VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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

(ORIGINALLY ISSUED IN TURKISH)

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

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

	Footnotes	30 September 2021	Audited 31 December 2020
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	2.364.704	3.201.571
Trade Receivables		4.637.952	5.412.504
Trade Receivables Due from Related Parties	8	13.988	15.473
Trade Receivables Due from Third Parties	9	4.623.964	5.397.031
Other Receivables		708.983	637.914
Other Receivables Due from Related Parties	8	258.826	278.551
Other Receivables Due from Third Parties	10	450.157	359.363
Derivative Financial Assets		144.031	111.789
Derivative Financial Assets Held for Trading	29	50.894	105.345
Derivative Financial Assets Held for Hedging	29	93.137	6.444
Inventories	11	7.821.904	4.061.469
Prepaid Expenses	12	324.311	230.086
Current Tax Assets		9.518	2.197
Other Current Assets	20	98.239	119.997
TOTAL CURRENT ASSETS		**16.109.642**	**13.777.527**

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

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

	Footnotes	30 September 2021	Audited 31 December 2020
NON-CURRENT ASSETS			
Financial Investments	6	71.785	79.502
Investments in subsidiaries, joint ventures and associates	13	1.096.705	923.330
Trade Receivables		1.247	2.307
Trade Recevables Due From Related Parties	8	768	768
Trade Receivables Due from Third Parties	9	479	1.539
Other Receivables		7.428.137	5.968.570
Other Receivables Due from Related Parties	8	7.409.914	5.961.187
Other Receivables Due from Third Parties	10	18.223	7.383
Property, Plant and Equipments		5.120.894	4.815.797
Land	14	1.151.010	1.145.890
Land Improvements	14	137.202	135.762
Buildings	14	2.142.243	2.113.319
Machinery and Equipments	14	1.525.048	1.284.840
Vehicles	14	130	1.074
Furniture and Fixtures	14	102.906	88.842
Leasehold Improvements	14	9.439	8.006
Construction in Progress	14	52.916	38.064
Right of Use Assets	15	193.780	199.761
Intangible Assets and Goodwill		1.032.309	907.508
Goodwill		196.568	196.568
Other Rights	16	26.226	29.044
Capitalized Development Costs	16	726.242	609.948
Other Intangible Assets	16	83.273	71.948
Prepaid Expenses	12	160.775	73.380
Deferred Tax Asset	27	320.271	321.146
Other Non-current Assets	20	4.398	9.590
TOTAL NON-CURRENT ASSETS		**15.430.301**	**13.300.891**
TOTAL ASSETS		**31.539.943**	**27.078.418**

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

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

	Footnotes	30 September 2021	Audited 31 December 2020
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		9.253.453	3.047.824
Current Borrowings from Related Parties		11.081	12.644
Lease Liabilities	7,8	11.081	12.644
Current Borrowings from Third Parties		9.242.372	3.035.180
Bank Loans	7	8.524.495	2.887.146
Lease Liabilities	7	80.337	94.589
Issued debt instruments	7	637.540	53.445
Current Portion of Non-current Borrowings		54.959	3.933.163
Current Portion of Non-current Borrowings from Third Parties		54.959	3.933.163
Bank Loans	7	54.959	3.933.163
Trade Payables		10.370.401	8.060.078
Trade Payables to Related Parties	8	32.929	29.601
Trade Payables to Third Parties	9	10.337.472	8.030.477
Payables Related to Employee Benefits	19	218.743	245.568
Other Payables		153.894	71.923
Other Payables to Related Parties	8	83.659	69.442
Other Payables to Third Parties		70.235	2.481
Derivative Financial Liabilities		48.645	303.178
Derivative Financial Liabilities Held for Trading	29	45.418	135.768
Derivative Financial Liabilities Held for Hedging	29	3.227	167.410
Current Tax Liabilities	27	1.501	10.554
Current Provisions	17	830.568	745.810
Other Current Liabilities	20	1.157.614	706.190
TOTAL CURRENT LIABILITIES		**22.089.778**	**17.124.288**

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

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

	Footnotes	30 September 2021	Audited 31 December 2020
NON-CURRENT LIABILITIES			
Long Term Borrowings		449.711	1.833.675
Long Term Borrowings from Related Parties		13.663	20.333
Lease Liabilities	7,8	13.663	20.333
Long Term Borrowings from Third Parties		436.048	1.813.342
Bank Loans	7	49.902	1.657.777
Lease Liabilities	7	121.146	105.185
Issued debt instruments	7	265.000	50.380
Trade Payables		110.510	61.787
Trade Payables to Third Parties	9	110.510	61.787
Non-current Provisions		365.840	298.808
Non-current Provisions for Employee Benefits	19	285.387	226.307
Other Non-current Provisions	17	80.453	72.501
Deferred Tax Liabilities	27	346.156	333.362
Other Non-current Liabilities		65	964
Other Non-current Liabilities to Third Parties		65	964
TOTAL NON-CURRENT LIABILITIES		**1.272.282**	**2.528.596**
TOTAL LIABILITIES		**23.362.060**	**19.652.884**

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

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

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

	Footnotes	30 September 2021	Audited 31 December 2020
EQUITY			
Equity Attributable to Owners of Parent		**7.350.975**	**7.071.747**
Paid-in Capital	21	335.456	335.456
Inflation Adjustments on Capital		688.315	688.315
Share Premium (Discount)		13.528	98.019
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		2.310.754	2.449.676
Gains (Losses) on Revaluation and Remeasurement		2.310.754	2.449.676
Increases (Decreases) on Revaluation of Property, Plant and Equipment	21	2.384.151	2.514.867
Gains (Losses) on Remeasurements of Defined Benefit Plans		(73.397)	(65.191)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		683.491	580.551
Exchange Differences on Translation		644.183	612.892
Gains (Losses) on Hedge		34.702	(43.776)
Gains (Losses) on Cash Flow Hedges		34.702	(43.776)
Gains (Losses) on Revaluation and Reclassification		4.606	11.435
Gains (Losses) on Remeasuring and/or Reclassification of Available-for-sale Financial Assets	21	4.606	11.435
Restricted Reserves Appropriated from Profits		301.488	67.091
Legal Reserves	21	301.488	67.091
Prior Years' Profits or Losses	21	1.957.732	1.080.040
Current Period Net Profit Or Loss		1.060.211	1.772.599
Non-controlling Interests		**826.908**	**353.787**
TOTAL EQUITY		**8.177.883**	**7.425.534**
TOTAL LIABILITIES AND EQUITY		**31.539.943**	**27.078.418**

Consolidated financial statements for the period 1 January - 30 September 2021 were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 28 October 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 SEPTEMBER 2021 AND 2020

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

	Footnotes	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
PROFIT OR LOSS					
Revenue	22	21.758.573	13.908.029	7.543.991	5.553.430
Cost of Sales	22	(16.511.433)	(9.927.167)	(5.993.219)	(3.885.060)
GROSS PROFIT (LOSS)		**5.247.140**	**3.980.862**	**1.550.772**	**1.668.370**
General Administrative Expenses	24	(424.027)	(318.584)	(146.695)	(112.469)
Marketing Expenses	24	(2.321.698)	(1.599.250)	(842.113)	(630.986)
Research and Development Expense	24	(298.756)	(207.871)	(98.612)	(77.543)
Other Income from Operating Activities	25	1.426.140	1.176.709	310.739	624.787
Other Expenses from Operating Activities	25	(2.355.812)	(2.297.557)	(504.790)	(1.193.835)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**1.272.987**	**734.309**	**269.301**	**278.324**
Share of Profit (Loss) from Equity Method Accounted Investments	13	(83.795)	(169.984)	(53.888)	(51.690)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**1.189.192**	**564.325**	**215.413**	**226.634**
Finance Income	26	3.202.118	2.773.639	807.108	1.247.459
Finance Costs	26	(3.136.155)	(2.324.385)	(748.950)	(1.026.618)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**1.255.155**	**1.013.579**	**273.571**	**447.475**
Tax (Expense) Income, Continuing		(1.474)	11.912	(56.000)	(48.122)
Current Period Tax (Expense) Income	27	(12.208)	(36.532)	10.067	(32.176)
Deferred Tax (Expense) Income	27	10.734	48.444	(66.067)	(15.946)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**1.253.681**	**1.025.491**	**217.571**	**399.353**
PROFIT (LOSS) FOR THE PERIOD		**1.253.681**	**1.025.491**	**217.571**	**399.353**
Profit (loss), attributable to					
Non-controlling Interests		193.470	52.886	70.741	26.839
Owners of Parent		1.060.211	972.605	146.830	372.514
Earnings per 100 share with a Kr 1 of Par Value (TL)	**28**	**3,16**	**2,90**	**0,44**	**1,11**

