

**VESTEL BEYAZEŐYA SANAYİ VE TİCARET
ANONİM ŐİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED FINANCIAL STATEMENTS FOR THE
INTERIM PERIOD 1 JANUARY – 30 JUNE 2022
(TOGETHER WITH INDEPENDENT AUDITOR'S
LIMITED REVIEW REPORT)**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2022

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- 30 JUNE 2022**

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2022 AND 31 DECEMBER 2021

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	228.232	112.837
Financial Investment		62.248	-
Time Deposit		62.248	-
Trade Receivables		7.634.078	5.153.747
<i>Trade Receivables Due From Related Parties</i>	6, 7	7.217.413	5.123.913
<i>Trade Receivables Due From Third Parties</i>	7	416.665	29.834
Other Receivables		3.585.013	1.859.666
<i>Other Receivables Due From Related Parties</i>	6	2.990.426	1.445.270
<i>Other Receivables Due From Third Parties</i>	8	594.587	414.396
Derivative Financial Instruments		366.495	193.125
<i>Derivative Financial Instruments Held for Trading</i>	26	2.839	3.793
<i>Derivative Financial Instruments Held for Hedging</i>	26	363.656	189.332
Inventories	9	5.130.838	2.649.388
Prepayments		336.743	148.518
<i>Prepayments to Third Parties</i>	10	336.743	148.518
Other Current Assets		4.271	3.344
<i>Other Current Assets Due From Third Parties</i>	17	4.271	3.344
TOTAL CURRENT ASSETS		17.347.918	10.120.625

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2022 AND 31 DECEMBER 2021

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
NON-CURRENT ASSETS			
Other Receivables		18.176	17.901
<i>Other Receivables Due From Third Parties</i>	8	18.176	17.901
Property, Plant and Equipment		3.892.820	3.274.859
<i>Lands</i>	11	755.907	755.907
<i>Land Improvements</i>	11	60.853	64.057
<i>Buildings</i>	11	1.098.192	1.123.688
<i>Machinery and Equipment</i>	11	1.501.935	1.205.534
<i>Vehicles</i>	11	397	236
<i>Furnitures and Fixtures</i>	11	59.039	49.319
<i>Leasehold Improvements</i>	11	4.703	4.700
<i>Construction in Progress</i>	11	411.794	71.418
Right of Use Assets	12	166.947	132.955
Intangible Assets		318.198	271.950
<i>Other Rights</i>	13	147	158
<i>Capitalized Development Costs</i>	13	290.979	249.183
<i>Other Intangible Assets</i>	13	27.072	22.609
Prepayments		566.132	238.345
<i>Prepayments to Third Parties</i>	10	566.132	238.345
Deferred Tax Asset	24	275.118	132.778
TOTAL NON-CURRENT ASSETS		5.237.391	4.068.788
TOTAL ASSETS		22.585.309	14.189.413

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2022 AND 31 DECEMBER 2021

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
LIABILITIES			
CURRENT LIABILITIES			
Short-term Borrowings		2.245.964	623.480
Short-term Borrowings from Related Parties		3.276	2.399
<i>Lease Liabilities</i>	5,6	3.276	2.399
Short-term Borrowings From Third Parties		2.242.688	621.081
<i>Bank Loans</i>	5	2.216.467	597.237
<i>Lease Liabilities</i>	5	26.221	23.844
Short-term Portion of Long-term Borrowings		345.057	311.896
Short-term Portion of Long-term Borrowings from Third Parties		345.057	311.896
<i>Bank Loans</i>	5	77.292	308.458
Issued Debt Instruments		267.765	3.438
Trade Payables		9.746.812	5.842.718
<i>Trade Payables to Related Parties</i>	6	740.076	273.646
<i>Trade Payables to Third Parties</i>	7	9.006.736	5.569.072
Employee Benefit Obligations	16	129.322	68.864
Other Payables		3.113.781	1.431.678
<i>Other Payables to Related Parties</i>	6	2.992.874	1.431.678
Other Payables to Unrelated Parties	8	120.907	-
Derivative Financial Instruments		236.324	233.435
<i>Derivative Financial Instruments Held for Trading</i>	26	154.501	233.435
<i>Derivative Financial Instruments Held for Hedging</i>	26	81.823	-
Deffered Income		576.543	-
Deffered Income from Related Parties	6	159.878	-
Deffered Income from Third Parties	8	416.665	-
Current Tax Liabilities	24	1.264	939
Current Provisions		6.966	9.724
<i>Other Current Provisions</i>	14	6.966	9.724
Other Current Liabilities		159.060	39.302
<i>Other Current Liabilities to Third Parties</i>	17	159.060	39.302
TOTAL CURRENT LIABILITIES		16.561.093	8.562.036

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2022 AND 31 DECEMBER 2021

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
NON-CURRENT LIABILITIES			
Long Term Borrowings		156.655	399.464
Long Term Borrowings From Related Parties		153.124	120.472
<i>Lease Liabilities</i>	5,6	153.124	120.472
Long Term Borrowings From Third Parties		3.531	278.992
<i>Bank Loans</i>	5	2.870	9.922
<i>Lease Liabilities</i>	5	661	4.070
<i>Issued debt instruments</i>	5	-	265.000
Trade Payables		201.116	181.003
<i>Trade Payables to Third Parties</i>	7	201.116	181.003
Non-current Provisions		200.336	151.875
<i>Non-current Provisions for Employee Benefits</i>	16	200.336	151.875
Other Non-current Liabilities		-	2.380
Other Non-current Liabilities to Third Parties		-	2.380
TOTAL NON-CURRENT LIABILITIES		558.107	734.722
TOTAL LIABILITIES		17.119.200	9.296.758

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2022 AND 31 DECEMBER 2021

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
EQUITY			
Equity Attributable to Owners of the Company		5.466.109	4.892.655
Paid-in Share Capital	18	1.600.000	1.600.000
Inflation Adjustments to Paid-in Capital	18	9.734	9.734
Other Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		1.338.888	1.400.337
Gains (Losses) on Revaluation and Remeasurement		1.338.888	1.400.337
<i>Increases (Decreases) on Revaluation of Property, Plant and Equipment</i>		<i>1.439.679</i>	<i>1.467.974</i>
<i>Gains (Losses) on Remeasurements of Defined Benefit Plans</i>		<i>(100.791)</i>	<i>(67.637)</i>
Other Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		181.173	141.999
Gains (Losses) on Hedge		181.173	141.999
<i>Gains (Losses) on Cash Flow Hedges</i>		<i>181.173</i>	<i>141.999</i>
Restricted Reserves Appropriated From Profits		233.843	98.506
<i>Legal Reserves</i>	18	<i>233.843</i>	<i>98.506</i>
Retained earnings	18	836.727	123.487
Net profit or loss for the period		1.265.744	1.518.592
TOTAL EQUITY		5.466.109	4.892.655
TOTAL LIABILITIES AND EQUITY		22.585.309	14.189.413

Financial statements for the period 1 January – 30 June 2022 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 5 August 2022.

