

**VESTEL BEYAZ EŐYA SANAYİ VE TİCARET
ANONİM ŐİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED FINANCIAL STATEMENTS FOR THE
INTERIM PERIOD 1 JANUARY – 31 MARCH 2021**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2021

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- 31 MARCH 2021**

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 31 MARCH 2021 AND 31 DECEMBER 2020

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

	Footnotes	31 March 2021	Audited 31 December 2020
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	126.534	216.011
Trade Receivables		3.454.294	3.285.995
<i>Trade Receivables Due From Related Parties</i>	6,7	3.446.281	3.280.987
<i>Trade Receivables Due From Third Parties</i>	7	8.013	5.008
Other Receivables		1.715.389	1.086.150
<i>Other Receivables Due From Related Parties</i>	6,8	1.438.422	855.935
<i>Other Receivables Due From Third Parties</i>	8	276.967	230.215
Derivative Financial Assets		54.349	18.830
<i>Derivative Financial Assets Held for Trading</i>	26	13.803	18.543
<i>Derivative Financial Assets Held for Hedging</i>	26	40.546	287
Inventories	9	1.721.680	952.552
Prepayments		110.608	53.422
<i>Prepayments to Third Parties</i>	10	110.608	53.422
Other Current Assets		7.504	3.812
<i>Other Current Assets Due From Third Parties</i>	17	7.504	3.812
TOTAL CURRENT ASSETS		7.190.358	5.616.772

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 31 MARCH 2021 AND 31 DECEMBER 2020

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

	Footnotes	31 March 2021	Audited 31 December 2020
NON-CURRENT ASSETS			
Other Receivables		4.793	4.500
<i>Other Receivables Due From Third Parties</i>	8	4.793	4.500
Property, Plant and Equipments		2.232.635	2.190.304
<i>Land and Premises</i>	11	503.898	503.898
<i>Land Improvements</i>	11	49.498	49.957
<i>Buildings</i>	11	641.032	643.223
<i>Machinery and Equipments</i>	11	955.444	919.610
<i>Vehicles</i>	11	334	366
<i>Fixtures and Fittings</i>	11	39.040	36.413
<i>Leasehold Improvements</i>	11	4.813	4.688
<i>Construction in Progress</i>	11	38.576	32.149
Right of Use Assets	12	148.629	148.920
Intangible Assets and Goodwill		226.233	216.439
<i>Other Rights</i>	13	175	180
<i>Capitalized Development Costs</i>	13	209.477	202.424
<i>Other Intangible Assets</i>	13	16.581	13.835
Prepayments		73.903	53.056
<i>Prepayments to Third Parties</i>	10	73.903	53.056
TOTAL NON-CURRENT ASSETS		2.686.193	2.613.219
TOTAL ASSETS		9.876.551	8.229.991

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 31 MARCH 2021 AND 31 DECEMBER 2020

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

	Footnotes	31 March 2021	Audited 31 December 2020
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		1.235.394	998.969
Current Borrowings from Related Parties		2.190	16.181
<i>Lease Liabilities</i>	5,6	2.190	16.181
Current Borrowings From Third Parties		1.233.204	982.788
<i>Bank Loans</i>	5	1.204.377	960.540
<i>Lease Liabilities</i>	5	28.827	22.248
Current Portion of Non-current Borrowings		143.399	234.294
Current Portion of Non-current Borrowings from Third Parties		143.399	234.294
<i>Bank Loans</i>	5	143.399	234.294
Trade Payables		3.736.021	2.874.941
<i>Trade Payables to Related Parties</i>	6	212.868	188.142
<i>Trade Payables to Third Parties</i>	7	3.523.153	2.686.799
Employee Benefit Obligations	16	60.931	54.166
Other Payables		462.503	206.285
<i>Other Payables to Related Parties</i>	6	462.503	206.285
Derivative Financial Liabilities		18.492	48.839
<i>Derivative Financial Liabilities Held for Trading</i>	26	17.785	11.743
<i>Derivative Financial Liabilities Held for Hedging</i>	26	707	37.096
Current Tax Liabilities, Current	24	1.477	2.432
Current Provisions		10.031	9.674
<i>Other Current Provisions</i>	14	10.031	9.674
Other Current Liabilities		52.976	29.075
<i>Other Current Liabilities to Third Parties</i>	17	52.976	29.075
TOTAL CURRENT LIABILITIES		5.721.224	4.458.675

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 31 MARCH 2021 AND 31 DECEMBER 2020

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

	Footnotes	31 March 2021	Audited 31 December 2020
NON-CURRENT LIABILITIES			
Long Term Borrowings		178.891	207.731
Long Term Borrowings From Related Parties		122.298	109.058
<i>Lease Liabilities</i>	5,6	122.298	109.058
Long Term Borrowings From Third Parties		56.593	98.673
<i>Bank Loans</i>	5	49.202	88.566
<i>Lease Liabilities</i>	5	7.391	10.107
Trade Payables		85.234	61.787
<i>Trade Payables to Third Parties</i>	7	85.234	61.787
Non-current Provisions		102.508	85.734
<i>Non-current Provisions for Employee Benefits</i>	16	102.508	85.734
Deferred Tax Liabilities	24	55.871	54.299
TOTAL NON-CURRENT LIABILITIES		422.504	409.551
TOTAL LIABILITIES		6.143.728	4.868.226

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 31 MARCH 2021 AND 31 DECEMBER 2020

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

	Footnotes	31 March 2021	Audited 31 December 2020
EQUITY			
Equity Attributable to Owners of Parent		3.732.823	3.361.765
Issued Capital	18	190.000	190.000
Inflation Adjustments on Capital	18	9.734	9.734
Share Premium (Discount)	18	109.031	109.031
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		767.298	771.673
Gains (Losses) on Revaluation and Remeasurement		767.298	771.673
<i>Increases (Decreases) on Revaluation of Property, Plant and Equipment</i>		797.140	800.187
<i>Gains (Losses) on Remeasurements of Defined Benefit Plans</i>		(29.842)	(28.514)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		31.872	(29.447)
Gains (Losses) on Hedge		31.872	(29.447)
<i>Gains (Losses) on Cash Flow Hedges</i>		31.872	(29.447)
Restricted Reserves Appropriated From Profits		187.226	187.190
<i>Legal Reserves</i>	18	187.226	187.190
Prior Years' Profits or Losses	18	2.126.595	792.276
Current Period Net Profit		311.067	1.331.308
TOTAL EQUITY		3.732.823	3.361.765
TOTAL LIABILITIES AND EQUITY		9.876.551	8.229.991

Financial statements for the period 1 January – 31 March 2021 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 22 April 2021.

