VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY– 30 JUNE 2021 (TOGETHER WITH INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT)

(ORIGINALLY ISSUED IN TURKISH)

CONTENTS **PAGE**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2021 AND 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Reviewed 30 June 2021	Audited 31 December 2020
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	3.035.175	3.201.571
Trade Receivables		5.291.197	5.412.504
Trade Receivables Due from Related Parties	8, 9	16.799	15.473
Trade Receivables Due from Third Parties	9	5.274.398	5.397.031
Other Receivables		762.445	637.914
Other Receivables Due from Related Parties	8, 10	247.671	278.551
Other Receivables Due from Third Parties	10	514.774	359.363
Derivative Financial Assets		69.792	111.789
Derivative Financial Assets Held for Trading	29	21.690	105.345
Derivative Financial Assets Held for Hedging	29	48.102	6.444
Inventories	11	7.105.093	4.061.469
Prepaid Expense	12	416.688	230.086
Current Tax Assets	27	4.353	2.197
Other Current Assets	20	66.449	119.997
TOTAL CURRENT ASSETS		**16.751.192**	**13.777.527**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2021 AND 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Reviewed 30 June 2021	Audited 31 December 2020
NON-CURRENT ASSETS			
Financial Investments	6	71.125	79.502
Investments in subsidiaries, joint ventures and associates	13	987.005	923.330
Trade Receivables	9	2.728	2.307
Trade Receivables Due From Related Parties	8	768	768
Trade Receivables Due from Unrelated Parties	9	1.960	1.539
Other Receivables		7.132.232	5.968.570
Other Receivables Due from Related Parties	8	7.117.394	5.961.187
Other Receivables Due from Third Parties	10	14.838	7.383
Property, Plant and Equipments		4.986.873	4.815.797
Land and Premises	14	1.150.696	1.145.890
Land Improvements	14	138.590	135.762
Buildings	14	2.156.512	2.113.319
Machinery and Equipments	14	1.353.669	1.284.840
Vehicles	14	443	1.074
Fixtures and Fittings	14	95.476	88.842
Leasehold Improvements	14	10.085	8.006
Construction in Progress	14	81.402	38.064
Right of Use Assets	15	192.853	199.761
Intangible Assets and Goodwill		983.238	907.508
Goodwill		196.568	196.568
Other Rights	16	27.109	29.044
Capitalized Development Costs	16	680.254	609.948
Other Intangible Assets	16	79.307	71.948
Prepayments	12	128.182	73.380
Deferred Tax Asset	27	375.215	321.146
Other Non-current Assets	20	5.596	9.590
TOTAL NON-CURRENT ASSETS		**14.865.047**	**13.300.891**
TOTAL ASSETS		**31.616.239**	**27.078.418**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2021 AND 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Reviewed 30 June 2021	Audited 31 December 2020
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		7.451.168	3.047.824
Current Borrowings from Related Parties		10.749	12.644
Lease Liabilities	7, 8	10.749	12.644
Current Borrowings from Third Parties		7.440.419	3.035.180
Bank Loans	7	6.892.240	2.887.146
Lease Liabilities	7	80.924	94.589
Issued debt instruments	7	467.255	53.445
Current Portion of Non-current Borrowings		536.589	3.933.163
Current Portion of Non-current Borrowings from Third Parties		536.589	3.933.163
Bank Loans	7	536.589	3.933.163
Trade Payables		10.870.176	8.060.078
Trade Payables to Related Parties	8	32.171	29.601
Trade Payables to Third Parties	9	10.838.005	8.030.477
Payables Related to Employee Benefit	19	237.423	245.568
Other Payables		86.084	71.923
Other Payables to Related Parties	8	82.352	69.442
Other Payables to Third Parties		3.732	2.481
Derivative Financial Liabilities		74.505	303.178
Derivative Financial Liabilities Held for Trading	29	66.083	135.768
Derivative Financial Liabilities Held for Hedging	29	8.422	167.410
Current Tax Liabilities	27	15.896	10.554
Current Provisions	17	795.871	745.810
Other Current Liabilities	20	759.299	706.190
TOTAL CURRENT LIABILITIES		**20.827.011**	**17.124.288**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2021 AND 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Reviewed 30 June 2021	Audited 31 December 2020
NON-CURRENT LIABILITIES			
Long Term Borrowings		849.351	1.833.675
Long Term Borrowings from Related Parties		16.560	20.333
Lease Liabilities	7,8	16.560	20.333
Long Term Borrowings from Third Parties		832.791	1.813.342
Bank Loans	7	393.153	1.657.777
Lease Liabilities	7	124.258	105.185
Issued debt instruments	7	315.380	50.380
Trade Payables	9	111.056	61.787
Non-current Provisions		352.368	298.808
Non-current Provisions for Employee Benefits	19	274.130	226.307
Other Non-current Provisions	17	78.238	72.501
Deferred Tax Liabilities	27	333.999	333.362
Other Non-current Liabilities		74	964
TOTAL NON-CURRENT LIABILITIES		**1.646.848**	**2.528.596**
TOTAL LIABILITIES		**22.473.859**	**19.652.884**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2021 AND 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Reviewed	**Audited**
	Footnotes	**30 June 2021**	**31 December 2020**
EQUITY			
Equity Attributable to Owners of Parent		**8.436.275**	**7.071.747**
Paid-in Capital	21	335.456	335.456
Inflation Adjustments on Capital		688.315	688.315
Share Premium (Discount)		16.407	98.019
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		2.360.738	2.449.676
Gains (Losses) on Revaluation and Remeasurement		2.360.738	2.449.676
Increases (Decreases) on Revaluation of Property, Plant and Equipment	21	2.429.489	2.514.867
Gains (Losses) on Remeasurements of Defined Benefit Plans		(68.751)	(65.191)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		666.918	580.551
Exchange Differences on Translation		636.270	612.892
Gains (Losses) on Hedge		25.037	(43.776)
Gains (Losses) on Cash Flow Hedges		25.037	(43.776)
Gains (Losses) on Revaluation and Reclassification		5.611	11.435
Gains (Losses) on Remeasurement and/or Reclassification of Available-for-sale Financial Assets	21	5.611	11.435
Restricted Reserves Appropriated from Profits		67.091	67.091
Legal Reserves	21	67.091	67.091
Retained Earnings/Accumulated Losses	21	3.387.969	1.080.040
Current Period Net Profit Or Loss		913.381	1.772.599
Non-controlling Interests		**706.105**	**353.787**
TOTAL EQUITY		**9.142.380**	**7.425.534**
TOTAL LIABILITIES AND EQUITY		**31.616.239**	**27.078.418**

Condensed consolidated interim financial statements for the period 1 January - 30 June 2021, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 9 August 2021.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS 1 JANUARY - 30 JUNE 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Reviewed 1 January - 30 June 2021	Reviewed 1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
PROFIT OR LOSS					
Revenue	22	14.214.582	8.354.599	8.013.908	4.423.797
Cost of Sales	22	(10.518.214)	(6.042.107)	(5.831.319)	(3.230.516)
GROSS PROFIT (LOSS)		**3.696.368**	**2.312.492**	**2.182.589**	**1.193.281**
General Administrative Expenses	24	(277.332)	(206.115)	(157.382)	(95.102)
Marketing Expenses	24	(1.479.585)	(968.264)	(849.301)	(482.469)
Research and Development Expense	24	(200.144)	(130.328)	(104.007)	(65.371)
Other Income from Operating Activities	25	1.115.401	551.922	675.070	223.462
Other Expenses from Operating Activities	25	(1.851.022)	(1.103.722)	(898.339)	(445.531)
PROFIT (LOSS) FROM OPERATIONS		**1.003.686**	**455.985**	**848.630**	**328.270**
Share of Profit (Loss) from Equity Accounted İnvestees for Using Equity Method	13	(29.907)	(118.294)	(4.138)	(47.289)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**973.779**	**337.691**	**844.492**	**280.981**
Finance Income	26	2.395.010	1.526.180	837.128	623.379
Finance Costs	26	(2.387.205)	(1.297.767)	(917.952)	(610.102)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**981.584**	**566.104**	**763.668**	**294.258**
Tax (Expense) Income, Continuing Operations		54.526	60.034	12.614	95.406
Current Period Tax (Expense) Income	27	(22.275)	(4.356)	(16.647)	(929)
Deferred Tax (Expense) Income	27	76.801	64.390	29.261	96.335
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**1.036.110**	**626.138**	**776.282**	**389.664**
PROFIT (LOSS) FOR THE PERİOD		**1.036.110**	**626.138**	**776.282**	**389.664**
Profit (loss), attributable to					
Non-controlling Interests		122.729	26.047	83.246	19.622
Owners of Parent		913.381	600.091	693.036	370.042
Earnings per 100 share with a Kr 1 of Par Value (TL)	28	**2,72**	**1,79**	**2,07**	**1,10**