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIODS 1 JANUARY – 30 JUNE 2022 AND 2021

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

	Notes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
PROFIT OR LOSS					
Revenue	19	12.970.121	7.344.803	7.552.369	4.375.432
Cost of Sales	19	(10.327.832)	(6.151.200)	(6.031.135)	(3.676.369)
GROSS PROFIT FROM COMMERCIAL OPERATIONS		2.642.289	1.193.603	1.521.234	699.063
GROSS PROFIT		2.642.289	1.193.603	1.521.234	699.063
General Administrative Expenses	21	(127.070)	(58.668)	(74.371)	(31.176)
Marketing Expenses	21	(762.917)	(85.368)	(467.101)	(44.436)
Research and Development Expenses	21	(92.013)	(55.741)	(50.010)	(30.435)
Other Income from Operating Activities	22	1.042.765	583.765	411.002	170.732
Other Expenses from Operating Activities	22	(1.619.272)	(639.121)	(890.742)	(149.379)
PROFIT FROM OPERATING ACTIVITIES		1.083.782	938.470	450.012	614.369
PROFIT BEFORE FINANCE INCOME (EXPENSE)		1.083.782	938.470	450.012	614.369
Finance Income	23	1.406.125	511.192	694.877	181.333
Finance Expense	23	(1.366.490)	(642.017)	(586.667)	(287.187)
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		1.123.417	807.645	558.222	508.515
Tax (Expense) Income		142.327	19.601	134.771	7.664
Current Period Tax (Expense) Income	24	(2.801)	(3.866)	(1.224)	(2.378)
Deferred Tax (Expense) Income	24	145.128	23.467	135.995	10.042
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		1.265.744	827.246	692.993	516.179
PROFIT FOR THE PERIOD		1.265.744	827.246	692.993	516.179
Earnings Per Share with a TL 1 of Par Value	25	0,79	4,35	0,43	2,72

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIODS 1 JANUARY – 30 JUNE 2022 AND 2021

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

	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	(33.154)	(1.464)	(20.943)	(136)
Gains (Losses) on Remeasurement of Defined Benefit Plans	(41.443)	(1.830)	(26.180)	(169)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	8.289	366	5.237	33
Deferred Tax (Expense)/ Income	8.289	366	5.237	33
Taxes Relating to Remeasurement of Defined Benefit Plans	8.289	366	5.237	33
Other Comprehensive Income that will be Reclassified to Profit or Loss	39.174	51.187	14.934	(10.132)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	50.875	65.795	19.394	(10.854)
Gains (Losses) on Cash Flow Hedges	50.875	65.795	19.394	(10.854)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(11.701)	(14.608)	(4.460)	722
Deferred Tax (Expense)/ Income	(11.701)	(14.608)	(4.460)	722
Taxes Relating to Cash Flow Hedges	(11.701)	(14.608)	(4.460)	722
OTHER COMPREHENSIVE INCOME (LOSS)	6.020	49.723	(6.009)	(10.268)
TOTAL COMPREHENSIVE INCOME (LOSS)	1.271.764	876.969	686.984	505.911

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY – 30 JUNE 2022 AND 2021

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

	Paid in Share Capital	Inflation Adjustments to Paid-in Capital	Share Premiums / Discounts	Increases / Decreases on Revaluation of Property, Plant and Equipment	Gains / Losses on Remeasurements of Defined Benefit Plans	Gains / Losses on Revaluations and Remeasurements	Other Comprehensive Income that will not be Reclassified in Profit or Loss	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Other Comprehensive Income that will be Reclassified in Profit or Loss	Restricted Reserves Appropriate From Profits	Retained Earnings/ Accumulated Losses	Net Profit or Loss for the period	Retained Earnings	Equity attributable to owners of parent	Equity
Prior Period																
1 January -30 June 2021																
Equity at Beginning of Period	190.000	9.734	109.031	800.187	(28.514)	771.673	771.673	(29.447)	(29.447)	(29.447)	187.190	792.276	1.331.308	2.123.584	3.361.765	3.361.765
Transfers	-	-	-	(6.094)	-	(6.094)	(6.094)	-	-	-	-	1.337.402	(1.331.308)	6.094	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(1.464)	(1.464)	(1.464)	51.187	51.187	51.187	-	-	827.246	827.246	876.969	876.969
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	827.246	827.246	827.246	827.246
Other Comprehensive Income (Loss)	-	-	-	-	(1.464)	(1.464)	(1.464)	51.187	51.187	51.187	-	-	-	-	49.723	49.723
Dividends Paid	-	-	(76.455)	-	-	-	-	-	-	-	(45.101)	(375.451)	-	(375.451)	(497.007)	(497.007)
Equity at End of Period	190.000	9.734	32.576	794.093	(29.978)	764.115	764.115	21.740	21.740	21.740	142.089	1.754.227	827.246	2.581.473	3.741.727	3.741.727
Current Period																
1 January -30 June 2022																
Equity at Beginning of Period	1.600.000	9.734	-	1.467.974	(67.637)	1.400.337	1.400.337	141.999	141.999	141.999	98.506	123.487	1.518.592	1.642.079	4.892.655	4.892.655
Transfers	-	-	-	(28.295)	-	(28.295)	(28.295)	-	-	-	-	1.546.887	(1.518.592)	28.295	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(33.154)	(33.154)	(33.154)	39.174	39.174	39.174	-	-	1.265.744	1.265.744	1.271.764	1.271.764
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	1.265.744	1.265.744	1.265.744	1.265.744
Other Comprehensive Income (Loss)	-	-	-	-	(33.154)	(33.154)	(33.154)	39.174	39.174	39.174	-	-	-	-	6.020	6.020
Dividends Paid	-	-	-	-	-	-	-	-	-	-	135.337	(833.647)	-	(833.647)	(698.310)	(698.310)
Equity at End of Period	1.600.000	9.734	-	1.439.679	(100.791)	1.338.888	1.338.888	181.173	181.173	181.173	233.843	836.727	1.265.744	2.102.471	5.466.109	5.466.109

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 JUNE 2022 AND 2021

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

	Notes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		464.188	594.943
Profit for the period		1.265.744	827.246
Profit from Continuing Operations		1.265.744	827.246
Adjustments to Reconcile Profit (Loss) for the period		270.241	358.283
Adjustments for Depreciation and Amortisation Expense	11	256.045	182.241
Adjustments for Impairment Loss (Reversal of Impairment Loss)		17.435	4.303
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	17.435	4.303
Adjustments for Provisions		14.622	23.762
Adjustments for (Reversal of) Provisions Related with Employee Benefits	16	17.380	23.116
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	14	(2.758)	646
Adjustments for Interest (Income) Expenses		109.071	77.967
Adjustments for Interest Income	23	(96.834)	(39.211)
Adjustments for Interest Expense	23	205.905	117.178
Adjustments for Unrealised Foreign Exchange Losses (Gains)		140.816	52.141
Adjustments for Fair Value Losses (Gains)		(119.606)	27.914
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(119.606)	27.914
Adjustments for Tax (Income) Expenses	24	(142.327)	(19.601)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(2.310)	(1.976)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(2.310)	(1.976)
Other Adjustments to Reconcile Profit (Loss)	4	(3.505)	11.532

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 JUNE 2022 AND 2021

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

	Notes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
Changes in Working Capital		(1.058.959)	(582.789)
Decrease (Increase) in Financial Investments		(62.248)	-
Adjustments for Decrease (Increase) in Trade Receivables		(2.480.331)	(953.306)
Decrease (Increase) in Trade Receivables from Related Parties	6	(2.093.500)	(931.653)
Decrease (Increase) in Trade Receivables from Third Parties	7	(386.831)	(21.653)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(180.466)	(116.585)
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations	8	(180.466)	(116.585)
Adjustments for Decrease (Increase) in Inventories	9	(2.498.885)	(1.041.961)
Decrease (Increase) in Prepaid Expenses	10	(516.012)	(107.060)
Adjustments for Increase (Decrease) in Trade Payables		3.924.207	1.597.479
Increase (Decrease) in Trade Payables to Related Parties	6	466.430	66.381
Increase (Decrease) in Trade Payables to Third Parties	7	3.457.777	1.531.098
Increase (Decrease) in Employee Benefit Liabilities	16	60.458	21.666
Adjustments for increase (decrease) in other operating payables		(1.056)	-
Increase (Decrease) in Other Operating Payables to Unrelated Parties		(1.056)	-
Increase (Decrease) in Deferred Income		576.543	-
Other Adjustments for Other Increase (Decrease) in Working Capital		118.831	16.978
Decrease (Increase) in Other Assets Related with Operations	17	(927)	(5.699)
Increase (Decrease) in Other Payables Related with Operations	17	119.758	22.677
Cash Flows from Operations		477.026	602.740
Payments Related with Provisions for Employee Benefits	16	(10.362)	(4.136)
Income Taxes Refund (Paid)	24	(2.476)	(3.661)