The accompanying notes are an integral part of these interim condensed 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 - 31 MARCH 2021 AND 2020

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

		1 January - Footnotes 31 March 2021	1 January - 31 March 2020
PROFIT OR LOSS			
Revenue	19	2.969.371	1.595.057
Cost of Sales	19	(2.474.831)	(1.365.954)
GROSS PROFIT FROM COMMERCIAL OPERATIONS		494.540	229.103
GROSS PROFIT		494.540	229.103
General Administrative Expenses	21	(27.492)	(16.397)
Marketing Expenses	21	(40.932)	(24.331)
Research and Development Expense	21	(25.306)	(15.568)
Other Income from Operating Activities	22	413.033	100.156
Other Expenses from Operating Activities	22	(489.742)	(135.224)
PROFIT FROM OPERATING ACTIVITIES		324.101	137.739
PROFIT BEFORE FINANCING INCOME (EXPENSE)		324.101	137.739
Finance Income	23	329.859	122.478
Finance Costs	23	(354.830)	(128.251)
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		299.130	131.966
Tax (Expense) Income, Continuing Operations		11.937	3.477
Current Period Tax (Expense) Income	24	(1.488)	(637)
Deferred Tax (Expense) Income	24	13.425	4.114
PROFIT FROM CONTINUING OPERATIONS		311.067	135.443
PROFIT		311.067	135.443
Earnings Per Share with a TL 1 of Par Value	25	1,64	0,71

The accompanying notes are an integral part of these interim condensed 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 - 31 MARCH 2021 AND 2020

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

	1 January - 31 March 2021	1 January - 31 March 2020
OTHER COMPREHENSIVE INCOME		
Other Comprehensive Income that will not be Reclassified to Profit or Loss	(1.328)	(484)
Gains (Losses) on Remeasurements of Defined Benefit Plans	(1.661)	(605)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	333	121
<i>Taxes Relating to Remeasurements of Defined Benefit Plans</i>	333	121
Other Comprehensive Income that will be Reclassified to Profit or Loss	61.319	872
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	76.649	1.118
<i>Gains (Losses) on Cash Flow Hedges</i>	76.649	1.118
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(15.330)	(246)
<i>Taxes Relating to Cash Flow Hedges</i>	(15.330)	(246)
OTHER COMPREHENSIVE INCOME	59.991	388
TOTAL COMPREHENSIVE INCOME	371.058	135.831

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY - 31 MARCH 2021 AND 2020**

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

	Issued Capital	Inflation Adjustments on Capital	Share Premiums or 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 Accumulated Comprehensive Income that will not be Reclassified in Profit or (Loss)	Cash Flow Hedges	Reserve Of Gains or (Losses) on Hedge	Other Accumulated Comprehensive Income that will be Reclassified in Profit or (Loss)	Restricted Reserves Appropriated From Profits	Prior Years' Profits	Net Profit	Retained Earnings	Equity attributable to owners of parent	Equity
Previous Period																
1 January -31 March 2020																
Equity at Beginning of Period	190.000	9.734	109.031	410.776	(14.796)	395.980	395.980	-	-	-	173.938	359.472	568.072	927.544	1.806.227	1.806.227
Transfers	-	-	-	-	-	-	-	-	-	-	-	568.072	(568.072)	-	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(484)	(484)	(484)	872	872	872	-	-	135.443	135.443	135.831	135.831
<i>Profit (Loss)</i>	-	-	-	-	-	-	-	-	-	-	-	-	135.443	135.443	135.443	135.443
<i>Other Comprehensive Income (Loss)</i>	-	-	-	-	(484)	(484)	(484)	872	872	872	-	-	-	-	388	388
Equity at End of Period	190.000	9.734	109.031	410.776	(15.280)	395.496	395.496	872	872	872	173.938	927.544	135.443	1.062.987	1.942.058	1.942.058
Current Period																
1 January -31 March 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	-	-	-	(3.047)	-	(3.047)	(3.047)	-	-	-	36	1.334.319	(1.331.308)	3.011	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(1.328)	(1.328)	(1.328)	61.319	61.319	61.319	-	-	311.067	311.067	371.058	371.058
<i>Profit (Loss)</i>	-	-	-	-	-	-	-	-	-	-	-	-	311.067	311.067	311.067	311.067
<i>Other Comprehensive Income (Loss)</i>	-	-	-	-	(1.328)	(1.328)	(1.328)	61.319	61.319	61.319	-	-	-	-	59.991	59.991
Equity at End of Period	190.000	9.734	109.031	797.140	(29.842)	767.298	767.298	31.872	31.872	31.872	187.226	2.126.595	311.067	2.437.662	3.732.823	3.732.823

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31
MARCH 2021 AND 2020

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

	Footnotes	1 January - 31 March 2021	1 January - 31 March 2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		380.532	377.581
Profit		311.067	135.443
Profit from Continuing Operations		311.067	135.443
Adjustments to Reconcile Profit (Loss)		226.585	96.104
Adjustments for Depreciation and Amortisation Expense	11	87.694	66.075
Adjustments for Impairment Loss (Reversal of Impairment Loss)		2.060	(714)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	2.060	(714)
Adjustments for Provisions		17.083	5.955
Adjustments for (Reversal of) Provisions Related with Employee Benefits	16	16.726	4.804
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	14	357	1.151
Adjustments for Interest (Income) Expenses		28.514	(4.432)
Adjustments for Interest Income	23	(16.904)	(17.986)
Adjustments for Interest Expense	23	45.418	13.554
Adjustments for Unrealised Foreign Exchange Losses (Gains)	5	95.905	30.997
Adjustments for Fair Value Losses (Gains)		10.783	1.958
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		10.783	1.958
Adjustments for Tax (Income) Expenses	24	(11.937)	(3.477)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(1.115)	(1.397)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(1.115)	(1.397)
Other Adjustments to Reconcile Profit (Loss)	4	(2.402)	1.139

