VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 1 JANUARY– 31 DECEMBER 2020 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Audited 31 December 2020	Audited 31 December 2019
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	3.201.571	2.394.334
Trade Receivables		5.412.504	3.372.832
Trade Receivables Due from Related Parties	*8*	*15.473*	*55.810*
Trade Receivables Due from Third Parties	*9*	*5.397.031*	*3.317.022*
Other Receivables		637.914	800.384
Other Receivables Due from Related Parties	*8*	*278.551*	*550.383*
Other Receivables Due from Third Parties	*10*	*359.363*	*250.001*
Derivative Financial Assets		111.789	45.487
Derivative Financial Assets Held for Trading	*32*	*105.345*	*42.291*
Derivative Financial Assets Held for Hedging	*32*	*6.444*	*3.196*
Inventories	11	4.061.469	2.833.115
Prepayments		230.086	89.674
Prepayments to Third Parties	*12*	*230.086*	*89.674*
Current Tax Assets	30	2.197	7.259
Other Current Assets		119.997	65.496
Other Current Assets Due from Third Parties	*22*	*119.997*	*65.496*
TOTAL CURRENT ASSETS		**13.777.527**	**9.608.581**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Audited 31 December 2020	Audited 31 December 2019
NON-CURRENT ASSETS			
Financial Investments	6	79.502	69.941
Investments in subsidiaries, joint ventures and associates	13	923.330	974.192
Trade Receivables		2.307	67.595
Trade Receivables Due From Related Parties	*8*	*768*	*768*
Trade Receivables Due from Third Parties	*9*	*1.539*	*66.827*
Other Receivables		5.968.570	3.986.552
Other Receivables Due from Related Parties	*8*	*5.961.187*	*3.981.045*
Other Receivables Due from Third Parties	*10*	*7.383*	*5.507*
Property, Plant and Equipments		4.815.797	3.452.328
Land	*14*	*1.145.890*	*635.564*
Land Improvement	*14*	*135.762*	*125.506*
Building	*14*	*2.113.319*	*1.428.183*
Machinery and Equipment	*14*	*1.284.840*	*1.115.091*
Vehicle	*14*	*1.074*	*2.705*
Fixtures and Fittings	*14*	*88.842*	*78.708*
Leasehold Improvement	*14*	*8.006*	*12.276*
Construction in Progress	*14*	*38.064*	*54.295*
Right of Use Assets	15	199.761	163.776
Intangible Assets and Goodwill		907.508	815.521
Goodwill	*17*	*196.568*	*197.793*
Other Rights	*16*	*29.044*	*15.779*
Capitalized Development Costs	*16*	*609.948*	*528.242*
Other Intangible Assets	*16*	*71.948*	*73.707*
Prepayments		73.380	73.496
Prepayments to Third Parties	*12*	*73.380*	*73.496*
Deferred Tax Asset	30	321.146	230.498
Other Non-current Assets	22	9.590	9.925
TOTAL NON-CURRENT ASSETS		**13.300.891**	**9.843.824**
TOTAL ASSETS		**27.078.418**	**19.452.405**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Audited 31 December 2020	Audited 31 December 2019
LIABILITIES			
CURRENT LIABILITIES			
Short Term Borrowings	7	3.047.824	5.830.835
Short Term Borrowings from Related Parties		12.644	7.368
Lease Liabilities	*8*	*12.644*	*7.368*
Short Term Borrowings from Third Parties		3.035.180	5.823.467
Bank Loans	*7*	*2.887.146*	*5.766.814*
Lease Liabilities	*7*	*94.589*	*56.653*
Issued debt instruments	*7*	*53.445*	*-*
Current Portion of Long Term Borrowings	7	3.933.163	1.411.361
Current Portion of Long Term Borrowings from Third Parties		3.933.163	1.411.361
Bank Loans	*7*	*3.933.163*	*1.411.361*
Trade Payables		8.060.078	6.127.709
Trade Payables to Related Parties	*8*	*29.601*	*7.830*
Trade Payables to Third Parties	*9*	*8.030.477*	*6.119.879*
Employee Benefit Obligations	21	245.568	200.055
Other Payables		71.923	56.799
Other Payables to Related Parties	*8*	*69.442*	*56.195*
Other Payables to Third Parties		*2.481*	*604*
Derivative Financial Liabilities	32	303.178	52.592
Derivative Financial Liabilities Held for Trading		*135.768*	*42.532*
Derivative Financial Liabilities Held for Hedging		*167.410*	*10.060*
Current Tax Liabilities	30	10.554	-
Current Provisions	19	745.810	582.081
Other Current Provisions		*745.810*	*582.081*
Other Current Liabilities	22	706.190	391.043
Other Current Liabilities to Third Parties		*706.190*	*391.043*
TOTAL CURRENT LIABILITIES		**17.124.288**	**14.652.475**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Audited 31 December 2020	Audited 31 December 2019
NON-CURRENT LIABILITIES			
Long Term Borrowings	7	1.833.675	568.081
Long Term Borrowings from Related Parties		20.333	15.759
Lease Liabilities	*8*	*20.333*	*15.759*
Long Term Borrowings from Third Parties		1.813.342	552.322
Bank Loans	*7*	*1.657.777*	*456.424*
Lease Liabilities	*7*	*105.185*	*95.898*
Issued debt instruments	*7*	*50.380*	-
Trade Payables		61.787	6.747
Trade Payables to Third Parties	*9*	*61.787*	*6.747*
Non-current Provisions		298.808	201.953
Non-current Provisions for Employee Benefits	*21*	*226.307*	*156.116*
Other Non-current Provisions	*19*	*72.501*	*45.837*
Deferred Tax Liabilities	30	333.362	233.589
Other Non-current Liabilities		964	9.649
Other Non-current Liabilities to Third Parties		*964*	*9.649*
TOTAL NON-CURRENT LIABILITIES		**2.528.596**	**1.020.019**
TOTAL LIABILITIES		**19.652.884**	**15.672.494**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Audited 31 December 2020	Audited 31 December 2019
EQUITY			
Equity Attributable to Owners of Parent		**7.071.747**	**3.690.656**
Issued Capital	23	335.456	335.456
Inflation Adjustments on Capital		688.315	688.315
Share Premium (Discount)		98.019	103.776
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		2.449.676	1.275.275
Gains (Losses) on Revaluation and Remeasurement		2.449.676	1.275.275
Increases (Decreases) on Revaluation of Property, Plant and Equipment	*29*	*2.514.867*	*1.310.274*
Gains (Losses) on Remeasurements of Defined Benefit Plans	*29*	*(65.191)*	*(34.999)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		580.551	406.591
Exchange Differences on Translation		612.892	406.932
Gains (Losses) on Hedge	29	(43.776)	(4.662)
Gains (Losses) on Cash Flow Hedges		*(43.776)*	*(4.662)*
Gains (Losses) on Revaluation and Reclassification		11.435	4.321
Gains (Losses) on Remeasuring Financial Assets Measured of Fair Value through Other Compressive Income	*23*	*11.435*	*4.321*
Restricted Reserves Appropriated from Profits		67.091	67.179
Legal Reserves	*23*	*67.091*	*67.179*
Prior Years' Profits or Losses	23	1.080.040	490.017
Current Period Net Profit Or Loss		1.772.599	324.047
Non-controlling Interests		**353.787**	**89.255**
TOTAL EQUITY		**7.425.534**	**3.779.911**
TOTAL LIABILITIES AND EQUITY		**27.078.418**	**19.452.405**

Consolidated financial statements for the period 1 January - 31 December 2020, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 9 March 2021. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
PROFIT OR LOSS			
Revenue	24	21.546.180	17.174.123
Cost of Sales	24	(15.527.830)	(12.896.358)
GROSS PROFIT		**6.018.350**	**4.277.765**
General Administrative Expenses	26	(505.628)	(401.822)
Marketing Expenses	26	(2.328.754)	(1.905.221)
Research and Development Expense	26	(335.131)	(261.830)
Other Income from Operating Activities	27	1.565.719	1.197.610
Other Expenses from Operating Activities	27	(2.468.334)	(1.631.561)
PROFIT FROM OPERATING ACTIVITIES		**1.946.222**	**1.274.941**
Share of Profit (Loss) from Investments Accounted for Using Equity Method	13	(224.902)	(234.719)
PROFIT BEFORE FINANCING INCOME		**1.721.320**	**1.040.222**
Finance Income	28	3.309.067	2.282.672
Finance Costs	28	(3.091.106)	(3.008.981)
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		**1.939.281**	**313.913**
Tax (Expense) Income, Continuing Operations		(32.044)	37.937
Current Period Tax (Expense) Income	30	(51.208)	(14.782)
Deferred Tax (Expense) Income	30	19.164	52.719
PROFIT FROM CONTINUING OPERATIONS		**1.907.237**	**351.850**
PROFIT		**1.907.237**	**351.850**
Profit (loss), attributable to			
Non-controlling Interests		134.638	27.803
Owners of Parent		1.772.599	324.047
Earnings per 100 share with a Kr 1 of Par Value (TL)	31	**5,28**	**0,97**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
OTHER COMPREHENSIVE INCOME		
Other Comprehensive Income that will not be Reclassified to Profit or Loss	**1.271.401**	**(15.440)**
Gains (Losses) on Revaluation of Property, Plant and Equipment	1.389.947	-
Gains (Losses) on Remeasurements of Defined Benefit Plans	(40.449)	(19.300)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	**(78.097)**	**3.860**
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment	(86.187)	-
Taxes Relating to Remeasurements of Defined Benefit Plans	8.090	3.860
Other Comprehensive Income that will be Reclassified to Profit or Loss	**173.855**	**152.591**
Exchange Differences on Translation	205.960	144.346
Gains (Losses) on Remeasuring Financial Assets Measured of Fair Value through Other Compressive Income	8.761	3.020
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	(48.893)	7.550
Gains (Losses) on Cash Flow Hedges	(48.893)	7.550
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	**8.027**	**(2.325)**
Taxes Relating to Financial Assets Measured of Fair Value through Other Compressive Income	(1.752)	(664)
Taxes Relating to Cash Flow Hedges	9.779	(1.661)
OTHER COMPREHENSIVE INCOME (LOSS)	**1.445.256**	**137.151**
TOTAL COMPREHENSIVE INCOME (LOSS)	**3.352.493**	**489.001**
Total Comprehensive Income Attributable to		
Non-controlling Interests	90.266	27.485
Owners of Parent	3.262.227	461.516