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CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 JUNE 2022 AND 2021

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

	Notes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
CASH FLOWS FROM INVESTING ACTIVITIES		(2.438.671)	(872.670)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		20.012	14.818
Proceeds from Sales of Property, Plant and Equipment		2.403	2.170
Proceeds from Sales of Intangible Assets		17.609	12.648
Purchase of Property, Plant, Equipment and Intangible Assets		(913.527)	(291.194)
Purchase of Property, Plant and Equipment	11	(824.064)	(238.197)
Purchase of Intangible Assets	13	(89.463)	(52.997)
Cash Advances and Loans Made		(1.545.156)	(596.294)
Cash Advances and Loans Made to Related Parties	6	(1.545.156)	(596.294)
CASH FLOWS FROM FINANCING ACTIVITIES		2.086.373	112.602
Proceeds from Borrowings		2.942.443	851.161
Proceeds from Bank Loans	5	2.942.443	580.956
Proceeds from Issued Debt Instruments	5	-	265.000
Proceeds from Other Financial Borrowings		-	5.205
Repayments of Borrowings		(1.777.649)	(1.061.038)
Bank Loan Repayments	5	(1.777.649)	(1.061.038)
Decrease in Other Payables to Related Parties		984.849	912.696
Payments of Lease Liabilities		32.497	(14.252)
Dividends Paid		-	(497.007)
Interest Paid		(192.601)	(118.169)
Interest Received	23	96.834	39.211
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		111.890	(165.125)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		111.890	(165.125)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	112.815	187.136
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	224.705	22.011

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 1 – COMPANY’S ORGANISATION AND NATURE OF OPERATIONS

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (the “Company” or “Vestel Beyaz Eşya”) was incorporated in 1997 under the Turkish Commercial Code and its head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / İstanbul.

The Company started its operations in 1999 and produces refrigerators, room air conditioning units, washing machines, cookers, dishwashers and water heaters. The Company’s production facilities occupy 398.216 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 620.926 square meters.

The Company is a member of Vestel Group of Companies which are under the control of the Zorlu Family. The Company performs its foreign sales and domestic sales via Vestel Ticaret A.Ş. which is also a member of Vestel Group of Companies.

The Company is registered to Capital Market Board and its shares have been quoted to Borsa İstanbul (“BİST”) since 21 April 2006.

As of 30 June 2022, the number of personnel employed was 10.110 (31 December 2021: 9.416).

As of balance sheet dates, the shareholders of the Company and their percentage shareholdings were as follows:

	Shareholding %
Vestel Elektronik Sanayi ve Ticaret A.Ş.	82,53
Other shareholders	17,47
	100,00

As of 30 June 2022, Company have been quoted at the Borsa İstanbul (“BİST”) (31,47 % of its share capital; 31 December 2021: 31,47 %).

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

The accompanying interim condensed 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, financial statements are prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards (“TAS” / “TFRS”) and its addendum and interpretations (“TFRIC”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POAASA” or “POA”) Turkish Accounting Standards Board.

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

2.1 Basis of presentation (Cont’d)

2.1.1 Statement of compliance (Cont’d)

The Company prepared its condensed interim financial statements for the period ended 30 June 2022 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 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 Company preferred to present its condensed financial statements.

The Company’s condensed 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 in conjunction with the financial statements as at 31 December 2021.

The Company 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 financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL. These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

With the decision 11/367 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 POA, 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 TFRS 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 TMS 29 application and no adjustment was made to the consolidated financial statements in accordance with TAS 29.

2.2 Comparative information and restatement of prior period financial statements

Financial statements of the Company 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 financial statements.

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

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

2.3 Restatement and errors in the accounting estimates

Major changes in accounting policies are applied retrospectively, 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 in both the period where the change is applied and future periods prospectively.

2.4. Amendments in Turkey Financial Reporting Standards

New standards, amendments and interpretations issued and effective for the financial year beginning 30 June 2022

Standards issued but not yet effective and not early adopted

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

- **Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021);** The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendment to TFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to TFRS 3, IAS 16, IAS 37 and some annual improvements on TFRS 1, TFRS 9, IAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 3, ‘Business combinations’** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

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

2.4. Amendments in Turkey Financial Reporting Standards

New standards, amendments and interpretations issued and effective for the financial year beginning 30 June 2022

- **Amendments to IAS 16**, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37**, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

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

- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.
- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** 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.

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

2.5. Summary of significant accounting policies

2.5.1 Revenue

The Company recognizes revenue in accordance with TFRS 15 “Revenue from contracts with customers” standard by applying the following five step model:

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

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

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- (b) Company can identify each party’s rights regarding the goods or services to be transferred,
- (c) Company can identify the payment terms for the goods or services to be transferred,
- (d) The contract has commercial substance,
- (e) It is probable that Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

2.5.2 Inventories

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

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

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

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

2.5. Summary of significant accounting policies (Cont’d)

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2021.

Property, plant and equipment except for land, land improvements and buildings acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses are accounted on the summary financial statements.

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

Depreciation on revalued land improvements and buildings is charged to profit or loss. Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset’s original cost is transferred from revaluation reserves to the retained earnings.

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

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

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

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

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

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

2.5. Summary of significant accounting policies (Cont’d)

2.5.3 Property, plant and equipment (Cont’d)

Leases

The Company – as a lessee

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

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.
- c) The Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Company has the right to direct use of the asset, The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
 - i. The Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

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

The Company rents various buildings, warehouses, forklifts and machinery. The duration of the leasing contracts for machine and equipment is usually 5 years; for building and warehouses is usually fixed from 2 to 20 years.

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

2.5. Summary of significant accounting policies (Cont’d)

2.5.3 Property, plant and equipment (Cont’d)

Lease Liability

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

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- c) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewable period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

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

The Company – as a lessor

The Company’s activities as a lessor are not material.

Right of use assets:

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

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

To apply the cost model, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Company applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

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

2.5. Summary of significant accounting policies (Cont’d)

2.5.4 Intangible assets

a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. An intangible asset arising from development (or from the development phase of an internal project) if and only if an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development
- Other development costs are recognized as expense as incurred. If it is not possible to distinguish the research from the development phase of an internal project, the entity treats the expenditure on that project as if it were incurred in the research phase only.

b) Rights and other intangible fixed assets

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

2.5.5 Financial instruments

a) Financial assets

The Company classifies its financial assets into three categories: financial assets measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. The classification depends on the basis of the business model determined according to utilization purposes and expected cash outflows. The Company classifies its financial assets at the time of initial recognition.

Financial assets carried at amortized cost

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

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

2.5. Summary of significant accounting policies (Cont’d)

2.5.5 Financial instruments (Cont’d)

a) Financial assets (Cont’d)

Financial assets carried at amortized cost (Cont’d)

The Company’s financial assets carried at amortized cost comprise “trade receivables” and “cash and cash equivalents” in the statement of financial position.

Financial assets carried at fair value

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

Impairment of financial assets

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

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

b) Financial liabilities

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

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

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

2.5. Summary of significant accounting policies (Cont’d)

2.5.5 Financial instruments (Cont’d)

c) Derivative financial instruments and hedge accounting

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

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

The hedging transactions of the Company that qualify for hedge accounting are accounted in accordance with TFRS 9.

