

**(CONVENIENCE TRANSLATION OF FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

ARÇELİK ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2022**

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ARÇELİK ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2022, AND DECEMBER 31, 2021

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

		Unaudited	Audited
	Notes	March 31, 2022	December 31, 2021
ASSETS			
Current assets:			
Cash and cash equivalents	4	16,694,456	16,014,589
Trade receivables			
-Due from related parties	27	350,134	269,306
-Due from third parties	8	28,576,054	23,142,238
Derivative instruments	7	52,262	16,094
Inventories	10	23,386,600	16,828,699
Prepaid expenses	16	1,413,993	648,799
Current income tax assets	17	419,016	415,431
Other current assets	19	2,765,042	2,259,652
Total current assets		73,657,557	59,594,808
Non-current assets:			
Financial investments	5	11,045	10,531
Trade receivables			
-Due from third parties	8	49,820	45,865
Derivative instruments	7	15,649	19,157
Investments accounted for using the equity method	11	835,803	855,409
Property, plant and equipment	12	14,377,842	13,125,336
Intangible assets			
-Goodwill		3,270,941	2,844,448
-Other intangible assets	13	8,202,873	6,573,315
Prepaid expenses	16	106,809	186,057
Deferred tax assets	25	1,881,768	1,823,680
Total non-current assets		28,752,550	25,483,798
Total assets		102,410,107	85,078,606

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2022, AND DECEMBER 31, 2021

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

		Unaudited	Audited
	Notes	March 31, 2022	December 31, 2021
LIABILITIES			
Current liabilities:			
Short-term borrowings	6	14,624,620	10,584,261
Short-term portion of long-term borrowings	6	4,696,292	2,459,839
Trade payables			
-Due to related parties	27	2,685,041	1,592,704
-Due to third parties	8	24,668,440	18,076,327
Derivative instruments	7	113,967	245,292
Employee benefit obligations	18	975,276	775,090
Other payables			
-Due to third parties	9	1,309,924	1,245,608
Current income tax liabilities	25	71,978	55,292
Provisions			
-Other provisions	15	2,645,617	2,087,963
Other current liabilities	19	3,623,301	3,379,248
Total current liabilities		55,414,456	40,501,624
Non-current liabilities:			
Long-term borrowings	6	19,930,137	19,535,399
Provisions			
-Provision for employee benefits		1,086,245	935,609
-Other provisions	15	567,650	439,072
Deferred tax liabilities	25	1,666,781	1,528,994
Other non-current liabilities	19	1,224,694	1,082,693
Total non-current liabilities		24,475,507	23,521,767
Total liabilities		79,889,963	64,023,391

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2022 AND DECEMBER 31, 2021

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

		Unaudited	Audited
	Notes	March 31,	December 31,
		2022	2021
EQUITY			
Paid-in capital	20	675,728	675,728
Adjustment to share capital	20	468,811	468,811
Treasury shares	20	(2,281,469)	(1,215,266)
Share premium/discount		889	889
Other accumulated comprehensive income and expense not to be reclassified to profit or loss			
Gains/ losses on revaluation and remeasurement			
-Gain/loss arising from defined benefit plans		(481,830)	(396,514)
-Revaluation/ remeasurement of intangible assets		6,900	6,900
-Other gains/ losses on revaluation and remeasurement		6,091	6,109
Other accumulated comprehensive income and expense to be reclassified to profit or loss			
-Currency translation differences		14,194,068	11,381,483
Gains/ losses on hedge			
-Gains/ losses on hedges of net investment in foreign operations		(2,089,473)	(1,835,770)
-Gains/ losses on cash flow hedges		29,167	15,080
Balancing account for merger capital		14,507	14,507
Restricted reserves	20	2,983,828	1,771,002
Retained earnings		5,893,142	5,425,850
Net income for the period		1,165,585	3,064,674
Equity holders of the parent		20,585,944	19,383,483
Non-controlling interest		1,934,200	1,671,732
Total equity		22,520,144	21,055,215
Total liabilities and equity		102,410,107	85,078,606

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021

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

		Unaudited	Reviewed
	Notes	March 31,	March 31,
		2022	2021
Net sales	3	28,164,395	12,983,814
Cost of sales		(19,477,778)	(8,500,972)
Gross profit		8,686,617	4,482,842
General administrative expenses		(1,312,152)	(570,825)
Marketing expenses		(4,929,141)	(2,285,710)
Research and development expenses		(154,577)	(87,472)
Other income from operating activities	21	1,901,218	890,017
Other expenses from operating activities	21	(1,470,073)	(750,728)
Operating profit		2,721,892	1,678,124
Income from investment activities	22	4,701	2,273
Expenses from investment activities	22	(21,186)	(2,596)
Share of profit/loss of investments accounted for using the equity method	11	(8,748)	4,543
Operating income before financial income/(expense)		2,696,659	1,682,344
Financial income	23	1,973,364	1,776,185
Financial expenses	24	(3,218,575)	(2,164,273)
Profit from continuing operations before tax		1,451,448	1,294,256
Tax income/(expense), continuing operations			
- Taxes on expense	25	(352,588)	(220,655)
- Deferred tax income/(expense)	25	125,502	26,591
Net income		1,224,362	1,100,192
Attributable to			
Non-controlling interest		58,777	7,457
Equity holders of the parent		1,165,585	1,092,735
Earnings per share (kurus)	26	1.762	1.617

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ARÇELİK ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021

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

	Unaudited	Reviewed
	March 31,	March 31,
	2022	2021
Net income	1,224,362	1,100,192
Other comprehensive income		
Not to be reclassified to profit or loss	(109,362)	(9,140)
Gain/ loss arising from defined benefit plans	(109,212)	(7,619)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	(131)	(387)
Other gain/ losses not to be reclassified to profit or loss	(19)	(1,134)
Not to be reclassified to profit or loss, tax effect	24,028	1,568
Gain/ loss arising from defined benefit plans, tax effect	24,027	1,511
Other gain/ losses not to be reclassified to profit or loss, tax effect	1	57
To be reclassified to profit or loss	2,705,943	850,402
Currency translation differences	3,001,776	933,439
Other comprehensive income related with hedges of net investments in foreign operations	(325,260)	(114,926)
Other comprehensive income related with cash flow hedge	15,653	2,335
Share of other comprehensive income of investments accounted for using the equity method that will be reclassified to profit or loss	13,774	29,554
-Currency translation differences of investments accounted for using the equity method	14,500	27,511
-Gain/loss from cash flow hedges of investments accounted for using equity method	(726)	2,043
To be reclassified to profit or loss, tax effect	70,717	22,519
Other comprehensive income related with hedges of net investments in foreign operations, tax effect	71,557	22,986
Other comprehensive income related with cash flow hedge, tax effect	(840)	(467)
Other comprehensive income/ (loss) (net of tax)	2,691,326	865,349
Total comprehensive income	3,915,688	1,965,541
Attributable to:		
Non-controlling interest	262,468	30,123
Equity holders of the parent	3,653,220	1,935,418

