

**VESTEL ELEKTRONİK SANAYİ VE TİCARET
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE
INTERIM PERIOD
1 JANUARY- 30 SEPTEMBER 2023**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

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– 30 SEPTEMBER 2023**

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2023
AND 31 DECEMBER 2022

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

		Audited	
		30 September	31 December
	Notes	2023	2022
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1.502.889	1.552.411
Financial Investment		27.051	40.153
Trade Receivables		13.991.162	10.973.910
Trade Receivables Due from Related Parties	8,9	261.922	40.856
Trade Receivables Due from Third Parties	9	13.729.240	10.933.054
Other Receivables		3.130.239	2.520.423
Other Receivables Due from Related Parties	8,10	2.009.193	1.352.246
Other Receivables Due from Third Parties	10	1.121.046	1.168.177
Derivative Financial Assets		448.957	107.224
Derivative Financial Assets Held for Trading	29	22.819	97.790
Derivative Financial Assets Held for Hedging	29	426.138	9.434
Inventories	11	20.317.256	12.753.074
Prepaid Expenses		1.314.400	798.224
Prepaid Expenses to Related Parties	8	-	198.203
Prepaid Expenses to Third Parties	12	1.314.400	600.021
Current Tax Assets	27	31.855	34.222
Other Current Assets		501.587	157.298
Other Current Assets Due from Third Parties	20	501.587	157.298
TOTAL CURRENT ASSETS		41.265.396	28.936.939

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 2023
AND 31 DECEMBER 2022

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

		30 September	Audited
	Notes	2023	31 December
			2022
NON-CURRENT ASSETS			
Financial Investments	6	108.684	126.884
Investments in subsidiaries, joint ventures	13	1.344.541	1.970.620
Trade Receivables		1.304	67
Trade Receivables Due from Third Parties		1.304	67
Other Receivables		25.032.727	16.451.742
Other Receivables Due from Related Parties	8	25.011.549	16.418.157
Other Receivables Due from Third Parties	10	21.178	33.585
Property, Plant and Equipments		14.269.376	12.530.713
Land	14	3.198.192	3.194.525
Land Improvements	14	253.020	259.345
Buildings	14	4.835.997	4.894.959
Machinery and Equipments	14	2.948.063	2.386.387
Vehicles	14	5.336	2.591
Furniture and Fixtures	14	379.601	280.937
Leasehold Improvements	14	88.391	56.661
Construction in Progress	14	2.560.776	1.455.308
Right of Use Assets	15	521.222	464.990
Intangible Assets and Goodwill		2.319.055	1.570.349
Goodwill		196.568	196.568
Other Rights	16	19.019	21.748
Capitalized Development Costs	16	1.860.306	1.191.783
Other Intangible Assets	16	243.162	160.250
Prepaid Expenses		1.420.821	388.793
Prepayments to Related Parties	8	1.227.075	-
Prepaid Expenses to Third Parties	12	193.746	388.793
Deferred Tax Asset	27	1.887.790	431.877
TOTAL NON-CURRENT ASSETS		46.905.520	33.936.035
TOTAL ASSETS		88.170.916	62.872.974

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2023
AND 31 DECEMBER 2022

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

		30 September	Audited
	Notes	2023	31 December
			2022
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		22.276.458	18.947.562
Current Borrowings from Related Parties		1.150	10.676
Lease Liabilities	7,8	1.150	10.676
Current Borrowings from Third Parties		22.275.308	18.936.886
Bank Loans	7	19.528.100	17.668.289
Lease Liabilities	7	129.933	129.393
Issued debt instruments	7	2.617.275	1.139.204
Current Portion of Non-current Borrowings		2.590.365	1.396.941
Current Portion of Non-current Borrowings from			
Third Parties		2.590.365	1.396.941
Bank Loans	7	2.590.365	1.396.941
Trade Payables		35.500.224	21.581.477
Trade Payables to Related Parties	8,9	142.740	44.064
Trade Payables to Third Parties	9	35.357.484	21.537.413
Payables Related to Employee Benefits	19	1.015.746	453.969
Other Payables		23.881	2.791
Other Payables to Third Parties	10	23.881	2.791
Derivative Financial Liabilities		297.411	595.569
Derivative Financial Liabilities Held for Trading	29	224.871	216.967
Derivative Financial Liabilities Held for Hedging	29	72.540	378.602
Deferred Income		1.344.303	1.252.820
Deferred Income From Related Parties	8	6.655	-
Deferred Income from Third Parties	10	1.337.648	1.252.820
Current Tax Liabilities	27	81.010	-
Current Provisions	17	2.572.466	1.560.005
Other Current Liabilities	20	1.929.450	1.217.997
TOTAL CURRENT LIABILITIES		67.631.314	47.009.131

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2023
AND 31 DECEMBER 2022

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

		30 September	Audited
	Notes	2023	31 December
			2022
NON-CURRENT LIABILITIES			
Long Term Borrowings		2.489.633	1.091.203
Long Term Borrowings from Third Parties		2.489.633	1.091.203
Bank Loans	7	2.017.992	693.877
Lease Liabilities	7	471.641	397.326
Trade Payables		401.441	182.877
Trade Payables to Third Parties	9	401.441	182.877
Non-current Provisions		1.481.271	1.391.686
Non-current Provisions for Employee Benefits	19	1.224.929	1.240.006
Other Non-current Provisions	17	256.342	151.680
Other Non-current Liabilities		1.304	3.879
TOTAL NON-CURRENT LIABILITIES		4.373.649	2.669.645
TOTAL LIABILITIES		72.004.963	49.678.776

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2023
AND 31 DECEMBER 2022

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

	Notes	30 September 2023	Audited 31 December 2022
EQUITY			
Equity Attributable to Owners of Parent		13.915.576	11.969.144
Paid-in Capital	21	335.456	335.456
Inflation Adjustments on Capital		688.315	688.315
Other Accumulated Comprehensive Income (Loss) that will not be			
Reclassified in Profit or Loss		4.804.693	4.925.563
Gains (Losses) on Revaluation and Remeasurement		4.804.693	4.925.563
Increases (Decreases) on Revaluation of			
Property, Plant and Equipment	21	5.670.754	5.646.358
Gains (Losses) on Remeasurements of Defined Benefit			
Plans		(866.061)	(720.795)
Other Accumulated Comprehensive Income (Loss) that will be			
Reclassified in Profit or Loss		2.521.392	1.554.516
Exchange Differences on Translation		2.227.927	1.633.856
Gains (Losses) on Hedge		257.088	(129.367)
Gains (Losses) on Cash Flow Hedges		257.088	(129.367)
Gains (Losses) on Revaluation and Reclassification		36.377	50.027
Gains (Losses) on Remeasuring and/or Reclassification of			
Available-for-sale Financial Assets	21	36.377	50.027
Restricted Reserves Appropriated from Profits		251.621	261.116
Legal Reserves	21	251.621	261.116
Prior Years' Profits or Losses	21	4.844.694	3.347.431
Current Period Net Profit Or Loss		469.405	856.747
Non-controlling Interests		2.250.377	1.225.054
TOTAL EQUITY		16.165.953	13.194.198
TOTAL LIABILITIES AND EQUITY		88.170.916	62.872.974

Consolidated financial statements for the period 1 January - 30 September 2023 were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 7 November 2023.

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2023 AND
2022

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

	Notes	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
PROFIT OR LOSS					
Revenue	22	61.801.919	39.102.347	24.414.632	14.471.671
Cost of Sales	22	(44.297.347)	(29.067.172)	(16.769.863)	(11.351.493)
GROSS PROFIT (LOSS)		17.504.572	10.035.175	7.644.769	3.120.178
General Administrative Expenses	24	(1.575.946)	(970.483)	(596.912)	(380.139)
Marketing Expenses	24	(7.854.029)	(4.598.200)	(3.236.310)	(1.798.549)
Research and Development Expense	24	(703.367)	(522.041)	(243.404)	(198.441)
Other Income from Operating Activities	25	1.861.902	2.240.764	62.234	769.179
Other Expenses from Operating Activities	25	(8.088.280)	(6.140.948)	(1.576.569)	(2.039.602)
PROFIT (LOSS) FROM OPERATING					
ACTIVITIES		1.144.852	44.267	2.053.808	(527.374)
Share of Profit (Loss) from Equity Method					
Accounted Investments		(692.174)	90.007	(325.298)	85.187
PROFIT (LOSS) BEFORE FINANCING					
INCOME (EXPENSE)		452.678	134.274	1.728.510	(442.187)
Finance Income	26	10.322.862	7.969.708	2.717.857	3.011.154
Finance Costs	26	(10.460.321)	(7.173.839)	(3.137.601)	(2.928.795)
PROFIT (LOSS) FROM CONTINUING					
OPERATIONS, BEFORE TAX		315.219	930.143	1.308.766	(359.828)
Tax (Expense) Income, Continuing Operations		957.667	284.462	435.032	78.112
Current Period Tax (Expense) Income	27	(221.723)	(9.092)	(17.527)	19.195
Deferred Tax (Expense) Income	27	1.179.390	293.554	452.559	58.917
PROFIT (LOSS) FROM CONTINUING					
OPERATIONS		1.272.886	1.214.605	1.743.798	(281.716)
PROFIT (LOSS) FOR THE PERIOD					
		1.272.886	1.214.605	1.743.798	(281.716)
Profit (loss), attributable to					
Non-controlling Interests		803.481	255.542	594.397	19.546
Owners of Parent		469.405	959.063	1.149.401	(301.262)
Earnings per 100 share with a Kr 1 of Par					
Value (TL)	28	1,40	2,86	3,43	(0,90)