Cash flow hedges:

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

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

- (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

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

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

2.5.6 Foreign currency transactions

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

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

2.5. Summary of significant accounting policies (Cont’d)

2.5.7 Provisions, contingent assets and liabilities

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

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

2.5.8 Related parties

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

2.5.9 Taxation on income

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

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

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

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

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

2.5. Summary of significant accounting policies (Cont’d)

2.5.9 Taxation on income (Cont’d)

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

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

Transfer pricing

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

Tax exposures

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

2.5.10 Employee benefits

Employment termination benefits, as required by the Turkish Labor Law represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision for employment termination benefits as of 31 December 2021 is calculated in accordance with the assumptions used by the independent actuarial firm and is recorded in the financial statements at its net present value. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in statements of income.

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

2.5. Summary of significant accounting policies (Cont’d)

2.5.11 Government grants

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

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

2.5.12 Earnings per share

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

2.5.13 Statement of cash flows

In the statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company’s production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipment and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.5.14 Offsetting

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

2.5.15 Subsequent events

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

In the case that events require a correction to be made on the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

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

2.5. Summary of significant accounting policies (Cont’d)

2.5.16 Going concern

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

2.6. Critical accounting estimates and judgments

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

i. Revaluation of lands, buildings and land improvements

The frequency of revaluation is determined to ensure that the carrying values of the revalued property, plant and equipment do not differ materially from their fair values at the end of the relevant reporting period. The frequency of revaluation depends on the change in the fair value of the items of property, plant and equipment.

In cases where the fair value of a revalued asset is considered to differ materially from its carrying value, the revaluation needs to be repeated, and this is done for the entire asset class in which the revalued asset is located as of the same date.

On the other hand, it is not considered necessary to repeat the revaluation for tangible assets whose fair value changes are insignificant. In this context, as a result of the evaluations made by the Company management, it has been concluded that the fair values of the lands, buildings and surface improvements determined in the valuation studies carried out as of 31 December 2021 will converge to their relevant fair values as of 30 June 2022, after deducting the current period depreciation.

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

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

i. Revaluation of lands, buildings and land improvements (Cont’d)

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Company performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the TAS 36 “Impairment of Assets”, and no impairment indicator is identified.

NOTE 3 - SEGMENT REPORTING

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

The Management believes that the Company operates in a single industry sector as the risks and returns for the activities do not show any material difference because the scope of activity covers only the production of white goods and the production processes and classes of customers are similar. As a result all information related to the industrial segment has been fully presented in the attached financial statements.

The Management has decided to use geographical segments for segment reporting considering the fact that risks and returns are affected by the differences in geographical regions.

Geographical segments

Segment revenue	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Turkey	3.984.913	1.754.069	2.355.562	1.068.739
Europe	6.212.430	4.085.617	3.570.558	2.403.059
Other	2.815.979	1.521.693	1.656.324	913.739
Gross sales	13.013.322	7.361.379	7.582.444	4.385.537
Discounts (-)	(43.201)	(16.576)	(30.075)	(10.105)
Net sales	12.970.121	7.344.803	7.552.369	4.375.432

Other segment sales mainly comprise of sales to Asian and African countries.

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NOTE 3 - SEGMENT REPORTING (Cont’d)

Geographical segments (Cont’d)

The amount of export is TL 9.028.409 thousand for the period ended 30 June 2022. (1 January-30 June 2021: TL 5.607.310 thousand). Export sales are denominated in EURO, and USD as 82,1%, and 10,3% of total export respectively (1 January-30 June 2021: 93,9% EUR, 6,1% USD).

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Cash	491	449
Bank deposits		
- Demand deposits	99.159	33.434
- Time deposits	125.055	78.932
	224.705	112.815
Blocked deposits	3.527	22
Cash and cash equivalents	228.232	112.837

As at 30 June 2022, the Company has time deposits amounting to TL 125.055 thousand. The maturities for time deposits are less than 1 month. (31 December 2021: EUR 4.450 thousand, USD 1.000 thousand and TL 618 thousand).

Effective interest rates

	30 June 2022	31 December 2021
TL	13,50%	15,50%
EUR	0,00%	0,07%
USD	-	0,23%

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NOTE 5 - FINANCIAL LIABILITIES

	30 June 2022	31 December 2021
Short - term financial liabilities		
Short term bank loans	2.216.467	597.237
Short term portion of long term bank loans	77.292	308.458
Lease liabilities	29.497	26.243
Issued debt instruments	267.765	3.438
	2.591.021	935.376
Long - term financial liabilities		
Long term bank loans	2.870	9.922
Lease liabilities	153.785	124.542
Issued debt instruments	-	265.000
	156.655	399.464

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

	30 June 2022			31 December 2021		
Currency	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- USD	7,67%	67.409	1.125.157	-	-	-
- EUR	2,84%	18.125	315.398	3,82%	38.620	567.025
- TL	16,64%	775.912	775.912	21,50%	30.212	30.212
			2.216.467			597.237

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NOTE 5 – FINANCIAL LIABILITIES (Cont’d)

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

Currency	30 June 2022			31 December 2021		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- EUR	4,25%	3.365	58.553	2,57%	6.679	98.062
- TL	20,48%	18.739	18.739	20,89%	210.396	210.396
Short term portion			77.292			308.458
- TL	18,17%	2.870	2.870	20,67%	9.922	9.922
Long term portion			2.870			9.922
			80.162			318.380

The redemption schedule of the Company’s long term bank loans are given below:

	30 June 2022	31 December 2021
One to two years	2.068	8.300
Two to three years	802	1.622
	2.870	9.922

Fair value of short term bank borrowings are considered to approximate their carrying values due to immateriality of discounting. Fair values are determined using average effective annual interest rates.

Guarantees given for the bank loans obtained are disclosed in note 14.

As of 30 June 2022 and 30 June 2021, reconciliation of net financial debt is as below:

	30 June 2022	30 June 2021
Net financial debt as of 1 January	1.222.025	1.253.858
Cash inflows from loans	2.942.443	845.956
Cash outflows from loan payments	(1.777.649)	(1.061.038)
Payments of lease liabilities	30.424	3.932
Unrealized foreign exchange gain/loss	216.522	52.141
Accrued interest	1.096	2.432
Change in cash and cash equivalents	(111.890)	165.125
Net financial debt at the end of the period	2.522.971	1.262.406

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NOTE 6 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 June 2022	31 December 2021
Vestel Ticaret A.Ş.	7.217.138	5.123.891
Other related parties	275	22
	7.217.413	5.123.913

The receivables result from the Company's foreign and domestic sales performed via Vestel Ticaret A.Ş. which is also a member of Vestel Group Companies.

b) Short term trade payables to related parties

	30 June 2022	31 December 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş.	377.902	196.214
Vestel Ticaret A.Ş.	261.808	10.195
Vestel Holland B.V.	76.175	60.155
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	24.374	-
Other related parties	1.626	7.822
	741.885	274.386
Unearned interest on payables (-)	(1.809)	(740)
	740.076	273.646

c) Other short-term receivables from related parties

	30 June 2022	31 December 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş.	2.990.426	1.445.270

The Company's interest rate of other receivables in USD is 7% and EUR is 5% (31 December 2021: in TL 21%, USD 7% and EUR 5%).

d) Other short-term liabilities to related parties

	30 June 2022	31 December 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş.	2.992.874	1.431.678

As of 30 June 2022, TL 571.353 thousand of the Company's other short-term payables to related parties consists of dividend payables to Vestel Elektronik Sanayi ve Ticaret A.Ş, TL 2.421.521 thousand consists of other payables and other payables in EUR. interest rate is 5%, interest rate of short-term other debts in USD is 7% and interest rate of other short-term debts in TL is 24%. As of 31 December 2021, the interest rate of other short-term debts in TL is 20%.