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 SEPTEMBER 2021 AND 2020

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

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	**(10.836)**	**(12.342)**	**(5.710)**	**(6.019)**
Gains (Losses) on Remeasurements of Defined Benefit Plans	(13.545)	(15.427)	(7.138)	(7.523)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	2.709	3.085	1.428	1.504
Taxes Relating to Remeasurements of Defined Benefit Plans	2.709	3.085	1.428	1.504
Other Comprehensive Income that will be Reclassified to Profit or Loss	**109.759**	**219.890**	**23.392**	**121.877**
Exchange Differences on Translation	31.291	228.216	7.913	134.957
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets	(8.860)	7.600	(1.340)	4.240
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	116.868	(18.274)	25.117	(21.009)
Gains (Losses) on Cash Flow Hedges	116.868	(18.274)	25.117	(21.009)
Taxes Relating to Components of Other Comprehensive Income	**(29.540)**	**2.348**	**(8.298)**	**3.689**
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets	2.031	(1.672)	335	(933)
Taxes Relating to Cash Flow Hedges	(31.571)	4.020	(8.633)	4.622
OTHER COMPREHENSIVE INCOME (LOSS)	**98.923**	**207.548**	**17.682**	**115.858**
TOTAL COMPREHENSIVE INCOME (LOSS)	**1.352.604**	**1.233.039**	**235.253**	**515.211**
Total Comprehensive Income Attributable to				
Non-controlling Interests	201.555	52.862	71.725	27.645
Owners of Parent	1.151.049	1.180.177	163.528	487.566

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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

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

	Foot	Issued Capital	Inflation Adjustments on Capital	Share Premium or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasure-ments of Defined Benefit Plans	Gains (Losses) Revaluations and Remeasurements	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss	Exchange Differences on Translation	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasur-ing and/or Reclassification of 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 attribut-able to owners of parent	Non-controll-ing interests	Equity
Previous Period																					
1 January -30 September 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		-	-	-	(54.771)	-	(54.771)	(54.771)	-	-	-	-	-	-	(88)	378.906	(324.047)	54.859	-	-	-
Total Comprehensive Income (Loss)		-	-	-	-	(12.342)	(12.342)	(12.342)	228.216	(14.285)	(14.285)	5.928	5.928	219.859	-	-	972.605	972.605	1.180.122	52.917	1.233.039
Profit (Loss)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	972.605	972.605	972.605	52.886	1.025.491
Other Comprehensive Income (Loss)		-	-	-	-	(12.342)	(12.342)	(12.342)	228.216	(14.285)	(14.285)	5.928	5.928	219.859	-	-	-	-	207.517	31	207.548
Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9.618)	(9.618)
Transactions with non-controlling shareholders		-	-	(2.890)	(9.922)	598	(9.324)	(9.324)	-	31	31	-	-	31	-	76.710	-	76.710	64.527	46.309	110.836
End of Period		**335.456**	**688.315**	**100.886**	**1.245.581**	**(46.743)**	**1.198.838**	**1.198.838**	**635.148**	**(18.916)**	**(18.916)**	**10.249**	**10.249**	**626.481**	**67.091**	**945.633**	**972.605**	**1.918.238**	**4.935.305**	**178.863**	**5.114.168**
1 January -30 September 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		-	-	-	(64.720)	-	(64.720)	(64.720)	-	-	-	-	-	-	234.397	1.602.922	(1.772.599)	(169.677)	-	-	-
Total Comprehensive Income (Loss)		-	-	-	-	(10.836)	(10.836)	(10.836)	31.291	85.297	85.297	(6.829)	(6.829)	109.759	-	-	1.060.211	1.060.211	1.159.134	193.470	1.352.604
Profit (Loss)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.060.211	1.060.211	1.060.211	193.470	1.253.681
Other Comprehensive Income (Loss)		-	-	-	-	(10.836)	(10.836)	(10.836)	31.291	85.297	85.297	(6.829)	(6.829)	109.759	-	-	-	-	98.923	-	98.923
Dividends Paid		-	-	(76.455)	-	-	-	-	-	-	-	-	-	-	-	(1.379.722)	-	(1.379.722)	(1.456.177)	-	(1.456.177)
Transactions with non-controlling interest		-	-	(8.036)	(65.996)	2.630	(63.366)	(63.366)	-	(6.819)	(6.819)	-	-	(6.819)	-	654.492	-	654.492	576.271	279.651	855.922
Closing Balance		**335.456**	**688.315**	**13.528**	**2.384.151**	**(73.397)**	**2.310.754**	**2.310.754**	**644.183**	**34.702**	**34.702**	**4.606**	**4.606**	**683.491**	**301.488**	**1.957.732**	**1.060.211**	**3.017.943**	**7.350.975**	**826.908**	**8.177.883**

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

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

	Footnotes	1 January - 30 September 2021	1 January - 30 September 2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**2.057.160**	**2.289.372**
Profit (Loss) for the Period		1.253.681	1.025.491
Profit (Loss) from Continuing Operations		1.253.681	1.025.491
Adjustments to Reconcile Profit (Loss)		**1.308.214**	**1.809.727**
Adjustments for Depreciation and Amortisation Expense	14	679.086	555.715
Adjustments for Impairment Loss (Reversal of Impairment Loss)		60.112	13.253
Adjustments for Impairement Loss (Reversal of Impairment Loss) of Receivables	9	6.669	13.847
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	11	53.443	(594)
Adjustments for Provisions		156.966	227.300
Adjustments for (Reversal of) Provisions Related with Employee Benefits	19	64.256	20.472
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	17	11.832	6.763
Adjustments for (Reversal of) Warranty Provisions	17	48.876	72.828
Adjustments for (Reversal of) Other Provisions	17	32.002	127.237
Adjustments for Interest (Income) Expenses		359.071	275.837
Adjustments for Interest Income	26	(579.478)	(376.916)
Adjustments for Interest Expense	26	938.549	652.753
Adjustments for Unrealised Foreign Exchange Losses		121.584	464.534
Adjustments for Fair Value Gains		(169.907)	109.212
Adjustments for Fair Value Gains on Derivative Financial Instruments		(169.907)	109.212
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		83.795	169.984
Adjustments for Tax (Income) Expenses	27	1.474	(11.912)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(8.383)	(54.744)
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets		(8.383)	(54.744)
Other Adjustments to Reconcile Profit (Loss)	5	24.416	60.548

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

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

	Footnotes	1 January - 30 September 2021	1 January - 30 September 2020
Changes in Working Capital		**(457.045)**	**(531.968)**
Decrease (Increase) in Financial Investments	6	7.717	(7.252)
Adjustments for Decrease (Increase) in Trade Accounts Receivable		768.943	(928.907)
Decrease (Increase) in Trade Accounts Receivables from Related Parties	8	1.485	(4.035)
Decrease (Increase) in Trade Accounts Receivables from Third Parties		767.458	(924.872)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(101.634)	(46.441)
Decrease (Increase) in Other Third Party Receivables Related with Operations	10	(101.634)	(46.441)
Adjustments for Decrease (Increase) in Inventories	11	(3.820.581)	(1.036.929)
Decrease (Increase) in Prepaid Expenses		(181.620)	(199.811)
Adjustments for Increase (Decrease) in Trade Accounts Payable		2.359.046	1.463.859
Increase (Decrease) in Trade Accounts Payables to Related Parties	8	3.328	9.182
Increase (Decrease) in Trade Accounts Payables to Third Parties		2.355.718	1.454.677
Increase (Decrease) in Employee Benefit Liabilities	19	(26.825)	(8.389)
Adjustments for Increase (Decrease) in Other Operating Payables		67.754	9.261
Increase (Decrease) in Other Operating Payables to Third Parties		67.754	9.261
Other Adjustments for Other Increase (Decrease) in Working Capital		470.155	222.641
Decrease (Increase) in Other Assets Related with Operations		19.630	26.500
Increase (Decrease) in Other Payables Related with Operations		450.525	196.141
Cash Flows from (used in) Operations		**2.104.850**	**2.303.250**
Payments Related with Provisions for Employee Benefits	19	(18.721)	(15.029)
Income Taxes (Paid)	27	(28.969)	1.151