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Issued Capital	Inflation Adjustments on Capital	Share Premium or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasure-ments of Defined Benefit Plans	Gains (Losses) Revaluations and Remeasurements	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss	Exchange Differences on Translation	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasur-ing and/or Reclassification of Financial Assets Measured of Fair Value through Other Comprehensive Income	Gains (Losses) on Revaluation and Reclassification	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attribut-able to owners of parent	Non-controll-ing interests	Equity
Previous Period																				
1 January -31 December 2019																				
Beginning of Period	**335.456**	**688.315**	**103.776**	**1.338.777**	**(19.907)**	**1.318.870**	**1.318.870**	**262.586**	**(10.521)**	**(10.521)**	**1.965**	**1.965**	**254.030**	**48.909**	**108.631**	**371.153**	**479.784**	**3.229.140**	**89.115**	**3.318.255**
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	18.270	352.883	(371.153)	(18.270)	-	-	-
Total Comprehensive Income (Loss)	-	-	-	(28.503)	(15.092)	(43.595)	(43.595)	144.346	5.859	5.859	2.356	2.356	152.561	-	28.503	324.047	352.550	461.516	27.485	489.001
Profit (Loss)	-	-	-	(28.503)	-	(28.503)	(28.503)	-	-	-	-	-	-	-	28.503	324.047	352.550	324.047	27.803	351.850
Other Comprehensive Income (Loss)	-	-	-	-	(15.092)	(15.092)	(15.092)	144.346	5.859	5.859	2.356	2.356	152.561	-	-	-	-	137.469	(318)	137.151
Dividends Paid(8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(27.345)	(27.345)
End of Period	**335.456**	**688.315**	**103.776**	**1.310.274**	**(34.999)**	**1.275.275**	**1.275.275**	**406.932**	**(4.662)**	**(4.662)**	**4.321**	**4.321**	**406.591**	**67.179**	**490.017**	**324.047**	**814.064**	**3.690.656**	**89.255**	**3.779.911**
Current Period																				
1 January -31 December 2020																				
Opening Balance	**335.456**	**688.315**	**103.776**	**1.310.274**	**(34.999)**	**1.275.275**	**1.275.275**	**406.932**	**(4.662)**	**(4.662)**	**4.321**	**4.321**	**406.591**	**67.179**	**490.017**	**324.047**	**814.064**	**3.690.656**	**89.255**	**3.779.911**
Transfers	-	-	-	(37.466)	-	(37.466)	(37.466)	-	-	-	-	-	-	(88)	361.601	(324.047)	37.554	-	-	-
Total Comprehensive Income (Loss)	-	-	-	1.303.760	(32.359)	1.271.401	1.271.401	205.960	(39.114)	(39.114)	7.009	7.009	173.855	-	-	1.772.599	1.772.599	3.217.855	90.266	3.308.121
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.772.599	1.772.599	1.772.599	134.638	1.907.237
Other Comprehensive Income (Loss)	-	-	-	1.303.760	(32.359)	1.271.401	1.271.401	205.960	(39.114)	(39.114)	7.009	7.009	173.855	-	-	-	-	1.445.256	(44.372)	1.400.884
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9.601)	(9.601)
Transactions with noncontrolling interests	-	-	(5.757)	(61.701)	2.167	(59.534)	(59.534)	-	-	-	105	105	105	-	228.422	-	228.422	163.236	183.867	347.103
Closing Balance	**335.456**	**688.315**	**98.019**	**2.514.867**	**(65.191)**	**2.449.676**	**2.449.676**	**612.892**	**(43.776)**	**(43.776)**	**11.435**	**11.435**	**580.551**	**67.091**	**1.080.040**	**1.772.599**	**2.852.639**	**7.071.747**	**353.787**	**7.425.534**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY – 31 DECEMBER 2020 AND 2019

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

	Footnotes	**Audited** **1 January - 31 December 2020**	**Audited** **1 January - 31 December 2019**
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**2.261.556**	**3.104.493**
Profit		1.907.237	351.850
Profit (Loss) from Continuing Operations		1.907.237	351.850
Adjustments to Reconcile Profit		**1.607.653**	**2.276.037**
Adjustments for Depreciation and Amortisation Expense	14, 15, 16	753.032	626.954
Adjustments for Impairment Loss (Reversal of Impairment Loss)		24.398	68.217
Adjustments for Impairement Loss (Reversal of Impairment Loss) of Receivables	9	33.473	46.752
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	11	(9.075)	21.465
Adjustments for Provisions		239.332	61.441
Adjustments for (Reversal of) Provisions Related with Employee Benefits	21	48.939	42.010
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	19	4.286	(21.121)
Adjustments for (Reversal of) Warranty Provisions	19	78.894	11.594
Adjustments for (Reversal of) Other Provisions	19	107.213	28.958
Adjustments for Interest (Income) Expenses		353.416	611.741
Adjustments for Interest Income	28	(543.927)	(534.325)
Adjustments for Interest Expense	28	897.343	1.146.066
Adjustments for Unrealised Foreign Exchange Losses (Gains)		(180.498)	173.969
Adjustments for Fair Value Losses (Gains)		135.391	(150.890)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		135.391	(150.890)
Adjustments for Losses From Investments Accounted for Using Equity Method		224.902	234.719
Adjustments for Tax (Income) Expenses	30	32.044	(37.937)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(56.783)	(7.582)
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets		(56.783)	(7.582)
Other Adjustments to Reconcile Profit (Loss)	5	82.419	695.405

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY – 31 DECEMBER 2020 AND 2019

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

	Footnotes	1 January - 31 December 2020	1 January - 31 December 2019
Changes in Working Capital		**(1.206.687)**	**504.259**
Decrease (Increase) in Financial Investments	6	(9.561)	(3.020)
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(2.007.857)	101.941
Decrease (Increase) in Trade Accounts Receivables from Related Parties		40.337	(1.213)
Decrease (Increase) in Trade Accounts Receivables from Third Parties		(2.048.194)	103.154
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(111.238)	9.639
Decrease (Increase) in Other Third Party Receivables Related with Operations	10	(111.238)	9.639
Adjustments for Decrease (Increase) in Inventories		(1.229.892)	3.556
Decrease (Increase) in Prepaid Expenses	12	(140.296)	(15.347)
Adjustments for Increase (Decrease) in Trade Accounts Payable		1.987.409	327.248
Increase (Decrease) in Trade Accounts Payables to Related Parties		21.771	3.466
Increase (Decrease) in Trade Accounts Payables to Third Parties		1.965.638	323.782
Increase (Decrease) in Employee Benefit Liabilities	21	45.513	95.039
Adjustments for Increase (Decrease) in Other Operating Payables		1.877	(355)
Increase (Decrease) in Other Operating Payables to Third Parties		1.877	(355)
Other Adjustments for Other Increase (Decrease) in Working Capital		257.358	(14.442)
Decrease (Increase) in Other Assets Related with Operations		(49.104)	(30.574)
Increase (Decrease) in Other Payables Related with Operations		306.462	16.132
Cash Flows from (used in) Operations		**2.308.203**	**3.132.146**
Payments Related with Provisions for Employee Benefits	21	(19.197)	(16.294)
Income Taxes Refund (Paid)	30	(27.450)	(11.359)

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY – 31 DECEMBER 2020 AND 2019

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

	Footnotes	1 January - 31 December 2020	1 January - 31 December 2019
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(2.170.053)**	**(2.702.582)**
Proceeds from sales of Shares Without Change in Control of Subsidiaries or Other Businesses		279.926	-
Cash Outflows Arising from Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(95.116)	(17.840)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		280.603	13.826
Proceeds from Sales of Property, Plant and Equipment		280.603	13.826
Purchase of Property, Plant, Equipment and Intangible Assets		(927.156)	(685.446)
Purchase of Property, Plant and Equipment	14	(654.366)	(481.422)
Purchase of Intangible Assets	16	(272.790)	(204.024)
Cash Advances and Loans Made to Other Parties		(1.708.310)	(2.013.122)
Cash Advances and Loans Made to Related Parties	8	(1.708.310)	(2.013.122)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**493.333**	**(389.963)**
Proceeds from Borrowings		10.986.459	6.674.923
Proceeds from Loans	7	10.886.459	6.674.923
Proceeds from Issued Debt Instruments	7	100.000	-
Repayments of Borrowings		(10.042.972)	(6.313.561)
Loan Repayments	7	(10.042.972)	(6.313.561)
Increase in Other Payables to Related Parties		13.247	6.426
Payments of Lease Liabilities		(116.773)	(85.948)
Dividends Paid	8	(9.601)	(27.345)
Interest Paid		(880.954)	(1.178.783)
Interest Received		543.927	534.325
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**584.836**	**11.948**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	7	304.820	(7.870)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**889.656**	**4.078**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	2.283.040	2.278.962
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5**	**3.172.696**	**2.283.040**

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

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

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

The ultimate controller of the Company is Zorlu 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 2020, 35,59 % of the Group's shares are publicly traded (2019: 35,59%).

As of 31 December 2020 the number of personnel employed at Group is 18.864 (31 December 2019: 16.775).

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	Sales
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 GmbH	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel UK Ltd.	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 Polska Technology Center sp. z o.o.	Poland	Sales
Vestel Electronics Gulf DMC	UAE	Sales
Vest Batarya Sistemleri A.Ş.	Turkey	Production

(*) OY Vestel Scadinavia AB of which Vestel Ticaret A.Ş. is 100% shareholder was liquidated on 10 February, 2020.

(**) Vestel Benelux BV and Holland BV are merged as of 31 December, 2020.

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

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

Investments accounted for using equity method	Country	Nature of operations
Vestel Savunma Sanayi 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 in accordance with the Communiqué Serial II, No: 14.1, "Principals of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Board.

The Group and its subsidiaries operating in Turkey maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The 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 CMB Financial Reporting Standards. These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TFRS.

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

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

2.1.2 Currency used

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company.

ii) Transactions and balances

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

iii) Translation of financial statements of subsidiaries operating in foreign countries

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction).