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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 2023 AND
2022

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

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not				
be Reclassified to Profit or Loss				
	48.465	(18.915)	5.429	18.235
Gains (Losses) on Remeasurements of Defined Benefit Plans	(213.396)	(23.644)	(48.291)	22.794
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	261.861	4.729	53.720	(4.559)
Taxes Relating to Remeasurements of Defined Benefit Plans	53.349	4.729	20.328	(4.559)
Other items of other comprehensive income not to be reclassified to profit or loss, tax effect	208.512	-	33.392	-
Other Comprehensive Income that will be				
Reclassified to Profit or Loss				
	1.018.673	983.882	315.772	(58.598)
Exchange Differences on Translation	594.071	1.030.537	8.241	(14.869)
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets	(18.200)	8.565	20.200	10.265
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	584.336	(75.099)	399.597	(73.680)
Gains (Losses) on Cash Flow Hedges	584.336	(75.099)	399.597	(73.680)
Taxes Relating to Components of Other Comprehensive				
Income				
	(141.534)	19.879	(112.266)	19.686
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets	4.550	2.142	(3.130)	2.567
Taxes Relating to Cash Flow Hedges	(146.084)	17.737	(109.136)	17.119
OTHER COMPREHENSIVE INCOME (LOSS)	1.067.138	964.967	321.201	(40.363)
TOTAL COMPREHENSIVE INCOME (LOSS)	2.340.024	2.179.572	2.064.999	(322.079)
Total Comprehensive Income Attributable to				
Non-controlling Interests	851.184	275.299	624.135	38.251
Owners of Parent	1.488.840	1.904.273	1.440.864	(360.330)

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS
1 JANUARY – 30 SEPTEMBER 2023 AND 2022

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

	Issued Capital	Inflation Adjustments on Capital	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasurements of Defined Benefit Plans	Gains (Losses) and Remeasurements	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss	Exchange Differences on Translation	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasuring and/or Reclassification of Available for-sale Financial Assets	Gains (Losses) on Revaluation and Reclassification	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attributable to owners of parent	Non-controlling interests	Equity
Previous Period																			
1 January -30 September 2022																			
Beginning of Period	335.456	688.315	3.985.651	(160.070)	3.825.581	3.825.581	1.159.315	132.935	132.935	6.988	6.988	1.299.238	265.489	1.132.296	1.895.487	3.027.783	9.441.862	869.799	10.311.661
Transfers	-	-	(153.123)	-	(153.123)	(153.123)	-	-	-	-	-	-	-	2.048.610	(1.895.487)	153.123	-	-	-
Total Comprehensive Income (Loss)	-	-	-	(18.915)	(18.915)	(18.915)	1.030.537	(77.119)	(77.119)	10.707	10.707	964.125	-	-	959.063	959.063	1.904.273	275.299	2.179.572
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	959.063	959.063	959.063	255.542	1.214.605
Other Comprehensive Income (Loss)	-	-	-	(18.915)	(18.915)	(18.915)	1.030.537	(77.119)	(77.119)	10.707	10.707	964.125	-	-	-	-	945.210	19.757	964.967
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(121.963)	(121.963)
Transactions with non-controlling interest	-	-	(26.657)	1.551	(25.106)	(25.106)	-	(254)	(254)	-	-	(254)	(4.373)	182.962	-	182.962	153.229	72.558	225.787
End of Period	335.456	688.315	3.805.871	(177.434)	3.628.437	3.628.437	2.189.852	55.562	55.562	17.695	17.695	2.263.109	261.116	3.363.868	959.063	4.322.931	11.499.364	1.095.693	12.595.057
Current Period																			
1 January -30 September 2023																			
Opening Balance	335.456	688.315	5.646.358	(720.795)	4.925.563	4.925.563	1.633.856	(129.367)	(129.367)	50.027	50.027	1.554.516	261.116	3.347.431	856.747	4.204.178	11.969.144	1.225.054	13.194.198
Transfers	-	-	(96.115)	-	(96.115)	(96.115)	-	-	-	-	-	-	-	952.862	(856.747)	96.115	-	-	-
Total Comprehensive Income (Loss)	-	-	208.512	(158.795)	49.717	49.717	594.071	389.297	389.297	(13.650)	(13.650)	969.718	-	-	469.405	469.405	1.488.840	851.184	2.340.024
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	469.405	469.405	469.405	803.481	1.272.886
Other Comprehensive Income (Loss)	-	-	208.512	(158.795)	49.717	49.717	594.071	389.297	389.297	(13.650)	(13.650)	969.718	-	-	-	-	1.019.435	47.703	1.067.138
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(72.925)	(72.925)
Transactions with non-controlling interest	-	-	(88.001)	13.529	(74.472)	(74.472)	-	(2.842)	(2.842)	-	-	(2.842)	(9.495)	544.401	-	544.401	457.592	247.064	704.656
Closing Balance	335.456	688.315	5.670.754	(866.061)	4.804.693	4.804.693	2.227.927	257.088	257.088	36.377	36.377	2.521.392	251.621	4.844.694	469.405	5.314.099	13.915.576	2.250.377	16.165.953

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 SEPTEMBER 2023 AND 2022

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

	Notes	1 January - 30 September 2023	1 January - 30 September 2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		4.065.873	(1.360.633)
Profit (Loss) for the Period		1.272.886	1.214.605
Profit (Loss) from Continuing Operations		1.272.886	1.214.605
Adjustments to Reconcile Profit (Loss)		(807.303)	(1.306.454)
Adjustments for Depreciation and Amortisation Expense	14,15,16	1.145.214	909.612
Adjustments for Impairment Loss		16.360	121.955
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Receivables	9	(51.277)	18.788
Adjustments for Impairment Loss			
(Reversal of Impairment Loss) of Inventories	11	67.637	103.167
Adjustments for Provisions		1.263.192	268.333
Adjustments for (Reversal of) Provisions Related with Employee Benefits	19	146.069	128.196
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	17	14.425	11.626
Adjustments for (Reversal of) Warranty Provisions	17	418.488	150.993
Adjustments for (Reversal of) Other Provisions	17	684.210	(22.482)
Adjustments for Interest (Income) Expenses		1.516.684	509.981
Adjustments for Interest Income	26	(1.721.431)	(1.041.664)
Adjustments for Interest Expense	26	3.238.115	1.551.645
Adjustments for Unrealised Foreign Exchange Losses		(4.262.080)	(2.493.691)
Adjustments for Fair Value Gains		(198.797)	(237.288)
Adjustments for Fair Value Gains on Derivative Financial Instruments		(198.797)	(237.288)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		692.174	(90.007)
Adjustments for Tax (Income) Expenses	27	(957.667)	(284.462)
Adjustments for Losses (Gains) on Disposal of		(22.383)	(10.909)
Adjustments for Losses (Gains) Arised from			
Sale of Tanqible Assets		(22.383)	(10.909)
Other Adjustments to Reconcile Profit (Loss)	5	-	22

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 SEPTEMBER 2023 AND 2022

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

	Notes	1 January - 30 September 2023	1 January - 30 September 2022
Changes in Working Capital		4.113.178	(1.211.909)
Decrease (Increase) in Financial Investments		13.102	(61.162)
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(2.974.347)	(1.728.779)
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(221.066)	(10.594)
Decrease (Increase) in Trade Accounts Receivables from Third Parties		(2.753.281)	(1.718.185)
Adjustments for Decrease (Increase) in Other Receivables			
Related with Operations		59.538	(128.314)
Decrease (Increase) in Other Third Party Receivables Related with Operations		59.538	(128.314)
Adjustments for Decrease (Increase) in Inventories	11	(7.645.189)	(5.561.429)
Decrease (Increase) in Prepaid Expenses		(516.176)	(418.173)
Adjustments for Increase (Decrease) in Trade Accounts Payable		14.137.311	5.575.464
Increase (Decrease) in Trade Accounts Payables to			
Related Parties		98.676	(19.896)
Increase (Decrease) in Trade Accounts Payables to Third Parties		14.038.635	5.595.360
Increase (Decrease) in Employee Benefit Liabilities	19	561.777	153.354
Adjustments for Increase (Decrease) in Other			
Operating Payables		21.090	(7.082)
Increase (Decrease) in Other Operating Payables to Third Parties		21.090	(7.082)
Increase (Decrease) in Deferred Revenues		91.483	470.432
Other Adjustments for Other Increase (Decrease) in			
Working Capital		364.589	493.780
Decrease (Increase) in Other Assets Related			
with Operations		(344.289)	(203.521)
Increase (Decrease) in Other Payables Related			
with Operations		708.878	697.301
Cash Flows from (used in) Operations		4.578.761	(1.303.758)
Payments Related with Provisions for Employee Benefits	19	(374.542)	(44.727)
Income Taxes (Paid)	27	(138.346)	(12.148)