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS 1 JANUARY - 30 JUNE 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	(5.126)	(6.323)	(767)	(4.548)
Gains (Losses) on Remeasurements of Defined Benefit Plans	(6.407)	(7.904)	(958)	(5.685)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	1.281	1.581	191	1.137
Taxes Relating to Remeasurements of Defined Benefit Plans	1.281	1.581	191	1.137
Other Comprehensive Income that will be Reclassified to Profit or Loss	86.367	98.013	63.076	62.016
Exchange Differences on Translation	23.378	93.259	97.999	75.380
Gains (losses) on Remeasuring Available-for-sale Financial Assets	(7.520)	3.360	(3.840)	6.800
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	91.751	2.735	(34.319)	(23.933)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(21.242)	(1.341)	3.236	3.769
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets	1.696	(739)	960	(1.496)
Taxes Relating to Cash Flow Hedges	(22.938)	(602)	2.276	5.265
OTHER COMPREHENSIVE INCOME	**81.241**	**91.690**	**62.309**	**57.468**
TOTAL COMPREHENSIVE INCOME	**1.117.351**	**717.828**	**838.591**	**447.132**
Total Comprehensive Income Attributable to				
Non-controlling Interests	129.830	25.217	82.710	18.773
Owners of Parent	987.521	692.611	755.881	428.359

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS 1 JANUARY – 30 JUNE 2021 AND 2020

(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 Remeasurements 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 Remeasuring and/or Reclassification of Available-for-sale Financial Assets	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 attributable to owners of parent	Non-controlling interests	Equity
Previous Period																				
1 January -30 June 2020																				
Beginning 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**
Transfers	-	-	-	(47.735)	-	(47.735)	(47.735)	-	-	-	-	-	-	264	371.518	(324.047)	47.471	-	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(6.165)	(6.165)	(6.165)	93.259	2.133	2.133	2.621	2.621	98.013	-	-	600.091	600.091	691.939	25.889	717.828
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	600.091	600.091	600.091	26.047	626.138
Other Comprehensive Income (Loss)	-	-	-	-	(6.165)	(6.165)	(6.165)	93.259	2.133	2.133	2.621	2.621	98.013	-	-	-	-	91.848	(158)	91.690
Transactions with non-controlling shareholders	-	-	(2.879)	(10.593)	405	(10.188)	(10.188)	-	-	-	-	-	-	-	77.831	-	77.831	64.764	46.829	111.593
End of Period	**335.456**	**688.315**	**100.897**	**1.251.946**	**(40.759)**	**1.211.187**	**1.211.187**	**500.191**	**(2.529)**	**(2.529)**	**6.942**	**6.942**	**504.604**	**67.443**	**939.366**	**600.091**	**1.539.457**	**4.447.359**	**161.973**	**4.609.332**
Current Period																				
1 January -30 June 2021																				
Opening 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**
Transfers	-	-	-	(42.901)	-	(42.901)	(42.901)	-	-	-	-	-	-	-	1.815.500	(1.772.599)	42.901	-	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(5.126)	(5.126)	(5.126)	23.378	68.813	68.813	(5.824)	(5.824)	86.367	-	-	913.381	913.381	994.622	122.729	1.117.351
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	913.381	913.381	913.381	122.729	1.036.110
Other Comprehensive Income (Loss)	-	-	-	-	(5.126)	(5.126)	(5.126)	23.378	68.813	68.813	(5.824)	(5.824)	86.367	-	-	-	-	81.241	-	81.241
Dividends Paid	-	-	(76.455)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(76.455)	33.667	(42.788)
Transactions with noncontrolling interests	-	-	(5.157)	(42.477)	1.566	(40.911)	(40.911)	-	-	-	-	-	-	-	492.429	-	492.429	446.361	195.922	642.283
Closing Balance	**335.456**	**688.315**	**16.407**	**2.429.489**	**(68.751)**	**2.360.738**	**2.360.738**	**636.270**	**25.037**	**25.037**	**5.611**	**5.611**	**666.918**	**67.091**	**3.387.969**	**913.381**	**4.301.350**	**8.436.275**	**706.105**	**9.142.380**

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 JUNE 2021 AND 2020

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

	Footnotes	Reviewed 1 January - 30 June 2021	Reviewed 1 January - 30 June 2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**1.431.046**	**1.061.841**
Profit (Loss)		1.036.110	626.138
Profit (Loss) from Continuing Operations		1.036.110	626.138
Adjustments to Reconcile Profit (Loss)		**759.982**	**843.187**
Adjustments for Depreciation and Amortisation Expense	14,15,16	443.237	340.188
Adjustments for Impairment Loss (Reversal of Impairment Loss)		53.425	21.594
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	9	2.789	10.591
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	11	50.636	11.003
Adjustments for Provisions		106.612	15.733
Adjustments for (Reversal of) Provisions Related with Employee Benefits	19	50.814	15.326
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	17	10.418	2.702
Adjustments for (Reversal of) Warranty Provisions	17	61.079	25.564
Adjustments for (Reversal of) Other Provisions	17	(15.699)	(27.859)
Adjustments for Interest (Income) Expenses		225.805	198.822
Adjustments for Interest Income	26	(376.059)	(232.904)
Adjustments for Interest Expense	26	601.864	431.726
Adjustments for Unrealised Foreign Exchange Losses (Gains)	7	43.136	222.899
Adjustments for Fair Value Losses (Gains)		(94.925)	(15.961)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(94.925)	(15.961)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		29.907	118.294
Adjustments for Tax (Income) Expenses		(54.526)	(60.034)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(4.220)	(54.412)
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets		(4.220)	(54.412)
Other Adjustments to Reconcile Profit (Loss)	5	11.531	56.064

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 JUNE 2021 AND 2020

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

	Footnotes	Reviewed 1 January - 30 June 2021	Reviewed 1 January - 30 June 2020
Changes in Working Capital		**(343.609)**	**(401.593)**
Decrease (Increase) in Financial Investments	6	83.815	(5.980)
Adjustments for Decrease (Increase) in Trade Accounts Receivable		118.097	(489.406)
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(1.326)	(7.133)
Decrease (Increase) in Trade Accounts Receivables from Third Parties		119.423	(482.273)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(162.866)	(73.153)
Decrease (Increase) in Other Third Party Receivables Related with Operations		(162.866)	(73.153)
Adjustments for Decrease (Increase) in Inventories	11	(3.101.334)	(156.197)
Decrease (Increase) in Prepaid Expenses		(241.404)	(56.892)
Adjustments for Increase (Decrease) in Trade Accounts Payable		2.859.367	278.114
Increase (Decrease) in Trade Accounts Payables to Related Parties		2.570	(2.339)
Increase (Decrease) in Trade Accounts Payables to Third Parties		2.856.797	280.453
Increase (Decrease) in Employee Benefit Liabilities	19	(8.145)	(26.633)
Adjustments for Increase (Decrease) in Other Operating Payables		1.251	12.935
Increase (Decrease) in Other Operating Payables to Third Parties		1.251	12.935
Other Adjustments for Other Increase (Decrease) in Working Capital		107.610	115.619
Decrease (Increase) in Other Assets Related with Operations		55.391	26.329
Increase (Decrease) in Other Payables Related with Operations		52.219	89.290
Cash Flows from (used in) Operations		**1.452.483**	**1.067.732**
Payments Related with Provisions for Employee Benefits	19	(9.398)	(10.429)
Income Taxes Refund (Paid)	27	(12.039)	4.538