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31
MARCH 2021 AND 2020

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

	Footnotes	1 January - 31 March 2021	1 January - 31 March 2020
Changes in Working Capital		(153.064)	149.035
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(168.299)	285.007
Decrease (Increase) in Trade Accounts Receivables from Related Parties	6	(165.294)	279.622
Decrease (Increase) in Trade Accounts Receivables from Third Parties	7	(3.005)	5.385
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(47.045)	(11.587)
Decrease (Increase) in Other Third Party Receivables Related with Operations	8	(47.045)	(11.587)
Adjustments for Decrease (Increase) in Inventories	9	(771.188)	(323.186)
Decrease (Increase) in Prepaid Expenses	10	(78.033)	(7.160)
Adjustments for Increase (Decrease) in Trade Accounts Payable		884.527	215.836
Increase (Decrease) in Trade Accounts Payables to Related Parties	6	24.726	31.790
Increase (Decrease) in Trade Accounts Payables to Third Parties	7	859.801	184.046
Increase (Decrease) in Employee Benefit Liabilities	16	6.765	(2.780)
Other Adjustments for Other Increase (Decrease) in Working Capital		20.209	(7.095)
Decrease (Increase) in Other Assets Related with Operations	17	(3.692)	(4.276)
Increase (Decrease) in Other Payables Related with Operations	17	23.901	(2.819)
Cash Flows from (used in) Operations		384.588	380.582
Payments Related with Provisions for Employee Benefits	16	(1.613)	(2.400)
Income Taxes refund (Paid)	24	(2.443)	(601)

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31
MARCH 2021 AND 2020

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

	Footnotes	1 January - 31 March 2021	1 January - 31 March 2020
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(714.092)	(90.370)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		7.110	1.546
Proceeds from Sales of Property, Plant and Equipment		7.110	1.546
Purchase of Property, Plant, Equipment and Intangible Assets		(138.715)	(99.542)
Purchase of Property, Plant and Equipment	11	(113.145)	(83.484)
Purchase of Intangible Assets	13	(25.570)	(16.058)
Cash Advances and Loans Made		(582.487)	7.626
Cash Advances and Loans Made to Related Parties	6	(582.487)	7.626
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		241.681	(135.034)
Proceeds from Borrowings		300.243	359.815
Proceeds from Loans	5	300.243	359.815
Repayments of Borrowings		(283.872)	(428.026)
Loan Repayments	5	(283.872)	(428.026)
Decrease in Other Payables to Related Parties		256.218	(70.291)
Payments of Lease Liabilities		(1.253)	(7.154)
Interest Paid		(44.116)	(7.364)
Interest Received		16.904	17.986
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(91.879)	152.177
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(91.879)	152.177
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	187.136	82.287
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	95.257	234.464

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY
- 31 MARCH 2021

(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 406.000 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 628.000 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 Istanbul ("BİST") since 21 April 2006.

As of 31 March 2021, the number of personnel employed was 9.822 (31 December 2020: 9.210).

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.	87,27
Other shareholders	12,73
	100,00

As of 31 March 2021, 59.800.000 shares of the Company have been quoted at the Borsa Istanbul ("BİST") (31,5 % of its share capital; 31 December 2020: 31,5 %).

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 ("IFRIC") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Board.

The Company prepared its condensed interim financial statements for the period ended 31 March 2021 in accordance with ("TAS") 34 "Interim Financial Reporting" in the framework of the Communiqué Serial II, No: 14.1, and its related announcement. The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

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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)

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 2020.

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 IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

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.

2.3 Restatement and errors in the accounting estimates

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

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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 31 March 2021

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.

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

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

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

The amendments include:

- (a) Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

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

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

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

IASB has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on April 7, 2021.

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

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

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

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

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

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

Reference to the Conceptual Framework (Amendments to TFRS 3)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020

Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

TFRS 1 First-time Adoption of International Financial Reporting Standards

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

TFRS 9 Financial Instruments

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

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

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

Amendments are effective on 1 January 2021

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

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

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

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

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

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

The key amendments to IAS 1 include:

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

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

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

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

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

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

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

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

Definition of Accounting Estimates (Amendments to IAS 8)

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

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

Developing an accounting estimate includes both:

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

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

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

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

2.5. Summary of significant accounting policies

2.5.1 Revenue

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

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

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

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

2.5.1 Revenue (Cont'd)

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

2.5.3 Property, plant and equipment

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

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, if any.

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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)

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 their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

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

Leases

The 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.

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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 (Cont'd)

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 10 years.

Lease Liability

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

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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 (Cont'd)

After initial recognition, the lease liability is measured:

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

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

The 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:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- 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.

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

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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 (Cont'd)

a) Research and development costs (Cont'd)

- Other development costs are recognized as expense as incurred. If it is not possible to distinguish the research phase 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 the following specified categories: financial assets as at fair value through profit or loss, loans and receivables and available for sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets carried at amortized cost

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

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

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

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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

a) Financial assets

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

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

c) Derivative financial instruments and hedge accounting

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

The derivative instruments of the 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 regarding to TFRS 9. As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 9 will not have a significant impact on Company's financial statements.

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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

c) Derivative financial instruments and hedge accounting

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.

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.

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

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

2.5.8 Related parties

Shareholders, key management personnel and board members, their close family members and companies controlled, jointly controlled or significantly influenced by them and Zorlu Holding Company 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.

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.

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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)

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 2020 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.

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.

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

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

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

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 Events after the balance sheet date

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

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

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:

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**2.6. Critical accounting estimates and judgments****i. Revaluation of lands, buildings and land improvements**

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2020 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Note 11).

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

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.
- In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

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

As of initial recognition and as of balance sheet date, the 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.