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 SEPTEMBER 2023 AND 2022

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

	Notes	1 January - 30 September 2023	1 January - 30 September 2022
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(5.730.026)	(3.522.194)
Proceeds from sales of Shares Without		704.656	225.787
Cash Outflows Arising from Purchase of Shares or Capital			
Increase of Associates and/or Joint Ventures		-	(178.028)
Subsidiaries and/or Joint Ventures Capital Advance		(155.250)	(264.500)
Cash Out of Payments		48.569	70.489
Proceeds from Sales of Property, Plant, Equipment and		48.569	70.489
Proceeds from Sales of Property, Plant and Equipment		48.569	70.489
Purchase of Property, Plant, Equipment and			
Intangible Assets		(3.413.343)	(2.235.797)
Purchase of Property, Plant and Equipment	14	(2.435.236)	(1.757.766)
Purchase of Intangible Assets	16	(978.107)	(478.031)
Cash Advances and Loans Made to Other Parties		(2.914.658)	(1.140.145)
Cash Advances and Loans Made to Related Parties	8	(3.109.705)	(1.140.145)
Other Cash Advances Given and Payables		195.047	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		1.614.631	4.302.616
Proceeds from Borrowings	7	19.858.086	17.542.853
Proceeds from Loans		17.488.086	16.742.993
Proceeds from issued bonds		2.370.000	799.860
Repayments of Borrowings	7	(16.635.777)	(12.491.247)
Loan Repayments		(15.678.777)	(11.875.867)
Issued bonds repayments		(957.000)	(615.380)
Payments of Lease Liabilities		(211.687)	(105.212)
Dividends Paid		(72.925)	(121.963)
Interest Paid		(3.044.497)	(1.563.479)
Interest Received		1.721.431	1.041.664
NET INCREASE (DECREASE) IN CASH AND CASH			
EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(49.522)	(580.211)
Effect of Exchange Rate Changes on Cash and			
Cash Equivalents		-	11.162
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(49.522)	(569.049)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1.552.411	2.089.121
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	1.502.889	1.520.072

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

(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 / İstanbul. 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 İstanbul (“BİST”) since 1990. As of 30 September 2023, 43,92% of the Company’s shares are publicly traded (2022: %39,05).

As of 30 September 2023 the number of personnel employed at Group is 19.525 (31 December 2022: 20.438).

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 Holland B.V. Germany Branch Office	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel UK Ltd.	UK	Sales
Vestel Holland B.V. UK Branch Office	UK	Sales
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	Software
Vestel Trade Ltd.	Russia	Sales
Vestel Electronics Shanghai Trading Co. Ltd	China	Service
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Sales
Vestel Ventures Ar-ge A.Ş.	Turkey	Service
Vestel Holland B.V. Poland Branch Office	Polonya	Sales
Vestel Electronics Gulf DMC	UAE	Sales
Vestel U.S.A.	United States	Sales

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

(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
Lentatek Uzay Havaçılık ve Teknoloji A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş	Turkey	Mining
Türkiye’nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş	Turkey	Automotive

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

The accompanying 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 2023 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 condensed consolidated interim financial statements are presented in accordance with the "TFRS taxonomy" published by POA on 4 October 2022 and the formats specified in the Financial Statement Examples and User Guide published by CMB.

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 31 December 2022 financial statements.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

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

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

2.1 Basis of presentation (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/IFRS.

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.

In the announcement made by POA on 20 January 2022, companies that apply IFRS should not adjust financial statements for the year ended 31 December 2021 for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TAS 29 application and no adjustment was made to the consolidated financial statements in accordance with TAS 29. As of the preparation date of the financial statements, POA did not make an additional announcement and no adjustment was made to the financial statements for 30 September 2023 in accordance with TAS 29.

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.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

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

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

2.1 Basis of presentation (Cont’d)

2.1.2 Currency used (Cont’d)

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.

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 TFRS 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. 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.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

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

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

2.1.3 Basis of presentation (Cont’d)

a) Subsidiaries (Cont’d)

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 Lentatek Uzay Havacılık ve Teknoloji A.Ş. has net liability position and Aydın Yazılım has no material net asset position as of 30 September 2023, carrying value of those investment in associates accounted for by equity method is resulted as nil in the consolidated balance sheets (31 December 2022: nil).

The Group’s voting rights and effective ownership rates in Lentatek and Aydın Yazılım are 35% and 21% respectively (31 December 2022: 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 carrying amounts of investments accounted for using the equity method are measured at the higher of value in use and fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating units.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

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

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

2.2 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 group’s business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

2.3 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.

2.4 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 changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.5. Amendments in Turkish Financial Reporting Standards

a) Standards, amendments, and interpretations applicable as of 30 September 2023:

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

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

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

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

2.5. Amendments in Turkish Financial Reporting Standards (Cont’d)

Amendment to TAS 12 - International tax reform - pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Cooperation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023:

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

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

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

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

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

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

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

2.6 Going concern

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

2.7. Summary of significant accounting policies

The condensed interim financial statements for the period ended 30 September, 2023 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of the condensed interim financial statements for the period ended 30 September 2023 are consistent with those used in the preparation of annual financial statements for the year ended 31 December, 2022. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

2.8. Critical accounting estimates and judgments

The frequency of revaluations is determined to ensure that the carrying amounts of the revalued items of property, plant and equipment are not materially different from their fair values at the end of the reporting period. The frequency of revaluations depends on the change in the fair value of the items of property, plant and equipment. Where the fair value of a revalued asset is considered to be materially different from its carrying amount, the revaluation is required to be repeated and this is done for the entire asset class in which the revalued asset is included as of the same date. On the other hand, it is not considered necessary to repeat the revaluation of property, plant and equipment whose fair value changes are insignificant. In this context, as a result of the assessments made by the Company management, it is assumed that the fair values of land, buildings and land improvements determined in the valuation studies performed as of 31 December 2022 will converge to their respective fair values as of 30 September 2023 after deducting current period depreciation.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

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

NOTE 3 – INTERESTS IN OTHER ENTITIES

Subsidiaries:

As of 30 September 2023 and 31 December 2022 the Group’s major subsidiaries are as follows:

Consolidated subsidiaries	30 September 2023		31 December 2022	
	Voting rights	Effective ownership	Voting rights	Effective ownership
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	77,33	77,33	80,66	80,66
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 B.V.	100	100	100	100
Vestel Holland B.V. Germany Branch Office (*)	100	100	100	100
Cabot Communications Ltd.	90,8	90,8	90,8	90,8
Vestel UK Ltd.	100	100	100	100
Vestel Holland B.V. UK Branch Office	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99,9	99,9	99,9	99,9
Vestel Central Asia LLP	100	100	100	100
Vestel Holland B.V. Poland Branch Office (**)	100	100	100	100
Vestel Electronics Gulf DMC	100	100	100	100
Vestel Electronics Shanghai Trading Co. Ltd.	100	100	100	100
Vestel Electronica SRL	100	100	100	100
Vestel USA	100	100	100	100

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

(**) Within the scope of the restructuring of sales and marketing companies abroad, Vestel Poland sp. z.o.o., which is based in Poland and wholly owned by Vestel Ticaret AŞ (Vestel Ticaret), a fully owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ (Vestel Elektronik), has been merged into Vestel Holland B.V., another wholly owned subsidiary of Vestel Ticaret. With the merger, all assets, liabilities and operations of Vestel Poland sp. z.o.o. have been transferred to Vestel Holland B.V. Poland Branch Office, which is established in Poland by Vestel Holland B.V. the merger took place as of 1 January 2023.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2023

(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 2023	31 December 2022
Accumulated non-controlling interests	2.255.536	1.230.213
Comprehensive income attributable to	851.184	404.660

Condensed balance sheet:

	30 September 2023	31 December 2022
Current assets	24.854.046	17.009.204
Non-current assets	10.695.994	8.521.158
Current liabilities	(24.035.446)	(18.428.441)
Non-current liabilities	(1.836.036)	(782.505)
Net assets	9.678.558	6.319.416

Condensed statement of comprehensive income:

	1 January - 30 September 2023	1 January - 30 September 2022
Net sales	34.580.088	21.196.102
Income before tax	3.302.037	1.264.119
Tax benefit	210.591	175.117
Net income for the period	3.512.628	1.439.236
Total comprehensive income	3.711.970	1.295.521

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

Condensed statement of cash flows:

Operating activities:

Changes in working capital	1.165.971	30.015
Net cash provided by operating activities	5.270.906	2.744.026

Investing activities:

Net cash used in investing activities	(2.900.884)	(3.896.871)
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Financing activities:

Proceeds from bank borrowings	3.051.102	4.890.521
Repayment of bank borrowings	(4.838.362)	(2.133.169)
Other payables to related parties	352.828	698.310
Net cash (used in) / provided by financing activities	(2.650.382)	1.381.497
Cash and cash equivalents at the beginning of the period	578.753	112.815
Cash and cash equivalents at the end of the period	298.393	341.467

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.