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

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

	Footnotes	1 January - 30 September 2021	1 January - 30 September 2020
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(1.893.228)**	**(2.201.521)**
Proceeds from sales of Shares Without Change in Control of Subsidiaries or Other Businesses		689.917	117.377
Cash Outflows Arising from Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	13	(246.718)	(2.966)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		42.460	244.499
Proceeds from Sales of Property, Plant and Equipment		42.460	244.499
Purchase of Property, Plant, Equipment and Intangible Assets		(949.885)	(637.917)
Purchase of Property, Plant and Equipment	14	(667.490)	(454.920)
Purchase of Intangible Assets	16	(282.395)	(182.997)
Cash Advances and Loans Made to Other Parties		(1.429.002)	(1.922.514)
Cash Advances and Loans Made to Related Parties	8	(1.429.002)	(1.922.514)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(1.226.970)**	**371.935**
Proceeds from Borrowings	7	8.025.005	9.330.355
Proceeds from Loans		7.195.005	9.330.355
Proceeds from issued bonds		830.000	-
Repayments of Borrowings	7	(7.372.631)	(8.634.221)
Loan Repayments		(7.322.565)	(8.634.221)
Issued bonds repayments		(50.066)	-
Increase in Other Payables to Related Parties		14.217	17.670
Payments of Lease Liabilities		(121.820)	(81.335)
Dividends Paid	21	(1.456.177)	(9.618)
Interest Paid		(895.042)	(627.832)
Interest Received		579.478	376.916
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(1.063.038)**	**459.786**
Effect of Exchange Rate Changes on Cash and Cash Equivalents		250.587	151.628
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(812.451)**	**611.414**
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		**2.360.245**	**2.894.454**

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

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

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

The ultimate controller of the Company is Zorlu Family.

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

As of 30 September 2021 the number of personnel employed at Group is 18.911 (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	Production
Vestel Ticaret A.Ş.	Turkey	Sales
Vestel CIS Ltd.	Russia	Sales
Vestel Electronica SRL	Romania	Sales
Vestel Iberia SL	Spain	Sales
Vestel France SA	France	Sales
Vestel Holland BV	Holland	Sales
Vestel Germany 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 accounted for using equity method	Country	Nature of operations
Vestel Savunma Sanayi A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş	Turkey	Mining
Türkiye’nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş	Turkey	Automotive

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

The accompanying 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”) 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 September 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 TASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

2.1.2 Currency used

i) Functional and presentation currency

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

ii) Transactions and balances

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

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

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

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

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

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

2.1.2 Currency used (Cont'd)

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

Period End:	30 September 2021	31 December 2020
Turkish Lira/EUR	0,0970	0,1110
Turkish Lira/GBP	0,0838	0,1006
Turkish Lira/RUB	8,2734	10,1585
Turkish Lira/PLN	0,4486	0,5025
Turkish Lira/ USD	0,1131	0,1362
Turkish Lira/ KZT	48,0769	57,3723
Turkish Lira/AED	0,4150	0,5000
Turkish Lira/RMB	0,7353	0,8943
Turkish Lira/RON	0,4825	0,5443

Average:	1 January - 30 September 2021	1 January - 30 September 2020
Turkish Lira/EUR	0,1035	0,1323
Turkish Lira/GBP	0,0895	0,1174
Turkish Lira/RUB	9,2145	10,6058
Turkish Lira/PLN	0,4701	0,5847
Turkish Lira/ USD	0,1238	0,1490
Turkish Lira/ KZT	52,5637	60,9772
Turkish Lira/ AED	0,4544	0,5452
Turkish Lira/ CNY	0,8056	1,0476
Turkish Lira/ RON	0,5113	0,6425

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.

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.

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

2.1.3 Basis of consolidation (Cont'd)

a) Subsidiaries(Cont'd)

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 interim statements of comprehensive income and the condensed consolidated interim 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. According to equity method, after purchasing the associates, net profit / (loss) for the period is included in the 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 September 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 and other comprehensive income.

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

2.2 Comparatives

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

2.3 Restatement and errors in the accounting estimates

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

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

2.4. Amendments in Turkish Financial Reporting Standards

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

International Standard Board (IASB) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on June 5, 2020.

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.

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

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

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

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.

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

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. 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. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

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. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

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.

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

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

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

The amendments include:

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

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

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

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.

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.

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.

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.

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

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.

2.5.3 Property, plant and equipment (Cont'd)

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
d) The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;

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

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

2.5.3 Property, plant and equipment (Cont'd)

Leases (Cont'd)

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 10 years.

Lease Liability

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

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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 1 - 10 years.

The Group – as a lessor

The Group's activities as a lessor are not material

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

2.5.3 Property, plant and equipment (Cont'd)

Right of use assets:

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

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

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

2.5.4 Intangible assets (Cont’d)

c) Goodwill

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

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

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

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

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

2.5.5 Financial instruments

a) Financial assets

The Group classifies its financial assets into the following specified categories: financial assets as at fair value through profit or loss, loans and receivables and available for sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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

2.5.5 Financial instruments (Cont'd)

Financial assets carried at amortized cost

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

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

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

Financial assets carried at fair value

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

Impairment of financial assets

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

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

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

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

2.5.5 Financial instruments (Cont'd)

c) Derivative financial instruments and hedge accounting

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

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

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

Cash flow hedges:

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

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

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

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

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

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

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

2.5.6 Foreign currency transactions

Transactions in foreign currencies during the period are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are translated to 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.

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. 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.

2.5.7 Provisions, contingent assets and liabilities

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

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

2.5.8 Warranty and assembly expenses provision

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

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

2.5.9 Related parties

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

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

2.5.10 Taxation on income

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

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

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

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

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

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

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

2.5.11 Employee benefits

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

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

2.5.12 Government grants

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

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

2.5.13 Earnings per share

Earnings per share disclosed in the condensed consolidated interim 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 original 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.

2.5.18 Going Concern

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

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

2.6. Critical accounting estimates and judgments

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

i. Revaluation of land, buildings and land improvements:

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2020 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Note 14).

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 September 2021 and 31 December 2020 the Group's major subsidiaries are as follows:

	30 September 2021		**31 December 2020**	
Consolidated subsidiaries	**Voting rights**	**Effective ownership**	**Voting rights**	**Effective ownership**
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (*)	82,53	82,53	89,90	89,90
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100	100	100	100
Vestel Ticaret A.Ş.	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Iberia SL	100	100	100	100
Vestel France SA	100	100	100	100
Vestel Holland BV (**)	100	100	100	100
Vestel Germany GmbH	100	100	100	100
Cabot Communications Ltd.	90,80	90,80	90,80	90,80
Vestel UK Ltd. (****)	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99,90	99,90	99,90	99,90
Vestel Central Asia LLP	100	100	100	100
Vestel Poland sp. z.o.o.	100	100	100	100
Vestel 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, 4,000,000 shares on 12 April 2021 and 5.000.000 shares on 2 September 2021. Following the transaction, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 82.53%.

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

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

(****)Vestel UK Limited, which is based in the UK and wholly-owned by Vestel Ticaret AŞ, transferred all its assets, liabilities and operations to Vestel Holland B.V. UK Branch Office, which is established in the UK by Vestel Holland B.V., another wholly-owned subsidiary of Vestel Ticaret. The transfer took place as of October 1, 2021.