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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

	1 January - 31 March 2021	1 January - 31 March 2020
Segment revenue		
Turkey	685.330	336.672
Europe	1.682.558	914.372
Other	607.954	346.478
Gross sales	2.975.842	1.597.522
Discounts (-)	(6.471)	(2.465)
Net sales	2.969.371	1.595.057

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

The amount of export is 2.290.512 thousand TL for the period ended 31 March 2021 (1 January-31 March 2020: 1.260.850 thousand TL). Export sales are denominated in EURO, and USD as 95%, and 5% of total export respectively (1 January-31 March 2020: 93,7% EUR, 6,3% 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.

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NOTE 4 – CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Cash	236	215
Bank deposits		
- Demand deposits	32.683	169.037
- Time deposits	62.338	17.884
	95.257	187.136
Blocked deposits	31.277	28.875
Cash and cash equivalents	126.534	216.011

As at 31 March 2021, the Company has time deposits amounting to USD 1.500 thousand, and EUR 5.100 thousand. The maturities for time deposits are less than 1 month. (31 December 2020: USD 2.300 thousand and TL 1.000 thousand)

Effective interest rates

	31 March 2021	31 December 2020
TL	-	18,00%
EUR	0,30%	-
USD	1,25%	1,00%

NOTE 5 – FINANCIAL LIABILITIES

	31 March 2021	31 December 2020
Short - term financial liabilities		
Short term bank loans	1.204.377	960.540
Short term portion of long term bank loans	143.399	234.294
Lease liabilities	31.017	38.429
	1.378.793	1.233.263

Long - term financial liabilities

Long term bank loans	49.202	88.566
Lease liabilities	129.689	119.165
	178.891	207.731

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NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

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

Currency	31 March 2021			31 December 2020		
	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	0,74%	20.000	166.520	3,17%	20.000	146.810
- EUR	0,43%	89.400	873.805	2,57%	89.400	805.306
- TL	20,18%	164.052	164.052	20,61%	8.424	8.424
			1.204.377			960.540

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

Currency	31 March 2021			31 December 2020		
	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	2,00%	6.739	65.870	2,57%	3.477	31.316
- TL	16,23%	77.529	77.529	20,61%	202.978	202.978
Short term portion			143.399			234.294
- EUR	2,00%	3.272	31.976	2,57%	6.537	58.889
- TL	16,23%	17.226	17.226	20,61%	29.677	29.677
Long term portion			49.202			88.566
			192.601			322.860

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

	31 March 2021	31 December 2020
One to two years	46.536	85.284
Two to three years	1.764	1.877
Three to four years	902	1.405
	49.202	88.566

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NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

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. Long term bank borrowings are stated at amortized cost using effective interest rate method and their fair values are considered to approximate their carrying values since loans usually have a re-pricing period of six months.

Guarantees given for the bank loans obtained are disclosed in note 15.

As of 31 March 2021 and 31 March 2020, reconciliation of net financial debt is as below:

	31 March 2021	31 March 2020
Net financial debt as of 1 January	1.253.858	721.186
Cash inflows from loans	300.243	359.815
Cash outflows from loan payments	(283.872)	(429.367)
Cash inflow/outflow from other financial leasing	3.112	67.012
Unrealized Fx gain/loss	95.905	30.997
Accrued interest	1.302	3.937
Change in cash and cash equivalents	91.879	(152.177)
Net financial debt at the end of the period	1.462.427	601.403

NOTE 6 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	31 March 2021	31 December 2020
Vestel Ticaret A.Ş.	3.446.281	3.278.077
Other related parties	-	2.910
	3.446.281	3.280.987

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.

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

b) Short term trade payables to related parties

	31 March 2021	31 December 2020
Vestel Elektronik Sanayi ve Ticaret A.Ş.	130.390	113.846
Vestel Ticaret A.Ş.	-	13.646
Vestel Holland B.V.	69.958	50.610
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	14.650	10.887
Other related parties	107	671
	215.105	189.660
Unearned interest on payables (-)	(2.237)	(1.518)
	212.868	188.142

c) Other short term receivables from related parties

	31 March 2021	31 December 2020
Vestel Elektronik Sanayi ve Ticaret A.Ş.	1.438.422	855.935

The Company's interest rate of other receivables in TL is 20%, USD %7 ve EUR %5 (31 December 2020: in TL 21%, USD 7% and EUR 5%).

d) Other short term liabilities to related parties

	31 March 2021	31 December 2020
Vestel Elektronik Sanayi ve Ticaret A.Ş.	462.503	206.285

e) Lease Liabilities from Related Parties

The Company's short term lease liabilities 2.190 thousand TL, long term lease liabilities 122.298 TL thousand TL from Vestel Elektronik Sanayi ve Ticaret A.Ş. (31 December 2020: short term 16.181 thousand TL and 109.058 thousand TL)

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

f) Transactions with related parties

	1 January - 31 March 2021	1 January - 31 March 2020
Sales		
Vestel Ticaret A.Ş.	2.835.592	1.555.040
Vestel Elektronik Sanayi ve Ticaret A.Ş.	44.385	21.060
Other related parties	2	7
	2.879.979	1.576.107
Purchases and operating expenses		
Vestel Holland B.V.	74.783	58.701
Vestel Ticaret A.Ş.	7.277	2.625
Vestel Elektronik Sanayi ve Ticaret A.Ş.	177.061	86.812
	251.844	145.513
	1 January - 31 March 2021	1 January - 31 March 2020
Other operating income		
Vestel Ticaret A.Ş.	316.397	77.938
Other related parties	2.201	499
	318.598	78.437
Other operating expense		
Vestel Ticaret A.Ş.	146.842	331
Vestel Holland BV	6.148	6.428
Diğer ilişkili kuruluşlar	1.162	311
	148.004	642

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NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

f) Transactions with related parties (Cont'd)

	1 January - 31 March 2021	1 January - 31 March 2020
Financial income		
Vestel Elektronik Sanayi ve Ticaret A.Ş.	151.986	29.490
	151.986	29.490
Financial expense		
Vestel Elektronik Sanayi ve Ticaret A.Ş.	15.246	3.306
	15.246	3.306

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

g) 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 three months period ended 31 March 2021 is amounting to TL 4.316 (1 January -31 March 2020: TL thousand 2.187).