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.

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NOTE 4 - SEGMENT REPORTING (Cont'd)

Industrial segments

	Television and electronic devices	White goods	Total
1 January -30 September 2023			
Revenue	20.978.111	40.823.808	61.801.919
Cost of sales	(16.735.764)	(27.561.583)	(44.297.347)
Gross profit	4.242.347	13.262.225	17.504.572
Depreciation and amortization	662.477	482.737	1.145.214
1 January -30 September 2022			
Revenue	14.531.313	24.571.034	39.102.347
Cost of sales	(11.584.363)	(17.482.809)	(29.067.172)
Gross profit	2.946.950	7.088.225	10.035.175
Depreciation and amortization	520.768	388.844	909.612

	Television and electronic devices	White goods	Total
1 July-30 September 2023			
Revenue	9.105.243	15.309.389	24.414.632
Cost of sales	(7.137.572)	(9.632.291)	(16.769.863)
Gross profit	1.967.671	5.677.098	7.644.769
Depreciation and amortization	237.138	138.615	375.753

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NOTE 4 - SEGMENT REPORTING (Cont'd)

1 July-30 September 2022

Revenue	5.397.797	9.073.874	14.471.671
Cost of sales	(4.324.805)	(7.026.688)	(11.351.493)
Gross profit	1.072.992	2.047.186	3.120.178
Depreciation and amortization	52.423	152.029	204.452

Capital expenditure

	Television and Electronical		Total
	devices	White goods	
1 January -30 September 2023	1.108.117	2.305.226	3.413.343
1 January -30 September 2022	583.152	1.652.645	2.235.797

Geographical segments:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Segment revenue				
Turkey	24.980.030	12.531.346	10.041.545	4.672.054
Europe	34.092.592	22.683.348	13.721.770	8.325.880
Other	7.612.478	6.326.767	2.607.848	2.607.647
Gross segment sales	66.685.100	41.541.461	26.371.163	15.605.581
Discounts (-)	(4.883.181)	(2.439.114)	(1.956.531)	(1.133.910)
Net sales	61.801.919	39.102.347	24.414.632	14.471.671

The amount of export for the period 1 January - 30 September 2023 is TL 41.705.070 (1 January – 30 September 2022: TL 29.010.115). Export sales are denominated in EUR, USD and other currencies as 70.2%, 22%, and 7.8% of total exports respectively. (1 January – 30 September 2022: %69,2 EUR, %25,9 USD, %4,9 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.

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NOTE 5 - CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Cash	12.255	3.148
Bank deposits		
- Demand deposits	1.306.186	1.217.107
- Time deposits	51.329	214.747
Cheques and notes	54.336	45.029
Other	78.761	72.358
	1.502.867	1.552.389
Blocked deposits	22	22
Cash and cash equivalents	1.502.889	1.552.411

The Group has time deposits amounting to TL 51.329 (31 December 2022: USD 1.003 thousand, TL 96.696, EUR 4.200 thousand, RUB 60,000 thousand) As of 30 September 2023 and 31 December 2022 the Group’s time deposits have an average maturity of less than 3 months.

NOTE 6 – FINANCIAL ASSETS

	Country	Ownership (%)		Amount	
		30 September	31 December	30 September	31 December
		2023	2022	2023	2022
Financial assets measured at fair value through other comprehensive income					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	<1%	<1%	52.200	70.400
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
Other	Turkey			200	200
				52.411	70.611

Non-consolidated subsidiaries by considering materiality	Country	Ownership (%)		Amount	
		30 September	31 December	30 September	31 December
		2023	2022	2023	2022
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	56.273	56.273
				56.273	56.273

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NOTE 7 – FINANCIAL LIABILITIES

	30 September 2023	31 December 2022
Short term financial liabilities		
Short term bank loans	19.528.100	17.668.289
Short term portion of long term bank loans	2.590.365	1.396.941
Operational lease debts	131.083	140.069
Issued debit instruments (*)	2.617.275	1.139.204
	24.866.823	20.344.503
Long term financial liabilities		
Long term bank loans	2.017.992	693.877
Long term lease liabilities	471.641	397.326
	2.489.633	1.091.203

(*)Sales transaction related to the issuance of TL 120.000, 379 days maturity, fixed coupon payment commercial papers amounting to TL 120.000 to be sold to qualified investors without public offering by the Group on 25 January 2023; sales transaction related to the issuance of TL 680.000, 126 days maturity, fixed coupon payment commercial papers on 19 July 2023; sales transaction related to the issuance of TL 190.000 amounting to TL 190.000 with a maturity of 62 days and variable coupon payment; 25 August 2023; TL 50. 000 amounting to TL 50.000 with a maturity of 390 days and a floating coupon payment was completed on 25 August 2023; TL 390.000 amounting to TL 173 days and a fixed coupon payment was completed on 1 September 2023; TL 260.000 amounting to TL 383 days and a fixed coupon payment was completed on 1 September 2023; TL 300.000 amounting to TL 265 days and a fixed coupon payment was completed on 15 September 2023; TL 500.000 amounting to TL 283 days and a fixed coupon payment was completed on 18 September 2023.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
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NOTE 7 – FINANCIAL LIABILITIES (Cont’d)

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

Currency	30 September 2023				31 December 2022			
	Weighted	Original		Weighted	Original		TL Equivalent	
	average of effective interest rates per annum(%)	currency	TL Equivalent	average of effective interest rates per annum(%)	currency	TL Equivalent		
- USD	11,45%	279.854	7.675.288	8,27%	235.849	4.417.923		
- EUR	9,93%	103.030	2.996.404	8,75%	64.505	1.288.216		
- TL	40,00%	8.315.632	8.315.632	16,75%	11.778.618	11.778.618		
- CNY	7,67%	143.168	540.776	4,55%	68.467	183.532		
			19.528.100			17.668.289		

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

Currency	30 September 2023				31 December 2022			
	Weighted	Original		Weighted	Original		TL Equivalent	
	average of effective interest rates per annum(%)	currency	TL Equivalent	average of effective interest rates per annum(%)	currency	TL Equivalent		
- USD	8,22%	11.877	325.740	6,74%	13.104	245.464		
- EUR	11,20%	31.471	915.279	5,37%	20.097	401.353		
- TL	18,71%	1.349.346	1.349.346	14,82%	750.124	750.124		
Short term portion			2.590.365			1.396.941		
- USD	10,66%	35.099	962.638	8,18%	36.142	677.012		
- EUR	10,87%	9.292	270.251	-	-	-		
- TL	12,27%	785.103	785.103	15,00%	16.865	16.865		
Long term portion			2.017.992			693.877		
			4.608.357			2.090.818		

Total amount of Group’s floating bank loans is TL 12.362.655 (31 December 2022: TL 17.054.935).

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
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NOTE 7 – FINANCIAL LIABILITIES (Cont’d)

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

	30 September 2023	31 December 2022
One to two years	1.379.699	454.791
Two years and more	638.293	239.086
	2.017.992	693.877

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

	30 September 2023	31 December 2022
3 months or less	4.838.745	4.267.300
Between 3-6 months	5.299.122	3.724.156
Between 6-12 months	2.224.788	9.063.479
	12.362.655	17.054.935

As of 30 September 2023 and 2022, the Group’s net financial debt reconciliation is shown below:

	30 September 2023	30 September 2022
Net financial debt as of 1 January	19.883.317	10.028.005
Cash inflows from loans	19.858.086	17.542.853
Cash outflows from loan payments	(16.635.777)	(12.491.247)
Payments of lease liabilities	65.329	235.131
Unrealized Fx gain/loss	2.487.484	1.927.375
Accrued interest	145.628	(11.834)
Change in cash and cash equivalents	49.522	569.049
Net financial debt at the end of the period	25.853.589	17.799.332

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NOTE 8 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 September 2023	31 December 2022
Korteks Mensucat Sanayi ve Ticaret A.Ş. ⁽¹⁾	13.780	8.790
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. ⁽³⁾	191.232	109
ZES Dijital Ticaret A.Ş. ⁽¹⁾	27.023	12.451
Other related parties	29.887	19.506
	261.922	40.856

b) Short term trade payables to related parties

	30 September 2023	31 December 2022
ABH Turizm Temsilcilik ve Ticaret A.Ş. ⁽¹⁾	20.460	11.377
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş. ⁽¹⁾	56.773	-
Zorlu Holding A.Ş. ⁽²⁾	33.156	13.790
Other related parties	32.351	18.897
	142.740	44.064

c) Other short term receivables from related parties

	30 September 2023	31 December 2022
Vestel Ventures A.Ş. ⁽³⁾	1.174.083	744.432
Lentatek Uzay Havacılık ve Teknoloji A.Ş. ⁽³⁾	835.110	607.814
	2.009.193	1.352.246

The Company's interest rate of short term other receivables in USD is %8, EUR is 7% and TL 45% (31 December 2022: in USD 7%, TL 25%).