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

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

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

2.1.2 Currency used (Cont'd)

The balance sheet date rates and average rates used for translation of income statement items for the related periods are as follows:

Period End:	31 December 2020	31 December 2019
Turkish Lira/EUR	0,1110	0,1504
Turkish Lira/GBP	0,1006	0,1286
Turkish Lira/RUB	10,1585	10,469
Turkish Lira/PLN	0,5025	0,6398
Turkish Lira/ USD	0,1362	0,1683
Turkish Lira/ KZT	57,3723	64,2674
Turkish Lira/AED	0,5000	0,61782
Turkish Lira/RMB	0,8943	1,18280
Turkish Lira/RON	0,5443	0,72296

Average:	1 January - 31 December 2020	1 January - 31 December 2019
Turkish Lira/EUR	0,1247	0,1575
Turkish Lira/GBP	0,1112	0,1383
Turkish Lira/RUB	10,3717	11,4656
Turkish Lira/PLN	0,5537	0,6764
Turkish Lira/ USD	0,1427	0,1763
Turkish Lira/ KZT	59,0899	67,4702
Turkish Lira/ AED	0,5241	0,6470
Turkish Lira/ CNY	0,9878	1,2247
Turkish Lira/ RON	0,6069	0,7518

2.1.3 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 CMB Financial Reporting Standards by applying uniform accounting policies and presentation.

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

2.1.3 Basis of consolidation (Cont'd)

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.

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 Vestel Savunma and Aydın Yazılım has net liability position as of 31 December 2020 and 31 December 2019, carrying value of such investment accounted for by equity method is reduced to zero in the consolidated balance sheets.

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

2.1.3 Basis of consolidation (Cont'd)

b) Investments in associates (Cont'd)

The Group's voting rights and effective ownership rates in Vestel Savunma and Aydın Yazılım are 35% and 21%, respectively (31 December 2019: 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.

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 Restatement and errors in the accounting estimates

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

2.4. Amendments in Turkey Financial Reporting Standards

New standards, amendments and interpretations issued and effective for the financial year beginning 31 December 2020

Standards issued but not yet effective and not early adopted

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

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

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

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

The amendments include:

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

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

(c) Clarifying how lending conditions affect classification; and

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

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, the amendment published on 15 July 2020, IASB decided to defer the effective date of TAS1 until 1 January 2023.

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

Covid-19 related rent concession (Amendments to TFRS 16)

In May 2020, IASB issued Covid-19 related rent concession which amends TFRS 16 Leases which is issued by POA on 5 June 2020.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

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

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

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Group shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

Reference to the Conceptual Framework (Amendments to TFRS 3)

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

The amendments updated TFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.

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

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

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

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

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

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

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

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

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

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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

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

IBOR Reform and its Effects on Financial Reporting—Phase 2

In August 2020, IASB issued amendments which is issued by POA in 18 December 2020 that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

The Phase 2 amendments, Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project.

The objectives of the Phase 2 amendments are to assist companies in:

- applying TFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- providing useful information to users of financial statements.

In Phase 2 of its project, the Board amended requirements in TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

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

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

Annual Improvements to TFRS Standards 2018–2020

Improvements to TFRSs

POA issued Annual Improvements to TFRSs - 2018–2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

TFRS 1 First-time Adoption of International Financial Reporting Standards

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

TFRS 9 Financial Instruments

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

Amendments are effective on 1 January 2020

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2020.

The changes that become effective as of January 1, 2020 are as follows:

1-) The revised Conceptual Framework (Version 2018)

2-) Amendments to TFRS 3 - Definition of a Business

The application of the amendment in TFRS 3 did not have a significant impact on the financial statements of the Group.

3-) Amendments to TAS 1 and TAS 8 - Definition of Material

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

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

The application of the amendment to TAS 1 and TAS 8 does not have a significant impact on the financial statements of the Group.

4-) Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)

The application of this amendment is not expected to have a significant impact on the financial statements of the Group.

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.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (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.

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

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

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 2020 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

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 acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

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

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

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

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

2.5.3 Property, plant and equipment (Cont'd)

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

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

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

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

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; and

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

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

2.5.3 Property, plant and equipment (Cont'd)

Leases (Cont'd)

The Group – as a lessee (Cont'd)

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

The Group rents various buildings, warehouses, forklifts and machinery. The duration of the leasing contracts for machine and equipment is usually 5 years; for building and warehouses is usually fixed from 2 to 10 years.

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.

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

After initial recognition, the lease liability is measured:

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

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

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

The duration of the contracts, which constitute the lease obligation of the company, varies between 1 - 10 years.

The Group – as a lessor

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

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

2.5.3 Property, plant and equipment (Cont'd)

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 TAS16 Property, Plant and Equipment in depreciating the right-of-use asset.

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.

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

2.5.4 Intangible assets (Cont'd)

c) Goodwill

Goodwill arising on acquisition is the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities recognized. Within the scope of TFRS 3 "Business Combinations", beginning from 1 January 2005 the Group has stopped amortizing goodwill. Goodwill recognized on acquisitions before 31 December 2004 was being amortized until 31 December 2004 on a straight line basis over their useful lives not to exceed twenty years.

Goodwill is tested for impairment annually or more frequently when there is an indication of impairment. Goodwill arising on acquisitions measured at cost less any impairment losses.

Impairment losses calculated on goodwill cannot be reversed in the statement of income even if the impairment ceases to exist in the following periods. Goodwill is linked to cash generating units during the impairment test.

In case the consideration transferred in a business combination includes any contingent considerations, the Group recognizes the acquisition date fair value of the contingent consideration as part of the consideration transferred. During the measurement period, contingent considerations recognized at the acquisition date fair value are retrospectively adjusted when necessary. The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognized for a business combination. This period shall not exceed one year from the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

2.5.5 Financial instruments

a) Financial assets

The Group classifies its financial assets into the following specified categories: financial assets as 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.

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

2.5.5 Financial instruments (Cont'd)

Financial assets carried at amortized cost

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

The 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 carried 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.

The Company has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortized cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Company measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

b) Financial liabilities

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

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.

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 (Cont’d)

The hedging transactions of the Group that qualify for hedge accounting are accounted regarding to TFRS 9. As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 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.

2.5.6 Foreign currency transactions

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

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. 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.

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

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.

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.

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

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.

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.

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

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 TAS 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.

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

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

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 three industrial segments:

- Television and electronic devices
- White goods
- Other

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 Events after the balance sheet date

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

In the case that events require a correction to be made 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.

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

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.

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 2020 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Note 14).

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

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

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

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

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned land, building and land improvements are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average 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 approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

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 cost approach, accordance with the TAS36 "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 2.1.3.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 2020, no impairment was identified as a result of the impairment tests performed (Note 13).

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

NOTE 3 – INTERESTS IN OTHER ENTITIES

Subsidiaries:

As of 31 December 2020 and 31 December 2019 the Group's major subsidiaries are as follows:

	31 December 2020		31 December 2019	
Consolidated subsidiaries	**Voting rights**	**Effective ownership**	**Voting rights**	**Effective ownership**
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (*)	89,9	89,9	95,2	95,2
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.	90,8	90,8	90,8	90,8
Vestel UK Ltd.	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99,9	99,9	99,9	99,9
Vestel Central Asia LLP	100	100	100	100
Vestel Poland sp. z.o.o.	100	100	100	100
Vestel Polska Technology Center 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 Elektronik Sanayi ve Ticaret A.Ş. sold 5,000,000 Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. shares on 29 June 2020, 18.365 on 3 September 2020 and 5,000,000 on 25 November, 2020 on Borsa Istanbul. Following the transaction, amounting to TL 279.926 TL proceeded, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 89.9%.

(**) Vestel Benelux BV and Holland BV are merged under "Vestel Holland BV" as of 31 December. 2020.

(***) Included in consolidated financial statements as of 31 December 2020.

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

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 2020	31 December 2019
Accumulated non-controlling interests	358.946	94.414
Comprehensive income attributable to non-controlling interests	90.266	27.485

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

Condensed balance sheet:

	31 December 2020	31 December 2019
Current assets	5.616.772	3.167.744
Non-current assets	2.613.219	1.816.058
Current liabilities	(4.458.675)	(2.991.718)
Non-current liabilities	(409.551)	(185.856)
Net assets	**3.361.765**	**1.806.228**

Condensed statement of comprehensive income:

	1 January - 31 December 2020	1 January - 31 December 2019
Net sales	9.409.285	6.967.964
Income / (loss) before tax	1.331.932	564.564
Tax benefit / (expense)	(624)	3.508
Net income / (loss) for the period	1.331.308	568.072
Total comprehensive income	1.684.303	574.646

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

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

Subsidiaries (Cont'd):

Condensed statement of cash flows:

Operating activities:		
Changes in working capital	(1.114.925)	(127.423)
Net cash provided by operating activities	**574.223**	**617.727**
Investing activities:		
Net cash used in investing activities	**(958.714)**	**(135.306)**
Financing activities:		
Proceeds from bank borrowings	2.006.706	1.116.152
Repayment of bank borrowings	(1.461.014)	(1.041.103)
Other payables to related parties	(128.766)	(566.829)
Net cash (used in) / provided by financing activities	**489.340**	**(503.417)**
Cash and cash equivalents at the beginning of the period	82.287	103.283
Cash and cash equivalents at the end of the period	187.136	82.287

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

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

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.

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

NOTE 4 - SEGMENT REPORTING (Cont'd)

Industrial segments

	Television and electronic devices	White goods	Total
1 January -31 December 2020			
Revenue	9.457.185	12.088.995	21.546.180
Cost of sales	(7.454.733)	(8.073.097)	(15.527.830)
Gross profit	2.002.452	4.015.898	6.018.350
Depreciation and amortization	397.878	355.154	753.032
1 January -31 December 2019			
Revenue	8.566.217	8.607.906	17.174.123
Cost of sales	(6.378.929)	(6.517.429)	(12.896.358)
Gross profit	2.187.288	2.090.477	4.277.765
Depreciation and amortization	312.139	314.815	626.954

Capital expenditure

	Television and electronical devices	White goods	Total
1 January -31 December 2020	327.248	599.908	927.156
1 January -31 December 2019	320.333	365.113	685.446

Geographical segments:

Segment revenue	1 January - 31 December 2020	1 January - 31 December 2019
Turkey	6.219.178	4.182.503
Europe	15.179.270	12.777.917
Other	1.826.947	1.585.624
Gross segment sales	23.225.395	18.546.044
Discounts (-)	(1.679.215)	(1.371.921)
Net sales	**21.546.180**	**17.174.123**

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

NOTE 4 - SEGMENT REPORTING (Cont'd)

Geographical segments (Cont'd):

The amount of export for the period 1 January - 31 December 2020 is TL 17.006.217 thousand (1 January - 31 December 2019: TL 14.363.541 thousand). Export sales are denominated in EUR, USD and other currencies as 61,5%, 28,6%, and 9,8% of total exports respectively. (1 January – 31 December 2019: 60,9% EUR, 29,1 % USD, 10 % other)

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2020	**31 December 2019**
Cash	1.278	1.618
Bank deposits		
- Demand deposits	*2.943.625*	*2.104.712*
- Time deposits	*156.839*	*62.608*
Cheques and notes	9.223	93.401
Other	61.731	20.701
	3.172.696	**2.283.040**
Blocked deposits	28.875	111.294
Cash and cash equivalents	**3.201.571**	**2.394.334**

Effective interest rates

	31 December 2020	**31 December 2019**
EUR	0,21%	0,00%
TL	18,00%	0,00%
USD	1,00%	1,00%
KZT	8,50%	9,50%
PLN	0,00%	8,93%
RUB	2,50%	0,00%

The Group has has time deposits amounting to USD 7.500 thousand, EUR 5.100 thousand, KZT 107.000 thousand, RUB 3.800 TL and TL 53.650 thousand. (31 December 2019: PLN 1.937 thousand and TL 10.025 thousand)

As of 31 December 2020 and 31 December 2019 the Group's time deposits have an average maturity of less than 3 months.