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NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	31 March 2021	31 December 2020
Short - term trade receivables		
Trade receivables		
- <i>Related parties (note 6)</i>	3.446.281	3.280.987
- <i>Other parties</i>	8.634	5.571
Cheques and notes receivables	-	12
	3.454.915	3.286.570
Unearned interest expense (-)		
Allowance for doubtful receivables (-)	(621)	(575)
Total short - term trade receivables	3.454.294	3.285.995

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

	31 March 2021	31 December 2020
Short term trade payables		
Trade payables		
- <i>Related parties (note 6)</i>	215.105	189.660
- <i>Other parties</i>	3.535.009	2.696.289
	3.750.114	2.885.949
Unearned interest income (-)		
- <i>Related parties (note 6)</i>	(2.237)	(1.518)
- <i>Other parties</i>	(11.856)	(9.490)
Total short term trade payables	3.736.021	2.874.941
Long term trade payables		
Trade payables		
- <i>Other parties</i>	85.234	61.832
	85.234	61.832
Unearned interest income (-)		
- <i>Other parties</i>	-	(45)
Total long term trade payables	85.234	61.787

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NOTE 8 – OTHER RECEIVABLES

	31 March 2021	31 December 2020
Short - term other receivables		
Other receivables from related parties (note 6)	1.438.422	855.935
Receivables from government agencies	262.848	216.766
Deposits and guarantees given	13.101	12.347
Other receivables	1.018	1.102
	1.715.389	1.086.150
Long - term other receivables		
Deposits and guarantees given	4.793	4.500
	4.793	4.500

NOTE 9 – INVENTORIES

	31 March 2021	31 December 2020
Raw materials	1.115.693	622.132
Work in process	28.203	18.062
Finished goods	579.844	314.013
	1.723.740	954.207
Provision for impairment on inventories (-)	(2.060)	(1.655)
	1.721.680	952.552

As of 31 March 2021 the Company does not have inventories pledged as security for liabilities (31 December 2020: None).

Cost of the inventory included in the cost of sales for the current period amounts to 2.138.176 thousand TL (1 January – 31 March 2020: 1.154.631 thousand TL).

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

	31 March 2021	31 December 2020
Raw materials	444	-
Finished goods and merchandise	1.616	1.655
	2.060	1.655

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NOTE 9 – INVENTORIES (Cont'd)

Movement of inventory impairment on inventories is as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Opening balance, 1 January	1.655	1.023
Current year additions	2.060	309
Realised due to sale of inventory	(1.655)	(1.023)
Balance at 31 March	2.060	309

NOTE 10 – PREPAID EXPENSES

	31 March 2021	31 December 2020
Prepaid expenses in current assets		
Order advances given	98.293	33.914
Prepaid expenses	12.289	19.504
Business advances given	26	4
	110.608	53.422
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	73.463	49.821
Prepaid expenses	440	3.235
	73.903	53.056

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January				31 March
	2021	Additions	Disposals	Transfer	2021
Cost or revaluation					
Land	503.898	-	-	-	503.898
Land improvements	49.957	-	-	-	49.957
Buildings	643.223	2.137	(2)	206	645.564
Leasehold improvements	12.014	110	(4)	425	12.545
Plant and machinery	2.111.681	90.191	(3.490)	7.958	2.206.340
Motor vehicles	862	-	-	-	862
Furniture and fixtures	96.533	4.930	(371)	761	101.853
Construction in progress	32.149	15.777	-	(9.350)	38.576
				-	
	3.450.317	113.145	(3.867)	-	3.559.595
Accumulated depreciation					
Land improvements	-	459	-	-	459
Buildings	-	4.533	(1)	-	4.532
Leasehold improvements	7.326	410	(4)	-	7.732
Plant and machinery	1.192.071	62.158	(3.333)	-	1.250.896
Motor vehicles	496	32	-	-	528
Furniture and fixtures	60.120	3.059	(366)	-	62.813
	1.260.013	70.651	(3.704)	-	1.326.960
Net book value	2.190.304				2.232.635

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

	1 January 2020	Additions	Disposals	Transfer	31 March 2020
Cost					
Land	192.824	-	-	-	192.824
Land improvements	40.998	2.514	-	-	43.512
Buildings	447.048	35.584	-	277	482.909
Leasehold improvements	10.907	462	-	10	11.379
Plant and machinery	1.763.514	33.577	(7.528)	26.926	1.816.489
Motor vehicles	626	-	(2)	-	624
Furniture and fixtures	76.719	3.093	(83)	2.326	82.055
Construction in progress	45.231	8.254	-	(29.539)	23.946
	2.577.867	83.484	(7.613)	-	2.653.738
Accumulated depreciation					
Land improvements	1.366	2.840	-	-	4.206
Buildings	11.496	36.965	-	-	48.461
Leasehold improvements	5.774	375	-	-	6.149
Plant and machinery	992.131	15.420	(7.388)	-	1.000.163
Motor vehicles	458	18	-	-	476
Furniture and fixtures	50.383	2.279	(76)	-	52.586
	1.061.608	57.897	(7.464)	-	1.112.041
Net book value	1.516.259				1.541.697

Additions to property, plant and equipment in the period 1 January – 31 March 2021 and 2020 mainly consist of machinery and equipment investments made to refrigerator, washing machine, cooker, dishwasher and air conditioner factories.