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

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

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

	30 September 2021	**31 December 2020**
Accumulated non-controlling interests	840.152	358.946
Comprehensive income attributable to non-controlling interests	201.555	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.

Condensed balance sheet:

	30 September 2021	**31 December 2020**
Current assets	7.788.153	5.616.772
Non-current assets	2.883.235	2.613.219
Current liabilities	(6.287.804)	(4.458.675)
Non-current liabilities	(668.431)	(409.551)
Net assets	**3.715.153**	**3.361.765**

Condensed statement of comprehensive income:

	1 January - 30 September 2021	**1 January - 30 September 2020**
Net sales	11.268.255	6.043.224
Income / (loss) before tax	1.087.928	703.948
Tax benefit / (expense)	17.342	5.985
Net income / (loss) for the period	1.105.270	709.933
Total comprehensive income	1.153.388	686.531

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

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

Condensed statement of cash flows:

Operating activities:		
Changes in working capital	(1.002.869)	(608.177)
Net cash provided by operating activities	**625.552**	**406.834**
Investing activities:		
Net cash used in investing activities	**(445.747)**	**(680.257)**
Financing activities:		
Proceeds from bank borrowings	1.795.552	1.569.984
Repayment of bank borrowings	(1.978.474)	(1.321.531)
Other payables to related parties	800.000	128.766
Net cash (used in) / provided by financing activities	**(237.590)**	**209.795**
Cash and cash equivalents at the beginning of the period	187.136	82.287
Cash and cash equivalents at the end of the period	114.426	9.291

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 September 2021			
Revenue	8.622.091	13.136.482	21.758.573
Cost of sales	(7.050.491)	(9.460.942)	(16.511.433)
Gross profit	**1.571.600**	**3.675.540**	**5.247.140**
Depreciation and amortization	312.222	366.864	679.086
1 January -30 September 2020			
Revenue	5.902.649	8.005.380	13.908.029
Cost of sales	(4.506.939)	(5.420.228)	(9.927.167)
Gross profit	**1.395.710**	**2.585.152**	**3.980.862**
Depreciation and amortization	294.080	261.635	555.715
1 July-30 September 2021			
Revenue	2.816.881	4.727.110	7.543.991
Cost of sales	(2.535.520)	(3.457.699)	(5.993.219)
Gross profit	**281.361**	**1.269.411**	**1.550.772**
Depreciation and amortization	108.725	127.124	235.849
1 July-30 September 2020			
Revenue	2.248.788	3.304.642	5.553.430
Cost of sales	(1.735.158)	(2.149.902)	(3.885.060)
Gross profit	**513.630**	**1.154.740**	**1.668.370**
Depreciation and amortization	129.663	85.864	215.527

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

NOTE 4 - SEGMENT REPORTING (Cont'd)

Capital expenditure

	Television and Electronical devices	White goods	Total
1 January -30 September 2021	487.654	462.231	949.885
1 January -30 September 2020	312.465	325.452	637.917

Geographical segments:

Segment revenue	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Turkey	5.690.459	4.464.954	2.084.490	1.762.903
Europe	14.938.511	9.374.807	5.101.653	3.774.783
Other	2.428.192	1.227.190	880.407	440.223
Gross segment sales	**23.057.162**	**15.066.951**	**8.066.550**	**5.977.909**
Discounts (-)	(1.298.589)	(1.158.922)	(522.559)	(424.479)
Net sales	**21.758.573**	**13.908.029**	**7.543.991**	**5.553.430**

The amount of export for the period 1 January - 30 September 2021 is TL thousand 17.366.703 (1 January – 30 September 2020: thousand TL 10.601.997). Export sales are denominated in EUR, USD and other currencies as 66,2%, 27%, and 6,8% of total exports respectively. (1 January – 30 September 2020: 63,9% EUR, 26,3 % USD, 9,8 % 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 September 2021	31 December 2020
Cash	1.652	1.278
Bank deposits		
- Demand deposits	*2.038.460*	*2.943.625*
- Time deposits	*230.985*	*156.839*
Cheques and notes	11.279	9.223
Other	77.869	61.731
	2.360.245	**3.172.696**
Blocked deposits	4.459	28.875
Cash and cash equivalents	**2.364.704**	**3.201.571**

Effective interest rates

	30 September 2021	31 December 2020
EUR	0,09%	0,21%
TL	19,42%	18,00%
USD	-	1,00%
KZT	8,50%	8,50%
RUB	-	2,50%

The Group has time deposits amounting to TL 186.400 thousand, EUR 4.300 thousand and KZT 8.300 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 September 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 September 2021	31 December 2020	30 September 2021	31 December 2020
Financial assets measured at fair value through other comprehensive income					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	15.300	22.160
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
Other	Turkey	1%	1%	200	200
				15.511	**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 September 2021**	**31 December 2020**	**30 September 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 September 2021	31 December 2020
Short term financial liabilities		
Short term bank loans	8.524.495	2.887.146
Short term portion of long term bank loans	54.959	3.933.163
Short term lease liabilities	91.418	107.233
Issued debt instruments (*)	637.540	53.445
	9.308.412	**6.980.987**
Long term financial liabilities		
Long term bank loans	49.902	1.657.777
Long term lease liabilities	134.809	125.518
Issued debt instruments (**)	265.000	50.380
	449.711	**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, TL 400.000 thousand corporate green bond with floating coupon payments with a maturity of 383 days on February 19, 2021 and TL 165.000 thousand corporate green bond with floating coupon payments with a maturity of 367 days on July 30, 2021. Corporate bond which was sold to qualified investors on July 9, 2020 was redeemed as of July 16, 2021 with the completion of the principal payment of TL 50.066 thousand.

(**)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 September 2021			31 December 2020		
Currency	Weighted average of effective interest rates per annum(%)	Original currency	TL Equivalent	Weighted average of effective interest rates per annum(%)	Original currency	TL Equivalent
- USD	3,40%	396.180	3.503.536	3,52%	206.611	1.516.630
- EUR	2,94%	70.204	724.047	2,65%	92.928	837.082
- TL	19,78%	4.296.912	4.296.912	21,21%	533.434	533.434
			8.524.495			**2.887.146**

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

	30 September 2021			31 December 2020		
Currency	Weighted average of effective interest rates per annum(%)	Original currency	TL Equivalent	Weighted average of effective interest rates per annum(%)	Original currency	TL Equivalent
- USD	-	-	-	5,22%	103.139	757.091
- EUR	-	-	-	4,13%	16.955	152.730
- TL	16,87%	54.959	54.959	11,84%	3.023.342	3.023.342
Short term portion			**54.959**			**3.933.163**
- USD	-	-	-	3,97%	60.368	443.128
- EUR	-	-	-	3,97%	15.402	138.738
- TL	15,80%	49.902	49.902	12,29%	1.075.911	1.075.911
Long term portion			**49.902**			**1.657.777**
			104.861			**5.590.940**

Total amount of Group's floating bank loans is TL thousand 3.664.309 (31 December 2020: thousand TL 4.728.647).

(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 September 2021	31 December 2020
One to two years	31.039	1.628.858
Two to three years	15.052	16.500
Three to four years	3.811	12.419
	49.902	**1.657.777**

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

	30 September 2021	31 December 2020
6 months or less	3.447.959	2.160.025
	3.447.959	**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 September 2021 and 2020, the Group's net financial debt reconciliation is shown below:

	30 September 2021	30 September 2020
Net financial debt as of 1 January	**5.641.966**	**5.527.237**
Cash inflows from loans	8.025.005	9.330.355
Cash outflows from loan payments	(7.372.631)	(8.634.221)
Payments of lease liabilities	(103.500)	45.065
Unrealized Fx gain/loss	372.171	464.534
Accrued interest	22.416	7.442
Change in cash and cash equivalents	812.451	(611.414)
Net financial debt at the end of the period	**7.397.878**	**6.128.998**

(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 September 2021	31 December 2020
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. (1)	5.469	5.601
Korteks Mensucat Sanayi ve Ticaret A.Ş. (1)	5.470	4.820
Other related parties	3.049	5.052
	13.988	**15.473**

b) Long term trade receivables from related parties

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

c) Short term trade payables to related parties

	30 September 2021	31 December 2020
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. (1)	25.949	24.688
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	1.159	1.789
Other related parties	5.844	3.236
	32.952	29.713
Unearned interest on payables (-)	(23)	(112)
	32.929	**29.601**

d) Short term other receivables from related parties

	30 September 2021	31 December 2020
Zorlu Holding A.Ş. (2)	-	86.740
Vestel Ventures A.Ş (3)	258.826	191.366
Other related parties	-	445
	258.826	**278.551**

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

As of 30 September 2021, other short term receivables from related parties result from financial liabilities.