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

NOTE 6 – FINANCIAL ASSETS

		Ownership		Amount	
	Country	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets measured at fair value through other comprehensive income:					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	22.160	13.337
Tursoft A.Ş.	Turkey	7%	7%	-	11
Zorlu Endüstriyel Enerji A.Ş.	Turkey	1%	1%	-	51
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
Other	Turkey	-	-	200	200
				22.371	**13.610**

		Ownership		Amount	
Non-consolidated subsidiaries on the grands of materiality:	Country	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	57.081	54.115
Vestel Electronics Gulf DMC (*)	UAE	100%	100%	-	1.409
Vestel Electronica SRL (*)	Romania	100%	100%	-	1.778
Vestel Electronics Shanghai Trading Co. Ltd (*)	China	100%	100%	-	751
Vest Batarya Sistemleri A.Ş.	Turkey	100%	100%	50	50
Uts-United Technical Services, S.R.O	Slovakia	100%	100%	-	6
				57.131	**58.109**
Impairment of subsidiaries (-)					
Vestel Electronica SRL				-	(1.778)
				57.131	**56.331**

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

NOTE 7 – FINANCIAL LIABILITIES

	31 December 2020	31 December 2019
Short term financial liabilities		
Short term bank loans	2.887.146	5.766.814
Short term portion of long term bank loans	3.933.163	1.411.361
Short term portion of long term lease liabilities	107.233	64.021
Short term lease liabilities (*)	53.445	-
	6.980.987	**7.242.196**
Long term financial liabilities		
Long term bank loans	1.657.777	456.424
Long term lease liabilities	125.518	111.657
Long term lease liabilities (**)	50.380	-
	1.833.675	**568.081**

(*) The interest rate for the second coupon payment of amounting to thousand TL 50.066 nominally valued corporate bond, which was sold to qualified investors on July 9, 2020 with a maturity of 372 days.

(**) The interest rate for the second coupon payment of amounting to thousand TL 50.380 nominally valued corporate bond, which was sold to qualified investors on July 9, 2020 with a maturity of 728 days.

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

NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

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

	31 December 2020			31 December 2019		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- USD	3,52%	206.611	1.516.630	3,94%	231.736	1.376.559
- EUR	2,65%	92.928	837.082	3,02%	214.139	1.424.156
- TL	21,21%	533.434	533.434	20,44%	2.966.099	2.966.099
			2.887.146			**5.766.814**

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

	31 December 2020			31 December 2019		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- USD	5,22%	103.139	757.091	6,79%	62.298	370.065
- EUR	4,13%	16.955	152.730	5,07%	18.681	124.239
- TL	11,84%	3.023.342	3.023.342	25,84%	917.057	917.057
Short term portion			**3.933.163**			**1.411.361**
- USD	3,97%	60.368	443.128	8,77%	41.054	243.871
- EUR	3,97%	15.402	138.738	6,02%	18.619	123.825
- TL	12,29%	1.075.911	1.075.911	17,30%	88.728	88.728
Long term portion			**1.657.777**			**456.424**
			5.590.940			**1.867.785**

Total amount of Group's floating bank loans is amounting to TL 4.728.647 thousand (31 December 2019: TL 3.397.145 thousand).

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

NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

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

	31 December 2020	31 December 2019
One to two years	1.628.858	269.599
Two to three years	16.500	162.200
Three to four years	12.419	14.045
Four years and over	-	10.580
	1.657.777	**456.424**

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

	31 December 2020	31 December 2019
6 months or less	2.160.025	2.964.330
	2.160.025	**2.964.330**

Guarantees given for the bank loans obtained are presented in note 19.

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

As of 31 December 2020 and 31 December 2019, the Group's net financial debt reconciliation is shown below:

	31 December 2020	31 December 2019
Net financial debt as of 1 January	**5.527.237**	**4.898.069**
Cash inflows from loans	10.986.459	6.674.923
Cash outflows from loan payments	(10.042.972)	(6.463.286)
Cash outflows from financial leasing payments	(71.702)	137.107
Unrealized Fx gain/loss	124.323	167.494
Accrued interest	8.277	117.008
Change in cash and cash equivalents	(889.656)	(4.078)
Net financial debt at the end of the period	**5.641.966**	**5.527.237**

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

NOTE 8 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	31 December 2020	31 December 2019
Vestel Electronica S.R.L. [3]	-	19.255
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. [1]	5.601	3.415
Vestel Electronics Gulf DMCC . [3]	-	15.812
UTS- United Technical Services, Spol S.R.O. [3]	4.820	3.388
Other related parties	5.052	13.940
	15.473	**55.810**

b) Long term trade payables to related parties

	31 December 2020	31 December 2019
Zorlu Holding A.Ş. [2]	768	768
	768	**768**

c) Short term trade payables to related parties

	31 December 2020	31 December 2019
Vestel Electronics Shanghai Trading Co. Ltd. (3)	-	2.072
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	1.789	3.094
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	24.688	290
Other related parties	3.236	2.374
	29.713	7.830
Unearned interest on payables (-)	(112)	-
	29.601	**7.830**

d) Other short term receivables from related parties

	31 December 2020	31 December 2019
Zorlu Holding A.Ş. [2]	86.740	376.015
Vestel Ventures A.Ş [3]	191.366	148.579
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş. [3]	-	25.650
Other related parties	445	139
	278.551	**550.383**

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

As of 31 December 2020, the annual average effective interest rate of other receivables in TL is 20%. and in USD is 7%.(31 December 2019: USD 7%, TL 21%).

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

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

e) Other long term receivables from related parties

	31 December 2020	31 December 2019
Zorlu Holding A.Ş. (2)	2.424.465	1.647.724
Vestel Savunma Sanayi A.Ş. (3)	2.244.748	1.470.762
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş. (3)	1.291.974	862.559
	5.961.187	**3.981.045**

f) Other payables to related parties

	31 December 2020	31 December 2019
Zorlu Family (2)	**69.442**	**56.195**

g) Lease liabilities to related parties

	31 December 2020	31 December 2019
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.(1)	29.181	22.943
Zorlu Yapı Yatırım A.Ş.(1)	3.796	184
	32.977	**23.127**

h) Transactions with related parties

	1 January - 31 December 2020	1 January - 31 December 2019
Sales		
Vestel Electronics Gulf DMCC . (3)	-	45.274
Vestel Electronica S.R.L. (3)	-	42.984
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. (1)	5.189	5.330
Other related parties	7.451	3.916
	12.640	**97.504**

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

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

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

h) Transactions with related parties (Cont'd)

	1 January - 31 December 2020	1 January - 31 December 2019
Operating expenses		
ABH Turizm Temsilcilik ve Ticaret A.Ş. [1]	7.477	33.340
Zorlu Holding A.Ş. [2]	63.841	42.162
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. [1]	12.521	10.908
Zorlu Air Havacılık A.Ş. [1]	4.792	5.602
Other related parties	14.737	15.524
	103.368	**107.536**
Other income from operating activities		
Other related parties	**4.726**	**8.956**
Other expense from operating activities		
Other related parties	**292**	**99**

	1 January - 31 December 2020	1 January - 31 December 2019
Financial income		
Zorlu Holding A.Ş. [2]	702.921	550.957
Vestel Savunma Sanayi A.Ş. [3]	397.476	235.333
Other related parties	332.142	58.154
	1.432.539	**844.444**
Financial expense		
Zorlu Holding A.Ş. [2]	44.701	-
Other related parties	176	371
	44.877	**371**
Dividend paid	**9.601**	**27.345**

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

i) Guarantees received from and given to related parties are disclosed in note 19.

j) 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 2020 is TL 33.505 thousand (1 January - 31 December 2019: 29.669 thousand TL).

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

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

NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	31 December 2020	**31 December 2019**
Short term trade receivables		
Trade receivables		
- Related parties (note 8)	*15.473*	*55.810*
- Other parties	*5.175.695*	*3.084.681*
Cheques and notes receivables	263.751	261.793
Other	192.746	146.437
	5.647.665	3.548.721
Unearned interest expense (-)		
- Other parties	*(35.215)*	*(10.966)*
Allowance for doubtful receivables (-)	(199.946)	(164.923)
Total short term trade receivables	**5.412.504**	**3.372.832**
Cheques and notes receivables	2.426	77.527
Unearned interest expense (-)	(119)	(9.932)
Total long term trade receivables	**2.307**	**67.595**

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

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

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance, 1 January	**164.923**	**118.450**
Current year additions	58.940	51.807
Provisions no longer required	(139)	(850)
Doubtful receivables written-off	(25.467)	(5.055)
Currency translation differences	1.689	571
Balance at 31 December	**199.946**	**164.923**

	31 December 2020	31 December 2019
Short term trade payables		
Trade payables		
- Related parties (note 8)	*29.713*	*7.830*
- Other parties	*8.031.657*	*6.116.995*
Notes payables		
- Other parties	-	*59*
Other	5.181	3.491
	8.066.551	6.128.375
Unearned interest income (-)		
- Related parties (note 8)	*(112)*	-
- Other parties	*(6.361)*	*(666)*
Total short term trade payables	**8.060.078**	**6.127.709**
Long term trade payables		
Trade payables		
- Other parties	*61.787*	*6.747*
Total long term trade payables	**61.787**	**6.747**

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

NOTE 10 – OTHER RECEIVABLES

	31 December 2020	31 December 2019
Short term other receivables		
Receivables from official institutions	267.203	187.448
Receivables from related parties (note 8)	278.551	550.383
Deposits and guarantees given	88.093	59.075
Other	93.758	92.854
	727.605	**889.760**
Allowance for doubtful receivables (-)	(89.691)	(89.376)
	637.914	**800.384**
Long term other receivables		
Deposits and guarantees given	7.323	5.507
Receivables from related parties (note 8)	5.961.187	3.981.045
Other	8.338	8.278
	5.976.848	3.994.830
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	5.968.570	**3.986.552**

The Group provides allowance for doubtful receivables.