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NOTE 6 - RELATED PARTY DISCLOSURES

e) Lease liabilities to related parties

	30 June 2022	31 December 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş.	156.400	122.871

The Company's short term lease liabilities to Vestel Elektronik Sanayi ve Ticaret A.Ş. are amounted to TL 3.276 thousand and long term lease liabilities are amounted to TL 153.124 thousand. (31 December 2021: short term TL 2.399 thousand and TL 120.472 thousand)

f) Deferred Income from related parties

	30 June 2022	31 December 2021
Vestel Ticaret A.Ş.	159.878	-
	159.878	-

g) Transactions with related parties

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Sales				
Vestel Holland B.V.	3.361.117	-	2.060.679	-
Vestel Ticaret A.Ş.	2.816.639	7.096.229	1.375.224	4.260.637
Vestel France S.A.	977.000	-	569.315	-
Vestel Iberia Sl	833.036	-	519.435	-
Vestel Germany Gmbh	653.202	-	426.355	-
Vestel Elektronik Sanayi ve Ticaret A.Ş.	130.650	105.094	78.198	60.709
Diğer ilişkili kuruluşlar	529.385	147	165.786	145
	9.301.029	7.201.470	5.194.992	4.321.491
Purchases and operating expenses				
Vestel Holland B.V.	778.041	145.050	377.434	70.267
Vestel Ticaret A.Ş.	370.698	31.762	292.152	24.485
Vestel Elektronik Sanayi ve Ticaret A.Ş.	1.546.176	432.844	1.169.736	255.783
Other related parties	28.005	12.613	28.005	12.613
	2.722.920	622.269	1.867.327	363.148

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont’d)

g) Transactions with related parties

As of 1 January 2022, the Company changed its business model as “Intermediary Export Model” with Vestel Ticaret A.Ş., which carries out the marketing and sales activities of the Company, where Vestel Ticaret A.Ş. has become an agent in export sales transactions. Accordingly, the assessments regarding the revenue recognition arising from the Company's export sales have been reassessed in accordance with TFRS 15. Previously, export revenue was recognized when the products were delivered to Vestel Ticaret A.Ş., whereas in the new model, they are recognized when they are delivered to the final customer. In addition, expenses related to sales transactions such as exports, commissions and transportation are invoiced to the Company by Vestel Ticaret A.Ş. and the Company's derivative transactions for pricing and currency risk management have also been adjusted.

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Other operating income				
Vestel Ticaret A.Ş.	791.723	465.509	326.031	149.112
Other related parties	28.556	3.698	11.621	1.497
	820.279	469.207	337.652	150.609
Other operating expense				
Vestel Ticaret A.Ş.	241.002	147.161	79.099	319
Vestel Holland BV	13.709	10.030	5.466	3.882
Other related parties	59.325	2.217	36.014	1.055
	314.036	159.408	120.579	5.256
Dividend				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	576.347	423.301	576.347	423.301
	576.347	423.301	576.347	423.301

Of the total dividend payables amounting to TL 698.310 thousand, TL 576,347 thousand is due to Vestel Elektronik Sanayi ve Ticaret A.Ş., TL 121.963 thousand is related to the publicly held parties. Dividends to be distributed for the period 1 January -30 June 2022 were paid in the first week of July.

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NOTE 6 - RELATED PARTY DISCLOSURES (Cont'd)

g) Transactions with related parties

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Financial income				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	704.802	240.162	401.161	88.176
	704.802	240.162	401.161	88.176
Financial expense				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	151.262	51.198	72.573	35.952
	151.262	51.198	72.573	35.952

Guarantees received from and given to related parties are disclosed in note 14.

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

Compensation paid to key management for the six month period ended 30 June 2022 is TL 7.308 thousand (1 January -30 June 2021: TL 7.006 thousand).

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NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 June 2022	31 December 2021
Short - term trade receivables		
Trade receivables		
- <i>Related parties (note 6)</i>	7.217.413	5.123.913
- <i>Third parties</i>	417.674	30.677
Allowance for doubtful receivables (-)	(1.009)	(843)
Total short - term trade receivables	7.634.078	5.153.747

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

	30 June 2022	31 December 2021
Short term trade payables		
Trade payables		
- <i>Related parties (note 6)</i>	741.885	274.386
- <i>Third parties</i>	9.029.504	5.581.178
	9.771.389	5.855.564
Unearned interest income (-)		
- <i>Related parties (note 6)</i>	(1.809)	(740)
- <i>Third parties</i>	(22.768)	(12.106)
Total short term trade payables	9.746.812	5.842.718
Long term trade payables		
Trade payables		
- <i>Third parties</i>	201.116	181.003
Total long term trade payables	201.116	181.003

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NOTE 8 - OTHER RECEIVABLES

	30 June 2022	31 December 2021
Short - term other receivables		
Other receivables from related parties (note 6)	2.990.426	1.445.270
Receivables from government agencies	578.012	403.190
Deposits and guarantees given	14.293	9.222
Other receivables	2.282	1.984
	3.585.013	1.859.666
Long - term other receivables		
Deposits and guarantees given	18.176	17.901
	18.176	17.901
Short - term other payables		
Other payables		
- Related parties (note 6)	2.992.874	1.431.678
- Other parties	120.907	-
	3.113.781	1.431.678
Deferred Income		
- Related parties (note 6)	159.878	-
- Other parties	416.665	-
	576.543	-

NOTE 9 - INVENTORIES

	30 June 2022	31 December 2021
Raw materials and supplies	3.047.873	1.883.450
Work in process	90.179	42.363
Finished goods	2.014.797	728.151
	5.152.849	2.653.964
Provision for impairment on inventories (-)	(22.011)	(4.576)
	5.130.838	2.649.388

As of 30 June 2022 the Company does not have inventories pledged as security for liabilities (31 December 2021: None).

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NOTE 9 – INVENTORIES (Cont’d)

Cost of the inventory included in the cost of sales for the current period amounts to TL 9.165.554 thousand (1 January – 30 June 2021: TL 5.435.743 thousand).

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

	30 June 2022	31 December 2021
Raw materials	2.061	665
Finished goods and merchandise	19.950	3.911
	22.011	4.576

Movement of inventory impairment on inventories is as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Balance at 1 January	4.576	1.655
Current year provisions	25.137	4.303
Realised due to sale of inventory	(7.702)	(2.827)
Balance at 30 June	22.011	3.131

NOTE 10 – PREPAID EXPENSES

	30 June 2022	31 December 2021
Prepaid expenses in current assets		
Order advances given	222.790	136.086
Prepaid expenses	113.677	12.432
Business advances given	276	-
	336.743	148.518
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	565.895	237.586
Prepaid expenses	237	759
	566.132	238.345

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January				30 June
	2022	Additions	Disposals	Transfer	2022
Cost or revaluation					
Land	755.907	-	-	-	755.907
Land improvements	64.057	-	-	-	64.057
Buildings	1.123.688	6.680	-	909	1.131.277
Leasehold improvements	13.784	822	-	172	14.778
Machinery and equipment	2.647.355	373.977	(5.788)	82.678	3.098.222
Vehicles	834	225	-	-	1.059
Furniture and fixtures	121.975	14.419	(176)	3.806	140.024
Construction in progress	71.418	427.941	-	(87.565)	411.794
				-	
	4.799.018	824.064	(5.964)	-	5.617.118
Accumulated depreciation					
Land improvements	-	3.204	-	-	3.204
Buildings	-	33.085	-	-	33.085
Leasehold improvements	9.084	991	-	-	10.075
Machinery and equipment	1.441.821	160.165	(5.699)	-	1.596.287
Vehicles	598	64	-	-	662
Furniture and fixtures	72.656	8.501	(172)	-	80.985
	1.524.159	206.010	(5.871)	-	1.724.298
Net book value	3.274.859				3.892.820