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

ARÇELİK ANONİM ŞİRKETİ**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021**

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

	Paid-in capital	Adjustment to share capital	Treasury shares	Share premium/discount	Balancing account for merger capital	Gain/(loss) arising from defined benefit plans	Gains/ losses on financial assets measured at fair value throughout comprehensive income	Gains/losses on hedge	Revaluation fund of intangible assets	Currency translation differences	Restricted reserves	Retained earnings	Net income	Equity holders of the parent	Non-controlling interest	Total equity
Balance at January 1, 2021	675,728	468,811	-	889	14,507	(298,280)	4,918	(969,125)	-	5,225,745	409,115	5,439,898	2,847,839	13,820,045	203,801	14,023,846
Transfers	-	-	-	-	-	-	-	-	-	-	146,621	2,701,218	(2,847,839)	-	-	-
Total comprehensive income	-	-	-	-	-	(6,495)	(1,077)	(88,029)	-	938,284	-	-	1,092,735	1,935,418	30,123	1,965,541
Net income	-	-	-	-	-	-	-	-	-	-	-	-	1,092,735	1,092,735	7,457	1,100,192
Other comprehensive income	-	-	-	-	-	(6,495)	(1,077)	(88,029)	-	938,284	-	-	-	842,683	22,666	865,349
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(1,500,000)	-	(1,500,000)	-	(1,500,000)
As of March 31, 2021	675,728	468,811	-	889	14,507	(304,775)	3,841	(1,057,154)	-	6,164,029	555,736	6,641,116	1,092,735	14,255,463	233,924	14,489,387
Balance at January 1, 2022	675,728	468,811	(1,215,266)	889	14,507	(396,514)	6,109	(1,820,690)	6,900	11,381,483	1,771,002	5,425,850	3,064,674	19,383,483	1,671,732	21,055,215
Transfers	-	-	-	-	-	-	-	-	-	-	146,623	2,918,051	(3,064,674)	-	-	-
Total comprehensive income	-	-	-	-	-	(85,316)	(18)	(239,616)	-	2,812,585	-	-	1,165,585	3,653,220	262,468	3,915,688
Net income	-	-	-	-	-	-	-	-	-	-	-	-	1,165,585	1,165,585	58,777	1,224,362
Other comprehensive income	-	-	-	-	-	(85,316)	(18)	(239,616)	-	2,812,585	-	-	-	2,487,635	203,691	2,691,326
Dividends (Note 20)	-	-	-	-	-	-	-	-	-	-	-	(1,384,556)	-	(1,384,556)	-	(1,384,556)
Increase/decrease due to acquisition of treasury shares	-	-	(1,066,203)	-	-	-	-	-	-	-	1,066,203	(1,066,203)	-	(1,066,203)	-	(1,066,203)
As of March 31, 2022	675,728	468,811	(2,281,469)	889	14,507	(481,830)	6,091	(2,060,306)	6,900	14,194,068	2,983,828	5,893,142	1,165,585	20,585,944	1,934,200	22,520,144

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ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021

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

		Unaudited	Reviewed
		January 1- March 31, 2022	January 1- March 31, 2021
	Notes		
Cash flows from operating activities:			
Net income:		1,224,362	1,100,192
<i>Adjustments to reconcile net cash provided from operating activities to net income after taxes</i>			
Adjustments for depreciation and amortisation expense		711,155	344,989
Adjustments for impairment loss	30	23,592	32,505
Adjustments for other provisions	30	879,416	515,836
Adjustments for interest income	23	(86,971)	(98,848)
Adjustments for interest expense	24	742,268	332,528
Adjustments for income arising from government grants	21	(11,151)	(19,125)
Adjustments for unrealised foreign exchange differences		562,165	(75,343)
Adjustments for fair value (gains) losses on derivative financial instruments		14,044	221,934
Adjustments for undistributed profits of investments accounted for using equity method	11	8,748	(4,543)
Adjustments for tax expense/income	25	227,086	194,064
Adjustments for losses (gains) on disposal of non-current assets	22	16,641	440
Other adjustments to reconcile profit (loss)		13,705	7,817
Adjustments for dividend (income) loss		(156)	(117)
Adjustments regarding net profit reconciliation for the period		4,324,904	2,552,329
Changes in operating assets and liabilities:			
Adjustments for decrease (increase) in trade receivables		(5,523,178)	(3,606,086)
Adjustments for decrease (increase) in inventories		(6,672,516)	(3,088,414)
Decrease (increase) in prepaid expenses		(765,194)	(44,935)
Adjustments for increase (decrease) in trade payables		7,720,050	2,850,457
Increase (decrease) in employee benefit liabilities		201,513	(36,927)
Adjustments for increase (decrease) in other operating payables		64,316	34
Increase (decrease) in government grants and assistance		598	16,760
Other adjustments for other increase (decrease) in working capital		(175,266)	(324,527)
Income taxes refund (paid)		(216,371)	(42,928)
Cash flows from operating activities		(1,041,144)	(1,724,237)
Investing activities:			
Cash outflows due to share acquisition or capital increase in affiliates and / or joint ventures	11	(26,725)	(38,220)
Cash outflows from purchases of property, plant and equipment and intangible assets		(822,887)	(395,885)
Cash inflows from sale of property, plant and equipment and intangible assets		63,512	11,928
Dividends received		55,531	117
Cash flows from investing activities		(730,569)	(422,060)
Financing activities:			
Proceeds from borrowings	6	5,760,295	984,809
Repayments of borrowings	6	(2,140,841)	(898,510)
Bonds issued	6	700,000	1,200,000
Payments of lease liabilities	6	(349,298)	(86,074)
Dividends paid		(1,384,556)	(1,500,000)
Cash inflows from derivative instruments (net)		(178,029)	(159,833)
Cash outflows from acquisition of treasury shares	20	(1,066,203)	-
Interest paid		(276,784)	(202,887)
Interest received		84,943	104,905
Other inflows (outflows) of cash		(13,705)	(7,817)
Cash flows from financing activities		1,135,822	(565,407)
Net increase/(decrease) in cash and cash equivalents before currency translation differences		(635,891)	(2,711,704)
Effect of currency translation differences		1,313,730	928,555
Net increase/(decrease) in cash and cash equivalents		677,839	(1,783,149)
Cash and cash equivalents at January 1		16,011,915	11,988,227
Cash and cash equivalents at March 31	4	16,689,754	10,205,078

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ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021

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

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Arçelik Anonim Şirketi (“Arçelik” or “the Company”) and its subsidiaries (collectively, “the Group”) undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates twenty-six manufacturing plants in Turkey, Romania, Russia, Republic of South Africa, Thailand, Pakistan, China and Bangladesh. The Company is controlled by Koç Holding A.Ş., the parent company and the companies owned by Koç Family (Note 20).