NOTE 11 – INVENTORIES

	31 December 2020	31 December 2019
Raw materials	2.055.425	1.115.649
Work in process	151.867	94.662
Finished goods	1.835.398	1.520.401
Merchandise	72.205	155.044
Other	5.981	5.228
	4.120.876	2.890.984
Provision for impairment on inventories (-)	(59.407)	(57.869)
	4.061.469	**2.833.115**

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 31 December 2020 is 13.280.997 thousand TL (2019: 11.188.015 thousand TL).

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

NOTE 11 – INVENTORIES (Cont'd)

As of 31 December 2020 the Group does not have inventories pledged as security for liabilities (31 December 2019: None)

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

	31 December 2020	31 December 2019
Raw materials	17.579	21.005
Finished goods and merchandise	41.828	36.864
	59.407	**57.869**

Movement of provision for impairment on inventories is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance, 1 January	**57.869**	**32.801**
Current year additions	4.626	34.574
Realised due to sale of inventory	(13.701)	(13.109)
Currency translation differences	10.613	3.603
Balance at 31 December	**59.407**	**57.869**

NOTE 12 – PREPAID EXPENSES

	31 December 2020	31 December 2019
Prepaid expenses in current assets		
Order advances given	105.667	29.423
Prepaid expenses	119.237	56.664
Business advances given	5.182	3.587
	230.086	**89.674**
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	58.930	64.471
Prepaid expenses	14.450	9.025
	73.380	**73.496**

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

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2020		31 December 2019	
	%	**Amount**	**%**	**Amount**
Investment in associates				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	808.203	50%	961.272
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	19%	115.127	19%	12.920
		923.330		**974.192**

As on 29 June 2018, pursuant to the Group's goal to diversify its lines of business and achieve profitable growth by investing in new-generation technologies, in order to secure the supply of nickel sulphate and cobalt sulphate compounds, which are critical raw materials for the production of EV batteries, 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. The Group has purchased 916.335.000 shares (each with a nominal value of TL1 and representing 50% of the Group's share capital) 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. The acquisition value is in accordance with the valuation range of US$447,2 million and US$572 million stated in June 29, 2018 the independent appraisal report 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 in the upcoming period.

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 has participated with a 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which is 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.

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

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

The movements of META, which is an investment accounted for using the equity method during the period 1 January – 31 December 2020 and 2019 is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Balance at 1 January	**961.272**	**1.131.130**
Shares from profit / loss	(209.309)	(219.139)
Shares from other comprehensive income / expense	56.240	49.281
Balance at 31 December	**808.203**	**961.272**

Summary financial statement information of META is as follows:

	31 December 2020	31 December 2019
Total Assets	4.248.886	3.482.654
Total Liabilities	(3.967.817)	(2.894.281)
Net assets	**281.069**	**588.373**

	1 January - 31 December 2020	1 January - 31 December 2019
Net sales	402.000	135.171
Income / (loss) before tax	(323.950)	(469.943)
Tax benefit / (expense)	(94.668)	31.665
Net income / (loss) for the period	(418.618)	(438.278)
Total comprehensive loss	(306.139)	(339.716)

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 subjected META to impairment testing in accordance with the provisions of TAS 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 and the future investments.

As a result of impairment tests, no impairment was identified related to META as of 31 December 2020. (2019: None)

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

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

Sensitivity analysis:

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

Sensitivity scenarios are analyzed by comparing base scenario to the scenarios where significant assumptions used in impairment tests show negative deviations in defined percentages. In the related sensitivity analyzes performed as of 31 December 2020, the deviations of the recoverable amount compared to the carrying amount including goodwill are summarized in the table below:

	Percentage of META’s carrying amount
Sensitivity analysis	
1% increase in discount rate	108%
10% decrease in nickel prices	75%
10% decrease in cobalt carbonat prices	117%
10% decrease in metal equivalent mine resource amount	120%

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 1.670.000 thousand is placed on behalf of creditors Meta Nikel's assets indefinitely and the pledge will be valid until Meta Nikel is canceled the pledge after the 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 is the Successor Creditor 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.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2020	Additions	Disposals	Currency translation differences	Transfers	Fair value increase	31 December 2020
Cost or revaluation							
Land	635.564	-	(46.972)	5.370	-	551.928	1.145.890
Land improvements	132.438	1.445	(5.110)	(1.060)	(15.183)	23.232	135.762
Buildings	1.489.078	12.857	(163.501)	33.364	(70.923)	814.787	2.115.662
Leasehold improvements	156.981	9.490	(7)	1.625	180	-	168.269
Plant and machinery	3.168.798	523.531	(113.367)	16.687	50.723	-	3.646.372
Motor vehicles	7.546	1.119	(1.253)	538	-	-	7.950
Furniture and fixtures	427.429	40.382	(7.240)	6.972	9.937	-	477.480
Other tangible assets	849	-	-	-	-	-	849
Construction in progress	54.295	65.542	(46)	10	(81.737)	-	38.064
	6.072.978	**654.366**	**(337.496)**	**63.506**	**(107.003)**	**1.389.947**	**7.736.298**
Accumulated depreciation							
Land improvements	6.932	8.598	(552)	271	(15.249)	-	-
Buildings	60.895	52.060	(29.410)	13.150	(94.352)	-	2.343
Leasehold improvements	144.705	14.550	(5)	1.013	-	-	160.263
Plant and machinery	2.053.707	404.649	(112.729)	15.905	-	-	2.361.532
Motor vehicles	4.841	1.197	(1.253)	537	1.554	-	6.876
Furniture and fixtures	348.721	40.716	(6.475)	5.676	-	-	388.638
Other tangible assets	849	-	-	-	-	-	849
	2.620.650	**521.770**	**(150.424)**	**36.552**	**(108.047)**	**-**	**2.920.501**
Net book value	**3.452.328**						**4.815.797**

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

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

	1 January 2019	Additions	Disposals	Currency translation differences	Transfers	Fair value increase	31 December 2019
Cost or revaluation							
Land	625.381	-	-	10.183	-	-	635.564
Land improvements	126.962	251	-	5.212	13	-	132.438
Buildings	1.407.645	14.318	(6.757)	69.387	4.485	-	1.489.078
Leasehold improvements	154.233	2.822	(1.068)	495	499	-	156.981
Plant and machinery	2.756.625	354.742	(44.042)	35.558	65.915	-	3.168.798
Motor vehicles	7.725	718	(1.258)	361	-	-	7.546
Furniture and fixtures	407.792	19.896	(7.641)	4.422	2.960	-	427.429
Other tangible assets	849	-	-	-	-	-	849
Construction in progress	39.874	88.675	(88)	4	(74.170)	-	54.295
	5.527.086	**481.422**	**(60.854)**	**125.622**	**(298)**	**-**	**6.072.978**
Accumulated depreciation							
Land improvements	-	5.949	-	983	-	-	6.932
Buildings	-	49.061	(4.297)	16.131	-	-	60.895
Leasehold improvements	129.113	16.084	(781)	289	-	-	144.705
Plant and machinery	1.744.385	324.678	(42.452)	27.096	-	-	2.053.707
Motor vehicles	4.546	1.075	(1.134)	354	-	-	4.841
Furniture and fixtures	313.486	38.438	(7.107)	3.904	-	-	348.721
Other tangible assets	849	-	-	-	-	-	849
	2.192.379	**435.285**	**(55.771)**	**48.757**	**-**	**-**	**2.620.650**
Net book value	**3.334.707**						**3.452.328**

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

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 2020	**Land**	**Land improvements and buildings**
Cost	180.642	588.508
Accumulated depreciation (-)	-	(194.195)
Net book value	**180.642**	**394.313**

31 December 2019	**Land**	**Land improvements and buildings**
Cost	96.653	666.083
Accumulated depreciation (-)	-	(214.491)
Net book value	**96.653**	**451.592**

Additions to property, plant and equipment in the period 1 January – 31 December 2020 mainly consist of machinery and equipment investments made to television and electronic devices factory, first and second refrigerator, cooker, dishwasher, washing machine and tumbler drier factories.

As of 31 December 2020 the Group does not have property, plant and equipment pledged (2019: None)

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

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

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

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

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of sales	450.402	367.625
Research and development expenses	164.814	144.387
Marketing, selling and distribution expenses	102.863	74.010
General administrative expenses	30.619	35.797
Other operating expense (idle capacity depreciation expense)	4.334	5.135
	753.032	**626.954**

31 December 2020	**Level 1**	**Level 2**	**Level 3**
Tangible Assets			
Lands	-	1.145.890	-
Buildings and land improvements	-	2.249.081	-

31 December 2019	**Level 1**	**Level 2**	**Level 3**
Tangible Assets			
Lands	-	635.564	-
Buildings and land improvements	-	1.553.689	-

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

NOTE 15 – RIGHT OF USE ASSETS

	1 January 2020	Effect of change in accounting policies	Additions	Disposals	31 December 2020
Cost					
Land and buildings	141.468	-	109.898	-	251.366
Machinery	66.316	-	5.020	(5.932)	65.404
Motor vehicles	15.271	-	15.356	-	30.627
	223.055	**-**	**130.274**	**(5.932)**	**347.397**
Accumulated amortization					
Land and buildings	37.068	-	59.540	-	96.608
Machinery	15.765	-	18.442	-	34.207
Motor vehicles	6.446	-	10.375	-	16.821
	59.279	**-**	**88.357**	**-**	**147.636**
Net book value	**163.776**	**-**	**41.917**	**(5.932)**	**199.761**

	1 January 2019	Effect of change in accounting policies	Additions	Disposals	31 December 2019
Cost					
Land and buildings	-	141.468	-	-	141.468
Machinery	-	66.316	-	-	66.316
Motor vehicles	-	15.271	-	-	15.271
	-	**223.055**	**-**	**-**	**223.055**
Accumulated amortization					
Land and buildings	-	-	37.068	-	37.068
Machinery	-	-	15.765	-	15.765
Motor vehicles	-	-	6.446		6.446
	-	**-**	**59.279**	**-**	**59.279**
Net book value	**-**	**223.055**	**-**	**-**	**163.776**

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

NOTE 16 – INTANGIBLE ASSETS

	1 January 2020	Additions	Disposals	Currency translation differences	Transfers	31 December 2020
Cost						
Rights	70.878	15.151	-	1.829	(2.881)	84.977
Development cost	1.169.884	248.201	(36.120)	-	1.414	1.383.379
Other intangible assets	180.684	9.438	(26.009)	12.436	(1.132)	175.417
	1.421.446	**272.790**	**(62.129)**	**14.265**	**(2.599)**	**1.643.773**
Accumulated amortization						
Rights	55.099	619	-	1.770	(1.555)	55.933
Development cost	641.642	131.789	-	-	-	773.431
Other intangible assets	106.977	10.497	(25.381)	11.376	-	103.469
	803.718	**142.905**	**(25.381)**	**13.146**	**(1.555)**	**932.833**
Net book value	**617.728**					**710.940**

	1 January 2019	Additions	Disposals	Currency translation differences	Transfers	31 December 2019
Cost						
Rights	70.832	140	(636)	542	-	70.878
Development cost	975.596	195.085	(797)	-	-	1.169.884
Other intangible assets	167.259	8.799	(455)	4.783	298	180.684
	1.213.687	**204.024**	**(1.888)**	**5.325**	**298**	**1.421.446**
Accumulated amortization						
Rights	52.070	3.143	(636)	522	-	55.099
Development cost	527.517	114.125	-	-	-	641.642
Other intangible assets	93.503	9.987	(91)	3.578	-	106.977
	673.090	**127.255**	**(727)**	**4.100**	**-**	**803.718**
Net book value	**540.597**					**617.728**

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.