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

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont’d)

d) Short term prepayments to related parties

	30 Eylül 2023	31 Aralık 2022
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ⁽¹⁾	-	198.203
	-	198.203

e) Other long term receivables from related parties

	30 September 2023	31 December 2022
Zorlu Holding A.Ş. ⁽²⁾	9.473.007	6.461.918
Lentatek Uzay Havacılık ve Teknoloji A.Ş. ⁽³⁾	8.935.196	5.674.420
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş. ⁽³⁾	6.603.346	4.281.819
	25.011.549	16.418.157

As of 30 September 2023, the annual interest rate of other receivables in USD is 8%, interest rate of other receivables in TL is 45% (31 December 2022: USD 7%, TL 25%).

f) Lease liabilities to related parties

	30 September 2023	31 December 2022
Zorlu Yapı Yatırım A.Ş.(1)	132	1.229
Other related parties	1.018	9.447
	1.150	10.676

g) Long term prepayments to related parties

	30 September 2023	31 December 2022
Zorlu Enerji Elektrik Üretim A.Ş. ⁽¹⁾	1.227.075	-
	1.227.075	-

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

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

h) Deferred income from related parties

	30 September 2023	31 December 2022
Other related parties	6.655	-
	6.655	-

i) Transactions with related parties

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Sales				
ZES Dijital Ticaret A.Ş. ⁽¹⁾	180.616	58.708	157.089	1.810
Other related parties	342.988	123.850	260.769	18.425
	523.604	182.558	417.858	20.235
Operating expenses				
ABH Turizm Temsilcilik ve Ticaret A.Ş. ⁽¹⁾	70.037	53.393	30.560	20.477
Zorlu Holding A.Ş. ⁽²⁾	214.231	107.043	76.387	43.512
Other related parties	76.591	61.157	27.329	28.018
	360.859	221.593	134.276	92.007
Other income from operating activities				
Other related parties	386.405	24.410	87.316	11.974
Other expense from operating activities				
Other related parties	12.299	23.936	7.466	7.431

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

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont’d)

i) Transactions with related parties

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Financial income				
Zorlu Holding A.Ş. ⁽²⁾	3.423.031	2.189.925	780.146	736.132
Lentatek Uzay Havaçılık Ve Teknoloji A.Ş. ⁽³⁾	3.080.194	1.962.022	760.274	683.220
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş. ⁽³⁾	2.171.473	1.075.940	515.544	384.638
Other related parties	403.960	217.938	71.503	91.646
	9.078.658	5.445.825	2.127.467	1.895.636
Financial expense				
Other related parties	2.290	549	2.159	70
	2.290	549	2.159	70

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

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

j) Compensation paid to key management including directors, the Chairman and members of Board of Directors, general managers and assistant general managers for the nine months period ended is TL 136.762 (1 January -30 September 2022: TL 47.097).

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

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NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	30 September 2023	31 December 2022
Short term trade receivables		
Trade receivables		
- <i>Related parties (note 8)</i>	261.922	40.856
- <i>Other parties</i>	12.177.941	9.766.217
Cheques and notes receivables	1.724.054	1.304.931
Other	91.453	117.122
	14.255.370	11.229.126
Unearned interest expense (-)		
- <i>Other parties</i>	(153.752)	(100.618)
Allowance for doubtful receivables (-)	(110.456)	(154.598)
Total short term trade receivables	13.991.162	10.973.910

Movement of provision for doubtful receivables is as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance, 1 January	154.598	174.147
Current year additions	70.026	18.788
Doubtful receivables written-off	(121.303)	(31.376)
Currency translation differences	7.135	5.550
Balance at 30 September	110.456	167.109

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
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NOTE 9 – TRADE RECEIVABLES AND PAYABLES (Cont’d)

	30 September 2023	31 December 2022
Short term trade payables		
Trade payables		
- Related parties (note 8)	142.740	44.064
- Other parties	35.452.230	21.595.766
Other	5.618	4.925
	35.600.588	21.644.755
Unearned interest income (-)		
- Other parties	(100.364)	(63.278)
Total short term trade payables	35.500.224	21.581.477
Long term trade payables		
Trade payables		
- Other parties	401.441	182.877
Total long term trade payables	401.441	182.877

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NOTE 10 – OTHER RECEIVABLES AND PAYABLES

	30 September 2023	31 December 2022
Short term other receivables		
Receivables from official institutions	907.908	1.001.378
Receivables from related parties (note 8)	2.009.193	1.352.246
Deposits and guarantees given	198.468	165.120
Other receivables	14.909	91.302
	3.130.478	2.610.046
Allowance for doubtful receivables (-)	(239)	(89.623)
	3.130.239	2.520.423
Long term other receivables		
Deposits and guarantees given	21.120	33.447
Receivables from related parties (note 8)	25.011.549	16.418.157
Other receivables	8.336	8.416
	25.041.005	16.460.020
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	25.032.727	16.451.742

The Group provides allowance for doubtful receivables.

Short term other payables		
- Other parties	23.881	2.791
	23.881	2.791
Deferred revenue		
- Other parties	1.337.648	1.252.820
	1.337.648	1.252.820

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NOTE 11 – INVENTORIES

	30 September 2023	31 December 2022
Raw materials	10.662.082	6.128.682
Work in process	564.279	374.961
Finished goods	8.182.836	5.732.317
Merchandise	1.058.734	652.625
Other	102.940	37.097
	20.570.871	12.925.682
Provision for impairment on inventories (-)	(253.615)	(172.608)
	20.317.256	12.753.074

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 2023 is amounting to TL 38.435.796 (1 January – 30 September 2022: TL 25.401.452).

As of 30 September 2023 the Group does not have inventories pledged as security for liabilities (31 December 2022: None)

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

	30 September 2023	31 December 2022
Raw materials	19.815	124.884
Finished goods and merchandise	233.800	47.724
	253.615	172.608
	1 January -	1 January -
	30 September 2023	30 September 2022
Opening balance, 1 January	172.608	99.413
Current year additions	110.157	103.167
Realised due to sale of inventory	(42.520)	(35.208)
Currency translation differences	13.370	22.476
Balance at 30 September	253.615	189.848

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NOTE 12 – PREPAID EXPENSES

	30 September 2023	31 December 2022
Prepaid expenses in current assets		
Order advances given	988.335	380.694
Prepaid expenses	315.812	214.539
Business advances given	10.253	4.788
	1.314.400	600.021
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	189.069	375.631
Prepaid expenses	4.677	13.162
	193.746	388.793

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 September 2023		31 December 2022	
	%	Amount	%	Amount
Subsidiaries				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	163.675	50%	817.503
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	1.180.866	23%	1.153.117
		1.344.541		1.970.620

The Group’s voting rights and effective ownership rates in Lentatek and Aydın Yazılım are 35% and 21% respectively (31 December 2022: 35%, 21%).

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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 2023	1 January - 30 September 2022
Balance at 1 January	817.503	740.287
Shares from profit / loss	(564.694)	157.263
Shares from other comprehensive income / expense	(89.134)	46.336
Balance at 30 September	163.675	943.886

Condensed financial statement information of META is given below:

	30 September 2023	31 December 2022
Total Assets	17.993.584	12.312.082
Total liabilities	(19.013.798)	(12.020.507)
Net assets	(1.020.214)	291.575

	1 January - 30 September 2023	1 January - 30 September 2022
Revenue	2.121.936	1.204.378
(Loss) / Income before tax	(887.546)	27.677
Tax (expense) / benefit	(241.842)	286.848
Net (loss) / income for the period	(1.129.388)	314.525
Total comprehensive (expense) / income	(1.307.656)	407.197

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NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Disposals	translation differences	Transfers	30 September 2023
Cost/ Revaluation Amount						
Land	3.194.525	-	-	3.667	-	3.198.192
Land improvements	277.893	418	-	3.965	-	282.276
Buildings	5.153.189	25.638	-	71.948	19.766	5.270.541
Leasehold improvements	255.693	48.975	(10.678)	17.990	4.629	316.609
Plant and machinery	5.867.290	935.481	(62.202)	41.574	120.168	6.902.311
Motor vehicles	12.588	3.555	(31)	596	-	16.708
Furniture and fixtures	806.084	146.430	(1.850)	23.945	22.142	996.751
Other tangible assets	849	-	-	-	-	849
Construction in progress (*)	1.455.308	1.274.739	-	-	(169.271)	2.560.776
	17.023.419	2.435.236	(74.761)	163.685	(2.566)	19.545.013
Accumulated depreciation						
Land improvements	18.548	9.494	-	1.214	-	29.256
Buildings	258.230	152.615	-	23.699	-	434.544
Leasehold improvements	199.032	21.910	(10.678)	17.954	-	228.218
Plant and machinery	3.480.903	502.691	(60.619)	31.273	-	3.954.248
Motor vehicles	9.997	1.150	(31)	256	-	11.372
Furniture and fixtures	525.147	73.511	(1.380)	19.872	-	617.150
Other tangible assets	849	-	-	-	-	849
	4.492.706	761.371	(72.708)	94.268	-	5.275.637
Net book value	12.530.713					14.269.376

(*) A significant portion of construction in progress consists of investments related to the new dishwasher factory investment.