The Company’s head office is located at: Karaağaç Caddesi No: 2-6 Söğütözü 34445 Beyoğlu İstanbul / Turkey. The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1986. As of March 31, 2022, the publicly listed shares are 25.15% of the total shares. (December 31, 2021: 25.15%)

The average number of personnel employed by categories in the Group in 2022 is 10,264 monthly paid (Jan 1 - Mar 31, 2021: 8,041) and 31,146 hourly paid (1 Jan – 31 Mar 2021: 28,248) totalling to 41,410 (1 Jan – 31 Mar 2021: 36,289).

Subsidiaries and branches	Country of incorporation	Core business	Nature of business
Continuing operations as of balance sheet date:			
Arçelik Pazarlama A.Ş. (“Pazarlama A.Ş.”)	Turkey	Service/Sales/Marketing	Consumer Durables/Electronics
Arch R&D Co. Ltd. (“Arch R&D”)	China	R&D	Developing technology and design
Ardutch B.V. (“Ardutch”)	Netherlands	Investment	Holding
Arcwaste Collection SRL (“Arcwaste”) ^(*)	Romania	Service	Service
Ardutch B.V. Taiwan (“Ardutch Taiwan”) ^(*)	Taiwan	Purchase	Consumer Durables/Electronics
Beko A and NZ Pty Ltd. (“Beko Australia”)	New Zealand	Sales	Consumer Durables
Beko A and NZ Pty Ltd. New Zealand Branch (“Beko New Zealand”) ^(*)	New Zealand	Sales	Consumer Durables
Beko Appliances Malaysia Sdn. Bhd. (“Beko Malaysia”)	Malaysia	Sales	Consumer Durables
Beko APAC IBC Co. (“Beko APAC”)	Thailand	Service	Service
Beko Balkans D.O.O (“Beko Balkans”)	Serbia	Sales	Consumer Durables/Electronics
Beko Central Asia LLC (“Beko Central Asia”)	Kazakhstan	Sales	Consumer Durables
Beko Egypt Trading LLC (“Beko Egypt”)	Egypt	Sales	Consumer Durables
Beko Electronics España S.L. (“Beko Espana”)	Spain	Sales	Consumer Durables/Electronics
Beko France S.A.S. (“Beko France”)	France	Sales	Consumer Durables/Electronics
Beko Grundig Deutschland GmbH (“Beko Deutschland”)	Germany	Sales	Consumer Durables/Electronics
Beko Grundig Schweiz GmbH (Switzerland)	Switzerland	Sales	Consumer Durables/Electronics
Beko Grundig Deutschland GmbH Croatia Branch (“Beko Croatia”) ^(*)	Croatia	Sales	Consumer Durables/Electronics
Beko Gulf FZE (“Beko Gulf”)	United Arab Emirates	Sales	Consumer Durables/Electronics
Beko Home Appliances Portugal, Unipessoal LDA (“Beko Portugal”)	Portugal	Sales	Consumer Durables/Electronics
Beko Hong Kong Ltd. (“Beko Hong Kong”)	Hong Kong, China	Purchase	Consumer Durables/Electronics
Beko Israel Household Appliances Ltd. (“Beko Israel”)	Israel	Marketing	Consumer Durables
Beko Italy SRL (“Beko Italy”)	Italy	Sales	Consumer Durables/Electronics
Beko LLC. (“Beko Russia”)	Russia	Production/Sales	Consumer Durables/Electronics
Beko Morocco Household Appliances SARL (“Beko Morocco”)	Morocco	Sales	Consumer Durables/Electronics
Beko Plc. (“Beko UK”)	England	Sales	Consumer Durables/Electronics
Beko Plc (“Beko Ireland”) ^(*)	Republic of Ireland	Sales	Consumer Durables/Electronics
Beko Pilipinas Corporation. (“Beko Philippines”)	Republic of the Philippines	Sales	Consumer Durables
Beko S.A. (“Beko Polska”)	Poland	Sales	Consumer Durables/Electronics
Beko S.A., org. sl. (“Beko Czech”)	Czech Republic	Sales	Consumer Durables/Electronics
Beko Shanghai Trading Company Ltd. (“Beko Shanghai”)	China	Sales	Consumer Durables/Electronics
Beko Slovakia S.R.O. (“Beko Slovakia”)	Slovakia	Sales	Consumer Durables/Electronics
Beko Thai Co. (“Beko Thailand”)	Thailand	Production/Sales	Consumer Durables
Beko Ukraine LLC. (“Beko Ukraine”)	Ukraine	Sales	Consumer Durables
Beko US INC. (“Beko US”)	United States of America	Sales	Consumer Durables
Changzhou Beko Electrical Appliances Co. Ltd. (“Beko China”)	China	Production/Sales	Consumer Durables
Dawlance (Private) Ltd. (“DPL”)	Pakistan	Production/Sales	Consumer Durables
Defy (Botswana) (Proprietary) Ltd. (“Defy Botswana”)	Botswana	Sales	Consumer Durables
Defy (Namibia) (Proprietary) Ltd. (“Defy Namibia”)	Namibia	Sales	Consumer Durables
Defy (Swaziland) (Proprietary) Ltd. (“Defy Swaziland”)	Swaziland	Sales	Consumer Durables
Defy Appliances (Proprietary) Ltd. (“Defy”)	Republic of the South Africa	Production/Sales	Consumer Durables
Defy Sales East Africa Limited (“Defy Kenya”)	Kenya	Sales	Consumer Durables
DEL Electronics (Pvt.) Ltd. (DEL)	Pakistan	Sales	Consumer Durables
Beko Grundig Österreich AG (“Beko Österreich”) ⁽¹⁾	Austria	Sales	Consumer Durables/Electronics
Grundig Multimedia A.G. (“Grundig Switzerland”)	Switzerland	Sales	Electronics
Grundig Multimedia B.V. (“Grundig Multimedia”)	Netherlands	Investment	Holding
Grundig Nordic AB. (“Grundig Sweden”)	Sweden	Sales	Consumer Durables/Electronics
Grundig Nordic AB Finland Branch of Nordic AB (“Grundig Finland”) ^(*)	Finland	Sales	Consumer Durables/Electronics
Grundig Nordic No AS (“Grundig Norway”)	Norway	Sales	Consumer Durables/Electronics
Grundig Nordic Denmark Branch of Grundig Nordic AS (“Grundig Denmark”) ^(*)	Denmark	Sales	Consumer Durables/Electronics
Pan Asia Private Equity Ltd. (“Pan Asia”)	British Virgin Islands	Investment	Holding
PT Home Appliances Indonesia	Indonesia	Sales	Consumer Durables
PT Beko Appliances Indonesia	Indonesia	Sales	Consumer Durables