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

NOTE 16 – INTANGIBLE ASSETS (Cont'd)

Useful lives of intangible assets are as follows:

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

NOTE 17 – GOODWILL

Goodwill is distributed on cash generating unit which are based on segmental reporting. Summary table of goodwill based on segmental reporting is given below:

	31 December 2020	31 December 2019
White goods	168.543	168.543
Television and electronic devices	25.773	26.998
Software	2.252	2.252
	196.568	**197.793**

Impairment of the goodwill amount relating to the listed subsidiary of the Group is tested through the evaluation of the fair value determined on the average transaction amounts effective as of the balance sheet date as recoverable amount.

NOTE 18 – 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 30)
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 Teknoloji ve Yenilik Destek Programları Başkanlığı ("TEYDEB") amounts to TL 3.656 thousand for the period 1 January - 31 December 2020. (1 January -31 December 2019: TL 7.625 thousand).

Brand support incentive Turquality obtained from Republic of Turkey Ministry of Economy amounts to TL 2.039 thousand in year 2020. (2019: TL 14.551 thousand).

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

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	31 December 2020	31 December 2019
Short term provisions		
Warranty and assembly provision	315.313	266.042
Other provisions	401.302	291.130
Provision for lawsuit risks	29.195	24.909
	745.810	**582.081**
Long term provisions		
Warranty and assembly provision	72.501	42.878
Other provisions	-	2.959
	72.501	**45.837**

There are various cases filed and continuing against the Group domestically and in foreign countries. With reference to Group management's and legal advisors' assessments, no provision is provided for those cases amounting to EUR 18.506 thousand and TL 11.778 thousand (2019: EUR 31.889 thousand and TL 31.259), that are expected to be finalized in favor of the Group. As of 31 December 2020, 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 150.802 thousand (2019: TL 24.909 thousand).

As of 31 December 2020 and 2019 movements of warranty and assembly provisions are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance, 1 January	**308.920**	**297.326**
Current year additions	459.098	368.934
Provisions no longer required	(380.204)	(357.340)
Balance at 31 December	**387.814**	**308.920**

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

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

b) Guarantees received by the Group

Guarantee letters, collaterals, cheques and notes received

	31 December 2020	31 December 2019
Guarantee letters	645.077	550.767
Cheques and notes	1.053.010	387.751
Collaterals and pledges	1.425.038	1.407.870
	3.123.125	**2.346.388**

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

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 December 2020				
A. CPM's given on behalf of its own legal entity	5.239	27.743	111.587	399.950
B. CPM's given on behalf of fully consolidated subsidiaries (*)	1.963.193	169.418	2.741.621	18.678.540
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	36.437	-	22.001	289.467
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	36.437	-	22.001	289.467
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**2.004.869**	**197.161**	**2.875.209**	**19.367.957**

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

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 December 2019				
A. CPM's given on behalf of its own legal entity	5.993	22.493	196.638	381.833
B. CPM's given on behalf of fully consolidated subsidiaries	1.918.972	239.495	2.900.583	15.892.446
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	36.437	-	22.001	238.444
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	36.437	-	22.001	238.444
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**1.961.402**	**261.988**	**3.119.222**	**16.512.723**

(*)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. As of 31 December 2020, proportion of other CPM's given by the Group to its equity is 4%.(31 December 2019: 6%)

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

NOTE 20 – COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to 1.025.633 thousand USD (31 December 2019: 1.041.140 thousand USD) due to the export and investment incentive certificates obtained.

As of 31 December 2020 the Group has forward foreign currency purchase contract that amounts to USD 937.197 thousand, EUR 171.944 thousand, GBP 44.323 thousand, PLN 20.279 thousand, TL 3.051.872 thousand against forward foreign currency sales contract that amounts to USD 545.704 thousand, EUR 490.860 thousand, GBP 78.192 thousand, RUB 1.185.200 thousand, RON 5.747 thousand, PLN 48.817 thousand, SEK 9.447 thousand, CHF 250.139 thousand and TL 619.549 thousand. (31 December 2019: USD 857.412 thousand, EUR 334.503 thousand, GBP 52.928 thousand, PLN 40.850 thousand, RON 4.270 thousand, RUB 30.750 thousand and TL 1.489.514 thousand against forward foreign currency sales contract that amounts to USD 616.000 thousand, EUR 309.307 thousand, GBP 118.911 thousand, RUB 1.381.929 thousand, RON 8.669 thousand, PLN 133.695 thousand, SEK 9.447 thousand, CHF 249.707 thousand and TL 748.328 thousand against forward foreign currency sales contract).

NOTE 21 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	31 December 2020	31 December 2019
Due to personnel	113.466	91.078
Social security payables	132.102	108.977
	245.568	**200.055**

Long-Term provisions for employee benefits:

	31 December 2020	31 December 2019
Provision for employment termination benefits	**226.307**	**156.116**

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 7.117,17 TL/year as of 31 December 2020 (31 December 2019: 6.379,86 TL/year).

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

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

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

NOTE 21 – 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. 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 2020, 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 2020 provision is calculated based on real discount rate of 4,44% (31 December 2019: 5,21%) assuming 8,5% annual inflation rate and 12,94% discount rate.

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

	1 January - 31 December 2020	1 January - 31 December 2019
Balance at 1 January	**156.116**	**111.100**
Increase during the year	30.875	25.702
Payments during the year	(19.197)	(16.294)
Actuarial (gain) /loss	40.449	19.300
Interest expense	18.064	16.308
Balance at 31 December	**226.307**	**156.116**

As of 31 December 2020, an increase in annual discount rate by 0,25% would lead to decrease in employee benefit liability by 3,6%; a decrease in annual discount rate by 0,25% , would lead to an increase in employee benefit liability by 3,7%.(31 December 2019: 4% decrease and 4,2% increase).

As of 31 December 2020, an increase in salary escalation by 0,25% would lead to an increase in employee benefit liability by 3,9%; a decrease in salary escalation by 0,25% would lead to a decrease in employee benefit liability by 3,7%.(31 December 2019: 4,3% increase and 4,1% decrease).

NOTE 22 – OTHER ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
Other current assets		
VAT carried forward	53.422	9.588
Rebates from suppliers and incentives income accurals	26.961	23.194
Other	39.614	32.714
	119.997	**65.496**
Other non - current assets		
Assets held for sale	9.590	9.925
	9.590	**9.925**

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

NOTE 22 – OTHER ASSETS AND LIABILITIES (Cont'd)

	31 December 2020	31 December 2019
Other current liabilities		
Advances received	164.431	108.124
Tax payables	154.594	83.479
Other	387.165	199.440
	706.190	**391.043**

NOTE 23 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	31 December 2020	31 December 2019
Shares of par value Kr 1 each		
limit on registered share capital	1.000.000	1.000.000
Issued share capital	335.456	335.456

As of 31 December 2020 and 31 December 2019 the shareholding structures are as follows:

	Shareholding		Amount	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Zorlu Holding A.Ş.	64,41%	64,41%	216.067	216.054
Shares held by public				
Other shareholders	33,49%	26,34%	112.344	88.359
Zorlu Holding A.Ş.	2,10%	9,25%	7.045	31.043
	100%	**100%**	**335.456**	**335.456**

There is no investor holding 10% or more of shares of the company, traded in BIST.

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.

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

NOTE 23 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

c) Share premium

Share premium account refers the difference between par value of the Company's shares and the amount 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.

d) Legal reserves

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

	31 December 2020	31 December 2019
Legal reserves	**67.091**	**67.179**

e) Revaluation reserve

Fair value gains on financial assets	11.435	4.321
Revaluation of property, plant and equipment	2.514.867	1.310.274
	2.526.302	**1.314.595**

f) Accumulated deficit

Extraordinary reserves	512.541	512.541
Previous year's loss	447.781	(142.242)
Other inflation adjustment of share capital	119.718	119.718
	1.080.040	**490.017**

NOTE 23 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

g) Dividend distribution

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

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, 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.

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.