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 JUNE 2021 AND 2020

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

	Footnotes	Reviewed 1 January - 30 June 2021	Reviewed 1 January - 30 June 2020
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(1.277.719)**	**(1.148.744)**
Proceeds from Sales of Shares without Change in Control of Subsidiaries or Other Businesses		458.940	-
Cash Outflows Arising from Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	6	(82.958)	-
Proceeds from Sales of Property, Plant, Equipment and		27.615	298.868
Proceeds from Sales of Property, Plant and Equipment		27.615	298.868
Purchase of Property, Plant, Equipment and Intangible Assets		(555.989)	(375.758)
Purchase of Property, Plant and Equipment	14	(374.351)	(259.310)
Purchase of Intangible Assets	16	(181.638)	(116.448)
Cash Advances and Loans Made to Third Parties		(1.125.327)	(1.071.854)
Cash Advances and Loans Made to Related Parties	8	(1.125.327)	(1.071.854)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(595.801)**	**225.446**
Proceeds from Borrowings		6.200.555	3.746.293
Proceeds from Loans	7	5.535.555	3.746.293
		665.000	-
Repayments of Borrowings		(6.529.299)	(3.322.174)
Loan Repayments	7	(6.529.299)	(3.322.174)
Increase in Other Payables to Related Parties		12.910	8.533
Payments of Lease Liabilities	7	(19.333)	(10.458)
Dividends Paid		(42.788)	-
Interest Paid		(593.905)	(429.652)
Interest Received		376.059	232.904
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(442.474)**	**138.543**
Effect of Exchange Rate Changes on Cash and Cash Equivalents		287.610	53.645
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(154.864)**	**192.188**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	3.172.696	2.283.040
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5**	**3.017.832**	**2.475.228**

(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 Holding.

Vestel Elektronik is registered to Capital Market Board ("CMB") and its shares have been quoted to Borsa Istanbul ("BİST") since 1990. As of 30 June 2021, 35,59 % of the Company's shares are publicly traded (2020: 35,59%).

As of 30 June 2021 the number of personnel employed at Group is 19.753 (31 December 2020: 18.864).

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

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

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

Investments	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 condensed consolidated interim 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 Accounting Standards / Turkish Financial Reporting Standards ("TAS" / "TFRS") and its addendum and interpretations ("IFRIC") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA" or "POA") Turkish Accounting Standards Board.

The Company 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 condensed consolidated interim financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are prepared based on historical costs in TL.

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

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

The Group's condensed consolidated interim financial statements do not include all disclosure and notes that should be included at year-end financial statements. Therefore the condensed interim financial statements should be read together with the year-end financial statements.

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

2.1.1 Statement of compliance (Cont'd)

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 TAS/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.

2.1.2 Currency used

i) <u>Functional and presentation currency</u>

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 condensed consolidated interim financial statements are prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company.

ii) <u>Transactions and balances</u>

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) <u>Translation of financial statements of subsidiaries operating in foreign countries</u>

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:	30 June 2021	31 December 2020
Turkish Lira/EUR	0,0965	0,1110
Turkish Lira/GBP	0,0831	0,1006
Turkish Lira/RUB	8,3738	10,1585
Turkish Lira/PLN	0,4362	0,5025
Turkish Lira/ USD	0,1149	0,1362
Turkish Lira/ KZT	49,2126	57,3723
Turkish Lira/AED	0,4216	0,5000
Turkish Lira/RMB	0,7462	0,8943
Turkish Lira/RON	0,4780	0,5443

Average:	1 January - 30 June 2021	1 January - 30 June 2020
Turkish Lira/EUR	0,1056	0,1404
Turkish Lira/GBP	0,0918	0,1229
Turkish Lira/RUB	9,5104	10,7794
Turkish Lira/PLN	0,4787	0,6191
Turkish Lira/ USD	0,1273	0,1547
Turkish Lira/ KZT	53,9459	59,0884
Turkish Lira/ AED	0,4671	0,5626
Turkish Lira/ CNY	0,8280	1,0946
Turkish Lira/ RON	0,5206	0,6802

2.1.3 Basis of consolidation

The consolidated financial statements include the accounts of the Company, 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.

a) Subsidiaries

The Group has control 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.

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

2.1.3 Basis of consolidation (Cont'd)

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 condensed consolidated statements of comprehensive income and the condensed 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 30 June 2021 and 2020, carrying value of those investment in associates accounted for by equity method is resulted as nil in the consolidated balance sheets.

The Group's voting rights and effective ownership rates in Vestel Savunma and Aydın Yazılım are 35% and 21% respectively (31 December 2020: 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.

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)

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. 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 material 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.

2.4. Amendments in Turkish Financial Reporting Standards

a) Standards issued but not yet effective and not early adopted as at 30 June 2021

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.

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

IASB has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent

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

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

reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on April 7, 2021.

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

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

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

Reference to the Conceptual Framework (Amendments to TFRS 3)

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

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

The 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 IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

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 CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in Turkish 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 IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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

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

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

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

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

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

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

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

The amendments include:

(a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
(b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
(c) Clarifying how lending conditions affect classification; and
(d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

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

Annual Improvements to TFRS Standards 2018–2020

Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have significant impact on its consolidated 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 consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

TFRS 9 Financial Instruments

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

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

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

Amendments are effective on 1 January 2021

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

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

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

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

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

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

The key amendments to IAS 1 include:

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

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

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

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

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

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

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

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

Definition of Accounting Estimates (Amendments to IAS 8)

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

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

Developing an accounting estimate includes both:

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

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

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

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

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes.

The amendments to IAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

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

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

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Group does not expect that application of these amendments to Amendments to IAS 12 will have significant impact on its consolidated financial statements.

2.5 Summary of significant accounting policies

2.5.1 Revenue recognition

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

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

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

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

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

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.

2.5.2 Inventories

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

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

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

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2020 by professional independent valuer approved by CMB and registered in CMB "Real Estate Appraisal Companies", 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.

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

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

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

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

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

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

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

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

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

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The group rents various buildings, warehouses, forklifts and machinery equipment. Rental contracts are generally made for 5 years for machinery and equipment, and for fixed periods for warehouses, usually between 2 and 20 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 Group's incremental borrowing rate.

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

a) Fixed payments, including in-substance fixed payments;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.

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

After initial recognition, the lease liability is measured:

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

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

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

The duration of the contracts, which constitute the lease obligation of the company, varies between 2 - 20 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)

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 TAS 16 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)

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 recognizes its financial assets in three categories: financial assets that are recognized at amortized cost, whose fair value is reflected in profit or loss, and whose fair value is reflected in the other comprehensive income. Classification is made on the basis of the business model determined according to the purpose of benefiting from financial assets and the expected cash flows. The Group classifies its financial assets on the date of purchase.

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

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

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

2.5.5 Financial instruments(Cont'd)

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

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.

Group 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, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

b) Financial liabilities

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

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

c) Derivative financial instruments and hedge accounting

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 which are treated as derivatives held for trading in the financial statements under risk accounting, do not generally qualify for hedge accounting under the specific rules. The fair value changes for these derivatives are recognised in the profit or loss statement.

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

The hedging transactions of the Group that qualify for hedge accounting are accounted regarding to TFRS 9.

Cash flow hedges:

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

(a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):
- (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

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

2.5.6 Foreign currency transactions

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

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.

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

2.5.10 Taxation on income (cont'd)

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.

Transfer pricing

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

Tax exposures

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

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 lassified 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 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)

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

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

- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average 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 TAS 36 "Impairment of Assets", and no impairment indicator is identified.

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

NOTE 3 – INTERESTS IN OTHER ENTITIES

Subsidiaries:

As of 30 June 2021 and 31 December 2020 the Group's significant subsidiaries are as follows:

	30 June 2021		31 December 2020	
Consolidated subsidiaries	**Voting rights**	**Effective ownership**	**Voting rights**	**Effective ownership**
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (*)	85,2	85,2	89,9	89,9
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 19 February 2021 and 4,000,000 shares on 12 April 2021. Following the transaction, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 85.17%.

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.

	30 June 2021	**31 December 2020**
Accumulated non-controlling interests	718.365	358.946
Comprehensive income attributable to non-controlling interests	129.830	90.266

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.