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

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

e) Long term other receivables from related parties

	30 September 2021	31 December 2020
Zorlu Holding A.Ş. [2]	2.990.778	2.424.465
Vestel Savunma Sanayi A.Ş. [3]	2.784.200	2.244.748
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş. [3]	1.634.936	1.291.974
	7.409.914	**5.961.187**

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

f) Other payables to related parties

	30 September 2021	31 December 2020
Zorlu Family [2]	83.659	69.442

g) Lease liabilities to related parties

	30 September 2021	31 December 2020
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.[1]	21.896	29.181
Zorlu Yapı Yatırım A.Ş.[1]	2.848	3.796
	24.744	**32.977**

h) Transactions with related parties

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Sales				
Vestel Electronica S.R.L. (3)	-	32.287	-	18.110
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. (1)	4.963	3.723	1.167	1.966
Vestel Electronics Gulf DMCC . (3)	-	34.373	-	12.704
Diğer ilişkili kuruluşlar	16.660	2.594	4.808	542
	21.623	**72.977**	**5.975**	**33.322**

(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 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Operating expenses				
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	3.344	7.074	1.826	966
Zorlu Holding A.Ş. (2)	62.030	46.597	20.299	15.961
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. (1)	10.362	9.438	3.494	3.096
Zorlu Air Havacılık A.Ş. (1)	5.117	2.983	1.964	1.284
Diğer ilişkili kuruluşlar	13.988	7.114	5.805	3.454
	94.841	**73.206**	**33.388**	**24.761**

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Other income from operating activities				
Other related parties	8.410	15.309	7.162	7.451
Other expense from operating activities				
Other related parties	16.776	614	1.999	268

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Dividends paid				
Zorlu Holding A.Ş. (2)	1.033.775	-	1.033.775	-
Other related parties	422.402	9.618	379.614	-
	1.456.177	**9.618**	**1.413.389**	**-**

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

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Financial income				
Zorlu Holding A.Ş. (2)	707.730	761.514	205.099	373.918
Vestel Savunma Sanayi A.Ş. (3)	503.802	405.968	111.612	196.782
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş.	317.460	314.053	60.248	151.801
Diğer ilişkili kuruluşlar	53.992	80.628	8.396	43.639
	1.582.984	**1.562.163**	**385.355**	**766.140**
Financial expense				
Zorlu Holding A.Ş. (2)	-	-	-	(396)
Other related parties	5.479	48	3.273	(2.894)
	5.479	**48**	**3.273**	**(3.290)**

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

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 nine months period ended 30 September 2021 is thousand TL 38.728 (1 January - 30 September 2020: thousand TL 26.887).

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

NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	30 September 2021	31 December 2020
Short term trade receivables		
Trade receivables	4.314.517	5.191.168
- Related parties (note 8)	*13.988*	*15.473*
- Other parties	*4.300.529*	*5.175.695*
Cheques and notes receivables	338.548	263.751
Other	185.940	192.746
	4.839.005	**5.647.665**
Unearned interest expense (-)		
- Other parties	*(39.345)*	*(35.215)*
Allowance for doubtful receivables (-)	(161.708)	(199.946)
Total short term trade receivables	**4.637.952**	**5.412.504**

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

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

	30 September 2021	31 December 2020
Long term trade receivables		
Trade receivables	768	768
- Related parties (note 8)	*768*	*768*
Cheques and notes receivables	784	1.658
Unearned interest expense (-)	(305)	(119)
Total long term trade receivables	**1.247**	**2.307**

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance, 1 January	**199.946**	**164.923**
Current year additions	6.669	39.092
Doubtful receivables written-off	(46.678)	(25.245)
Currency translation differences	1.771	8.293
Balance at 30 September	**161.708**	**187.063**

	30 September 2021	31 December 2020
Short term trade payables		
Trade payables	10.386.952	8.061.370
- Related parties (note 8)	*32.952*	*29.713*
- Other parties	*10.354.000*	*8.031.657*
Other	5.345	5.181
	10.392.297	**8.066.551**
Unearned interest income (-)		
- Related parties (note 8)	(23)	(112)
- Other parties	(21.873)	(6.361)
Total short term trade payables	**10.370.401**	**8.060.078**
Long term trade payables		
Trade payables		
- Other parties	110.510	61.787
Total long term trade payables	**110.510**	**61.787**

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

NOTE 10 – OTHER RECEIVABLES

	30 September 2021	31 December 2020
Short term other receivables		
Receivables from official institutions	353.170	267.203
Receivables from related parties (note 8)	258.826	278.551
Deposits and guarantees given	92.566	88.093
Other receivables	94.096	93.758
	798.658	**727.605**
Allowance for doubtful receivables (-)	(89.675)	(89.691)
	708.983	**637.914**
Long term other receivables		
Deposits and guarantees given	18.004	7.323
Receivables from related parties (note 8)	7.409.914	5.961.187
Other receivables	8.497	8.338
	7.436.415	**5.976.848**
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	7.428.137	**5.968.570**

The Group provides allowance for doubtful receivables.

NOTE 11 – INVENTORIES

	30 September 2021	31 December 2020
Raw materials	4.028.946	2.055.425
Work in process	210.121	151.867
Finished goods	3.039.546	1.835.398
Merchandise	643.973	72.205
Other	9.308	5.981
	7.931.894	**4.120.876**
Provision for impairment on inventories (-)	(109.990)	(59.407)
	7.821.904	**4.061.469**

Cost of the raw materials, supplies and finished goods included in the condensed consolidated interim statement of comprehensive income in the period 1 January – 30 September 2021 is amounting to thousand TL 14.452.836 (2020: thousand TL 8.441.044).

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

NOTE 11 – INVENTORIES (Cont'd)

As of 30 September 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 September 2021	31 December 2020
Raw materials	19.815	17.579
Finished goods and merchandise	90.175	41.828
	109.990	**59.407**

Movement of provision for impairment on inventories is as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance, 1 January	**59.407**	**57.869**
Current year additions	53.443	11.990
Realised due to sale of inventory	(9.563)	(12.584)
Currency translation differences	6.703	11.668
Balance at 30 September	**109.990**	**68.943**

NOTE 12 – PREPAID EXPENSES

	30 September 2021	31 December 2020
Prepaid expenses in current assets		
Order advances given	216.282	105.667
Prepaid expenses	102.847	119.237
Business advances given	5.182	5.182
	324.311	**230.086**
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	149.701	58.930
Prepaid expenses	11.074	14.450
	160.775	**73.380**

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

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 September 2021		31 December 2020	
	%	**Amount**	**%**	**Amount**
Subsidiaries				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	710.723	50%	808.203
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	385.982	19%	115.127
		1.096.705		**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 TL 1 and representing 50% of the Group's share capital) from Ahmet Nazif Zorlu, Olgun Zorlu, Mehmet Emre Zorlu, Selen Zorlu Melik, Meta Madencilik Enerji Turizm Danışmanlık Sanayi ve Ticaret A.Ş. and Zorlu Holding AŞ, for a total consideration of US$250 mn. The acquisition value is in accordance with the valuation range of US$447,2 million and US$572 million stated in June 29, 2018 the independent appraisal report prepared by Ernst & Young Advisory Services, which is licensed by the Capital Markets Board.