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

NOTE 24 – SALES

	1 January - 31 December 2020	1 January - 31 December 2019
Domestic sales	6.219.178	4.182.503
Overseas sales	17.006.217	14.363.541
Gross sales	**23.225.395**	**18.546.044**
Sales discounts (-)	(1.679.215)	(1.371.921)
Net sales	**21.546.180**	**17.174.123**
Cost of sales	(15.527.830)	(12.896.358)
Gross profit	**6.018.350**	**4.277.765**

NOTE 25 – EXPENSES BY NATURE

	1 January - 31 December 2020	1 January - 31 December 2019
Raw materials, supplies and finished goods	13.570.360	11.287.871
Changes in finished goods, work in process, trade goods	(289.363)	(99.856)
Personnel expenses	1.693.857	1.301.246
Depreciation and amortization	748.698	621.819
Export, transportation, warehouse expenses	879.691	697.123
Warranty and assembly expenses	459.098	368.934
Advertising expenses	219.044	199.477
Other	1.415.958	1.088.617
	18.697.343	**15.465.231**

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

NOTE 26 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	169.313	143.126
Depreciation and amortization	30.619	35.797
Consultancy expenses	65.777	40.412
Information technology expenses	49.306	38.330
Rent and office expenses	35.317	35.176
Tax and duties	19.811	14.361
Insurance expenses	14.058	10.299
Travelling expenses	5.836	9.065
Benefits and services provided externally	3.557	1.817
Other	112.034	73.439
	505.628	**401.822**

b) Marketing expenses:

	1 January - 31 December 2020	1 January - 31 December 2019
Export, transportation, warehouse expenses	823.637	652.655
Warranty and assembly expenses	459.098	368.934
Personnel expenses	409.766	336.769
Advertising expenses	192.457	177.054
Depreciation and amortization	102.863	74.010
Other	340.933	295.799
	2.328.754	**1.905.221**

c) Research and development expenses:

Depreciation and amortization	164.814	144.387
Personnel expenses	74.769	37.159
Travel expense	2.781	8.378
Other	92.767	71.906
	335.131	**261.830**

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

NOTE 27 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 31 December 2020	1 January - 31 December 2019
Credit finance gains arising from trading activities	31.168	74.349
Foreign exchange gains arising from trading activities	1.306.895	919.253
Reversals of provisions	4.762	25.642
Other income	222.894	178.366
	1.565.719	**1.197.610**

b) Other expense from operating activities:

Debit finance charges arising from trading activities	127.069	149.585
Foreign exchange expenses arising from trading activities	2.178.573	1.209.641
Provision expenses	33.125	52.244
Other expenses	129.567	220.091
	2.468.334	**1.631.561**

NOTE 28 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gains	1.776.585	853.041
Gains on derivative financial instruments	988.555	895.306
Interest income	543.927	534.325
	3.309.067	**2.282.672**

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

NOTE 28 – FINANCIAL INCOME AND FINANCIAL EXPENSE (Cont'd)

b) Financial expense:

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange losses	1.016.223	695.978
Losses on derivative financial instruments	1.173.752	1.157.491
Interest and commision expense	897.343	1.146.066
Other finance expenses	3.788	9.446
	3.091.106	**3.008.981**

NOTE 29 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

a) Fixed assets revaluation fund:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance, 1 January	**1.310.274**	**1.338.777**
Depreciation transfer upon revaluation reserves - net	(36.784)	(27.129)
Net depreciation transfer upon revaluation reserves attributable to non-controlling interests	(682)	(1.374)
Increase in reserves arising from revaluation of land, buildings and land improvements	1.389.947	-
Deferred tax income calculated over increase in revaluation reserves	(86.187)	-
Increase in revaluation reserves attributable to non-controlling interests	(40.542)	-
Deferred tax income calculated over increase in revaluation reserves attributable to non-controlling interest	530	-
Transactions with non-controlling interests	(21.689)	-
Balance at 31 December	**2.514.867**	**1.310.274**

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

NOTE 29 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS (Cont'd)

b) Cash flow hedge fund:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance, 1 January	**(4.662)**	**(10.521)**
Profit/ (loss) from cash flow hedges	(52.611)	7.550
Deferred tax calculated over cash flow hedge fund	10.523	(1.661)
(Profit) / loss from cash flow hedges attributable to non-controlling interests	3.718	(38)
Deferred tax calculated over profit / (loss) from cash flow hedges attributable to non-controlling interests	(744)	8
Balance at 31 December	**(43.776)**	**(4.662)**

c) Actuarial gain / loss arising from defined benefit plans:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance, 1 January	**(34.999)**	**(19.907)**
Actuarial gain/ loss arising from defined benefit plans	(40.449)	(19.300)
Deferred tax calculated over actuarial gain/ loss arising from defined benefit plans	8.090	3.860
Actuarial gain/ loss arising from defined benefit plans attributable to non-controlling interests	1.733	435
Deferred tax calculated over actuarial gain/ loss arising from defined benefit plans attributable to non-controlling interests	(347)	(87)
Transactions with non-controlling interests	781	-
Balance at 31 December	**(65.191)**	**(34.999)**

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

NOTE 30 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2020	31 December 2019
Corporation and income taxes	43.066	10.182
Prepaid taxes (-)	(34.709)	(17.441)
Current income tax liabilities - net	**8.357**	**(7.259)**
Deferred tax liabilities	(333.362)	(233.589)
Deferred tax assets	321.146	230.498
Deferred tax liabilities - net	**(12.216)**	**(3.091)**

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

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

In Turkey, advance tax returns are filed on a quarterly basis at the rate of 20%, until the 14th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

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

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

NOTE 30 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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

For the years 2006-2017, corporate tax rate in Turkey is 20%. In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2020 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

Russian Federation

In Russia, corporate tax rate applicable is 20% (2019: 20%). Under the Russian Federation taxation system, tax losses can be carried forward to be offset against future taxable income for up to ten years. There are no restrictions on the amounts subject to net off. On the other hand, tax, currency and customs legislations are subject to various interpretations and changes which can occurs frequently in Russian Federation. Management's interpretation for such legislation, which is applied to the Group's operations and activities, can be interpreted by regional and federal authorities in different ways.

The events of the recent past in Russian Federation, shows that risk could be possible on approval of operations and activities, which approved in the past may not be approved in the future as a result of reviews by the tax authorities on legislation. According to a review by the tax inspection authorities, without exceptional circumstances, tax inspection covers three years prior to the final inspection. Under certain circumstances, such views may cover longer periods.

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

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

NOTE 30 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

As of 1 January - 31 December 2020 and 2019 tax benefit in the consolidated statement of income is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Current period tax expense	(51.208)	(14.782)
Deferred tax benefit	19.164	52.719
Total tax (expense) / benefit	**(32.044)**	**37.937**

	1 January - 31 December 2020	1 January - 31 December 2019
Profit before tax	**1.939.281**	**313.913**
Local tax rate	22%	22%
Tax income calculated using local tax rate	(426.642)	(69.061)
Carry forward tax losses utilized	103.528	23.425
Non-deductible expenses	(38.356)	(10.574)
Loss from equity accounted investment	(22.897)	(51.480)
Adjustments with no tax effects	(27.574)	(20.427)
Deduction and exemptions	115.207	55.233
Reduced taxation	267.121	112.860
Deferred tax effect of change in legal tax rate	(2.431)	(2.039)
Total tax (expense) / benefit	**(32.044)**	**37.937**

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

Deferred tax assets and liabilities

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

As of 31 December 2020 and 2019, the Group has not recognized deferred tax assets arising from its investment incentive certificate, in accordance with conservatism principle of accounting.

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:

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

NOTE 30 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

	Cumulative temporary differences		Deferred tax	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deferred tax assets				
Employment termination benefits	(226.307)	(151.080)	45.261	30.216
Warranty provision	(89.295)	(108.750)	17.859	23.925
Provision for doubtful receivables	(199.946)	(177.777)	39.989	39.111
Unearned interest expense	-	(21.082)	-	4.638
Maddi ve maddi olmayan duran varlıkların kayıtlı değerleri ile vergi matrahları arasındaki net fark	(38.085)	-	7.617	-
Provision for impairment on inventories	(59.407)	(16.264)	11.882	3.578
Derivative financial instruments	(303.178)	(7.105)	60.636	1.556
R&D incentives	(317.745)	(607.600)	63.549	121.520
Other	(371.765)	(179.755)	74.353	39.546
			321.146	**264.090**
Deferred tax liabilites				
Useful life and valuation differences on property, plant and equipment and intangible assets	-	71.025	-	(14.205)
Derivative financial instruments	111.789	-	(22.358)	-
Revaluation of tangible fixed assets	2.806.830	1.091.436	(280.683)	(251.322)
Other	151.605	7.518	(30.321)	(1.654)
			(333.362)	**(267.181)**
Deferred tax assets / (liabilites) - net			**(12.216)**	**(3.091)**

Carry forward tax losses subject to deferred tax calculation amounted to TL 141.864 thousand was utilized in 2020. Furthermore, within R&D law framework, the Group has R&D incentives amounted to thousand TL 317.743 (2019:451.550 thousand TL) Group did not recognized any deferred tax assets from investment incentives as of 31 December 2020.

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

NOTE 30 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

	31 December 2020	**31 December 2019**
Subsidiares with net deferred tax liabilities	(333.362)	(233.589)
Subsidiares with net deferred assets	321.146	230.498

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

	1 January - 31 December 2020	**1 January - 31 December 2019**
Opening balance, 1 January	**(3.091)**	**(54.287)**
Tax benefit recognized in income statement	19.164	52.719
Recognized in shareholders' equity	(70.070)	1.535
Currency translation differences	41.781	(3.058)
Deferred tax (liabilities) / assets at the end of the period, net	**(12.216)**	**(3.091)**

NOTE 31 – EARNINGS / (LOSS) PER SHARE

	1 January - 31 December 2020	**1 January - 31 December 2019**
Net income / (loss) attributable to equity holders of the parent	1.772.599	324.047
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.545.600	33.545.600
Earnings per share	**5,28**	**0,97**

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

NOTE 32 – DERIVATIVE INSTRUMENTS

	31 December 2020		31 December 2019	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
Derivative financial assets:				
Held for trading				
Forward foreign currency transactions	4.762.883	105.345	4.349.967	42.291
Cash flow hedge				
Forward foreign currency transactions	479.576	6.444	250.574	3.196
Derivative financial liabilities:				
Held for trading				
Forward foreign currency transactions	2.960.271	(135.768)	3.702.635	(42.532)
Cash flow hedge				
Forward foreign currency transactions	4.039.615	(167.410)	988.469	(10.060)
	12.242.345	**(191.389)**	**9.291.645**	**(7.105)**

NOTE 33 – 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") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2020 and 31 December 2019 the Group's net debt / total equity ratios are as follows:

	31 December 2020	31 December 2019
Total financial liabilities (note 7)	8.814.662	7.810.277
Cash and cash equivalents (note 5)	(3.201.571)	(2.394.334)
Net debt	**5.613.091**	**5.415.943**
Total shareholders equity	7.425.534	3.779.911
Total capital invested	**13.038.625**	**9.195.854**
Net debt/capital invested	**43%**	**59%**