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021

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

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries and branches (continued)	Country of incorporation	Core business	Nature of business
Continuing operations as of balance sheet date:			
Retail Holdings Bhold B.V (“Retail Holdings”)	Netherlands	Investment	Holding
SC Arctic SA (“Arctic”)	Romania	Production/Sales	Consumer Durables/Electronics
Singer Bangladesh Limited (“Singer Bangladesh”)	Bangladesh	Production/Sales	Consumer Durables/Electronics
United Refrigeration Industries Ltd. (“URIL”)	Pakistan	Production/Sales	Consumer Durables
Vietbeko Limited Liability Company (“Vietbeko”)	Vietnam	Sales	Consumer Durables
Arçelik Üretim ve Teknoloji A.Ş. ⁽¹⁾	Turkey	Production/Sales	Consumer Durables
Arçelik Hitachi Home Appliances B.V. ⁽²⁾	Netherlands	Investment	Holding
Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd.	China	Production/Sales	Consumer Durables
Arçelik Hitachi Home Appliances (Thailand) Ltd.	Thailand	Production/Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales (China) Ltd.	China	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd.	Singapore	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales (Thailand) Ltd.	Thailand	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Malaysia Sdn. Bhd.	Malaysia	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Middle East Fze	United Arab Emirates	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Vietnam Co., Ltd.	Vietnam	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Hong Kong Limited	Hong Kong, China	Sales	Consumer Durables
Arçelik Hitachi Taiwan Home Appliances Sales Ltd.	Taiwan	Sales	Consumer Durables
PT. Arçelik Hitachi Home Appliances Sales Indonesia	Indonesia	Sales	Consumer Durables
Arçelik Hitachi Home Appliances IBC Co. Ltd. ⁽²⁾	Thailand	Investment	Holding

(*) Branches of the Subsidiary, which operate in a different country, are separately presented.

(1) The title of “Beko Grundig Österreich AG” has been registered on January 11, 2022. The former title of the company was “Elektra Bregenz AG”.

(2) Arçelik Hitachi Home Appliances IBC Co. Ltd. has started operating following the completion of share transfer and other transactions of January 2022.

Subsidiaries and branches (continued)	Country of incorporation	Core business	Nature of business
Ceased operations as of reporting date:			
Beko Cesko (“Beko Cesko”)	Czech Republic	-	-
Grundig Intermedia Ges.m.b.H (“Grundig Austria”)	Austria	-	-
Grundig Portuguesa, LDA (“Grundig Portugal”)	Portugal	-	-

Associates

Koç Finansman A.Ş. (“Koç Finansman”)	Turkey	Finance	Consumer Finance
Ram Dış Ticaret A.Ş. (“Ram Dış Ticaret”)	Turkey	Sales	Foreign Trade

Joint Ventures

Arçelik-LG Klima Sanayi ve Ticaret A.Ş. (“Arçelik-LG”)	Turkey	Production/Sales	Consumer Durables
VoltBek Home Appliances Private Limited (“VoltBek”)	India	Production/Sales	Consumer Durables

Approval of condensed consolidated financial statements

These condensed interim consolidated financial statements as of and for the period January 1, – March 31, 2022 has been approved for issue by the Board of Directors on April 22, 2022.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, (“TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) and in line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

The condensed interim consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on April 15, 2019 by POA and the format and mandatory information recommended by CMB.

The Group prepared its condensed consolidated interim financial statements for the period ended March 31, 2022 in accordance with TAS 34 “Interim Reporting” standard. Interim condensed consolidated financial statements do not include all the information required for the annual financial statements and therefore they should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021.

Foreign subsidiaries have prepared their statutory financial statements in accordance with the related local laws and regulations. Consolidated financial statements have been prepared under the historical cost convention except for the derivative instruments financial assets presented at fair values and the differences between carrying value and fair value of tangible and intangible assets arising from business combinations.

New and amended standards and interpretations

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at March 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/TFRS and IFRIC interpretations effective as of January 1, 2022. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Standards, amendments and interpretations applicable as at 31 March 2022:

Amendments to IFRS 7 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021); The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021); As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Standards, amendments and interpretations that are issued but not effective as at 31 March 2022:

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3,** ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16,** ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37,** ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

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

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

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The condensed consolidated financial statements are presented in TRY, which is the functional currency of Arçelik and the presentation currency of the Group.

Financial statements of subsidiaries operating in countries other than Turkey

The Financial statements of subsidiaries operating in countries other than Turkey are compiled by the TAS/IFRS promulgated by the POA to reflect the proper presentation and content. Subsidiaries’ assets and liabilities are translated into TRY from the foreign exchange rate at the reporting date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are recognized in the “currency translation difference” under the use of equity.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

The table below sets out all Subsidiaries included in the scope of consolidation discloses their direct and indirect ownership, which are identical to their economic interests, as of March 31, 2022 and December 31, 2021 (%) and their functional currencies:

	Functional currency	March 31, 2022		December 31, 2021	
		Ownership Interest	Effective shareholding	Ownership Interest	Effective shareholding
Continuing operations as of balance sheet date:					
Arch R&D	Chinese Yuan	100	100	100	100
Arctic	Romanian Lei	96,72	96,72	96,72	96,72
Arcwaste	Romanian Lei	96,72	96,72	96,72	96,72
Ardutch	Euro	100	100	100	100
Ardutch Taiwan	Taiwanese Dollar	100	100	100	100
Beko APAC	Thai Baht	100	100	100	100
Beko Australia	Australian Dollar	100	100	100	100
Beko New Zealand	New Zealand Dollar	100	100	100	100
Beko Balkans	Serbian Dinar	100	100	100	100
Beko China	Chinese Yuan	100	100	100	100
Beko Central Asia	Kazakhstan Tenge	100	100	100	100
Beko Grundig Deutschland	Euro	100	100	100	100
Beko Crotaia	Croatian Kuna	100	100	100	100
Beko Egypt	Egyptian Lira	100	100	100	100
Beko Espana	Euro	100	100	100	100
Beko France	Euro	100	100	100	100
Beko Gulf	Dirham	100	100	100	100
Beko Portugal	Euro	100	100	100	100
Beko Hong Kong	US Dollar	100	100	100	100
Beko Israel	New Israeli Shekel	100	100	100	100
Beko Italy	Euro	100	100	100	100
Beko Malaysia	Malaysian Ringgit	100	100	100	100
Beko Morocco	Moroccan Dirham	100	100	100	100
Beko Polska	Polish Zloty	100	100	100	100
Beko Czech	Czech Koruna	100	100	100	100
Beko Philippines	Philippine Peso	100	100	100	100
Beko Russia	Russian Ruble	100	100	100	100
Beko Shanghai	Chinese Yuan	100	100	100	100
Beko Slovakia	Euro	100	100	100	100
Beko Grundig Schweiz	Swiss Franc	100	100	100	100
Beko Thailand	Thai Baht	100	100	100	100
Beko UK	British Pound	100	100	100	100
Beko Ireland	Euro	100	100	100	100
Beko Ukraine	Ukrainian Hryvna	100	100	100	100
Beko US	US Dollar	100	100	100	100
Dawlance (Private)	Pakistani Rupee	100	100	100	100
Defy	South Africa Rand	100	100	100	100
Defy Botswana	Botswana Pula	100	100	100	100
Defy Namibia	Namibian Dollar	100	100	100	100
Defy Swaziland	Svazi Lilangeni	100	100	100	100
Defy Kenya	Kenyan Shilling	100	100	100	100
DEL Electronics	Pakistani Rupee	100	100	100	100
Beko Österreich	Euro	100	100	100	100
Grundig Multimedia	Euro	100	100	100	100
Grundig Norway	Norwegian Krone	100	100	100	100
Grundig Denmark	Danish Krone	100	100	100	100
Grundig Sweden	Swedish Krona	100	100	100	100
Grundig Finland	Euro	100	100	100	100
Grundig Switserland	Swiss Franc	100	100	100	100
Pan Asia	US Dollar	100	100	100	100
Pazarlama A.Ş.	Turkish Lira	100	100	100	100
PT Home Appliances Indonesia ⁽¹⁾	Indonesian Rupiah	100	100	67	67
PT Beko Appliances Indonesia	Indonesian Rupiah	100	100	100	100
Retail Holdings	Euro	100	100	100	100
Singer Bangladesh	Bangladeshi Taka	56,99	56,99	56,99	56,99
United Refrigeration Industries	Pakistani Rupee	100	100	100	100
Vietbeko	Vietnamese Dong	100	100	100	100
Arçelik Üretim ve Teknoloji	Turkish Lira	100	100	100	100
Arçelik Hitachi	Euro	60	60	60	60
Arçelik Hitachi Shanghai	Chinese Yuan	57	57	57	57

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.1 Basis of presentation (Continued)

Continuing operations as of balance sheet date: (Continued)	Functional currency	March 31, 2022		December 31, 2021	
		Ownership Interest	Effective shareholding	Ownership Interest	Effective shareholding
Arçelik Hitachi Thailand	Thai Baht	50,4	50,4	50,4	50,4
Arçelik Hitachi China	Chinese Yuan	60	60	60	60
Arçelik Hitachi Singapore	Singapore Dollar	60	60	60	60
Arçelik Hitachi Sales Thailand	Thai Baht	60	60	60	60
Arçelik Hitachi Malaysia	Malaysian Ringgit	60	60	60	60
Arçelik Hitachi Dubai	Dirham	60	60	60	60
Arçelik Hitachi Vietnam	Vietnamese Dong	60	60	60	60
Arçelik Hitachi Hong Kong	Hong Kong Dollar	60	60	60	60
Arçelik Hitachi Taiwan	Taiwanese Dollar	60	60	60	60
Arçelik Hitachi Indonesia	Indonesian Rupiah	40,5	40,5	40,5	40,5
Arçelik Hitachi Thailand IBC ⁽²⁾	Thai Baht	60	60	--	--

	March 31, 2022		December 31, 2021	
Ceased operations as of balance sheet date:				
Beko Cesko	-	100	100	100
Grundig Austria	-	100	100	100
Grundig Portugal	-	100	100	100

⁽¹⁾ The company's share transfer process has been completed as of March 15, 2022 and the Group has bought remaining 33% shares.

⁽²⁾ The company has started operating following the completion of share transfer and other transactions of January 2022.

Going concern

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

Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

Comparatives and restatement of prior periods' financial statements

The condensed interim consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and the significant changes are explained.

Except for the change mentioned in the paragraph below, Group has applied consistent accounting policies in the preparation of consolidated financial statements presented except for the following changes and the Group does not have any other significant changes in accounting policy and accounting estimates in the current period.

2.2 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first-time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised 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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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies

The condensed interim consolidated financial statements of the Group for the period ended March 31, 2022 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended March 31, 2022 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2021. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021.

NOTE 3 - SEGMENT REPORTING

The reportable segments of Arçelik have been organized by management into white goods and consumer electronics. White goods reportable segment comprises washing machines, dryers, dish washers, refrigerators, ovens, cookers and the services provided for these products. The consumer goods reportable segment comprises televisions primarily with flat screens, computers, cash registers, other electronic devices and the services provided to consumers for these products. Other segment comprises the revenues from air conditioners, home appliances and furniture and kitchen gadgets except products included in white goods and consumer electronics.

Arçelik’s reportable segments are strategic business units that present various products and services. Each of these segments is administrated separately due to the necessity of different technologies and marketing strategies.

Gross profitability is evaluated regarding the performance of the operational segments. Information about the operational segments is as follows:

- a) Operational segments which have been prepared in accordance with the reportable segments for the three months period ended March 31, 2022 are as follows:

	White goods	Consumer electronics	Other	Total
Net sales (*)	22,184,889	1,822,330	4,157,176	28,164,395
Gross profit	6,869,114	466,529	1,350,974	8,686,617
Depreciation and amortization	562,453	68,761	86,171	717,385
Capital expenditures	705,377	75,040	48,700	829,117

- (*) The Group recognised net sales amounting to TRY 28,158,168 with respect to the performance obligations satisfied at a point in time for the year ended March 31, 2022 (2021: TRY 12,976,085).

- b) Operational segments which have been prepared in accordance with the reportable segments for the three months period ended March 31, 2021 are as follows:

	White goods	Consumer electronics	Other	Total
Net sales	9,947,022	1,158,657	1,878,135	12,983,814
Gross profit	3,626,230	238,442	618,170	4,482,842
Depreciation and amortization	273,655	19,732	56,680	350,067
Capital expenditures	347,422	10,746	42,795	400,963

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 3 - SEGMENT REPORTING (Continued)

c) Sales revenue grouped geographically based on the location of the customers for the three months period ended March 31 are shown as below:

January 1 – March 31, 2022	Asia					Total
	Turkey	Europe	Pacific	Africa	Other	
Total segment revenue	8,378,846	10,725,262	5,438,407	1,497,843	2,124,037	28,164,395

January 1 – March 31, 2021	Asia					Total
	Turkey	Europe	Pacific	Africa	Other	
Total segment revenue	4,686,398	5,632,306	1,312,810	736,213	616,087	12,983,814

NOTE 4 - CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021
Cash in hand	2,372	5,068
Cash at banks		
- demand deposits	4,110,188	3,705,276
- time deposits	12,110,050	11,964,444
Cheques and notes	131,917	126,371
Other	335,227	210,756
Cash and cash equivalents in cash flow statement	16,689,754	16,011,915
Interest income accruals	4,702	2,674
	16,694,456	16,014,589

As of March 31,2022, the maturity of cash and cash equivalents are as follows:

Up to 30 days	16,097,871	15,484,875
30-90 days	596,585	529,714
	16,694,456	16,014,589

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 5 - FINANCIAL INVESTMENTS

Fair value gain/ losses of financial assets reflected to other comprehensive income

	March 31, 2022	December 31, 2021
Fair value gain/losses of financial assets reflected to other comprehensive income	11,045	10,531
Total	11,045	10,531

	March 31, 2022	December 31, 2021
Tat Gıda Sanayi A.Ş.	5,563	5,582
E&E Recycling, INC (*)	3,097	2,829
Thai Refrigeration Components Co., Ltd. (*)	2,306	2,041
Other	79	79
	11,045	10,531

(*) Due to acquisition of Hitachi Global Life Solutions Inc realized. at July 1, 2021.