Mortgages on property, plant and equipment are disclosed in note 17.

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

	1 January 2022	Additions	Disposals	Currency translation	Transfers	30 September 2022
Cost/ Revaluation Amount						
Land	1.724.691	-	-	47.188	-	1.771.879
Land improvements	213.477	95	-	76.834	-	290.406
Buildings	3.667.374	22.351	(103)	919.141	19.509	4.628.272
Leasehold improvements	191.722	34.972	(2)	2.315	1.807	230.814
Plant and machinery	4.589.149	702.424	(20.420)	165.877	144.863	5.581.893
Motor vehicles	9.541	873	(414)	1.008	-	11.008
Furniture and fixtures	566.821	136.442	(1.273)	16.362	7.076	725.428
Other tangible assets	849	-	-	-	-	849
Construction in progress	82.132	860.609	369	-	(173.297)	769.813
	11.045.756	1.757.766	(21.843)	1.228.725	(42)	14.010.362
Accumulated depreciation						
Land improvements	2.585	18.440	-	8.309	-	29.334
Buildings	169.092	223.425	(10)	114.706	-	507.213
Leasehold improvements	187.612	13.081	(2)	1.817	-	202.508
Plant and machinery	2.760.215	350.074	(20.349)	155.217	-	3.245.157
Motor vehicles	2.605	1.851	(415)	905	-	4.946
Furniture and fixtures	495.809	50.270	(1.033)	15.533	-	560.579
Other tangible assets	849	-	-	-	-	849
	3.618.767	657.141	(21.809)	296.487	-	4.550.586
Net book value	7.426.989					9.459.776

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

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

	1 January - 30 September 2023	1 January - 30 September 2022
Cost of sales	664.338	547.222
Research and development expenses	262.085	193.438
Marketing, selling and distribution expenses	144.741	43.377
General administrative expenses	66.124	116.076
Other operating expense (idle capacity depreciation expense)	7.926	9.499
	1.145.214	909.612

30 September 2023	Level 1	Level 2	Level 3
Tangible Assets			
Lands	-	3.198.192	-
Buildings and land improvements	-	5.089.017	-
31 December 2022	Level 1	Level 2	Level 3
Tangible Assets			
Lands	-	3.194.525	-
Buildings and land improvements	-	5.154.304	-

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NOTE 15 – RIGHT OF USE ASSETS

	1 January			30 September
	2023	Additions	Disposals	2023
Cost				
Land and buildings	714.611	208.992	(6.763)	916.840
Machinery and motor vehicles	157.133	25.410	-	182.543
	871.744	234.402	(6.763)	1.099.383
Accumulated amortization				
Land and buildings	299.616	154.697	(1.387)	452.926
Machinery and motor vehicles	107.138	18.097	-	125.235
	406.754	172.794	(1.387)	578.161
Net book value	464.990	-	-	521.222
	1 January			30 September
	2022	Additions	Disposals	2022
Cost				
Land and buildings	315.286	323.160	-	638.446
Machinery and motor vehicles	123.509	18.230	(1.063)	140.676
	438.795	341.390	(1.063)	779.122
Accumulated amortization				
Land and buildings	178.707	78.813	-	257.520
Machinery and motor vehicles	80.470	20.803	(16)	101.257
	259.177	99.616	(16)	358.777
Net book value	179.618	-	-	420.345

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NOTE 16 – INTANGIBLE ASSETS

	1 January 2023	Additions	Disposals	Currency translation differences	Transfers	30 September 2023
Cost						
Rights	94.660	204	-	7.039	-	101.903
Development cost	2.299.125	887.294	(31.789)	-	-	3.154.630
Other intangible assets	292.090	90.609	(902)	14.165	2.566	398.528
	2.685.875	978.107	(32.691)	21.204	2.566	3.655.061
Accumulated amortization						
Rights	72.912	2.981	-	6.991	-	82.884
Development cost	1.107.342	195.540	(8.558)	-	-	1.294.324
Other intangible assets	131.840	12.528	-	10.998	-	155.366
	1.312.094	211.049	(8.558)	17.989	-	1.532.574
Net book value	1.373.781					2.122.487

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	30 September 2022
Cost						
Rights	89.530	38	-	2.490	-	92.058
Development cost	1.717.843	437.069	(61.578)	-	-	2.093.334
Other intangible assets	212.385	40.924	(231)	2.815	42	255.935
	2.019.758	478.031	(61.809)	5.305	42	2.441.327
Accumulated amortization						
Rights	64.629	3.198	-	2.394	-	70.221
Development cost	928.105	137.314	(2.261)	-	-	1.063.158
Other intangible assets	116.581	12.343	(3)	1.679	-	130.600
	1.109.315	152.855	(2.264)	4.073	-	1.263.979
Net book value	910.443					1.177.348

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NOTE 16 – INTANGIBLE ASSETS(Cont’d)

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

NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 September 2023	31 December 2022
Short term provisions		
Warranty and assembly provision	997.901	680.015
Other provisions	1.499.630	819.480
Provision for lawsuit risks	74.935	60.510
	2.572.466	1.560.005
Long term provisions		
Warranty and assembly provision	252.282	151.680
Other provisions	4.060	-
	256.342	151.680

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 2023, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is TL 74.935 (31 December 2022: TL 60.510)

As of 30 September 2023 and 2022 movements of warranty and assembly provisions are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance, 1 January	831.695	570.469
Current year additions	1.708.784	726.096
Provisions no longer required	(1.290.296)	(575.103)
Balance at 30 September	1.250.183	721.462

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

b) Guarantees received by the Group

Guarantee letters, collaterals, cheques and notes received

	30 September 2023	31 December 2022
Guarantee letters	3.267.810	2.198.770
Cheques and notes	1.917.492	2.083.544
Collaterals and pledges	4.025.979	2.625.958
	9.211.281	6.908.272

Collaterals, pledges and mortgages (“CPMB’s”) given by the Group

	USD	EUR	GBP	TL	TL Equivalent
	('000)	('000)	('000)		
CPMB's given by the Group					
30 September 2023					
A. CPMB's given on behalf of its own legal entity	15.875	7.743	450	1.030.204	1.705.847
B. CPMB's given on behalf of fully consolidated subsidiaries (*)	2.179.237	67.665	-	6.177.626	67.913.254
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	36.104	-	-	19.920	1.010.097
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	36.104	-	-	19.920	1.010.097
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2.231.216	75.408	450	7.227.750	70.629.198

(*) 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.

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

CPMB's given by the Group	USD (‘000)	EUR (‘000)	GBP (‘000)	TL	TL Equivalent
31 December 2022					
A. CPMB's given on behalf of its own legal entity	30.342	24.000	450	96.791	1.154.629
B. CPMB's given on behalf of fully consolidated subsidiaries	2.199.937	63.343	-	4.127.624	46.601.837
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPMB's given	34.991	-	-	19.383	674.834
i. Total amount of CPMB's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	34.991	-	-	19.383	674.834
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2.265.270	87.343	450	4.243.798	48.431.300

As of 30 September 2023 proportion of other CPM's given by the Group to its equity is 6% (31 December 2022: 5%).

NOTE 18 – COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to USD 4.939.080 thousand (31 December 2022: USD 5.331.164 thousand) due to the export and investment incentive certificates obtained.

As of 30 September 2023 the Group has forward foreign currency purchase contract amounting to USD 835.905 thousand, EUR 293.017 thousand, GBP 101.215 thousand, PLN 6.531 thousand, CNY 154.000 thousand, against forward foreign currency sales contract that amounts to USD 442.107 thousand, EUR 548.913 thousand, GBP 123.013 thousand, PLN 15.672 thousand, RUB 1.020.000 thousand, CHF 120 thousand and TL 2.821.633, (31 December 2022: USD 813.078 thousand, EUR 173.310 thousand, GBP 79.849 thousand, PLN 23.186 thousand, CNY 66.896 thousand and TL 5.563.115 thousand against forward foreign currency sales contract that amounts to USD 559.982 thousand, EUR 540.395 thousand, GBP 84.901 thousand, PLN 87.098 thousand and TL 3.178.293 against forward foreign currency sales contract).

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NOTE 19 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 September 2023	31 December 2022
Due to personnel	550.902	273.856
Social security payables	464.844	180.113
	1.015.746	453.969

Long term provisions for employee benefits:

	30 September 2023	31 December 2022
Provision for employment termination benefits	1.224.929	1.240.006

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 gross salary for each year of service and is limited to a maximum of TL 23.489,83 TL/ year as of 30 September 2023 (31 December 2022: TL 15.371,40 /year).

The provision for employee termination benefits is not funded.