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

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

Condensed balance sheet:

	30 June 2021	31 December 2020
Current assets	8.219.715	5.616.772
Non-current assets	2.782.217	2.613.219
Current liabilities	(6.552.571)	(4.458.675)
Non-current liabilities	(707.634)	(409.551)
Net assets	**3.741.727**	**3.361.765**

Condensed statement of comprehensive income:

	1 January - 30 June 2021	1 January - 30 June 2020
Net sales	7.344.803	3.510.378
Income / (loss) before tax	807.645	348.425
Tax benefit / (expense)	19.601	2.295
Net income / (loss) for the period	827.246	350.720
Total comprehensive income	876.969	339.590

Condensed statement of cash flows:

Operating activities:		
Changes in working capital	(582.789)	(343.736)
Net cash provided by operating activities	**594.943**	**183.004**
Investing activities:		
Net cash used in investing activities	**(872.670)**	**11.089**
Financing activities:		
Proceeds from bank borrowings	851.161	573.242
Repayment of bank borrowings	(1.061.038)	(603.536)
Other payables to related parties	(497.007)	-
Net cash (used in) / provided by financing activities	**112.602**	**(119.216)**
Cash and cash equivalents at the beginning of the period	187.136	82.287
Cash and cash equivalents at the end of the period	22.011	157.164

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

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

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

NOTE 4 - SEGMENT REPORTING

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

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

Industrial segments

	Television and electronic devices	White goods	Total
1 January -30 June 2021			
Revenue	5.805.210	8.409.372	14.214.582
Cost of sales	(4.514.971)	(6.003.243)	(10.518.214)
Gross profit	1.290.239	2.406.129	3.696.368
Depreciation and amortization	203.497	239.740	443.237
1 January -30 June 2020			
Revenue	3.653.861	4.700.738	8.354.599
Cost of sales	(2.771.781)	(3.270.326)	(6.042.107)
Gross profit	882.080	1.430.412	2.312.492
Depreciation and amortization	164.417	175.771	340.188
1 April -30 June 2021			
Revenue	3.191.159	4.822.749	8.013.908
Cost of sales	(2.380.609)	(3.450.710)	(5.831.319)
Gross profit	810.550	1.372.039	2.182.589
Depreciation and amortization	102.803	123.992	226.795

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

NOTE 4 - SEGMENT REPORTING (Cont'd)

	Television and electronic devices	White goods	Total
1 April -30 June 2020			
Revenue	1.933.954	2.489.843	4.423.797
Cost of sales	(1.513.675)	(1.716.841)	(3.230.516)
Gross profit	420.279	773.002	1.193.281
Depreciation and amortization	79.030	114.559	193.589

Capital expenditure

	Television and electronic devices	White goods	Total
1 January -30 June 2021	251.581	304.408	555.989
1 January -30 June 2020	200.782	174.976	375.758

Geographical segments:

Segment revenue	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
Turkey	3.605.969	2.702.051	1.856.044	1.587.015
Europe	9.836.858	5.876.792	5.554.843	3.109.095
Other	1.547.785	510.200	993.695	139.287
Gross segment sales	14.990.612	9.089.043	8.404.582	4.835.397
Discounts (-)	(776.030)	(734.444)	(390.674)	(411.600)
Net sales	**14.214.582**	**8.354.599**	**8.013.908**	**4.423.797**

The amount of export for the period 1 January - 30 June 2021 is TL 11.384.643 thousand (1 January – 30 June 2020: TL 6.386.992 thousand). Export sales are denominated in EUR, USD and other currencies as 66,7%, 27,7%, and 5,6% of total exports respectively. (1 January – 30 June 2020: 63,7% EUR, 27,5 % USD, 8,8 % 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.

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
Cash	1.436	1.278
Bank deposits		
- Demand deposits	*2.921.165*	*2.943.625*
- Time deposits	*16.292*	*156.839*
Cheques and notes	8.476	9.223
Other	70.463	61.731
	3.017.832	**3.172.696**
Blocked deposits	17.343	28.875
Cash and cash equivalents	**3.035.175**	**3.201.571**

Effective interest rates(%)

	30 June 2021	31 December 2020
USD	-	1,0%
EUR	1,0%	0,2%
KZT	8,5%	8,5%
TL	18,0%	18,0%
RUB	0,0%	2,5%

The Group has time deposits amounting to EUR 792 thousand, KZT 65.500 thousand and TL 6.800 thousand. (31 December 2020: USD 7.500 thousand, EUR 5.100 thousand, KZT 107.000 thousand, RUB 3.800 TL and TL 53.650 thousand) As of 30 June 2021 and 31 December 2020 the Group's time deposits have an average maturity of less than 3 months.

NOTE 6 – FINANCIAL ASSETS

		Ownership(%)		Amount	
	Country	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Financial assets available for sale:					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	14.640	22.160
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
Other	Turkey	1%	1%	200	200
				14.851	**22.371**

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

NOTE 6 – FINANCIAL ASSETS (Cont'd)

		Ownership(%)		Amount	
Non-consolidated subsidiaries :	**Country**	**30 June 2021**	**31 December 2020**	**30 June 2021**	**31 December 2020**
Vestel Ventures Ar-ge A.Ş.	Turkey	100	100	56.274	57.081
Vest Batarya Sistemleri A.Ş.(*)	Turkey	100	100	-	50
				56.274	**57.131**

(*)Merged with Vestel Komünikasyon Sanayi ve Ticaret A.Ş. on June 30,2021.

NOTE 7 – FINANCIAL LIABILITIES

	30 June 2021	**31 December 2020**
Short term financial liabilities		
Short term bank loans	6.892.240	2.887.146
Short term portion of long term bank loans	536.589	3.933.163
Short term portion of long term lease liabilities	91.673	107.233
Short term lease liabilities (*)	467.255	53.445
	7.987.757	**6.980.987**
Long term financial liabilities		
Long term bank loans	393.153	1.657.777
Long term lease liabilities	140.818	125.518
Long term lease liabilities (**)	315.380	50.380
	849.351	**1.833.675**

(*)Vestel Elektronik A.Ş. completed the sale of TL 50.066 thousand corporate green bond with floating coupon payments with a maturity of 372 days to domestic qualified investors on July 9, 2020 and TL 400.000 thousand corporate green bond with floating coupon payments with a maturity of 383 days on February 19, 2021.

(**)Vestel Elektronik A.Ş. completed the sale of TL 50.380 thousand corporate green bond with floating coupon payments with a maturity of 728 days to domestic qualified investors on July 9, 2020. Vestel Beyaz Eşya completed the sale of TL 265.000 thousand corporate green bond with floating coupon payments with a maturity of 728 days to domestic qualified investors on June 9, 2021.

(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:

	30 June 2021			31 December 2020		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- USD	3,62%	250.779	2.183.078	3,52%	206.611	1.516.630
- EUR	2,39%	45.720	473.865	2,65%	92.928	837.082
- TL	19,68%	4.235.297	4.235.297	21,21%	533.434	533.434
			6.892.240			**2.887.146**

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

	30 June 2021			31 December 2020		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- USD	4,84%	33.690	293.278	5,22%	103.139	757.091
- EUR	4,36%	17.242	178.703	4,13%	16.955	152.730
- TL	16,79%	64.608	64.608	11,84%	3.023.342	3.023.342
Short term portion			**536.589**			**3.933.163**
- USD	3,80%	24.420	212.583	3,97%	60.368	443.128
- EUR	4,35%	7.287	75.527	3,97%	15.402	138.738
- TL	14,20%	105.043	105.043	12,29%	1.075.911	1.075.911
Long term portion			**393.153**			**1.657.777**
			929.742			**5.590.940**

Total amount of Group's floating bank loans is TL 6.063.707 thousand (31 December 2020: TL 4.728.647 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:

	30 June 2021	31 December 2020
One to two years	371.538	1.628.858
Two to three years	15.454	16.500
Three to four years	6.161	12.419
	393.153	**1.657.777**

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

	30 June 2021	31 December 2020
6 months or less	2.186.875	2.160.025
	2.186.875	**2.160.025**

Guarantees given for the bank loans obtained are presented in note 17.