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

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

	Useful life
Land improvements	8 - 35 years
Buildings	25 - 50 years
Leasehold improvements	5 years
Plant and machinery	5 - 20 years
Motor vehicles	5 years
Furniture and fixtures	5 - 10 years

Allocation of period depreciation and amortization expenses is as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Cost of sales	74.902	56.027
Research and development expenses	11.778	9.358
Marketing, selling and distribution expenses	252	159
General administrative expenses	762	531
	87.694	66.075

NOTE 12 – RIGHT OF USE ASSETS

	1 January 2021	Additions	Disposals	31 March 2021
Cost				
Land and buildings	143.046	6.475	-	149.521
Machinery	39.111	333	-	39.444
	182.157	6.808	-	188.965
Accumulated amortization				
Land and buildings	13.507	2.903	-	16.410
Machinery	19.730	4.196	-	23.926
	33.237	7.099	-	40.336
Net book value	148.920			148.629

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NOTE 12 – RIGHT OF USE ASSETS (Cont'd)

	1 January 2020	Additions		31 March 2020
Cost				
Land and buildings	43.353	72.907	-	116.260
Machinery	32.790	4.816	-	37.606
	14.196	77.723	-	153.866
Accumulated amortization				
Land and buildings	5.136	4.172	-	9.308
Machinery	9.060	2.979	-	12.039
	14.196	7.151	-	21.347
Net book value	61.947			132.519

NOTE 13 – INTANGIBLE ASSETS

	1 January 2021	Additions	Disposals	31 March 2021
Cost				
Rights	6.568	-	-	6.568
Development cost	366.325	22.295	(6.112)	382.508
Other intangible assets	23.577	3.275	-	26.852
	396.470	25.570	(6.112)	415.928
Accumulated amortization				
Rights	6.388	5	-	6.393
Development cost	163.901	9.410	(280)	173.031
Other intangible assets	9.742	529	-	10.271
	180.031	9.944	(280)	189.695
Net book value	216.439			226.233

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NOTE 13 – INTANGIBLE ASSETS (Cont'd)

	1 January 2020	Additions	Disposals	31 March 2020
Cost				
Rights	6.534	-	-	6.534
Development cost	301.527	15.785	-	317.312
Other intangible assets	20.328	273	-	20.601
	328.389	16.058	-	344.447
Accumulated amortization				
Rights	6.369	2	-	6.371
Development cost	133.572	7.744	-	141.316
Other intangible assets	7.939	432	-	8.371
	147.880	8.178	-	156.058
Net book value	180.509			188.389

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 when it is probable that costs will be recovered through future commercial activity and only if the cost can be measured reliably.

Useful lives of intangible assets are as follows:

	Useful life
Rights	3 - 15 years
Development cost	2 - 10 years
Other intangible assets	2 - 15 years

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	31 March 2021	31 December 2020
Short - term provisions		
Provision for lawsuit risks	10.031	9.674
	10.031	9.674

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

The movements in the provision for lawsuits are as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Opening balance, 1 January	9.674	5.847
Current year additions	416	1.292
Payments/ disposals	(59)	(141)
Balance at 31 March	10.031	6.998

b) Guarantees received by the Company

Guarantee letters, collaterals, cheques and notes received

	31 March 2021	31 December 2020
Guarantee letters	61.609	38.071
Cheques and notes	1.509	1.435
Collaterals and pledges	9.157.242	8.163.433
	9.220.360	8.202.939

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
31 March 2021				
A. CPM's given on behalf of its own legal entity	-	7.420	9.974	82.496
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	1.008.140	-	814.173	9.207.947
i. Total amount of CPM's given on behalf of the parent company	722.288	-	574.114	6.587.884
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	285.852	-	240.059	2.620.063
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	1.008.140	7.420	824.147	9.290.443

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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 2020				
A. CPM's given on behalf of its own legal entity	-	7.420	44.929	111.766
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	1.008.140	32.031	854.695	8.543.476
i. Total amount of CPM's given on behalf of the parent company	722.288	-	614.636	5.916.588
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	285.852	32.031	240.059	2.626.888
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	1.008.140	39.451	899.624	8.655.242

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 247 % as of 31 March 2021 (31 December 2020: 254%).

NOTE 15 – COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to 907.606 thousand USD (31 December 2020: 974.233 thousand USD) due to the export and investment incentive certificates obtained.

As of 31 March 2021 the Company has forward foreign currency purchase contract that amounts to TL 1.210.870 thousand, EUR 17.514 thousand, and USD 326.484 thousand against forward foreign currency sales contract that amounts to EUR 336.417 thousand, USD 70.371 thousand and TL 173.997 thousand (31 December 2020: TL 959.540 thousand, EUR 4.257 thousand and USD 287.768 thousand against forward foreign currency sales contract that amounts to EUR 289.759 thousand, USD 39.567 thousand and TL 238.438 thousand).

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NOTE 16 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	31 March 2021	31 December 2020
Due to personnel	45.169	38.090
Social security payables	15.762	16.076
	60.931	54.166

Long term provisions for employee benefits:

	31 March 2021	31 December 2020
Provision for employment termination benefits	102.508	85.734

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due caus. 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 7.638,96 TL / year as of 31 March 2021 (31 December 2020: 7.117,17 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 31 March 2021 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 31 March 2021 provision is calculated based on real discount rate of % 4,44 (31 December 2020: 4,44%) assuming 8,5% annual inflation rate and 12,94% discount rate.

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NOTE 16 – EMPLOYEE BENEFITS (Cont'd)

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

	1 January - 31 March 2021	1 January - 31 March 2020
Balance at 1 January	85.734	57.289
Increase during the year	13.769	2.954
Payments during the year	(1.613)	(2.400)
Actuarial (gain) /loss	1.661	605
Interest expense	2.957	1.850
Balance at 31 March	102.508	60.298

NOTE 17 – OTHER ASSETS AND LIABILITIES

	31 March 2021	31 December 2020
Other current assets		
Income accruals from supplier	7.048	3.433
VAT carried forward	291	333
Other	165	46
	7.504	3.812
Other current liabilities		
Taxes and dues payable	24.875	28.055
Advances received	12.709	121
Other	15.392	899
	52.976	29.075

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NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	31 March 2021	31 December 2020
Shares of par value TL 1 each		
Issued share capital	190.000	190.000

As of 31 March 2021 and 31 December 2020 the shareholding structure is as follows:

	Shareholding		Amount	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Vestel Elektronik Sanayi ve Ticaret A.Ş.	87,27%	89,90%	165.813	170.810
Shares held by public	12,73%	10,10%	24.187	19.190
	100,00%	100,00%	190.000	190.000

Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 5,000,000 shares of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. at Borsa Istanbul on 19 February 2021. Following these transactions, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 87,27%.

b) Adjustments to share capital

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

	31 March 2021	31 December 2020
Adjustment to share capital	9.734	9.734

c) Share Premium

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

	31 March 2021	31 December 2020
Share premium	109.031	109.031

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

d) 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.