The provision is calculated by estimating the present value of the future obligation of the 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 2023, 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 2023 provision is calculated based on real discount rate of 2% (31 December 2022: 2%) assuming 13,53 % annual inflation rate and 15,80 % discount rate.

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NOTE 19 – EMPLOYEE BENEFITS (Cont’d)

The main assumption is that the seniority ceiling for each year of service increases in line with inflation. Thus, the discount rate applied represents the actual rate adjusted for the expected effects of inflation. As the maximum liability is revised every six months, the maximum amount of TL 23.489,83 (1 January 2023: TL 19.982,83) effective from 1 July 2023 has been taken into consideration in calculating the reserve for employment termination benefits of the Company.

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

	1 January - 30 September 2023	1 January - 30 September 2022
Balance at 1 January	1.240.006	387.222
Increase during the year	77.038	65.318
Payments during the year	(374.542)	(44.727)
Actuarial (gain) /loss	213.396	23.644
Interest expense	69.031	62.878
Balance at 30 September	1.224.929	494.335

NOTE 20 – OTHER ASSETS AND LIABILITIES

	30 September 2023	31 December 2022
Other current assets		
VAT carried forward	287.857	21.860
Rebates from suppliers and incentives income accrual:	112.365	42.452
Other	101.365	92.986
	501.587	157.298

	30 September 2023	31 December 2022
Other current liabilities		
Tax payables	513.289	402.443
Other	1.416.161	815.554
	1.929.450	1.217.997

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NOTE 21 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 September 2023	31 December 2022
Shares of par value Kr 1 each		
limit on registered share capital	2.000.000	2.000.000
Issued share capital	335.456	335.456

As of 30 September 2023 and 31 December 2022 the shareholding structures are as follows:

	Shareholding		Amount	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
Zorlu Holding A.Ş.	%56,08	60,95%	188.139	204.444
Other shareholders	%43,92	39,05%	147.317	131.012
	%100	%100	335.456	335.456

b) Adjustment to share capital

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

c) Share premium

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

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

d) Legal reserves

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

	30 September 2023	31 December 2022
Legal reserves	251.621	261.116

e) Revaluation reserve

	30 September 2023	31 December 2022
Fair value gains on financial assets	36.377	50.027
Revaluation of property, plant and equipment	5.670.754	5.646.358
	5.707.131	5.696.385

f) Retained Earnings (Accumulated Losses)

	30 September 2023	31 December 2022
Extraordinary reserves	2.035.669	512.541
Previous year’s profit	2.689.307	2.715.172
Other inflation adjustment of share capital	119.718	119.718
	4.844.694	3.347.431

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

g) Dividend distribution

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

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, dividend can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

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

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

- i. As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.
- ii. 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.
- iii. 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.
- iv. 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.
- v. 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.

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NOTE 22 – SALES

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Domestic sales	24.980.030	12.531.346	10.041.545	4.672.054
Export sales	41.705.070	29.010.115	16.329.618	10.933.527
Gross sales	66.685.100	41.541.461	26.371.163	15.605.581
Sales discounts (-)	(4.883.181)	(2.439.114)	(1.956.531)	(1.133.910)
Net sales	61.801.919	39.102.347	24.414.632	14.471.671
Cost of sales	(44.297.347)	(29.067.172)	(16.769.863)	(11.351.493)
Gross profit	17.504.572	10.035.175	7.644.769	3.120.178

NOTE 23 – EXPENSES BY NATURE

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Raw materials, supplies and finished goods	38.435.796	25.401.542	14.558.601	9.898.552
Personnel expenses	6.230.128	3.170.232	2.506.928	1.308.512
Depreciation and amortization	1.137.288	900.113	375.178	200.517
Export, transportation and warehouse expenses	2.832.424	2.088.262	1.186.235	826.054
Warranty and assembly expenses	1.708.784	726.096	637.905	266.914
Advertising expenses	728.069	469.246	425.358	210.315
Other	3.358.200	2.402.405	1.156.284	1.017.758
	54.430.689	35.157.896	20.846.489	13.728.622

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

a) General administrative expenses:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Personnel expenses	636.144	333.638	241.496	147.175
Depreciation and amortization	66.124	116.076	25.905	38.459
Consultancy expenses	170.806	118.767	59.591	41.127
Information technology expenses	162.583	83.494	55.380	34.183
Other	540.289	318.508	214.540	119.195
	1.575.946	970.483	596.912	380.139

b) Marketing expenses:

Export, transportation, warehouse expenses	2.637.258	1.915.416	1.104.088	760.084
Warranty and assembly expenses	1.708.784	726.096	637.905	266.914
Personnel expenses	1.634.611	831.637	634.596	337.936
Advertising expenses	650.008	404.204	393.278	184.233
Other	1.223.368	720.847	466.443	249.382
	7.854.029	4.598.200	3.236.310	1.798.549

c) Research and development expenses:

Personnel expenses	268.888	146.401	109.613	63.097
Depreciation and amortization	262.085	193.438	90.296	67.298
Other	172.394	182.202	43.495	68.046
	703.367	522.041	243.404	198.441

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NOTE 25 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Credit finance gains arising from trading activities	288.171	62.919	23.279	9.099
Foreign exchange gains arising from trading activities	1.430.316	1.930.318	11.067	684.294
Other income	143.415	247.527	27.888	75.786
	1.861.902	2.240.764	62.234	769.179

b) Other expense from operating activities:

Debit finance charges arising from trading activities	621.494	436.298	290.717	129.495
Foreign exchange expenses arising from trading activities	7.016.532	5.459.564	1.095.080	1.820.580
Other expenses	450.254	245.086	190.772	89.527
	8.088.280	6.140.948	1.576.569	2.039.602

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NOTE 26 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Foreign exchange gains	6.802.671	4.571.546	1.208.246	1.515.910
Gains on derivative financial instruments	1.798.760	2.356.498	752.062	1.089.753
Interest income	1.721.431	1.041.664	757.549	405.491
	10.322.862	7.969.708	2.717.857	3.011.154

b) Financial expense:

Foreign exchange losses	3.919.185	3.128.136	658.558	1.051.969
Losses on derivative financial instruments	2.919.629	2.486.313	1.115.099	1.107.536
Interest expense	3.238.115	1.551.645	1.230.544	765.951
Other finance expenses	383.392	7.745	133.400	3.339
	10.460.321	7.173.839	3.137.601	2.928.795

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

	30 September 2023	31 December 2022
Corporation and income taxes	221.723	17.204
Prepaid taxes (-)	(172.568)	(51.426)
Current income tax liabilities - net	49.155	(34.222)
Deferred tax liabilities	-	-
Deferred tax assets	1.887.790	431.877
Deferred tax liabilities - net	1.887.790	431.877

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

Pursuant to paragraph 1 of Article 6 of the Corporate Tax Law No. 5520, corporate tax is calculated on the net corporate income of the taxpayers for an accounting period.

Pursuant to paragraph 2 of the same article, by taking into account the provisions of Income Tax Law No. 193 on commercial income, pure corporate income is calculated by adding legally unacceptable expenses to the commercial income and deducting the exempt earnings and discounts from the commercial income.

With the amendment made to Article 32 of the Corporate Tax Law No. 5520 with Article 21 of the Law No. 7456, corporate taxpayers other than banks, companies within the scope of the Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies are subject to corporate tax at the rate of 25% on their net corporate earnings in 2023 and the following taxation periods. For banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the same legal amendment set the rate at 30%.

The above-mentioned amendment regarding the corporate tax rate will take effect starting from the declarations to be submitted on October 1, 2023. For the declarations submitted before this date, the corporate tax rate is 20%.

In addition to the corporate tax levied on corporate income, withholding income/corporate tax burden may arise if all or part of the profits of corporations are subject to profit distribution. By full taxpayer corporations;

- Full taxpayer real persons,
- For non-income and corporate taxpayers,
- For those exempt from income tax,
- Limited taxpayer real persons,
- Limited taxpayers exempt from income tax,
- Institutions exempt from corporate tax,
- To limited taxpayers corporations or limited taxpayers exempt from corporate tax, except for those who obtain dividends through a place of business or permanent representative in Turkey.

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

In case of dividend distribution, 10% with holding income/corporate tax is payable. According to the Turkish tax legislation, capitalization of profit is not considered as dividend distribution.

Corporations are required to calculate advance tax on their quarterly earnings for the first 9 months of their accounting periods in accordance with the principles set out in the Income Tax Law No. 193 and at the corporate tax rate and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day.

Advance tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year.

Corporations are exempt from corporate tax on 75% of the gains arising from the sale of participation shares included in their assets for at least two full years and 25% of the gains arising from the sale of immovables included in their assets on July 15, 2023 for the same period.

As of July 15, 2023, corporate tax exemption is not applied to the gains arising from the sale of immovables taken into assets.

Under Turkish tax legislation, tax losses carried forward can be carried forward to offset against future taxable income for up to 5 years. However, tax losses cannot be offset against retained earnings.