Available-for-sale investment of the Group includes shares of Tat Gıda Sanayi A.Ş., as a listed company, whose fair value is determined by using the remaining bid offer in BIST as of balance sheet date.

Fair value gain/losses of financial assets reflected to other comprehensive income

Financial investment carried at fair value through other comprehensive income of the Group includes shares of Tat Gıda Sanayi A.Ş., a listed company, whose fair value is determined by using the remaining bid offer in BIST as of balance sheet date.

The unrealized gain (net) arising from the changes in the fair value of Tat Gıda Sanayi A.Ş., the financial investment carried at fair value through other comprehensive loss, amounting to TRY 19 (March 31, 2021: TRY 1,134) and net of deferred tax effect amounting to TRY 1 (March 31, 2021: TRY 57) have been recognized in the condensed consolidated shareholders’ equity under the “Gain/losses from the financial investments carried at fair value through other comprehensive income/loss” in the period ended March 31, 2022.

The details of financial investments for the years ended March 31, are as follows:

	2022	2021
As of January, 1	10,531	5,614
Change in fair value	(19)	(1,134)
Currency translation differences	533	-
As of March, 31	11,045	4,480

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 - BORROWINGS

a) Short-term borrowings

	March 31, 2022	December 31, 2021
Short-term bank borrowings	13,901,651	10,002,990
Short-term lease liabilities	436,356	330,258
Payables from factoring activities (*)	286,613	251,013
Total short-term borrowings	14,624,620	10,584,261
Short-term portion of long-term bank borrowings and interest accruals	2,409,544	2,244,370
Short term portion of long-term bond issued and interest accruals (**)	2,286,748	215,469
Total short-term portion of long-term borrowings	4,696,292	2,459,839

(*) Factoring liabilities are amounting to TRY 156,900 (December 31, 2021: TRY 126,892) denominated in EUR and TRY 129,713 (December 31, 2021: TRY 124,121) in GBP and interest rates are between 0.6 % for EUR (December 31, 2021: 0.6%). Interest rates are between %1.5 for GBP (December 31, 2021: 0.62%)

(**) **Long term bonds issued:**

2022:

The Company issued bond amounting to TRY 700 million quoted in Borsa Istanbul with fixed interest rate single coupon payment on February 2, 2023, Maturity of the bond is February 2, 2023 and coupon rate is 24%.

2021:

The Company issued bond amounting to TRY 1.2 billion quoted in Borsa Istanbul with quarterly interest payment on February 12, 2021, Maturity of the bond is February 10, 2023 and coupon rate is TRYREF+140.

The Company issued bond amounting to TRY 300 million quoted in Borsa Istanbul with quarterly interest payment on April 29, 2021, Maturity of the bond is April 27, 2023 and coupon rate is TRYREF+130.

The company issued green bond amounting to EUR 350 million, quoted in Ireland Stock Exchange with annual interest payment. Maturity of the bond is May 27, 2026 and coupon rate is 3%. The Group has a commitment to finance its projects within the scope of the Green Financing Framework, which it has created based on its sustainability strategy, with the funds obtained from the green bond issuance.

2013:

The Company issued bond amounting to USD 500 million, quoted in Ireland Stock Exchange, with re-offer yield 5.125% and semi-annual interest payment on April 3, 2013. Maturity of the bond is April 3, 2023 and coupon rate is 5%.

ARÇELİK ANONİM ŞİRKETİ

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NOTE 6 – BORROWINGS (Continued)

As of March 31, 2022, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	20.6	5,155,282,894	5,155,282
EUR	0.9	221,859,069	3,618,211
PKR	11.0	28,497,872,861	2,271,565
BDT	5.8	6,316,635,805	1,073,892
ZAR	4.6	569,142,987	575,745
USD	2.4	28,856,788	422,631
AUD	3.3	25,410,191	279,149
RON	5.1	69,818,295	228,843
RUB	14.7	1,255,785,391	216,347
PLN	5.0	17,149,507	59,986
			13,901,651

As of December 31, 2021, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	19.1	3,169,723,003	3,169,723
EUR	0.6	242,553,933	3,561,249
PKR	9.4	19,409,154,948	1,402,736
BDT	5.1	4,655,114,297	704,784
ZAR	5.1	404,169,082	329,208
USD	1.8	20,475,360	265,719
AUD	3.3	24,265,320	227,973
RON	3.4	22,067,184	65,094
RUB	8.4	1,405,382,740	243,173
NOK	1.6	22,717,120	33,331
			10,002,990

b) Long-term borrowings

	March 31, 2022	December 31, 2021
Long-term bonds issued	13,323,988	13,119,453
Long-term bank borrowings	5,378,874	5,311,582
Long-term lease liabilities	1,227,275	1,104,364
	19,930,137	19,535,399

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NOTE 6 - BORROWINGS (Continued)

b) Long-term borrowings (Continued)

As of March 31, 2022, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	17.2	3,402,327,809	3,402,328
EUR	2.2	214,363,086	3,495,962
ZAR	6.0	500,000,000	505,800
PKR	9.8	4,821,578,582	384,331
			7,788,421
Short-term portion of long-term loans and interest accruals			(2,409,547)
			5,378,874

As of December 31, 2021, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	16.6	3,666,320,853	3,666,321
EUR	2.2	213,178,399	3,129,949
ZAR	5.8	500,000,000	407,265
PKR	8.1	4,876,397,137	352,417
			7,555,952
Short-term portion of long-term loans and interest accruals			(2,244,370)
			5,311,582

As of March 31, 2022, detail of discounted amounts of bonds issued is given below:

Currency	Effective interest rate per annum (%)	Original currency	TRY Equivalent
USD	5.0	512,267,444	7,502,565
EUR	3.0	358,548,786	5,847,429
TRY	18.9	2,260,741,789	2,260,742
			15,610,736
Interest accruals of bonds issued			(386,748)
			15,223,988