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 30 June 2021 and 2020, the Group's net financial debt reconciliation is shown below:

	30 June 2021	30 June 2020
Net financial debt as of 1 January	**5.641.966**	**5.527.237**
Cash inflows from loans and issued bonds	6.200.555	3.746.293
Cash outflows from loan payments	(6.529.299)	(3.321.116)
Payments of lease liabilities	(19.333)	(10.458)
Unrealized Fx gain/loss	330.746	222.899
Accrued interest	39.778	287.846
Change in cash and cash equivalents	154.864	(192.188)
Net financial debt at the end of the period	**5.819.276**	**6.260.513**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 8 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 June 2021	31 December 2020
Zorluteks Tekstil Sanayi ve Ticaret A.Ş.	4.318	5.601
Korteks Mensucat Sanayi ve Ticaret A.Ş.	5.043	4.820
Other related parties	7.438	5.052
	16.799	**15.473**

b) Long term trade payables to related parties

	30 June 2021	31 December 2020
Zorlu Holding A.Ş. (2)	768	768
	768	**768**

c) Short term trade payables to related parties

	30 June 2021	31 December 2020
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	284	1.789
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	28.814	24.688
Other related parties	3.120	3.236
	32.218	**29.713**
Unearned interest on payables (-)	(47)	(112)
	32.171	**29.601**

d) Other short term receivables from related parties

	30 June 2021	31 December 2020
Zorlu Holding A.Ş. (2)	-	86.740
Vestel Ventures A.Ş (3)	247.175	191.366
Other related parties	496	445
	247.671	**278.551**

(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)

e) Other long term receivables from related parties

	30 June 2021	31 December 2020
Zorlu Holding A.Ş. (2)	2.882.505	2.424.465
Vestel Savunma Sanayi A.Ş. (3)	2.670.656	2.244.748
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş. (3)	1.564.233	1.291.974
	7.117.394	**5.961.187**

As of 30 June 2021, the annual average effective interest rate of other receivables in USD is 7%, average effective interest rate of other receivables in EUR is 5%,average effective interest rate of other receivables in TL is 20% (31 December 2020: USD 7%, TL 20%).

f) Other payables to related parties

	30 June 2021	31 December 2020
Zorlu Family (2)	82.352	69.442

g) Lease liabilities to related parties

	30 June 2021	31 December 2020
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.(1)	24.165	29.181
Zorlu Yapı Yatırım A.Ş.(1)	3.144	3.796
	27.309	**32.977**

h) Transactions with related parties

	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
Sales				
Vestel Electronica S.R.L. (3)	-	14.177	-	6.459
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. (1)	3.796	1.757	2.868	609
Vestel Electronics Gulf DMCC . (3)	-	21.669	-	9.417
Other related parties	11.852	2.052	10.464	1.012
	15.648	**39.655**	**13.332**	**17.497**

(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)

	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
Operating expenses				
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	1.518	6.108	626	155
Zorlu Holding A.Ş. (2)	41.731	30.636	22.721	14.362
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. (1)	6.868	6.342	3.420	3.076
Zorlu Air Havacılık A.Ş. (1)	3.153	1.699	1.527	670
Other related parties	8.183	3.660	4.082	2.073
	61.453	**48.445**	**32.376**	**20.336**
Financial income				
Zorlu Holding A.Ş. (2)	502.631	387.596	105.908	155.837
Vestel Savunma Sanayi A.Ş. (3)	392.190	209.186	147.111	90.935
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş.	257.212	162.252	89.956	66.857
Other related parties	45.596	199.241	15.018	182.494
	1.197.629	**958.275**	**357.993**	**496.123**
Financial expense				
Zorlu Holding A.Ş. (2)	-	396	-	266
Other related parties	2.206	2.942	1.392	1.522
	2.206	**3.338**	**1.392**	**1.788**
Other income from operating activities				
Other related parties	**1.248**	**12.355**	**537**	**3.465**
Other expense from operating activities				
Other related parties	**14.777**	**14.836**	**4.508**	**3.069**

(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)

Guarantees received from and given to related parties are disclosed in note 17.

i) 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 six months period ended 30 June 2021 is TL 29.997 thousand (1 January - 30 June 2020: TL 19.442 thousand).

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

NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	30 June 2021	31 December 2020
Short term trade receivables		
Trade receivables		
- Related parties (note 8)	16.799	15.473
- Other parties	4.943.262	5.175.695
Cheques and notes receivables	334.665	263.751
Other	195.134	192.746
	5.489.860	5.647.665
Unearned interest expense (-)		
- Other parties	(39.321)	(35.215)
Allowance for doubtful receivables (-)	(159.342)	(199.946)
Total short term trade receivables	**5.291.197**	**5.412.504**
Long term trade receivables		
Cheques and notes receivables	3.119	2.426
Unearned interest expense (-)	(391)	(119)
Total long term trade receivables	**2.728**	**2.307**

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

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

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

	1 January - 30 June 2021	1 January - 30 June 2020
Opening balance, 1 January	**199.946**	**164.923**
Current year additions	2.789	10.591
Provisions no longer required	(46.336)	(3.480)
Currency translation differences	2.943	3.969
Balance at 30 June	**159.342**	**176.003**

	30 June 2021	31 December 2020
Short term trade payables		
Trade payables		
- Related parties (note 8)	32.218	29.713
- Other parties	10.859.314	8.031.657
Notes payables		
Other	5.226	5.181
	10.896.758	8.066.551
Unearned interest income (-)		
- Related parties (note 8)	(47)	(112)
- Other parties	(26.535)	(6.361)
Total short term trade payables	**10.870.176**	**8.060.078**
Long term trade payables		
Trade payables		
- Other parties	111.056	61.787
Total long term trade payables	**111.056**	**61.787**

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

NOTE 10 – OTHER RECEIVABLES

	30 June 2021	31 December 2020
Short term other receivables		
Receivables from official institutions	426.517	267.203
Receivables from related parties (note 8)	247.671	278.551
Deposits and guarantees given	84.443	88.093
Other	93.505	93.758
	852.136	**727.605**
Allowance for doubtful receivables (-)	(89.691)	(89.691)
	762.445	**637.914**
Long term other receivables		
Deposits and guarantees given	14.634	7.323
Receivables from related parties (note 8)	7.117.394	5.961.187
Other	8.482	8.338
	7.140.510	5.976.848
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	7.132.232	**5.968.570**

The Group provides allowance for doubtful receivables.

NOTE 11 – INVENTORIES

	30 June 2021	31 December 2020
Raw materials	3.492.921	2.055.425
Work in process	163.216	151.867
Finished goods	3.097.148	1.835.398
Merchandise	461.944	72.205
Other	6.981	5.981
	7.222.210	4.120.876
Provision for impairment on inventories (-)	(117.117)	(59.407)
	7.105.093	**4.061.469**

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 30 June 2021 is TL 9.049.070 thousand (1 January – 30 June 2020: TL 5.157.275 thousand).

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

NOTE 11 – INVENTORIES (Cont'd)

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

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

	30 June 2021	31 December 2020
Raw materials	22.099	17.579
Finished goods and merchandise	95.018	41.828
	117.117	**59.407**

Movement of provision for impairment on inventories is as follows:

	1 January - 30 June 2021	1 January - 30 June 2020
Opening balance, 1 January	**59.407**	**57.869**
Current year additions	57.826	18.058
Realised due to sale of inventory	(7.190)	(7.055)
Currency translation differences	7.074	5.398
Balance at 30 June	**117.117**	**74.270**

NOTE 12 – PREPAID EXPENSES

	30 June 2021	31 December 2020
Prepaid expenses in current assets		
Order advances given	295.629	105.667
Prepaid expenses	118.305	119.237
Business advances given	2.754	5.182
	416.688	**230.086**
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	116.701	58.930
Prepaid expenses	11.481	14.450
	128.182	**73.380**

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

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2021		31 December 2020	
	%	Amount	%	Amount
Subsidiaries				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	762.260	50%	808.203
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	224.745	19%	115.127
		987.005		**923.330**

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 the independent appraisal report prepared by Ernst & Young Advisory Services as of June 29, 2018, 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.

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

The Group's voting rights and effective ownership rates in Vestel Savunma and Aydın Yazılım are 35% and 21% respectively (31 December 2020: 35%, 21%).

