323.304	(323.304)
Secured portion from other currency risk (-)	277.676	(277.676)	541.516	(541.516)
Other currency net effect	**600.980**	**(600.980)**	**864.820**	**(864.820)**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

b.4) Interest rate risk:

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

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

	31 December 2022	31 December 2021
Financial instruments with fixed interst rates		
Bank deposits	214.747	904.789
Financial liabilities	11.034.466	10.409.694
Financial instruments with floating interst rates		
Financial liabilities	10.401.240	9.495.062

On 31 December 2022, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has increased / decreased by 100 base point with all other variables held constant, income before taxes would have been TL 100.848 (2021: TL 27.024) lower / higher as a result of interest expenses.

NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Categories of financial instruments and fair values

Among Group's financial assets, cash and cash equivalents (note 5), trade receivables (notes 8 and 9) and other receivables (notes 10), are classified as amortized cost, financial assets (note 6) as fair value through other comprehensive income, derivative instruments (note 30) as fair value through profit or loss.

Group's financial liabilities consist of financial liabilities (note 7), trade payables (note 8 and 9) and other payables (note 10) and are measured at amortized cost using the effective interest method, derivative instruments (note 30) are classified as fair value through profit or loss.

NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value of financial instruments

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

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

<u>Monetary assets</u>

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

<u>Monetary liabilities</u>

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

Fair value hierarchy

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

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

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

Level 3: Valuation techniques does not contains observable market inputs

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of TL as of 31 December, 2022 unless otherwise stated.)

NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value hierarchy tables as of 31 December 2022 and 31 December 2021 are as follows:

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	107.224	-	107.224
Financial investments	70.400	-	-	70.400
Financial liabilities				
Derivative financial liabilities	-	(595.569)	-	(595.569)

31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	474.358	-	474.358
Financial investments	27.270	-	-	27.270
Financial liabilities				
Derivative financial liabilities	-	(873.729)	-	(873.729)

In addition to the financial assets and financial liabilities above, the Company has certain non-financial assets that are held at fair value (Note 14).

An independent valuation of the Group's land, land improvements and buildings were performed by valuers to determine the fair value of the land and buildings as at 31 December 2022. The fair value of land, land improvements and buildings were determined using the inputs other than quoted prices (Level 2), (Note 2.6.i).

NOTE 33 - SUBSEQUENT EVENTS

In accordance with the Board of Directors Decision dated 3 May 2023, the Company proposes not to make any profit distribution and after setting aside the required amount of TL 97.283.602 as special reserves as per the Article 5/1-e of the Corporate Tax Law No. 5520, to transfer the remaining amount of TL 273.188.218 to extraordinary reserves in order to strengthen the financial structure of the Company and to prevent new financing needs. In accordance with the Board of Directors Decision dated 3 May 2023, the Company's subsidiary Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. paid TL 352.827.815 of cash dividends to its shareholders, which corresponds to a gross cash dividend of TL 0.2205 and a net cash dividend of TL 0.1985 per share on July 31, 2023.

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