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2021	Additions	Disposals	Transfer	30 June 2021
Cost					
Land	503.898	-	-	-	503.898
Land improvements	49.957	-	-	-	49.957
Buildings	643.223	3.962	(2)	565	647.748
Leasehold improvements	12.014	415	(4)	437	12.862
Machinery and equipment	2.111.681	154.712	(6.412)	25.443	2.285.424
Vehicles	862	-	(26)	-	836
Furniture and fixtures	96.533	10.183	(570)	1.449	107.595
Construction in progress	32.149	68.925	-	(27.894)	73.180
	3.450.317	238.197	(7.014)	-	3.681.500
Accumulated depreciation					
Land improvements	-	917	-	-	917
Buildings	-	9.146	(1)	-	9.145
Leasehold improvements	7.326	847	(4)	-	8.169
Machinery and equipment	1.192.071	127.280	(6.228)	-	1.313.123
Vehicles	496	64	(26)	-	534
Furniture and fixtures	60.120	6.318	(561)	-	65.877
	1.260.013	144.572	(6.820)	-	1.397.765
Net book value	2.190.304				2.283.735

Additions to property, plant and equipment in the period 1 January – 30 June 2022 and 2021 mainly consist of machinery and equipment investments made to refrigerator, washing machine, cooker, dishwasher and air conditioner factories. As of 30 June 2022, there are no pledges against the property, plant and equipment.

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

	Useful life
Land improvements	5 - 35 years
Buildings	20 - 50 years
Leasehold improvements	5 years
Machinery and equipment	3 - 15 years
Vehicles	5 years
Furniture and fixtures	5 - 10 years

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Allocation of depreciation and amortization expenses for the period is as follows:

	1 January -	1 January -
	30 June 2022	30 June 2021
Cost of sales	210.616	150.925
Research and development expenses	42.655	24.950
Marketing, selling and distribution expenses	925	4.820
General administrative expenses	1.849	1.546
	256.045	182.241

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

30 June 2022	Land	Land improvements and buildings
Cost	158.585	214.053
Accumulated depreciation (-)	-	(50.613)
Net book value	158.585	163.440

31 December 2021	Land	Land improvements and buildings
Cost	152.038	208.487
Accumulated depreciation (-)	-	(49.437)
Net book value	152.038	159.050

30 June 2022	Level 1	Level 2
Tangible Assets		
Lands	-	755.907
Buildings and land improvements	-	1.159.045

31 December 2021	Level 1	Level 2
Tangible Assets		
Lands	-	755.907
Buildings and land improvements	-	1.187.745

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NOTE 12 - RIGHT OF USE ASSETS

	1 January 2022	Additions	Disposals	30 June 2022
Cost				
Land and buildings	159.115	58.282	-	217.397
Machinery	44.035	821	(694)	44.162
	203.150	59.103	(694)	261.559
Accumulated amortization				
Land and buildings	37.674	18.081	-	55.755
Machinery	32.521	6.348	(12)	38.857
	70.195	24.429	(12)	94.612
Net book value	132.955		-	166.947
	1 January 2021	Additions	Disposals	30 June 2021
Cost				
Land and buildings	143.046	16.067	-	159.113
Machinery	39.111	335	-	39.446
	182.157	16.402	-	198.559
Accumulated amortization				
Land and buildings	13.507	11.236	-	24.743
Machinery	19.730	5.801	-	25.531
	33.237	17.037	-	50.274
Net book value	148.920		-	148.285

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NOTE 13 - INTANGIBLE ASSETS

	1 January 2022	Additions	Disposals	30 June 2022
Cost				
Rights	6.568	-	-	6.568
Development cost	452.565	83.143	(18.722)	516.986
Other intangible assets	34.816	6.320	-	41.136
	493.949	89.463	(18.722)	564.690
Accumulated amortization				
Rights	6.410	11	-	6.421
Development cost	203.382	23.738	(1.113)	226.007
Other intangible assets	12.207	1.857	-	14.064
	221.999	25.606	(1.113)	246.492
Net book value	271.950			318.198
	1 January 2021	Additions	Disposals	30 June 2021
Cost				
Rights	6.568	-	-	6.568
Development cost	366.325	47.939	(12.965)	401.299
Other intangible assets	23.577	5.058	-	28.635
	396.470	52.997	(12.965)	436.502
Accumulated amortization				
Rights	6.388	10	-	6.398
Development cost	163.901	19.542	(317)	183.126
Other intangible assets	9.742	1.080	-	10.822
	180.031	20.632	(317)	200.346
Net book value	216.439			236.156

Development costs, incurred by the Company on development projects relating to refrigerators, split air conditioners, washing machines, cookers and dish washers are capitalized as intangible assets.

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NOTE 13 - INTANGIBLE ASSETS (Cont'd)

Useful lives of intangible assets are as follows:

	<u>Useful life</u>
Rights	3 - 15 years
Development cost	2 - 10 years
Other intangible assets	2 - 15 years

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 June 2022	31 December 2021
Short - term provisions		
Provision for lawsuit	6.966	9.724
	6.966	9.724

The movements in the provision for lawsuits are as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Opening balance, 1 January	9.724	9.674
Current year additions	1.504	1.155
Payments/ disposals	(4.262)	(509)
Balance at 30 June	6.966	10.320

b) Guarantees received by the Company

	30 June 2022	31 December 2021
Guarantee letters	532.682	318.126
Cheques and notes	990	1.714
Collaterals and pledges	21.248.422	16.623.134
	21.782.094	16.942.974

Vestel Elektronik Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given guarantees to various banks on behalf of the Company for its forward contracts and bank borrowings.

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NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)

c) Collaterals, pledges and mortgages (“CPM’s”) given by the Company are as follows:

CPM's given by the Group	USD (’000)	EUR (’000)	TL	TL Equivalent
30 June 2022				
A. CPM's given on behalf of its own legal entity	5.500	2.000	82.172	208.550
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	501.042	-	714.412	9.062.473
i. Total amount of CPM's given on behalf of the parent company	380.820	-	589.049	6.934.043
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	120.222	-	125.363	2.128.430
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	506.542	2.000	796.584	9.271.023

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NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)

CPM's given by the Group	USD (‘000)	EUR (‘000)	TL	TL Equivalent
31 December 2021				
A. CPM's given on behalf of its own legal entity	-	2.000	55.557	84.922
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	501.542	-	711.412	7.220.174
i. Total amount of CPM's given on behalf of the parent company	380.820	-	589.049	5.531.141
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	120.722	-	122.363	1.689.033
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	501.542	2.000	766.969	7.305.096

The Company has given collaterals to various banks on behalf of Vestel Elektronik Sanayi and Ticaret A.Ş. Vestel Ticaret A.Ş. and Vestel Holland BV for their forward contracts and bank loans obtained.

Proportion of other CPM's given by the Company to its equity 166 % as of 30 June 2022 (31 December 2021: 148%).

NOTE 15 – COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to USD 1.117.109 thousand (31 December 2021: USD 1.108.914 thousand) due to the export and investment incentive certificates obtained.