	31 March 2021	31 December 2020
Legal reserves	187.226	187.190

e) Retained earnings

	31 March 2021	31 December 2020
Extraordinary reserves	694.202	694.202
Previous year's profits	1.432.393	98.074
	2.126.595	792.276

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

f) Dividend distribution

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

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

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

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, the Company will be able to distribute 800,000,000 TL (4,2105 TL gross, 3,5789 TL net for each 1.00 TL nominal value per share) as dividends for the period ended 2020; it was decided to be paid in cash in three equal installments and to authorize the Board of Directors by taking into account the cash projections of the company in accordance with the principles stipulated in the legislation to determine the distribution dates, and to allocate a general legal reserve of 80,000,000 TL over the amount of dividends subject to distribution.

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 – SALES

	1 January - 31 March 2021	1 January - 31 March 2020
Domestic sales	685.330	336.672
Overseas sales	2.290.512	1.260.850
Gross sales	2.975.842	1.597.522
Less: Sales discounts (-)	(6.471)	(2.465)
Net sales	2.969.371	1.595.057
Cost of sales	(2.474.831)	(1.365.954)
Gross profit	494.540	229.103

NOTE 20 – EXPENSES BY NATURE

	1 January - 31 March 2021	1 January - 31 March 2020
Raw materials, supplies and finished goods	2.414.148	1.243.302
Changes in finished goods, work in process and trade goods	(275.972)	(88.671)
Personnel expenses	220.160	125.208
Depreciation and amortization	87.694	66.075
Other	122.531	76.336
	2.568.561	1.422.250

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

a) General administrative expenses:

	1 January - 31 March 2021	1 January - 31 March 2020
Personnel expenses	7.978	4.495
Consultancy Expenses	11.577	8.064
Rent and office expenses	1.671	1.181
Travelling expenses	418	356
Energy expenses	204	192
Depreciation and amortization	762	531
Benefits and services provided externally	314	104
Other	4.568	1.474
	27.492	16.397

b) Marketing expenses:

	1 January - 31 March 2021	1 January - 31 March 2020
Personnel expenses	10.053	5.775
Transportation, distribution and storage expenses	21.982	11.672
Taxes and duties	3.877	3.250
Insurance expenses	793	470
Depreciation and amortization	252	159
Other	3.975	3.005
	40.932	24.331

c) Research and development expenses:

Depreciation and amortization	11.778	9.358
Personnel expenses	6.536	2.680
Other	6.992	3.530
	25.306	15.568

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NOTE 22 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income

	1 January - 31 March 2021	1 January - 31 March 2020
Credit finance gains arising from trading activities	3.313	3.227
Foreign exchange gains arising from trading activities	403.457	85.846
Other income	6.263	11.083
	413.033	100.156

b) Other operating expenses

	1 January - 31 March 2021	1 January - 31 March 2020
Debit finance charges arising from trading activities	1.138	1.674
Foreign exchange expenses arising from trading activities	484.687	132.154
Other expenses	3.917	1.396
	489.742	135.224

NOTE 23 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 31 March 2021	1 January - 31 March 2020
Foreign exchange gains	184.550	25.487
Gains on derivative financial instruments	128.405	79.005
Interest income	16.904	17.986
	329.859	122.478

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

b) Financial expense:

	1 January - 31 March 2021	1 January - 31 March 2020
Foreign exchange losses	120.834	49.118
Losses on derivative financial instruments	186.147	65.064
Interest expense	45.418	13.554
Other finance expenses	2.431	515
	354.830	128.251

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

	31 March 2021	31 December 2020
Corporation and income taxes	1.488	5.771
Prepaid taxes	(11)	(3.339)
Current income tax liabilities - net	1.477	2.432
Deferred tax liabilities	(55.871)	(54.299)
Deferred tax assets / (liabilities)	(55.871)	(54.299)

Corporate tax is applied on taxable corporate income, which is calculated from the statutory profit by adding back non-deductible expenses and by deducting other exempt income.

Dividend payments made to resident and non-resident individuals, non-resident legal entities and corporations resident in Turkey (except for the ones exempt from corporate and income tax), are subject to an income tax of 15%.

Dividend payments made from a corporation resident in Turkey to a corporation also resident in Turkey are not subject to income tax. Furthermore, income tax is not calculated in case the profit is not distributed or transferred to equity.

In Turkey, advance tax returns are filed on a quarterly basis at the rate of %22, 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 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 1-25 April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

In accordance with the regulation numbered 7316, published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate for the year 2021 has increased from 20% to 25%, for the year 2022 to %23. The amendment is effective for annual reporting periods beginning on or after 30 June 2021. Therefore, deferred tax assets and liabilities as of 31 March 2021 are calculated with 20% tax rate for those which will be realized after 2021 and onwards.