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NOTE 6 - BORROWINGS (Continued)

b) Long-term borrowings (Continued)

As of December 31, 2021, detail of discounted amounts of bonds issued is given below:

Currency	Effective interest rate per annum (%)	Original currency	TRY Equivalent
USD	5.0	505,940,653	6,565,845
EUR	3.0	353,898,916	5,225,415
TRY	19.9	1,543,662,462	1,543,662
			13,334,922
Interest accruals of bonds issued			(215,469)
			13,119,453

The payment schedule of the principal amounts of long-term bank borrowings and bonds is as follows:

	March 31, 2022	December 31, 2021
2023	10,406,422	10,935,200
2024	490,898	453,368
2025 to 2029	7,812,463	7,050,569
	18,709,783	18,439,137

The analysis of borrowings and bonds issued in terms of periods remaining to contractual re-pricing dates is as follows:

	March 31, 2022	December 31, 2021
Up to 3 months	9,713,296	8,833,569
3 - 12 months	8,070,772	5,036,068
1-5 years	17,259,619	14,298,812
Over 5 years	1,326,817	2,233,058
	36,370,504	30,401,507

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NOTE 6 - BORROWINGS (Continued)

As of March 31, 2022, and March 31, 2021, financial debt reconciliation is as follows:

2022	Lease Liabilities	Borrowings and bonds issued due within 1 year	Borrowings and bonds issued due after 1 year	Total
Financial debt as of January 1	(1,434,622)	(12,713,842)	(18,431,035)	(32,579,499)
Cash flows	349,298	(4,941,652)	622,198	(3,970,156)
Transfers	-	67,291	(67,291)	-
Changes in interest accruals	(28,721)	(436,763)	-	(465,484)
Changes in factoring liabilities	-	(35,600)	-	(35,600)
Changes in lease liabilities	(350,770)	-	-	(350,770)
Currency translation adjustments	(198,816)	(823,990)	(826,734)	(1,849,540)
Financial debt as of March 31	(1,663,631)	(18,884,556)	(18,702,862)	(39,251,049)

2021	Lease Liabilities	Borrowings and bonds issued due within 1 year	Borrowings and bonds issued due after 1 year	Total
Financial debt as of January 1	(916,934)	(10,029,834)	(6,128,457)	(17,075,225)
Cash flows	86,074	(86,299)	(1,200,000)	(1,200,225)
Transfers	-	(287,154)	287,154	-
Changes in interest accruals	(14,927)	(114,714)	-	(129,641)
Changes in factoring liabilities	-	77,422	-	77,422
Changes in lease liabilities	(130,990)	-	-	(130,990)
Currency translation adjustments	(78,672)	(257,371)	(492,750)	(828,793)
Financial debt as of March 31	(1,055,449)	(10,697,950)	(7,534,053)	(19,287,452)

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NOTE 7 - DERIVATIVE INSTRUMENTS

Valuation of outstanding derivative instruments which were transacted by the Group for foreign exchange risk management purposes are made through marketing to market value at the date of valuation and the fair value of these instruments are disclosed as asset or liability in the statement of financial position.

	March 31, 2022			December 31, 2021		
	Contract amount	Fair value Assets	/(liabilities)	Contract amount	Fair value assets	/(liabilities)
Short-term derivative instruments						
Held for trading:						
Foreign currency forward transactions	8,488,408	23,184	(47,772)	16,679,404	14,103	(145,352)
Foreign currency swap contracts	15,688,042	29,078	(66,195)	6,560,163	1,991	(99,940)
Short-term derivative instruments,	52,262	(113,967)		16,094	(245,292)	
Cash flow hedge:						
Interest rate swap contracts (*)	300,000	15,649	-	300,000	19,157	-
Long-term derivative instruments,	15,649			19,157		

(*) As of March 31, 2022, interest rate swap transactions realized for the exchange of floating rate instalment payments of long term bond issued amounting to TRY 300 million on 29 April 2021 and maturity of the bond is April 27 2023, with a fixed rate instalment payment for the purpose of cash flow hedge (December 31, 2021: interest rate swap transactions realized for the exchange of floating rate instalment payments of long term bond issued amounting to TRY 300 million on 29 April 2021 and maturity of the bond is April 27 2023, with a fixed rate instalment payment for the purpose of cash flow hedge).

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	March 31, 2022	December 31, 2021
Short-term trade receivables:		
Trade receivables	28,121,374	22,291,306
Notes receivables	955,471	1,164,206
Cheques receivables	418,918	414,337
Short-term trade receivables (gross)	29,495,763	23,869,849
Provision for expected credit loss	(465,258)	(439,696)
Unearned credit finance expense	(454,451)	(287,915)
Short-term trade receivables (net)	28,576,054	23,142,238

As of March 31, 2022, the Group has offsetted TRY 2,628,575 (December 31, 2021: TRY 2,366,439) from trade receivables that are collected from the factoring companies as part of the irrevocable factoring transactions.

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its trade receivables amounting to TRY 493,543 related with its local bank borrowings (December 31, 2021: TRY 338,435).

The movements of provision for doubtful receivables for the three months period ended March 31, are as follows:

	2022	2021
As of January, 1	439,696	300,665
Current year additions (Note 21)	4,579	4,625
Provisions no longer required (Note 21)	(8,216)	(794)
Write-offs (*)	(12,271)	(7,281)
Currency translation differences	41,470	16,143
As of March, 31	465,258	313,358

(*) Doubtful receivables, for which no possibility of collection is foreseen, and no further cash inflow are expected, are written off from the records along with the related provisions.

	March 31, 2022	December 31, 2021
Long-term trade receivables		
Trade receivables	99,713	101,746
Unearned credit finance expense	(49,893)	(55,881)
	49,820	45,865

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

	March 31, 2022	December 31, 2021
Short-term trade payables:		
Trade payables	22,556,894	16,296,508
Debt accruals	2,359,665	1,986,561
Unearned credit finance charges	(248,119)	(206,742)
	24,668,440	18,076,327

NOTE 9 - OTHER PAYABLES

	March 31, 2022	December 31, 2021
Taxes and duties payable	952,274	971,148
Dividend payables to shareholders	51,566	46,414
Deposits and guarantees received	23,214	16,948
Other	282,870	211,098
	1,309,924	1,245,608

NOTE 10 - INVENTORIES

	March 31, 2022	December 31, 2021
Raw materials and supplies	9,551,116	6,781,587
Work in progress	650,432	466,732
Finished goods	10,155,275	7,180,847
Trade goods	3,275,776	2,626,519
Inventories (gross)	23,632,599	17,055,685
Provision for impairment on inventories	(245,999)	(226,986)
Inventories (net)	23,386,600	16,828,699

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its inventories amounting to TRY 624,888 related with its local bank borrowings (December 31, 2021: TRY 395,880).