As of 30 June 2022 the Company has forward foreign currency purchase contract that amounts to TL 254.087 thousand, EUR 28.539 thousand, PLN 3.325 thousand, GBP 11.592 thousand and USD 368.849 thousand against forward foreign currency sales contract that amounts to EUR 207.900 thousand, GBP 2.725 thousand, PLN 22.402 thousand, USD 43.035 thousand and TL 2.531.894 thousand (31 December 2021: TL 1.544.300 thousand, EUR 15.499 thousand and USD 472.835 thousand against forward foreign currency sales contract that amounts to EUR 462.473 thousand, USD 74.605 thousand, TL 27.332 thousand and GBP 7.000 thousand).

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NOTE 16 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 June 2022	31 December 2021
Due to personnel	95.107	47.465
Social security payables	34.215	21.399
	129.322	68.864

Long term provisions for employee benefits:

	30 June 2022	31 December 2021
Provision for employment termination benefits	200.336	151.875

Under Turkish law, the Company 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 Company 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 10.848,59 TL / year as of 30 June 2022 (31 December 2021: 8.284,51 TL/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 company arising from retirement of employees. Turkish Accounting Standards No: 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 is 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 at 30 June 2022 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 30 June 2022 provision is calculated based on real discount rate of 4,44% (31 December 2021: 4,44%) assuming 15,8 % annual inflation rate and 20,9% discount rate.

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NOTE 16 – EMPLOYEE BENEFITS (Cont'd)

The movements in the provision for employment termination benefit are as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Balance at 1 January	151.875	85.734
Increase during the year	453	17.203
Payments during the year	(10.362)	(4.136)
Actuarial (gain) /loss	41.443	1.830
Interest expense	16.927	5.913
Balance at 30 June	200.336	106.544

NOTE 17 – OTHER ASSETS AND LIABILITIES

	30 June 2022	31 December 2021
Other current assets		
VAT carried forward	1.309	254
Income and discount accruals	2.962	3.090
	4.271	3.344
Other current liabilities		
Taxes and dues payable	88.998	38.369
Advances received	19	25
Other	70.043	908
	159.060	39.302

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NOTE 18 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 June 2022	31 December 2021
Shares of par value TL 1 each		
Issued share capital	1.600.000	1.600.000

As of 30 June 2022 and 31 December 2021 the shareholding structure is as follows:

	Shareholding		Amount	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Vestel Elektronik Sanayi ve Ticaret A.Ş.	82,53%	82,53%	1.320.552	1.320.552
Shares held by public	17,47%	17,47%	279.448	279.448
	100,00%	100,00%	1.600.000	1.600.000

b) Adjustments to share capital

Adjustment to share capital is the difference between the share capital recalculated to adjust the effects of hyperinflation until 31 December 2004 and historical share capital.

	30 June 2022	31 December 2021
Adjustment to share capital	9.734	9.734

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NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)

c) Restricted reserves (“Legal reserves”)

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

	30 June 2022	31 December 2021
Legal reserves	233.843	98.506

d) Retained earnings

	30 June 2022	31 December 2021
Extraordinary reserves	635.293	1.185
Previous years' profits	201.434	122.302
	836.727	123.487

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NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

e) 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 redeemed shares 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, up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors or used for certain reasons designated by the Board of Directors when necessary.

- Based on the approval of the General Assembly, up to 3% of retained earnings after dividend distribution could be allocated to plant investments designated in accordance with article of 468 in TCC,
- Up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors as necessary,
- Up to 5% of retained earnings after dividend distribution could be allocated to donations, bonuses etc.

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NOTE 19 - REVENUE

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Domestic sales	3.984.913	1.754.069	2.355.562	1.068.739
Overseas sales	9.028.409	5.607.310	5.226.882	3.316.798
Gross sales	13.013.322	7.361.379	7.582.444	4.385.537
Less: Sales discounts	(43.201)	(16.576)	(30.075)	(10.105)
Net sales	12.970.121	7.344.803	7.552.369	4.375.432
Cost of sales	(10.327.832)	(6.151.200)	(6.031.135)	(3.676.369)
Gross profit	2.642.289	1.193.603	1.521.234	699.063

NOTE 20 - EXPENSES BY NATURE

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Raw materials, supplies and finished goods	10.500.016	5.787.488	5.504.152	3.373.340
Changes in finished goods, work in process and trade goods	(1.334.462)	(351.745)	(95.310)	(75.773)
Personnel expenses	741.470	482.153	383.089	261.993
Depreciation and amortization (Note 11, 12, 13)	256.045	182.241	129.540	94.547
Transportation expenses	536.761	41.934	337.724	17.935
Other	610.002	208.906	363.422	110.374
	11.309.832	6.350.977	6.622.617	3.782.416

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NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Personnel expenses	23.073	15.287	14.783	7.309
Consultancy and IT expenses	55.978	26.446	29.173	14.869
Rent and office expenses	4.377	3.331	2.145	1.660
Travelling expense	1.651	822	1.079	404
Energy expenses	1.483	422	796	218
Depreciation and amortization (Note 11, 12, 13)	1.849	1.546	932	784
External benefits and services	460	641	110	327
Other	38.199	10.173	25.353	5.605
	127.070	58.668	74.371	31.176

b) Marketing expenses:

Personnel expenses	37.247	22.824	19.427	12.771
Transportation expenses	524.597	36.722	330.309	14.740
Tax and duties	22.328	9.984	12.581	6.107
Insurance expenses	9.598	1.969	6.019	1.176
Depreciation and amortization (Note 11, 12, 13)	925	4.820	474	4.568
Other	168.222	9.049	98.291	5.074
	762.917	85.368	467.101	44.436

c) Research and development expenses:

Depreciation and amortization (Note 11, 12, 13)	42.655	24.950	21.684	13.172
Personnel expenses	31.818	17.305	16.223	10.769
Other	17.540	13.486	12.103	6.494
	92.013	55.741	50.010	30.435

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NOTE 22 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Finance gains arising from trading activities	12.514	6.119	5.825	2.806
Foreign exchange gains arising from trading activities	951.967	566.568	389.187	163.111
Other income	78.284	11.078	15.990	4.815
	1.042.765	583.765	411.002	170.732

b) Other operating expenses	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Finance charges arising from trading activities	31.495	2.120	30.900	982
Foreign exchange expenses arising from trading activities	1.567.046	626.849	851.257	142.162
Other expenses	20.731	10.152	8.585	6.235
	1.619.272	639.121	890.742	149.379

NOTE 23 – FINANCE INCOME AND FINANCE EXPENSE

a) Finance income:	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Foreign exchange gains	656.328	267.744	364.219	83.194
Gains on derivative financial instruments	652.963	204.237	275.577	75.832
Interest income	96.834	39.211	55.081	22.307
	1.406.125	511.192	694.877	181.333

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NOTE 23 – FINANCE INCOME AND FINANCE EXPENSE (Cont'd)

b) Finance expense:

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Foreign exchange losses	395.399	175.475	233.496	54.641
Losses on derivative financial instruments	763.742	346.829	273.940	160.682
Interest expense	205.905	117.178	78.604	71.760
Other finance expenses	1.444	2.535	627	104
	1.366.490	642.017	586.667	287.187

NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 June 2022	31 December 2021
Corporation and income taxes	2.801	5.803
Prepaid taxes	(1.537)	(4.864)
Current income tax liabilities - net	1.264	939
Deffered tax assets	275.118	132.778
Deffered tax assets / (liabilities)	275.118	132.778

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses and by deducting other exempt income. If the profit is not distributed, no other tax is paid, and all or part of the profit as dividend;

- To real people
- Real and legal persons exempted or exempted from Income and Corporate Tax,
- Limited taxpayer real and legal entities,

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed at the rate of 15%, except

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

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

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

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NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

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

The Corporate Tax rate for the year 2021, with the Provisional Article 13 added to the Corporate Tax Law No. 5520 with the Law on the Collection of Public Claims No. It will be applied as 25% for the corporate earnings of the taxation period of the year 2022 and 23% for the corporate earnings of the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. In the financial statements dated 30 June 2022, 23% and 20% are used as tax rates for current tax and deferred tax calculations.