(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 – 30 June is as follows:

	1 January - 30 June 2021	1 January - 30 June 2020
Balance at 1 January	**808.203**	**961.272**
Shares from profit / loss	(56.567)	(112.694)
Shares from other comprehensive income / expense	10.623	37.200
Balance at 30 June	**762.260**	**885.778**

Condensed financial statement informations of META is given below:

	30 June 2021	31 December 2020
Total Assets	4.987.984	4.248.886
Total Liability	(4.798.801)	(3.967.817)
Net assets	**189.183**	**588.373**

	1 January - 30 June 2021	1 January - 30 June 2020
Net sales	346.742	184.667
Income / (loss) before tax	(126.587)	(141.848)
Tax benefit / (expense)	13.454	(83.541)
Net income / (loss) for the period	(113.133)	(225.388)
Total comprehensive income	(91.886)	(150.988)

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

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2021	Additions	Disposals	Currency translation differences	Transfers	30 June 2021
Cost or revaluation						
Land	1.145.890	-	-	4.806	-	1.150.696
Land improvements	135.762	79	-	7.886	17	143.744
Buildings	2.115.662	6.192	(2)	102.143	4.545	2.228.540
Leasehold improvements	168.269	8.674	(4)	963	437	178.339
Plant and machinery	3.646.372	254.304	(32.418)	32.970	27.437	3.928.665
Motor vehicles	7.950	13	(26)	165	9	8.111
Furniture and fixtures	477.480	26.875	(1.514)	4.867	2.212	509.920
Other tangible assets	849	-	-	-	-	849
Construction in progress	38.064	78.214	(4)	-	(34.872)	81.402
	7.736.298	**374.351**	**(33.968)**	**153.800**	**(215)**	**8.230.266**
Accumulated depreciation						
Land improvements	-	3.855	-	1.299	-	5.154
Buildings	2.343	53.582	-	16.103	-	72.028
Leasehold improvements	160.263	7.311	(4)	684	-	168.254
Plant and machinery	2.361.532	214.970	(32.157)	30.651	-	2.574.996
Motor vehicles	6.876	680	(26)	138	-	7.668
Furniture and fixtures	388.638	23.046	(1.423)	4.183	-	414.444
Other tangible assets	849	-	-	-	-	849
	2.920.501	**303.444**	**(33.610)**	**53.058**	**-**	**3.243.393**
Net book value	**4.815.797**					**4.986.873**

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

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

	1 January 2020	Additions	Disposals	Currency translation differences	Transfers	30 June 2020
Cost or revaluation						
Land	635.564	-	(29.941)	(3.077)	-	602.546
Land improvements	132.438	341	(2.773)	4.892	-	134.898
Buildings	1.489.078	5.389	(137.883)	71.968	4.169	1.432.721
Leasehold improvements	156.981	1.155	-	1.962	55	160.153
Plant and machinery	3.168.798	215.080	(101.781)	54.622	36.406	3.373.125
Motor vehicles	7.546	664	(2.106)	1.476	-	7.580
Furniture and fixtures	427.429	13.106	(11.405)	10.525	6.788	446.443
Other tangible assets	849	-	-	-	-	849
Construction in progress	54.295	23.575	(40)	184	(44.537)	33.477
	6.072.978	**259.310**	**(285.929)**	**142.552**	**2.881**	**6.191.792**
Accumulated depreciation						
Land improvements	6.932	491	(955)	7.537	-	14.005
Buildings	60.895	20.104	(45.192)	32.235	-	68.042
Leasehold improvements	144.705	6.808	-	7.772	-	159.285
Plant and machinery	2.053.707	182.731	(20.038)	12.342	-	2.228.742
Motor vehicles	4.841	581	(1.967)	1.378	-	4.833
Furniture and fixtures	348.721	19.500	(9.400)	43.477	1.554	403.852
Other tangible assets	849	-	-	-	-	849
	2.620.650	**230.215**	**(77.552)**	**104.741**	**1.554**	**2.879.608**
Net book value	**3.452.328**					**3.312.184**

(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:

30 June 2021	**Land**	**Land improvements and buildings**
Cost	180.964	628.584
Accumulated depreciation (-)	-	(223.774)
Net book value	**180.964**	**404.810**

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

Additions to property, plant and equipment in the period 1 January – 30 June 2021 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 30 June 2021 the Group does not have property, plant and equipment pledged (2020: None)

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

	Useful life
Land improvements	5 - 35 years
Buildings	25 - 50 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 25 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 - 30 June 2021	1 January - 30 June 2020
Cost of sales	272.118	201.812
Research and development expenses	98.745	83.128
Marketing, selling and distribution expenses	57.987	37.972
General administrative expenses	11.519	14.569
Other operating expense (idle capacity depreciation expense)	2.868	2.707
	443.237	**340.188**

30 June 2021	Level 1	Level 2	Level 3
Tangible assets	-	-	-
Land	-	1.150.696	-
Land improvements and buildings	-	2.295.102	-

31 December 2020	Level 1	Level 2	Level 3
Tangible assets	-	-	-
Land	-	1.145.890	-
Land improvements and buildings	-	2.249.081	-

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

NOTE 15 – RIGHT OF USE ASSETS

	1 January 2021	Additions	Disposal	30 June 2021
Cost				
Land and buildings	251.366	32.857	(5.798)	278.425
Machinery and motor vehicles	96.031	21.180	(2.098)	115.113
	347.397	**54.037**	**(7.896)**	**393.538**
Accumulated amortization				
Land and buildings	96.608	40.341	(1.087)	135.862
Machinery and motor vehicles	51.028	14.986	(1.191)	64.823
	147.636	**55.327**	**(2.278)**	**200.685**
Net book value	**199.761**	**-**	**-**	**192.853**

	1 January 2020	Additions	Disposal	30 June 2020
Cost				
Land and buildings	141.468	59.815	-	201.283
Machinery and motor vehicles	81.587	4.863	-	86.450
	223.055	**64.678**	**-**	**287.733**
Accumulated amortization				
Land and buildings	37.068	24.864	-	61.932
Machinery and motor vehicles	22.211	12.832	-	35.043
	59.279	**37.696**	**-**	**96.975**
Net book value	**163.776**	**-**	**-**	**190.758**

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

NOTE 16 – INTANGIBLE ASSETS

	1 January 2021	Additions	Disposals	Currency translation differences	Transfers	30 June 2021
Cost						
Rights	84.977	73	(101)	1.063	-	86.012
Development cost	1.383.379	171.130	(23.274)	-	-	1.531.235
Other intangible assets	175.417	10.435	(282)	3.741	215	189.526
	1.643.773	**181.638**	**(23.657)**	**4.804**	**215**	**1.806.773**
Accumulated amortization						
Rights	55.933	2.022	(93)	1.041	-	58.903
Development cost	773.431	77.867	(317)	-	-	850.981
Other intangible assets	103.469	4.577	(210)	2.383	-	110.219
	932.833	**84.466**	**(620)**	**3.424**	**-**	**1.020.103**
Net book value	**710.940**					**786.670**

	1 January 2020	Additions	Disposals	Currency translation differences	Transfers	30 June 2020
Cost						
Rights	70.878	30	-	1.083	(2.881)	69.110
Development cost	1.169.884	112.239	(111)	82	-	1.282.094
Other intangible assets	180.684	4.179	(37.507)	20.309	-	167.665
	1.421.446	**116.448**	**(37.618)**	**21.474**	**(2.881)**	**1.518.869**
Accumulated amortization						
Rights	55.099	1.184	-	(1.237)	(1.554)	53.492
Development cost	641.642	66.759	-	-	-	708.401
Other intangible assets	106.977	4.334	(35.033)	20.770	-	97.048
	803.718	**72.277**	**(35.033)**	**19.533**	**(1.554)**	**858.941**
Net book value	**617.728**					**659.928**

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

NOTE 16 – INTANGIBLE ASSETS(Cont'd)

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

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 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 June 2021	31 December 2020
Short term provisions		
Warranty and assembly provision	370.655	315.313
Other provisions	385.603	401.302
Provision for lawsuit risks	39.613	29.195
	795.871	**745.810**
Long term provisions		
Warranty and assembly provision	78.238	72.501
	78.238	**72.501**

With reference to Group management's and legal advisors' assessments, no provision is provided for those cases that are expected to be finalized in favor of the Group. As of 30 June 2021, 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 39.613 thousand (31 December 2020: TL 29.195 thousand).