In Turkey, there is no such practice as reconciliation with the tax authority on taxes payable. Corporate tax returns are required to be filed with the tax office by the 30th of the fourth month following the close of the accounting period and corporate tax is payable within the same period.

However, tax authorities may examine the accounting records within five years and the amount of tax payable may change if incorrect transactions are detected.

Earnings from the Company’s investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or completely until the investment contribution amount is reached.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized in respect of deductible temporary differences, tax losses and tax advantages arising from investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized in respect of deductible temporary differences, tax losses and tax advantages arising from investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax.

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

Russian Federation

In Russia, corporate tax rate applicable is 20% (2022: 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 2023 and 2022 tax benefit in the consolidated statement of income is as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Current period tax expense	(221.723)	(9.092)
Deferred tax benefit	1.179.390	293.554
Total tax (expense) / benefit	957.667	284.462

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

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.

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

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

	Cumulative temporary		Deferred tax	
	differences			
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Revaluation of tangible fixed assets	6.774.132	6.742.123	(1.103.378)	(1.095.765)
Employment termination benefits	(1.224.929)	(1.240.006)	306.232	248.001
Investment incentives	-	-	579.717	532.965
Warranty and assembly provision	(1.250.183)	(831.695)	312.546	166.339
Provision for doubtful receivables	(110.456)	(154.598)	27.614	30.920
Net difference between book values and tax bases of property, plant and Provision for impairment on inventories	(3.370.620)	(869.566)	842.655	173.913
Derivative financial instruments	(253.615)	(172.608)	63.309	34.522
R&D incentives	151.546	(488.345)	(37.887)	97.669
Other	-	-	691.744	295.603
	(820.952)	261.450	205.238	(52.290)
			1.887.790	431.877

The Group has revalued its depreciable assets as of December 31, 2022, in accordance with the Turkish taxation system within the scope of Turkish taxation system Article 298.Ç in the financial statements prepared for the current period. The deferred tax effect calculated as TL 531.852 as a result of the mentioned application has been accounted for in the income statement or statement of profit or loss and other comprehensive income during the nine-month interim period ending on September 30, 2023

The Group's earnings from investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or fully until the investment contribution amount is reached.

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

As of September 30, 2023, the tax advantage amounting to TL 579.717 that the Company will benefit from in the foreseeable future is reflected in the financial statements as deferred tax asset. In line with the precautionary principle of accounting and in line with the budget made by the Company, the tax advantage arising from the investment incentives that the Company expects to benefit from in the coming year has been recognized as deferred tax asset in the financial statements. However, the tax advantage amounting to TL 3.031.011 that the Company is entitled to use has not been recognized in deferred tax assets in accordance with the precautionary principle of accounting.

Total tax advantage arising from investment incentive certificate used in the current period is TL 614.012.

The Company assesses the recoverability of deferred tax assets related to investment incentives based on business models that include estimates of taxable profit. These business models include forward-looking management estimates such as sales volumes, selling prices and exchange rate expectations. As a result of the sensitivity analyses on the forward-looking use of investment incentives, it has been concluded that a 10% increase/decrease in the related estimates has no impact on the recoverability of the related deferred tax assets

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

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance, 1 January	431.877	333.593
Tax benefit recognized in income statement	1.179.390	293.554
Recognized in shareholders' equity	120.327	24.608
Currency translation differences	156.196	30.621
Deferred tax assets at the end of the period, net	1.887.790	682.376

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NOTE 28 – EARNINGS PER SHARE

	1 January - 30 September 2023	1 January - 30 September 2022
Net income attributable to equity holders of the parent	469.405	959.063
value (hundred shares)	33.546.000	33.546.000
Earnings per share	1,40	2,86

NOTE 29 – DERIVATIVE INSTRUMENTS

	30 September 2023		31 December 2022	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
Derivative financial assets:				
Held for trading				
Forward foreign currency transactions	3.169.400	22.819	4.322.285	97.790
Cash flow hedge				
Forward foreign currency transactions	17.679.814	426.138	2.974.281	9.434
Derivative financial liabilities:				
Held for trading				
Forward foreign currency transactions	11.735.659	(224.871)	3.952.326	(216.967)
Cash flow hedge				
Forward foreign currency transactions	2.809.857	(72.540)	9.658.119	(378.602)
	35.394.730	151.546	20.907.011	(488.345)

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.

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

30 September 2023	USD	EUR	Other (TL)	
			Equivalent)	TL Equivalent
1. Trade receivables	67.495	212.122	1.134.937	9.140.738
2a. Monetary financial assets (including cash and cash equivalents)	15.664	8.481	3.203	678.224
2b. Non-monetary financial assets	-	-	-	-
3. Other	68.635	874	-	1.904.357
4. Current assets (1+2+3)	151.794	221.477	1.138.140	11.723.319
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	29.144	5.686	-	962.932
7. Other	806.145	51	-	22.071.081
8. Non-current assets (5+6+7)	835.289	5.737	-	23.034.013
9. Total assets (4+8)	987.083	227.214	1.138.140	34.757.332
10. Trade payables	815.226	204.933	155.363	28.473.794
11. Financial liabilities	291.731	134.501	-	11.912.711
12a. Other monetary liabilities	205	1.408	-	46.566
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	1.107.162	340.842	155.363	40.433.071
14. Trade payables	-	13.803	-	401.441
15. Financial liabilities	35.099	9.292	-	1.232.889
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	35.099	23.095	-	1.634.330
18. Total liabilities (13+17)	1.142.261	363.937	155.363	42.067.401
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b) (*)	393.798	(255.896)	(501.763)	2.799.833
19a. Hedged total assets	835.905	293.017	4.003.976	35.394.726
19b. Hedged total liabilities	(442.107)	(548.913)	(4.505.739)	(32.594.893)
20. Net foreign currency asset/ (liability) position (9-18+19)	238.620	(392.619)	481.014	(4.510.236)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(184.322)	(142.409)	982.777	(8.273.001)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	151.546
23. Export	379.054	1.138.503	2.924.761	41.705.070
24. Import	1.056.344	164.731	20.336	27.378.879

(*) The net asset / (liability) positions of derivative instruments in foreign currency are included outside the statement of financial position.

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

31 December 2022	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	92.683	263.765	587.424	7.578.567
2a. Monetary financial assets (including cash and cash equivalents)	21.100	26.982	10.514	942.932
2b. Non-monetary financial assets	-	-	-	-
3. Other	40.192	832	-	768.108
4. Current assets (1+2+3)	153.975	291.579	597.938	9.289.607
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	4.595	10.569	-	296.611
7. Other	783.367	51	-	14.648.648
8. Non-current assets (5+6+7)	787.962	10.620	-	14.945.259
9. Total assets (4+8)	941.937	302.199	597.938	24.234.866
10. Trade payables	677.301	217.665	95.485	17.129.632
11. Financial liabilities	248.953	84.602	183.531	6.536.488
12a. Other monetary liabilities	277	805	-	21.265
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	926.531	303.072	279.016	23.687.385
14. Trade payables	-	9.157	-	182.873
15. Financial liabilities	36.142	-	-	677.012
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	36.142	9.157	-	859.885
18. Total liabilities (13+17)	962.673	312.229	279.016	24.547.270
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	253.096	(367.085)	(206.830)	(2.796.817)
19a. Hedged total assets	813.078	173.310	2.073.924	20.765.640
19b. Hedged total liabilities	(559.982)	(540.395)	(2.280.754)	(23.562.457)
20. Net foreign currency asset/ (liability) position (9-18+19)	232.360	(377.115)	112.092	(3.109.221)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(25.331)	(20.599)	318.922	(609.015)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(488.345)
23. Export	614.513	1.589.196	2.421.546	43.007.114
24. Import	1.279.169	264.044	157.073	25.932.596

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

As of 30 September 2023 and 31 December 2022 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
30 September 2023				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(430.459)	430.459	(430.459)	430.459
Hedged portion from USD risk (-)	(409.838)	409.838	(573.489)	573.489
USD net effect	(840.297)	840.297	(1.003.948)	1.003.948
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(398.817)	398.817	(398.817)	398.817
Hedged portion from EUR risk (-)	341.657	(341.657)	(87.265)	87.265
EUR net effect	(57.160)	57.160	(486.082)	486.082
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	98.278	(98.278)	98.278	(98.278)
Hedged portion from other currency risk (-)	69.699	(69.699)	410.938	(410.938)
Other currency net effect	167.977	(167.977)	509.216	(509.216)

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

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

NOTE 31 – SUBSEQUENT EVENTS

Vestel Iberia S.L., 100 % owned subsidiary of Vestel Elektronik Sanayi ve Ticaret A.Ş. (“Vestel Ticaret”) based in Spain, and Vestel Holland B.V., a 100 % owned subsidiary of Vestel Ticaret A.Ş. based in the Netherlands, have been merged under Vestel Holland B.V. With this merger, all assets, liabilities and operations of Vestel Iberia S.L. have been transferred to Vestel Holland B.V. Sucursal En Espana, a branch of Vestel Holland B.V. established in Spain, as of 1 October 2023.