In accordance with the regulation numbered 31462, published in Official Gazette on 22 April 2021, corporate tax rate for the year 2021 has set for 25%, 2022 for 23%. This change will be effective for corporate tax calculation for the periods starting from 1 July 2021, This change will be valid for the taxation of corporate earnings for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. Therefore, deferred tax assets and liabilities as of 30 June 2022 are calculated with 23% and 20% tax rates for the temporary differences.

As of 1 January – 30 June 2022 and 2021 tax expense in the statement of income is as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Current period tax expense	(2.801)	(3.866)
Deferred tax benefit / (expense)	145.128	23.467
Total tax income	142.327	19.601

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

Deferred tax assets and liabilities

The Company 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 CMB Financial Reporting Standards and tax purposes.

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NOTE 24 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

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

	Cumulative temporary differences		Deferred tax	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Deferred tax assets				
Employment termination benefits	(200.336)	(151.875)	40.067	30.375
Investment incentive	-	-	370.209	228.430
Net difference between book values and tax bases of tangible and intangible assets	(220.691)	(100.000)	48.044	20.000
Provision for impairment on inventories	(22.011)	(4.576)	5.063	1.144
Derivative financial instruments	(236.324)	(233.435)	54.355	58.359
Other	(6.309)	(41.044)	1.451	10.261
			519.189	348.569
	Cumulative temporary differences		Deferred tax	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Deferred tax liabilities				
Revaluation of tangible fixed assets	1.597.768	1.627.515	(159.777)	(159.541)
Derivative financial instruments	366.495	193.125	(84.294)	(48.281)
Other	-	31.877	-	(7.969)
			(244.071)	(215.791)
Deferred tax assets / (liabilities) - net			275.118	132.778

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NOTE 24 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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

	1 January - 30 June 2022	1 January - 30 June 2021
Opening balance, 1 January	132.778	(54.299)
Tax income recognized in income statement	145.128	23.467
Recognized in shareholders' equity	(2.788)	(14.242)
Deferred tax assets / (liabilities) at the end of the period, net	275.118	(45.074)

NOTE 25- EARNINGS PER SHARE

	1 January - 30 June 2022	1 January - 30 June 2021
Net income attributable to equity holders of the parent	1.265.744	827.246
Weighted number of ordinary shares with a TL 1 of par value (thousand shares)	1.600.000	190.000
	0,79	4,35

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NOTE 26 – DERIVATIVE INSTRUMENTS

	30 June 2022		31 December 2021	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
<u>Derivative financial assets:</u>				
Held for trading				
Forward foreign currency transactions	427.685	2.839	96.988	3.793
Cash flow hedge				
Forward foreign currency transactions	4.219.202	363.656	4.797.224	189.332
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	978.387	(154.501)	3.013.866	(233.435)
Cash flow hedge				
Forward foreign currency transactions	1.524.447	(81.823)	-	-
	7.149.721	130.171	7.908.078	(40.310)

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk:

The Company 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 Company mainly prefers using foreign exchange forward contracts.

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NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

30 June 2022	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	39.961	194.356	-	4.041.789
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	498	624	1.119	20.255
2b. Non-monetary financial assets	-	-	-	-
3. Other	179.381	19	-	2.989.069
4. Current assets (1+2+3)	219.840	194.999	1.119	7.051.113
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	13.052	15.383	-	484.669
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	13.052	15.383	-	484.669
9. Total assets (4+8)	232.892	210.382	1.119	7.535.782
10. Trade payables	320.138	169.136	265	8.287.020
11. Financial liabilities	67.409	21.490	-	1.499.107
12a. Other monetary liabilities	-	50.117	-	872.106
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	387.547	240.743	265	10.658.233
14. Trade payables	-	11.557	-	201.108
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	11.557	-	201.108
18. Total liabilities (13+17)	387.547	252.300	265	10.859.341
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	325.814	(179.361)	386.273	2.699.272
19a. Hedged total assets	368.849	28.539	247.219	6.888.485
19b. Hedged total liabilities	(43.035)	(207.900)	139.054	(4.197.011)
20. Net foreign currency asset/ (liability) position (9-18+19)	171.159	(221.279)	387.127	(624.287)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(167.707)	(57.301)	854	(3.808.228)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	130.171
23. Export	71.541	569.883	230.389	9.028.409
24. Import	301.245	114.461	5.950	6.279.837

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NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

31 December 2021	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	18.151	234.293	407	3.675.922
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	1.768	5.553	54	104.529
2b. Non-monetary financial assets	-	-	-	-
3. Other	49.687	54.519	-	1.445.270
4. Current assets (1+2+3)	69.606	294.365	461	5.225.721
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	2.869	8.065	-	155.645
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	2.869	8.065	-	155.645
9. Total assets (4+8)	72.475	302.430	461	5.381.366
10. Trade payables	242.059	123.435	1.794	4.955.424
11. Financial liabilities	-	45.299	-	665.087
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	242.059	168.734	1.794	5.620.511
14. Trade payables	-	12.328	-	181.003
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	12.328	-	181.003
18. Total liabilities (13+17)	242.059	181.062	1.794	5.801.514
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	398.230	(446.973)	(122.171)	(1.516.733)
19a. Hedged total assets	472.835	15.499	-	6.363.777
19b. Hedged total liabilities	(74.605)	(462.472)	(122.171)	(7.880.510)
20. Net foreign currency asset/ (liability) position (9-18+19)	228.646	(325.605)	(123.504)	(1.936.881)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(172.453)	113.303	(1.333)	(575.793)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(40.310)
23. Export	96.640	1.133.142	1.499	12.714.457
24. Import	451.449	235.871	9.374	6.475.270

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NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

As of 30 June 2022 and 31 December 2021, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

30 June 2022	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
Appreciation of USD against TL by 10%:				
USD net asset / liability	(279.423)	279.423	(279.423)	279.423
Secured portion from USD risk (-)	309.149	(309.149)	48.845	(48.845)
USD net effect	29.726	(29.726)	(230.578)	230.578
Appreciation of EUR against TL by 10%:				
EUR net asset / liability	(99.532)	99.532	(99.532)	99.532
Secured portion from EUR risk (-)	(287.523)	287.523	(589.091)	589.091
EUR net effect	(387.055)	387.055	(688.623)	688.623
Appreciation of other currency rates against TL by 10%:				
Other currencies net asset / liability	85	(85)	85	(85)
Secured portion from other currency risk (-)	14.133	(14.133)	18.755	(18.755)
Other currency net effect	14.218	(14.218)	18.840	(18.840)
Total	(343.111)	343.111	(900.361)	900.361

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NOTE 27 – 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 2021				
Appreciation of USD against TL by 10%:				
USD net asset / liability	(223.801)	223.801	(223.801)	223.801
Secured portion from USD risk (-)	37.208	(37.208)	515.777	(515.777)
USD net effect	(186.593)	186.593	291.976	(291.976)
Appreciation of EUR against TL by 10%:				
EUR net asset / liability	166.356	(166.356)	166.356	(166.356)
Secured portion from EUR risk (-)	(172.244)	172.244	(631.879)	631.879
EUR net effect	(5.888)	5.888	(465.523)	465.523
Appreciation of other currency rates against TL by 10%:				
Other currencies net asset / liability	(133)	133	(133)	133
Secured portion from other currency risk (-)	(12.238)	12.238	(12.238)	12.238
Other currency net effect	(12.371)	12.371	(12.371)	12.371
Total	(204.852)	204.852	(185.918)	185.918

NOTE 28- SUBSEQUENT EVENTS

None.