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

NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

As of 30 June movements of warranty and assembly provisions are as follows:

	1 January - 30 June 2021	1 January - 30 June 2020
Opening balance, 1 January	**387.814**	**308.920**
Current year additions (Note 23)	257.850	192.701
Provisions no longer required	(196.771)	(167.137)
Balance at 30 June	**448.893**	**334.484**

b) Waste Electrical and Electronic Equipment Directive

Legal regulation prepared in conformity with European Union Waste Electrical and Electronic Equipment Directive ("WEEE") has been effective in Turkey since 2012. The Directive set collection, recycling and recovery targets for all types of electrical and electronic goods upon manufacturers. The Group fulfills these obligations.

c) Guarantees received by the Group

Guarantee letters, collaterals, cheques and notes received

	30 June 2021	31 December 2020
Guarantee letters	869.158	645.077
Cheques and notes	1.276.148	1.053.010
Collaterals and pledges	1.505.886	1.425.038
	3.651.192	**3.123.125**

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

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

NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

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

CPM's given by the Group	USD ('000)	EUR ('000)	GBP ('000)	TL	TL Equivalent
30 June 2021					
A. CPM's given on behalf of its own legal entity	4.462	30.991	450	322.996	688.460
B. CPM's given on behalf of fully consolidated subsidiaries (*)	1.888.335	50.866	67	3.518.426	20.484.767
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	32.399	-	-	18.719	300.759
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.	32.399	-	-	18.719	300.759
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	**1.925.196**	**81.857**	**517**	**3.860.141**	**21.473.986**

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

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

NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPM's given by the Group	USD ('000)	EUR ('000)	GBP ('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**

As of 30 June 2021 proportion of other CPM's given by the Group to its equity is 3% (31 December 2020: 4%).

NOTE 18 – COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to 1.049.227 thousand USD (31 December 2020: 1.025.633 thousand USD) due to the export and investment incentive certificates obtained.

As of 30 June 2021 the Group has forward foreign currency purchase contract that amounts to USD 900.939 thousand, EUR 168.279 thousand, GBP 51.960 thousand, PLN 17.237 thousand, RON 3.508 thousand and TL 4.670.572 thousand against forward foreign currency sales contract that amounts to USD 640.771 thousand , EUR 455.391 thousand, GBP 47.853 thousand, RUB 1.316.099 thousand, RON 8.923 thousand, PLN 50.844 thousand, SEK 9.447 thousand, CHF 250.015 and TL 558.531 thousand. (31 December 2020: 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 against forward foreign currency sales contract).

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

NOTE 19 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 June 2021	31 December 2020
Due to personnel	126.801	113.466
Social security payables	110.622	132.102
	237.423	**245.568**

Long term provisions for employee benefits:

	30 June 2021	31 December 2020
Provision for employment termination benefits	**274.130**	**226.307**

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 7.638,96 TL/year as of 30 June 2021 (31 December 2020: 7.117,17 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 19 – 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 30 June 2021, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 30 June 2021 provision is calculated based on real discount rate of 4,44% (31 December 2020: 4,44%) assuming 8,5% annual inflation rate and 12,94% discount rate.

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

	1 January - 30 June 2021	1 January - 30 June 2020
Balance at 1 January	**226.307**	**156.116**
Increase during the year	35.627	5.607
Payments during the year	(9.398)	(10.429)
Actuarial (gain) /loss	6.407	7.904
Interest expense	15.187	9.719
Balance at 30 June	**274.130**	**168.917**

NOTE 20 – OTHER ASSETS AND LIABILITIES

	30 June 2021	31 December 2020
Other current assets		
VAT carried forward	31.063	53.422
Rebates from suppliers and incentives income accurals	19.382	26.961
Other	16.004	39.614
	66.449	**119.997**
Other non - current assets		
Assets held for sale	5.596	9.590
	5.596	**9.590**

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

NOTE 20 – OTHER ASSETS AND LIABILITIES (Cont'd)

	30 June 2021	31 December 2020
Other current liabilities		
Advances received	191.150	164.431
Tax payables	121.441	154.594
Other	446.708	387.165
	759.299	**706.190**

NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 June 2021	31 December 2020
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 30 June 2021 and 31 December 2020 the shareholding structures are as follows:

	Shareholding		Amount	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Zorlu Holding A.Ş.	64,41%	64,41%	216.053	216.053
Shares held by public				
Other shareholders	34,08%	33,49%	114.310	112.360
Zorlu Holding A.Ş.	1,52%	2,10%	5.093	7.043
	100%	**100%**	**335.456**	**335.456**

b) Adjustment to share capital

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

c) Share premium

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

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

NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

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

	30 June 2021	31 December 2020
Legal reserves	**67.091**	**67.091**

e) Revaluation reserve

Fair value gains on financial assets	5.611	11.435
Revaluation of property, plant and equipment	2.429.489	2.514.867
	2.435.100	**2.526.302**

f) Accumulated deficit

Extraordinary reserves	512.541	512.541
Previous year's loss	2.755.710	447.781
Other inflation adjustment of share capital	119.718	119.718
	3.387.969	**1.080.040**

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.

NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

g) Dividend distribution(cont'd)

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.

The Group resolved to propose the distribution of TL 2,360,734 thousand of gross cash dividends in its 2020 statutory financial statements prepared in accordance with the Turkish Commercial Code and Tax Procedure Law, which corresponds to a gross cash dividend of TL 7.0373 (net cash dividend of TL 5.9818) per share to be distributed in 3 equal installments. There is no dividend payments as of 30 June 2021.

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, the Company decided to distribute dividends amounting to TL 800,000 thousand (4,2105 TL gross, 3,5789 TL net for each 1.00 TL nominal value per share) for the period ended 2020. As of 30 June 2021, dividends paid amounted to TL 42,787 thousand.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 22 – SALES

	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
Domestic sales	3.605.969	2.702.051	1.856.044	1.587.015
Overseas sales	11.384.643	6.386.992	6.548.538	3.248.382
Gross sales	**14.990.612**	**9.089.043**	**8.404.582**	**4.835.397**
Sales discounts (-)	(776.030)	(734.444)	(390.674)	(411.600)
Net sales	**14.214.582**	**8.354.599**	**8.013.908**	**4.423.797**
Cost of sales	(10.518.214)	(6.042.107)	(5.831.319)	(3.230.516)
Gross profit	**3.696.368**	**2.312.492**	**2.182.589**	**1.193.281**

NOTE 23 – EXPENSES BY NATURE

	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
Raw materials, supplies and finished goods	10.711.908	4.837.734	5.941.198	2.475.571
Changes in finished goods, work in process, trade goods	(1.662.838)	319.541	(857.753)	281.518
Personnel expenses	1.127.254	701.060	599.615	363.485
Depreciation and amortization	440.369	337.481	225.371	192.206
warehouse expenses	598.580	353.288	366.718	188.674
Warranty and assembly expenses	257.850	192.701	153.777	103.786
Advertising expenses	158.956	96.567	86.208	47.670
Other	843.196	508.442	426.875	220.548
	12.475.275	**7.346.814**	**6.942.009**	**3.873.458**

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

NOTE 24 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
Personnel expenses	113.485	75.444	58.531	35.961
Depreciation and amortization	11.519	14.569	5.536	7.661
Consultancy expenses	37.418	34.359	20.955	12.958
Information technology expenses	27.349	20.884	14.787	10.967
Rent and office expenses	19.457	13.720	9.691	5.847
Tax and duties	9.674	7.174	5.642	3.162
Insurance expenses	10.912	4.864	6.038	2.312
Travelling expenses	3.269	2.562	1.627	838
Benefits and services provided externally	2.865	943	1.340	(49)
Other	41.384	31.596	33.235	15.445
	277.332	**206.115**	**157.382**	**95.102**

b) Marketing expenses:

Export, transportation, warehouse expenses	564.622	332.017	348.566	177.496
Depreciation and amortization	57.987	37.972	30.986	15.816
Warranty and assembly expenses	257.850	192.701	153.777	103.786
Personnel expenses	267.490	176.571	142.477	89.555
Advertising expenses	135.329	86.675	71.627	43.409
Other	196.307	142.328	101.868	52.407
	1.479.585	**968.264**	**849.301**	**482.469**

c) Research and development expenses:

Personnel expenses	48.306	20.459	25.570	9.391
Depreciation and amortization	98.745	83.128	51.780	42.840
Travelling expenses	139	2.000	95	131
Other	52.954	24.741	26.562	13.009
	200.144	**130.328**	**104.007**	**65.371**