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

Within the framework of Turkey's Automobile Project, following the work undertaken by the Joint Initiative Group, to which Group's controlling shareholder, Zorlu Holding AŞ was a party, Vestel Elektronik Sanayi ve Ticaret AŞ decided has participated with 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%.

In 2021, total cash contribution to TOGG for share capital increase is TL 246.718 thousand.

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 September is as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Balance at 1 January	**808.203**	**961.272**
Shares from profit / loss	(107.842)	(158.281)
Shares from other comprehensive income / expense	10.362	64.616
Balance at 31 September	**710.723**	**867.607**

Condensed financial statement information of META is given below:

	30 September 2021	31 December 2020
Total Assets	5.153.410	4.248.886
Total liabilities	(5.067.464)	(3.967.817)
Net assets	**85.946**	**281.069**

	1 January - 30 September 2021	1 January - 30 September 2020
Revenue	553.608	315.927
Income / (loss) before tax	(209.808)	(165.417)
Tax benefit / (expense)	(5.876)	(151.145)
Net income / (loss) for the period	(215.684)	(316.562)
Total comprehensive income	(194.960)	(187.330)

(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 September 2021
Cost/ Revaluation Amount						
Land	1.145.890	-	-	5.120	-	1.151.010
Land improvements	135.762	173	-	8.447	17	144.399
Buildings	2.115.662	12.816	(2)	108.492	5.773	2.242.741
Leasehold improvements	168.269	11.615	(81)	920	583	181.306
Plant and machinery	3.646.372	497.370	(49.130)	35.031	75.185	4.204.828
Motor vehicles	7.950	47	(26)	177	9	8.157
Furniture and fixtures	477.480	42.748	(2.681)	5.049	6.074	528.670
Other tangible assets	849	-	-	-	-	849
Construction in progress	38.064	102.721	(4)	-	(87.865)	52.916
	7.736.298	**667.490**	**(51.924)**	**163.236**	**(224)**	**8.514.876**
Accumulated depreciation						
Land improvements	-	5.820	-	1.377	-	7.197
Buildings	2.343	81.049	-	17.106	-	100.498
Leasehold improvements	160.263	11.027	(81)	658	-	171.867
Plant and machinery	2.361.532	333.577	(48.809)	33.480	-	2.679.780
Motor vehicles	6.876	1.029	(26)	148	-	8.027
Furniture and fixtures	388.638	35.517	(2.562)	4.171	-	425.764
Other tangible assets	849	-	-	-	-	849
	2.920.501	**468.019**	**(51.478)**	**56.940**	**-**	**3.393.982**
Net book value	**4.815.797**					**5.120.894**

(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 September 2020
Cost/ Revaluation Amount						
Land	635.564	-	(46.972)	5.312	-	593.904
Land improvements	132.438	531	(5.110)	(956)	-	126.903
Buildings	1.489.078	7.775	(163.501)	34.420	21.273	1.389.045
Leasehold improvements	156.981	5.526	-	1.708	134	164.349
Plant and machinery	3.168.798	375.908	(96.774)	16.475	42.121	3.506.528
Motor vehicles	7.546	602	(1.278)	566	-	7.436
Furniture and fixtures	427.429	22.995	(6.558)	7.250	7.740	458.856
Other tangible assets	849	-	-	-	-	849
Construction in progress	54.295	41.583	(46)	10	(68.387)	27.455
	6.072.978	**454.920**	**(320.239)**	**64.785**	**2.881**	**6.275.325**
Accumulated depreciation						
Land improvements	6.932	4.469	(552)	250	-	11.099
Buildings	60.895	35.983	(29.410)	13.333	-	80.801
Leasehold improvements	144.705	10.882	-	1.065	-	156.652
Plant and machinery	2.053.707	301.422	(94.150)	15.949	-	2.276.928
Motor vehicles	4.841	882	(1.278)	564	-	5.009
Furniture and fixtures	348.721	29.969	(6.334)	5.841	1.554	379.751
Other tangible assets	849	-	-	-	-	849
	2.620.650	**383.607**	**(131.724)**	**37.002**	**1.554**	**2.911.089**
Net book value	**3.452.328**					**3.364.236**

(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 September 2021	**Land**	**Land improvements and buildings**
Cost	181.243	639.786
Accumulated depreciation (-)	-	(230.729)
Net book value	**181.243**	**409.056**

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 September 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 September 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 September 2021	1 January - 30 September 2020
Cost of sales	415.634	332.983
Research and development expenses	150.483	125.472
Marketing, selling and distribution expenses	91.438	70.061
General administrative expenses	17.478	23.675
Other operating expense (idle capacity depreciation expense)	4.053	3.524
	679.086	**555.715**

30 September 2021	**Level 1**	**Level 2**	**Level 3**
Tangible Assets			
Lands	-	1.151.010	-
Buildings and land improvements	-	2.279.445	-

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

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

NOTE 15 – RIGHT OF USE ASSETS

	1 January 2021	Additions	Disposals	30 September 2021
Cost				
Land and buildings	251.366	58.527	(5.798)	304.095
Machinery and motor vehicles	96.031	27.542	(3.925)	119.648
	347.397	**86.069**	**(9.723)**	**423.743**
Accumulated amortization				
Land and buildings	96.608	62.368	(1.087)	157.889
Machinery and motor vehicles	51.028	22.593	(1.547)	72.074
	147.636	**84.961**	**(2.634)**	**229.963**
Net book value	**199.761**	**1.108**	**(7.089)**	**193.780**

	1 January 2019	Effect of change in accounting policies	Additions	30 September 2019
Cost				
Land and buildings	141.468	86.402	-	227.870
Machinery	66.316	1.454	(5.932)	61.838
Motor vehicles	15.271	10.979	-	26.250
	223.055	**98.835**	**(5.932)**	**315.958**
Accumulated amortization				
Land and buildings	37.068	42.927	-	79.995
Machinery	15.765	12.847	-	28.612
Motor vehicles	6.446	6.057	-	12.503
	59.279	**61.831**	**-**	**121.110**
Net book value	**163.776**	**37.004**	**(5.932)**	**194.848**

(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 September 2021
Cost						
Rights	84.977	201	(101)	1.026	-	86.103
Development cost	1.383.379	266.054	(34.106)	-	-	1.615.327
Other intangible assets	175.417	16.140	(281)	4.178	224	195.678
	1.643.773	**282.395**	**(34.488)**	**5.204**	**224**	**1.897.108**
Accumulated amortization						
Rights	55.933	3.034	(92)	1.002	-	59.877
Development cost	773.431	116.209	(555)	-	-	889.085
Other intangible assets	103.469	6.863	(210)	2.283	-	112.405
	932.833	**126.106**	**(857)**	**3.285**	**-**	**1.061.367**
Net book value	**710.940**					**835.741**

	1 January 2020	Additions	Disposals	Currency translation differences	Transfers	30 September 2020
Cost						
Rights	70.878	6.673	-	1.919	(2.881)	76.589
Development cost	1.169.884	170.174	(638)	-	-	1.339.420
Other intangible assets	180.684	6.150	(26.448)	11.767	-	172.153
	1.421.446	**182.997**	**(27.086)**	**13.686**	**(2.881)**	**1.588.162**
Accumulated amortization						
Rights	55.099	1.876	-	1.858	(1.554)	57.279
Development cost	641.642	101.367	-	-	-	743.009
Other intangible assets	106.977	7.034	(25.846)	11.676	-	99.841
	803.718	**110.277**	**(25.846)**	**13.534**	**(1.554)**	**900.129**
Net book value	**617.728**					**688.033**

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.

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

NOTE 16 – INTANGIBLE ASSETS (Cont'd)

Useful lives of intangible assets are as follows:

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

NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 September 2021	31 December 2020
Short term provisions		
Warranty and assembly provision	356.237	315.313
Other provisions	433.304	401.302
Provision for lawsuit risks	41.027	29.195
	830.568	**745.810**
Long term provisions		
Warranty and assembly provision	80.453	72.501
	80.453	**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 September 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 amounting to thousand TL 41.027 (31 December 2020: thousand TL 29.195).