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") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Receivables					
	Trade receivables		Other receivables			
31 December 2020	**Related party**	**Other party**	**Related party**	**Other party**	**Bank deposits**	**Other**
Maximum exposed credit risk as of 31 December 2020 (A+B+C+D)	**15.473**	**5.398.570**	**6.239.738**	**366.746**	**3.100.464**	**101.107**
- Secured portion of the maximum credit risk by guarantees, etc.	-	(4.143.163)	-	-	-	-
A.Net book value of financial assets either are not due or not impaired	15.473	4.874.958	6.239.738	366.746	3.100.464	101.107
- Secured portion by guarantees etc.	-	(3.751.130)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C.Net book value of the overdue but not impaired financial assets	-	403.154	-	-	-	-
- Secured portion by guarantees etc.	-	(271.575)	-	-	-	-
D.Net book value of the impaired financial assets	-	120.458	-	-	-	-
-Over due (gross book value)	-	320.404	-	97.969	-	-
-Impairment (-)	-	(199.946)	-	(97.969)	-	-
-Secured portion of the net value by guarantees etc.	-	(120.458)	-	-	-	-

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

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Trade receivables		Other receivables			
31 December 2019	**Related party**	**Other party**	**Related party**	**Other party**	**Bank deposits**	**Other**
Maximum exposed credit risk as of 31 December 2019 (A+B+C+D)	**55.810**	**3.384.617**	**4.531.428**	**255.508**	**2.167.320**	**227.014**
- Secured portion of the maximum credit risk by guarantees, etc.	-	(1.988.751)	-	-	-	-
A.Net book value of financial assets either are not due or not impaired	55.810	2.816.215	4.531.428	255.508	2.167.320	227.014
- Secured portion by guarantees etc.	-	(1.680.182)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C.Net book value of the overdue but not impaired financial assets	-	508.971	-	-	-	-
- Secured portion by guarantees etc.	-	(249.138)	-	-	-	-
D.Net book value of the impaired financial assets	-	59.430	-	-	-	-
-Over due (gross book value)	-	224.353	-	97.654	-	-
-Impairment (-)	-	(164.923)	-	(97.654)	-	-
-Secured portion of the net value by guarantees etc.	-	(59.430)	-	-	-	-

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

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

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

	31 December 2020	31 December 2019
Overdue 1 - 30 days	260.006	192.556
Overdue 1 - 3 months	18.865	131.354
Overdue 3 - 12 months	93.961	134.964
Overdue 1 - 5 years	30.322	49.171
Overdue more than 5 years	-	926
Total	**403.154**	**508.971**

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.

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

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2020 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 liabilities and leasing liabilit	8.814.662	9.103.232	1.349.117	5.885.533	1.867.784	798
Trade payables	8.121.865	8.212.026	4.612.760	3.193.311	405.955	-
Other payables	71.923	71.923	-	71.923	-	-
	17.008.450	**17.387.181**	**5.961.877**	**9.150.767**	**2.273.739**	**798**
Derivative financial instruments						
Derivative cash inflows	-	12.242.345	8.913.521	3.328.824	-	-
Derivative cash outflows	-	(12.129.433)	(8.655.619)	(3.473.814)	-	-
	191.389	**112.912**	**257.902**	**(144.990)**	**-**	**-**

As of 31 December 2019 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 liabilities	7.810.277	8.040.256	5.454.282	1.871.836	714.138	-
Trade payables	6.134.456	6.135.122	-	6.128.375	6.747	-
Other payables and liabilities	56.799	56.799	-	56.799	-	-
	14.001.532	**14.232.177**	**5.454.282**	**8.057.010**	**720.885**	**-**
Derivative financial instruments						
Derivative cash inflows	-	9.291.645	6.180.631	3.111.014	-	-
Derivative cash outflows	-	(9.269.692)	(6.194.005)	(3.075.687)	-	-
	7.105	**21.953**	**(13.374)**	**35.327**	**-**	**-**

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") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2020	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	175.092	249.226	389.606	3.919.872
2a. Monetary financial assets (including cash and cash equivalents)	54.363	32.248	2.074.641	2.764.179
2b. Non-monetary financial assets	-	-	-	-
3. Other	37.723	-	-	276.906
4. Current assets (1+2+3)	**267.178**	**281.474**	**2.464.247**	**6.960.957**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	742	2.698	-	29.750
7. Other	622.148	51	-	4.567.337
8. Non-current assets (5+6+7)	**622.890**	**2.749**	**-**	**4.597.087**
9. Total assets (4+8)	**890.068**	**284.223**	**2.464.247**	**11.558.044**
10. Trade payables	757.706	125.697	10.840	6.705.047
11. Financial liabilities	309.750	31.883	-	2.560.917
12a. Other monetary liabilities	17.156	1.949	5.468	148.958
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**1.084.612**	**159.529**	**16.308**	**9.414.922**
14. Trade payables	-	6.833	-	61.551
15. Financial liabilities	60.368	15.402	-	581.866
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**60.368**	**22.235**	**-**	**643.417**
18. Total liabilities (13+17)	**1.144.980**	**181.763**	**16.308**	**10.058.339**
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	**391.494**	**(318.917)**	**(2.601.428)**	**(2.600.439)**
19a. Hedged total assets	937.198	171.943	481.097	8.909.444
19b. Hedged total liabilities	(545.704)	(490.860)	(3.082.525)	(11.509.883)
20. Net foreign currency asset/ (liability) position (9-18+19)	**136.582**	**(216.457)**	**(153.489)**	**(1.100.734)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	**(255.654)**	**99.762**	**2.447.939**	**1.469.955**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	-	**(191.389)**
23. Export	615.064	1.168.897	1.516.127	17.006.217
24. Import	1.110.140	162.600	6.747	9.217.737

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

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2019	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	120.347	166.085	454.618	2.274.068
2a. Monetary financial assets (including cash and cash equivalents)	62.236	21.927	1.525.566	2.041.088
2b. Non-monetary financial assets	-	-	-	-
3. Other	96.936	-	-	575.819
4. Current assets (1+2+3)	**279.519**	**188.012**	**1.980.184**	**4.890.975**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	1.936	4.031	-	38.309
7. Other	514.071	117	-	3.054.463
8. Non-current assets (5+6+7)	**516.007**	**4.148**	-	**3.092.772**
9. Total assets (4+8)	**795.526**	**192.160**	**1.980.184**	**7.983.747**
10. Trade payables	757.779	128.994	12.612	5.371.858
11. Financial liabilities	294.035	154.820	-	2.776.272
12a. Other monetary liabilities	9.461	2	5.537	61.751
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**1.061.275**	**283.816**	**18.149**	**8.209.881**
14. Trade payables	-	905	-	6.019
15. Financial liabilities	41.054	18.619	-	367.696
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**41.054**	**19.524**	**-**	**373.715**
18. Total liabilities (13+17)	**1.102.329**	**303.340**	**18.149**	**8.583.596**
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	**241.412**	**25.196**	**(2.320.891)**	**(719.287)**
19a. Hedged total assets	857.412	334.503	484.285	7.802.129
19b. Hedged total liabilities	(616.000)	(309.307)	(2.805.176)	(8.521.416)
20. Net foreign currency asset/ (liability) position (9-18+19)	**(65.391)**	**(85.984)**	**(358.856)**	**(1.319.136)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(919.746)**	**(115.328)**	**1.962.035**	**(4.268.440)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**(7.105)**
23. Export	647.153	1.207.925	1.261.120	14.363.541
24. Import	1.095.309	196.440	2.217	7.462.087

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

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December2020 and 31 December 2019 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 2020	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(187.662)	187.662	(187.662)	187.662
Secured portion from USD risk (-)	26.841	(26.841)	268.713	(268.713)
USD net effect	**(160.821)**	**160.821**	**81.051**	**(81.051)**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	89.864	(89.864)	89.864	(89.864)
Secured portion from EUR risk (-)	(63.098)	63.098	(268.145)	268.145
EUR net effect	**26.766**	**(26.766)**	**(178.281)**	**178.281**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	244.794	(244.794)	244.794	(244.794)
risk (-)	(252.790)	252.790	(260.502)	260.502
Other currency net effect	**(7.996)**	**7.996**	**(15.708)**	**15.708**

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

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
31 December 2019	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(546.347)	546.347	(546.347)	546.347
Secured portion from USD risk (-)	89.603	(89.603)	141.573	(141.573)
USD net effect	**(456.744)**	**456.744**	**(404.774)**	**404.774**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(76.700)	76.700	(76.700)	76.700
Secured portion from EUR risk (-)	61.738	(61.738)	15.948	(15.948)
EUR net effect	**(14.962)**	**14.962**	**(60.752)**	**60.752**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	196.204	(196.204)	196.204	(196.204)
risk (-)	(246.481)	246.481	(246.481)	246.481
Other currency net effect	**(50.277)**	**50.277**	**(50.277)**	**50.277**

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

NOTE 33 – 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 2020	31 December 2019
Financial instruments with fixed interst rates		
Bank deposits	156.839	62.608
Financial liabilities	2.618.430	4.413.132
Financial instruments with floating interst rates		
Financial liabilities	6.196.232	3.397.145

On 31 December 2020, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has strengthened / weakened by 100 base point with all other variables held constant, income before taxes would have been 1.857 thousand TL (2019: 2.191 thousand TL) lower / higher as a result of interest expenses.

NOTE 34 - 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 31) 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 31) are classified as fair value through profit or loss.

NOTE 34 - 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:

Monetary assets

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

Monetary liabilities

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

Fair value hierarchy

The 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") unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value hierarchy tables as of 31 December 2020 and 31 December 2019 are as follows:

31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	111.789	-	111.789
Financial investements	22.160	-	-	22.160
Financial liabilities				
Derivative financial liabilities	-	(303.178)	-	(303.178)

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	45.487	-	45.487
Financial investements	13.337	-	-	13.337
Financial liabilities				
Derivative financial liabilities	-	(52.592)	-	(52.592)

An independent valuation of the Group's land, land improvements and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2020. The fair value of land, land improvements and buildings was determined using the inputs other than quoted prices (Level 2). As of 31 December 2020, land, land improvement and buildings are measured at fair value less accumulated depreciation. (Note 2.6.i).

NOTE 35 – SUBSEQUENT EVENTS

None:

NOTE 36 – NOTES ON STATEMENT OF CASH FLOWS

As at 31 December 2020, cash flows from operating activities is amounting to thousand TL 2.261.556 (31 December 2019: 3.104.493 thousand TL), cash flows from investing activities is amounting to thousand TL 2.170.053 (31 December 2019: 2.702.582 thousand TL), cash flows from financing activities is amounting to thousand TL 493.333 (31 December 2019: TL 389.963 thousand).

NOTE 37 – NOTES ON STATEMENT OF CHANGES IN EQUITY

As at 31 December 2020, equity attributable to owners of parent is amounting thousand TL 7.071.747 (31 December 2019: 3.690.656 thousand TL).