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

NOTE 25 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
Credit finance gains arising from trading activities	18.556	27.383	475	4.755
Foreign exchange gains arising from trading activities	1.021.201	382.516	634.537	172.793
Reversals of provisions	5.471	3.449	5.032	1.887
Other income	70.173	138.574	35.026	44.027
	1.115.401	**551.922**	**675.070**	**223.462**

b) Other expense from operating activities:

	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
Debit finance charges arising from trading activities	122.683	27.691	65.282	17.500
Foreign exchange expenses arising from trading activities	1.662.125	979.869	787.403	373.974
Provision expenses	8.895	22.344	3.077	20.005
Other expenses	57.319	73.818	42.577	34.052
	1.851.022	**1.103.722**	**898.339**	**445.531**

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

NOTE 26 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
Foreign exchange gains	1.372.846	908.009	480.255	344.479
Gains on derivative financial instruments	646.105	385.267	163.576	155.531
Interest income	376.059	232.904	193.297	123.369
	2.395.010	**1.526.180**	**837.128**	**623.379**

b) Financial expense:

	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
Foreign exchange losses	728.402	447.175	205.244	180.268
Losses on derivative financial instruments	1.046.951	416.558	389.015	180.817
Interest and commision expense	601.864	431.726	315.184	248.565
Other finance expenses	9.988	2.308	8.509	452
	2.387.205	**1.297.767**	**917.952**	**610.102**

NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 June 2021	31 December 2020
Corporation and income taxes	15.225	43.066
Prepaid taxes (-)	(3.682)	(34.709)
Current income tax liabilities - net	**11.543**	**8.357**
Deferred tax liabilities	(333.999)	(333.362)
Deferred tax assets	375.215	321.146
	41.216	**(12.216)**

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.

NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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

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

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and 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.

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

In accordance with the regulation numbered 31462, published in Official Gazette on 22 April 2021, corporate tax rate for the year 2021 has set for 25%, 2022 for 23%. This change will be effective for corporate tax calculation for the periods starting from 1 July 2021,Therefore, deferred tax assets and liabilities as of 30 June 2021 are calculated with 25% tax rate for the temporary differences which will be realized in 2021, and with 20% for those which will be realized after 2023 and onwards.

Russian Federation

In Russia, corporate tax rate applicable is 20% (2020: 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 company's operations and activities, can be interpreted by regional and federal authorities in different ways.

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

NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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.

As of 1 January - 30 June 2021 and 2020 tax benefit in the consolidated statement of income is as follows:

	1 January - 30 June 2021	**1 January - 30 June 2020**
Current period tax expense	(22.275)	(4.356)
Deferred tax benefit	76.801	64.390
Total tax (expense) / benefit	**54.526**	**60.034**

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 30 June 2021, the Group has not recognized deferred tax assets arising from its investment incentive certificate, in accordance with conservatism principle of accounting.

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

NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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

	Cumulative temporary differences		Deferred tax	
	30 June 2021	**31 December 2020**	**30 June 2021**	**31 December 2020**
Deferred tax assets				
Employment termination benefits	(274.130)	(226.307)	53.953	45.261
Warranty provision	(106.897)	(89.295)	26.724	17.859
Provision for doubtful receivables	(159.342)	(199.946)	39.835	39.989
Net difference between book values and tax bases of tangible and intangible assets	(119.535)	(38.085)	23.907	7.617
Provision for impairment on inventories	(117.117)	(59.407)	29.279	11.882
Derivative financial instruments	(74.505)	(303.178)	18.626	60.636
R&D incentives	(317.745)	(317.745)	63.549	63.549
Other	(477.368)	(371.765)	119.342	74.353
			375.215	**321.146**
Deferred tax liabilites				
Derivative financial instruments	69.792	111.789	(17.448)	(22.358)
Revaluation of tangible fixed assets	2.836.513	2.806.830	(283.651)	(280.683)
Other	131.599	151.605	(32.900)	(30.321)
			(333.999)	**(333.362)**
Deferred tax assets / (liabilites) - net			**41.216**	**(12.216)**

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

NOTE 27 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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

	1 January - 30 June 2021	**1 January - 30 June 2020**
Opening balance, 1 January	**(12.216)**	**(3.091)**
Tax benefit recognized in income statement	76.801	64.390
Recognized in shareholders' equity	(19.961)	240
Currency translation differences	(3.408)	7.220
Deferred tax (liabilities) / assets at the end of the period, net	**41.216**	**68.759**

NOTE 28 – EARNINGS / (LOSS) PER SHARE

	1 January - 30 June 2021	**1 January - 30 June 2020**
Net income / (loss) attributable to equity holders of the parent	913.381	600.091
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.546.000	33.546.000
Earnings per share	**2,72**	**1,79**

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

NOTE 29 – DERIVATIVE INSTRUMENTS

	30 June 2021		31 December 2020	
	Contract amount	**Fair Value Assets / (Liabilities)**	**Contract amount**	**Fair Value Assets / (Liabilities)**
<u>Derivative financial assets:</u>				
Held for trading				
Forward foreign currency transactions	6.447.010	21.690	4.762.883	105.345
Cash flow hedge				
Forward foreign currency transactions	2.609.958	48.102	479.576	6.444
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	4.500.453	(66.083)	2.960.271	(135.768)
Cash flow hedge				
Forward foreign currency transactions	1.182.060	(8.422)	4.039.615	(167.410)
	14.739.481	**(4.713)**	**12.242.345**	**(191.389)**

NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

30 June 2021	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	155.491	299.030	-	4.452.877
2a. Monetary financial assets (including cash and cash equivalents)	22.403	8.524	2.382.099	2.665.469
2b. Non-monetary financial assets	-	-	-	-
3. Other	27.116	758	-	243.906
4. Current assets (1+2+3)	**205.010**	**308.312**	**2.382.099**	**7.362.252**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	4.182	4.473	-	82.766
7. Other	643.036	51	-	5.598.286
8. Non-current assets (5+6+7)	**647.218**	**4.524**	**-**	**5.681.052**
9. Total assets (4+8)	**852.228**	**312.836**	**2.382.099**	**13.043.304**
10. Trade payables	898.919	168.288	26.424	9.595.915
11. Financial liabilities	284.469	62.962	-	3.128.924
12a. Other monetary liabilities	15.852	1.523	-	153.780
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**1.199.240**	**232.773**	**26.424**	**12.878.619**
14. Trade payables	-	10.715	-	111.056
15. Financial liabilities	24.420	7.287	-	288.110
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**24.420**	**18.002**	**-**	**399.166**
18. Total liabilities (13+17)	**1.223.660**	**250.774**	**26.424**	**13.277.785**
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	**260.168**	**(287.112)**	**(3.853.360)**	**(4.564.318)**
19a. Hedged total assets	900.939	168.279	306.918	9.893.900
19b. Hedged total liabilities	(640.771)	(455.391)	(4.160.278)	(14.458.218)
20. Net foreign currency asset/ (liability) position (9-18+19)	**(111.264)**	**(225.050)**	**(1.497.685)**	**(4.798.799)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(375.614)**	**57.588**	**2.355.675**	**(317.247)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**(4.713)**
23. Export	376.864	754.307	607.038	11.384.643
24. Import	780.752	136.338	4.494	7.462.021

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 30 – 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+5+6a-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 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 30 June 2021 and 31 December 2020 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain / Loss		Equity	
30 June 2021	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(326.979)	326.979	(326.979)	326.979
Secured portion from USD risk (-)	(29.373)	29.373	(20.551)	20.551
USD net effect	**(356.352)**	**356.352**	**(347.530)**	**347.530**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	59.687	(59.687)	59.687	(59.687)
Secured portion from EUR risk (-)	(93.813)	93.813	(140.097)	140.097
EUR net effect	**(34.126)**	**34.126**	**(80.410)**	**80.410**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	235.568	(235.568)	235.568	(235.568)
risk (-)	(286.672)	286.672	(236.576)	236.576
Other currency net effect	**(51.104)**	**51.104**	**(1.008)**	**1.008**

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

NOTE 30 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
31 December 2020	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(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**

NOTE 31 – SUBSEQUENT EVENTS

None.