As of 30 September 2021 and 2020 movements of warranty and assembly provisions are as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance, 1 January	**387.814**	**308.920**
Current year additions	410.720	335.933
Provisions no longer required	(361.844)	(263.105)
Balance at 30 September	**436.690**	**381.748**

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

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

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 September 2021	31 December 2020
Guarantee letters	981.626	645.077
Cheques and notes	1.308.569	1.053.010
Collaterals and pledges	1.515.105	1.425.038
	3.805.300	**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 September 2021					
A. CPM's given on behalf of its own legal entity	4.462	23.272	450	149.758	434.601
B. CPM's given on behalf of fully consolidated subsidiaries (*)	1.934.225	57.653	93	3.832.265	21.532.911
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	33.701	-	-	18.886	316.914
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.	33.701	-	-	18.886	316.914
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	**1.972.388**	**80.925**	**543**	**4.000.909**	**22.284.426**

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

NOTE 18 – COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to USD 1.328.918 thousand (31 December 2020: USD 1.025.633 thousand) due to the export and investment incentive certificates obtained.

As of 30 September 2021 the Group has forward foreign currency purchase contract amounting to USD 1.123.227 thousand, EUR 167.011 thousand, GBP 40.156 thousand, PLN 8.759 thousand, RUB 40.430 thousand, and TL 3.002.068 thousand against forward foreign currency sales contract that amounts to USD 486.134 thousand, EUR 704.737 thousand, GBP 99.548 thousand, RUB 1.198.630 thousand, RON 9.449 thousand, PLN 24.296 thousand, SEK 9.447 thousand, CHF 145.016 thousand and TL 639.639 thousand. (31 December 2020: USD 937.198 thousand, EUR 171.943 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 September 2021	31 December 2020
Due to personnel	119.357	113.466
Social security payables	99.386	132.102
	218.743	**245.568**

Long term provisions for employee benefits:

	30 September 2021	31 December 2020
Provision for employment termination benefits	285.387	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 8.284,51 TL/year as of 30 September 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:

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 September 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 September 2021 provision is calculated based on real discount rate of 4,44% (31 December 2020: 4,44%) assuming 8,5% annual inflation rate and 12,94% discount rate.

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

NOTE 19 – EMPLOYEE BENEFITS (Cont'd)

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

	1 January - 30 September 2021	1 January - 30 September 2020
Balance at 1 January	**226.307**	**156.116**
Increase during the year	41.475	5.766
Payments during the year	(18.721)	(15.029)
Actuarial (gain) /loss	13.545	15.427
Interest expense	22.781	14.706
Balance at 30 September	**285.387**	**176.986**

NOTE 20 – OTHER ASSETS AND LIABILITIES

	30 September 2021	31 December 2020
Other current assets		
VAT carried forward	34.476	53.422
Rebates from suppliers and incentives income accruals	18.195	26.961
Other	45.568	39.614
	98.239	**119.997**
Other non - current assets		
Assets held for sale	4.398	9.590
	4.398	**9.590**

	30 September 2021	31 December 2020
Other current liabilities		
Advances received	244.601	164.431
Tax payables	167.710	154.594
Other	745.303	387.165
	1.157.614	**706.190**

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

NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

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

	Shareholding		Amount	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Zorlu Holding A.Ş.	64,41%	64,41%	216.053	216.053
Shares held by public				
Other shareholders	34,55%	33,49%	115.910	112.360
Zorlu Holding A.Ş.	1,04%	2,10%	3.493	7.043
	100%	**100%**	**335.456**	**335.456**

Zorlu Holding A.Ş. sold Vestel Elektronik Sanayi ve Ticaret A.Ş. shares with a nominal amount of TL 1.000.000 on 31 March 2021, TL 302.500 on 10 June 2021, TL 647.500 on 15 June 2021 and TL 1.600.000 on 10 August 2021. Following the transaction, Zorlu Holding A.Ş.'s share in Vestel Elektronik Sanayi ve Ticaret A.Ş. declined to 65.45%.

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 be used in capital increase.

d) Legal reserves

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

	30 September 2021	31 December 2020
Legal reserves	301.488	67.091

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

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

e) Revaluation reserve

	30 September 2021	31 December 2020
Fair value gains on financial assets	4.606	11.435
Revaluation of property, plant and equipment	2.384.151	2.514.867
	2.388.757	**2.526.302**

f) Retained Earnings (Accumulated Losses)

	30 September 2021	31 December 2020
Extraordinary reserves	512.541	512.541
Previous year's profit/(loss)	1.325.473	447.781
Other inflation adjustment of share capital	119.718	119.718
	1.957.732	**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.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

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

g) Dividend distribution (Cont'd)

On the other hand, in accordance with the Articles of Association of the Company, the net period income is allocated after deducting the accumulated losses from the previous years, if any, as follows:

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

2. 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.

3. 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.

4. After the amounts stated in paragraph (1), (2) and (3) 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.

5. 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.

Vestel Elektronik Sanayi ve Ticaret A.Ş. 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. TL 1.337.506 thousand dividend was paid as of 30 September 2021.

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. decided to distribute dividends related to 2020 financial period amounting to TL 800,000 thousand in three equal installments. (4,2105 TL gross, 3,5789 TL net for each 1.00 TL nominal value per share) As of September 30, 2021, dividends paid amounted to TL 118.671 thousand.

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

NOTE 22 – SALES

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Domestic sales	5.690.459	4.464.954	2.084.490	1.762.903
Export sales	17.366.703	10.601.997	5.982.060	4.215.005
Gross sales	**23.057.162**	**15.066.951**	**8.066.550**	**5.977.908**
Sales discounts (-)	(1.298.589)	(1.158.922)	(522.559)	(424.478)
Net sales	**21.758.573**	**13.908.029**	**7.543.991**	**5.553.430**
Cost of sales	(16.511.433)	(9.927.167)	(5.993.219)	(3.885.060)
Gross profit	**5.247.140**	**3.980.862**	**1.550.772**	**1.668.370**

NOTE 23 – EXPENSES BY NATURE

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Raw materials, supplies and finished goods	16.287.006	8.627.498	5.575.098	3.789.764
Changes in finished goods, work in process, trade goods	(1.834.170)	(186.454)	(171.332)	(505.995)
Personnel expenses	1.701.978	1.139.883	574.724	438.823
Depreciation and amortization	675.033	552.191	234.664	214.710
Export, transportation and warehouse expenses	961.182	586.852	362.602	233.564
Warranty and assembly expenses	410.720	335.933	152.870	143.232
Advertising expenses	236.242	156.386	77.286	59.819
Other	1.117.923	840.583	274.727	332.141
	19.555.914	**12.052.872**	**7.080.639**	**4.706.058**

(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 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Personnel expenses	170.436	117.670	56.951	42.226
Depreciation and amortization	17.478	23.675	5.959	9.106
Consultancy expenses	59.343	47.016	21.925	12.657
Information technology expenses	40.788	33.866	13.439	12.982
Rent and office expenses	30.132	17.853	10.675	4.133
Tax and duties	13.890	11.142	4.216	3.968
Insurance expenses	15.477	8.894	4.565	4.030
Travelling expenses	5.610	3.943	2.341	1.381
Benefits and services provided externally	3.975	2.174	1.110	1.231
Other	66.898	52.351	25.514	20.755
	424.027	**318.584**	**146.695**	**112.469**

b) Marketing expenses:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Export, transportation, warehouse expenses	903.670	549.167	339.048	217.150
Depreciation and amortization	91.438	70.061	33.451	32.089
Warranty and assembly expenses	410.720	335.933	152.870	143.232
Personnel expenses	415.232	284.373	147.742	107.802
Advertising expenses	197.683	140.921	62.354	54.246
Other	302.955	218.795	106.648	76.467
	2.321.698	**1.599.250**	**842.113**	**630.986**

c) Research and development expenses:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Personnel expenses	72.098	24.591	23.792	4.132
Depreciation and amortization	150.483	125.472	51.738	42.344
Travelling expenses	705	2.349	566	349
Other	75.470	55.459	22.516	30.718
	298.756	**207.871**	**98.612**	**77.543**