As of 1 January – 31 March 2021 and 2020 tax expense in the statement of income is as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Current period tax expense	(1.488)	(637)
Deferred tax benefit / (expense)	13.425	4.114
Total tax income	11.937	3.477

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

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:

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

	Cumulative temporary differences		Deferred tax	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Deferred tax assets				
Employment termination benefits	(102.508)	(85.734)	20.502	17.147
Maddi ve maddi olmayan duran varlıkların kayıtlı değerleri ile vergi matrahları arasındaki net fark	(56.290)	(34.505)	11.258	6.901
Provision for impairment on inventories	(2.060)	(1.655)	412	331
Derivative financial instruments	(18.492)	(48.839)	3.698	9.768
Other	(41.691)	(43.034)	8.338	8.607
			44.208	42.754

	Cumulative temporary differences		Deferred tax	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Deferred tax liabilities				
Revaluation of tangible fixed assets	866.960	887.222	(86.695)	(87.035)
Derivative financial instruments	54.349	18.830	(10.870)	(3.766)
Other	12.572	31.259	(2.514)	(6.252)
			(100.079)	(97.053)
Deferred tax assets / (liabilities) - net			(55.871)	(54.299)

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

	1 January - 31 March 2021	1 January - 31 March 2020
Opening balance, 1 January	(54.299)	(64.989)
Tax expense recognized in income statement	13.425	4.114
Recognized in shareholders' equity	(14.997)	(125)
Deferred tax liabilities		
at the end of the period, net	(55.871)	(61.000)

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NOTE 25- EARNINGS PER SHARE

	1 January - 31 March 2021	1 January - 31 March 2020
Net (loss) / income attributable to equity holders of the parent	311.067	135.443
Weighted number of ordinary shares with a TL 1 of par value (thousand shares)	190.000	190.000
	1,64	0,71

NOTE 26 - DERIVATIVE INSTRUMENTS

	31 March 2021		31 December 2020	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
<u>Derivative financial assets:</u>				
Held for trading				
Forward foreign currency transactions	440.838	13.803	975.841	18.543
Cash flow hedge				
Forward foreign currency transactions	1.433.404	40.546	195.845	287
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	1.369.211	(17.785)	528.226	(11.743)
Cash flow hedge				
Forward foreign currency transactions	856.912	(707)	1.410.330	(37.096)
	4.100.365	35.857	3.110.242	(30.009)

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)

31 March 2021	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	12.196	227.487	30	2.325.055
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	2.574	10.021	127	119.504
2b. Non-monetary financial assets	-	-	-	-
3. Other	130.660	35.865	-	1.438.423
4. Current assets (1+2+3)	145.430	273.373	157	3.882.982
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	996	3.441	-	41.925
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	996	3.441	-	41.925
9. Total assets (4+8)	146.426	276.814	157	3.924.907
10. Trade payables	205.065	122.819	1.250	2.909.066
11. Financial liabilities	20.000	96.139	-	1.106.195
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	225.065	218.958	1.250	4.015.261
14. Trade payables	-	8.720	-	85.230
15. Financial liabilities	-	3.272	-	31.976
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	11.992	-	117.206
18. Total liabilities (13+17)	225.065	230.950	1.250	4.132.467
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	256.113	(318.903)	-	(984.593)
19a. Hedged total assets	326.484	17.514	-	2.889.489
19b. Hedged total liabilities	(70.371)	(336.417)	-	(3.874.082)
20. Net foreign currency asset/ (liability) position (9-18+19)	177.474	(273.039)	(1.093)	(1.192.153)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(79.635)	42.423	(1.093)	(249.485)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	35.857
23. Export	15.170	239.335	-	2.290.512
24. Import	95.660	58.303	-	1.227.724

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

31 December 2020	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	8.918	244.192	10	2.265.130
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	3.274	20.868	-	212.010
2b. Non-monetary financial assets	-	-	-	-
3. Other	88.113	23.218	-	855.939
4. Current assets (1+2+3)	100.305	288.278	10	3.333.078
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	155	2.181	-	20.784
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	155	2.181	-	20.784
9. Total assets (4+8)	100.460	290.459	10	3.353.862
10. Trade payables	161.127	106.687	59	2.143.838
11. Financial liabilities	20.000	92.877	-	983.441
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	181.127	199.564	59	3.127.279
14. Trade payables	-	6.833	-	61.551
15. Financial liabilities	-	6.537	-	58.889
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	13.370	-	120.440
18. Total liabilities (13+17)	181.127	212.935	59	3.247.719
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	248.201	(285.503)	-	(749.863)
19a. Hedged total assets	287.768	4.257	-	2.150.708
19b. Hedged total liabilities	(39.567)	(289.760)	-	(2.900.571)
20. Net foreign currency asset/ (liability) position (9-18+19)	167.534	(207.979)	(49)	(643.720)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(80.822)	75.343	(49)	85.360
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(30.009)
23. Export	59.616	851.767	-	7.287.032
24. Import	295.017	148.673	5.215	3.274.444

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

As of 31 March 2021 and 31 December 2020, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 March 2021				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(66.304)	66.304	(66.304)	66.304
Secured portion from USD risk (-)	(15.178)	15.178	213.800	(213.800)
USD net effect	(81.482)	81.482	147.496	(147.496)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	41.465	(41.465)	41.465	(41.465)
Secured portion from EUR risk (-)	(86.925)	86.925	(311.918)	311.918
EUR net effect	(45.460)	45.460	(270.453)	270.453
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(109)	109	(109)	109
Other currency net effect	(109)	109	(109)	109

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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 2020				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(59.327)	59.327	(59.327)	59.327
Secured portion from USD risk (-)	21.718	(21.718)	162.649	(162.649)
USD net effect	(37.609)	37.609	103.322	(103.322)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	67.868	(67.868)	67.868	(67.868)
Secured portion from EUR risk (-)	(93.192)	93.192	(237.804)	237.804
EUR net effect	(25.324)	25.324	(169.936)	169.936
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(5)	5	(5)	5
Other currency net effect	(5)	5	(5)	5

NOTE 28- SUBSEQUENT EVENTS

None.

Note 29 - OTHER MATTERS THAT MAY AFFECT THE FINANCIAL STATEMENTS OR TO BE EXPLAINED FOR THE FINANCIAL STATEMENTS TO BE INTERPRETABLE AND EXPLAINABLE

The necessary actions were taken by the management to minimize the possible effects of the COVID-19 pandemic on the Company's activities and financial status, which occurred in China at the end of 2019 and influenced the whole world. In order to avoid disruptions in the production processes, the raw material procurement processes were similar to the pre-pandemic period, considering the condition of the countries where the raw material was supplied. Production was suspended for a week during the peak of the pandemic.

While preparing the interim financial statements dated 31 March 2021, the Company re-evaluated the effects of the COVID-19 pandemic and the estimates and assumptions used in the financials. Impairments that may occur in Company's assets have been evaluated and no impairment has been identified.