(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 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Credit finance gains arising from trading activities	17.925	25.261	(631)	(2.122)
Foreign exchange gains arising from trading activities	1.291.832	963.792	270.631	581.276
Reversals of provisions	8.883	16.393	3.412	12.944
Other income	107.500	171.263	37.327	32.689
	1.426.140	**1.176.709**	**310.739**	**624.787**

b) Other expense from operating activities:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Debit finance charges arising from trading activities	188.274	70.200	65.591	42.509
Foreign exchange expenses arising from trading activities	2.032.746	2.092.835	370.621	1.112.966
Provision expenses	16.167	34.260	7.272	11.916
Other expenses	118.625	100.262	61.306	26.444
	2.355.812	**2.297.557**	**504.790**	**1.193.835**

NOTE 26 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Foreign exchange gains	1.584.270	1.859.187	211.424	951.178
Gains on derivative financial instruments	1.038.370	537.536	392.265	152.269
Interest income	579.478	376.916	203.419	144.012
	3.202.118	**2.773.639**	**807.108**	**1.247.459**

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

NOTE 26 – FINANCIAL INCOME AND FINANCIAL EXPENSE (Cont'd)

b) Financial expense:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2021	1 July- 30 September 2020
Foreign exchange losses	907.677	917.678	179.275	470.503
Losses on derivative financial instruments	1.279.847	751.504	232.896	334.946
Interest and commission expense	938.549	652.753	336.685	221.027
Other finance expenses	10.082	2.450	94	142
	3.136.155	**2.324.385**	**748.950**	**1.026.618**

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

	30 September 2021	31 December 2020
Corporation and income taxes	12.595	43.066
Prepaid taxes (-)	(11.094)	(34.709)
Current income tax liabilities - net	**1.501**	**8.357**
Deferred tax liabilities	(346.156)	(333.362)
Deferred tax assets	320.271	321.146
Deferred tax liabilities - net	**(25.885)**	**(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.

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.

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

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

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 September 2021 are calculated with 25% tax rate for the temporary differences which will be realized within 12 months period, and with 20% for those which will be realized after 2022 September and onwards.

<u>Russian Federation</u>

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.

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 September 2021 and 2020 tax benefit in the consolidated statement of income is as follows:

	1 January - 30 September 2021	**1 January - 30 September 2020**
Current period tax expense	(12.208)	(36.532)
Deferred tax benefit	10.734	48.444
Total tax (expense) / benefit	**(1.474)**	**11.912**

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

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

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

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

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

	Cumulative temporary differences		**Deferred tax**	
	30 September 2021	**31 December 2020**	**30 September 2021**	**31 December 2020**
Deferred tax assets				
Employment termination benefits	(285.387)	(226.307)	56.238	45.261
Warranty provision	(100.476)	(89.295)	25.119	17.859
Provision for doubtful receivables	(161.708)	(199.946)	40.427	39.989
Net difference between book values and tax bases of property, plant and equipment and intangible assets	(118.390)	(38.085)	23.678	7.617
Provision for impairment on inventories	(109.990)	(59.407)	27.498	11.882
Derivative financial instruments	(48.645)	(303.178)	12.161	60.636
Carryforward tax losses and R&D incentives	(176.680)	(317.745)	35.336	63.549
Other	(399.256)	(371.765)	99.814	74.353
			320.271	**321.146**

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

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

Deferred tax assets and liabilities (Cont'd)

	Cumulative temporary differences		Deferred tax	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Deferred tax liabilites				
Derivative financial instruments	144.031	111.789	(35.121)	(22.358)
Revaluation of tangible fixed assets	1.406.135	2.806.830	(281.227)	(280.683)
Other	119.232	151.605	(29.808)	(30.321)
			(346.156)	**(333.362)**
Deferred tax assets / (liabilites) - net			**(25.885)**	**(12.216)**

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

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance, 1 January	**(12.216)**	**(3.091)**
Tax benefit recognized in income statement	10.734	48.444
Recognized in shareholders' equity	(26.831)	5.433
Currency translation differences	2.428	4.744
Deferred tax (liabilities) / assets at the end of the period, net	**(25.885)**	**55.530**

NOTE 28 – EARNINGS / (LOSS) PER SHARE

	1 January - 30 September 2021	1 January - 30 September 2020
Net income / (loss) attributable to equity holders of the parent	1.060.211	972.605
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.546.000	33.546.000
Earnings per share	**3,16**	**2,90**

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

NOTE 29 – DERIVATIVE INSTRUMENTS

	30 September 2021		31 December 2020	
	Contract amount	**Fair Value Assets / (Liabilities)**	**Contract amount**	**Fair Value Assets / (Liabilities)**
Derivative financial assets:				
Held for trading				
Forward foreign currency transactions	4.283.025	50.894	4.762.883	105.345
Cash flow hedge				
Forward foreign currency transactions	5.916.980	93.137	479.576	6.444
Derivative financial liabilities:				
Held for trading				
Forward foreign currency transactions	4.033.183	(45.418)	2.960.271	(135.768)
Cash flow hedge				
Forward foreign currency transactions	927.828	(3.227)	4.039.615	(167.410)
	15.161.016	**95.386**	**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.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2021

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

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

30 September 2021	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	89.887	276.424	536.015	4.181.812
2a. Monetary financial assets (including cash and cash equivalents)	20.965	10.147	1.480.246	1.770.297
2b. Non-monetary financial assets	-	-	-	-
3. Other	27.865	1.202	-	258.815
4. Current assets (1+2+3)	**138.717**	**287.773**	**2.016.261**	**6.210.924**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	2.120	9.597	-	117.726
7. Other	657.105	51	-	5.811.503
8. Non-current assets (5+6+7)	**659.225**	**9.648**	**-**	**5.929.229**
9. Total assets (4+8)	**797.942**	**297.421**	**2.016.261**	**12.140.153**
10. Trade payables	858.685	163.370	34.083	9.312.609
11. Financial liabilities	396.180	70.204	-	4.227.583
12a. Other monetary liabilities	16.030	1.709	-	159.384
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**1.270.895**	**235.283**	**34.083**	**13.699.576**
14. Trade payables	-	10.715	-	110.509
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**-**	**10.715**	**-**	**110.509**
18. Total liabilities (13+17)	**1.270.895**	**245.998**	**34.083**	**13.810.085**
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	**637.093**	**(537.726)**	**(2.289.072)**	**(2.200.901)**
19a. Hedged total assets	1.123.227	167.011	503.447	12.158.949
19b. Hedged total liabilities	(486.134)	(704.737)	(2.792.519)	(14.359.850)
20. Net foreign currency asset/ (liability) position (9-18+19)	**164.140**	**(486.302)**	**(306.894)**	**(3.870.833)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(475.073)**	**41.826**	**1.982.178**	**(1.787.658)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	-	**95.386**
23. Export	534.993	1.093.104	1.080.599	17.366.703
24. Import	1.178.191	196.412	5.682	11.456.940

(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 September 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 September 2021	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(420.121)	420.121	(420.121)	420.121
Hedged portion from USD risk (-)	72.362	(72.362)	313.666	(313.666)
USD net effect	**(347.759)**	**347.759**	**(106.455)**	**106.455**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	43.137	(43.137)	43.137	(43.137)
Hedged portion from EUR risk (-)	(84.830)	84.830	(404.248)	404.248
EUR net effect	**(41.693)**	**41.693**	**(361.111)**	**361.111**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	198.218	(198.218)	198.218	(198.218)
risk (-)	(176.047)	176.047	(78.106)	78.106
Other currency net effect	**22.171**	**(22.171)**	**120.112**	**(120.112)**

(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
Hedged 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)
Hedged 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

Vestel Beyaz Eşya's paid-in capital increase from TL 190.000 thousand to TL 1.600.000 thousand via a 742% bonus issue and amendment of the Article 6 of the Company's Articles of Association titled "Share Capital" have been registered by Istanbul Trade Registry Office on October 21, 2021. The bonus issue will start on October 25, 2021.