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NOTE 11 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		March 31, 2022	December 31, 2021
	%	TRY	%
VoltBek	49.0	301,171	49.0
Koç Finansman	47.0	262,174	47.0
Arçelik - LG	45.0	255,209	45.0
Ram Dış Ticaret	33.5	17,249	33.5
		835,803	855,409

The movements of investment accounted for using the equity method for the three months period ended March 31, are as follows:

	2022	2021
As of January, 1	855,409	648,016
Associate capital share contribution	26,725	38,220
Shares of income/loss of associates	(8,748)	4,543
Shares of other comprehensive income/loss of associates	(857)	1,656
Gross profit elimination on inventory	4,149	910
Dividends received	(55,375)	(11,165)
Currency translation difference	14,500	27,511
As of March, 31	835,803	709,691

Shares of income/loss from the investment accounted for using the equity method:

	2022	2021
Koç Finansman	20,348	15,717
Arçelik – LG	13,709	14,379
Ram Dış Ticaret	5,144	1,958
VoltBek	(47,949)	(27,901)
Tanı Pazarlama	-	390
	(8,748)	4,543

Aggregated summary figures of the financial statements of investment accounted for using the equity method:

March 31, 2021	Koç Finansman	Ram Dış Ticaret	Voltbek	Other	Total
Total assets	5,614,935	2,882,310	2,987,541	3,121,821	14,606,607
Total liabilities	5,057,118	2,830,819	2,372,907	2,554,689	12,815,533
Net sales	277,058	2,388,598	489,657	1,403,193	4,558,506
December 31, 2021	Koç Finansman	Ram Dış Ticaret	Voltbek	Other	Total
Total assets	4,825,845	2,494,769	2,785,492	1,516,591	11,622,697
Total liabilities	4,209,739	2,433,828	2,157,165	988,716	9,789,448
Net sales	800,165	5,043,644	1,060,018	2,158,114	9,061,941

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NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	2022	2021
As of January, 1		
Cost	23,951,628	13,910,236
Accumulated depreciation	(10,826,292)	(6,613,668)
Net carrying value	13,125,336	7,296,568
Net carrying value at the beginning of the period	13,125,336	7,296,568
Additions	764,704	404,956
Disposals	(76,587)	(20,990)
Transfers	(23,576)	-
Currency translation differences	1,139,886	459,364
Depreciation for the period	(551,921)	(272,932)
Net carrying value at the end of the period	14,377,842	7,866,966
As of March, 31		
Cost	26,887,249	14,934,155
Accumulated depreciation	(12,509,407)	(7,067,189)
Net carrying value	14,377,842	7,866,966

As of 31 March 2022, the net book value of the right of use assets classified under tangible assets is TRY 1,648,038 (31 March 2021: TRY 985,177).

Additions to rights-to-use assets for the three months period ended 31 March 2022 TRY 232,634 (31 March 2021: TRY 124,968), depreciation expenses are TRY 150,269 (31 March 2021: TRY 80,124).

There is no mortgage on property, plant and equipment as of March 31, 2022 (December 31, 2021: None)

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NOTE 13 – OTHER INTANGIBLE ASSETS

	2022	2021
As of January, 1		
Cost	8,730,660	5,130,667
Accumulated amortization	(2,157,345)	(1,566,723)
Net carrying value	6,573,315	3,563,944
Net carrying value at the beginning of the period	6,573,315	3,563,944
Additions	297,047	120,975
Transfers	23,576	-
Disposals	(8,150)	-
Currency translation differences	1,482,549	316,033
Amortization for the period	(165,464)	(77,135)
Net carrying value at the end of the period	8,202,873	3,923,817
As of March, 31		
Cost	10,620,158	5,720,560
Accumulated amortization	(2,417,285)	(1,796,743)
Net carrying value	8,202,873	3,923,817

As of March 31, 2022, total amount of capitalized borrowing cost is TRY 2,418 (March 31, 2021: None)

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NOTE 14 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As of March 31, 2022, export commitments from Turkey under the scope of inward processing authorization certificates as export incentives amounts to full USD 1,910,832,179 (December 31, 2021: USD 2,360,301,160). In case that the related tax advantages are not utilized, it is possible to close of the certificates including export commitments without any sanctions.

	March 31, 2022	December 31, 2021
Collaterals obtained	8,294,088	7,103,500

Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position of the Group as of March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
CPMB’s given by the Company		
A. CPMB’s given for Company’s own legal personality	636,826	610,026
B. CPMB’s given on behalf of fully consolidated companies	4,469,088	3,004,407
C. CPMB’s given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB’s	-	-
i) Total amount of CPMB’s given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMB’s given on behalf of third parties which are not in scope of C	-	-
Total	5,105,914	3,614,433

TRY equivalents of CPMB given as of March 31, 2022 and December 31, 2021 are as follows on original currency basis are as follows:

	March 31, 2022	December 31, 2021
CPMB's given by the Company		
TRY	506,015	147,587
EUR	1,155,972	1,032,546
USD	619,278	464,887
Other currencies	2,824,649	1,969,413
	5,105,914	3,614,433

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NOTE 15 – OTHER PROVISIONS

	March 31, 2022	December 31, 2021
Other short-term provisions		
Warranty provision	1,271,538	1,122,271
Provision for transportation cost	556,180	261,457
Assembly provision	322,584	235,378
Provision for lawsuit risks	33,996	74,102
Other	461,319	394,755
	2,645,617	2,087,963

	March 31, 2022	December 31, 2021
Other long-term provisions		
Warranty provision	559,650	391,073
Other	8,000	47,999
	567,650	439,072

NOTE 16 – PREPAID EXPENSES

	March 31, 2022	December 31, 2021
Short-term prepaid expenses		
Advances given for inventories	855,377	258,076
Short-term prepaid expenses	558,616	390,723
	1,413,993	648,799

	March 31, 2022	December 31, 2021
Long-term prepaid expenses		
Advances given for property, plant and equipment	106,809	186,057
	106,809	186,057

NOTE 17 – CURRENT INCOME TAX ASSETS

	March 31, 2022	December 31, 2021
Prepaid taxes and funds	419,016	415,431
	419,016	415,431

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NOTE 18 – EMPLOYEE BENEFIT OBLIGATIONS

	March 31, 2022	December 31, 2021
Payables to personnel	627,230	469,368
Social security payables	224,237	124,842
Accruals for bonuses and premiums	123,809	180,880
	975,276	775,090

NOTE 19 - OTHER ASSETS AND LIABILITIES

	March 31, 2022	December 31, 2021
Other current assets:		
Value added tax and private consumption tax receivable	1,154,932	969,225
Taxes and funds deductible	1,075,996	940,168
Income accruals	271,692	131,787
Deposits and guarantees given	109,828	93,577
Other	152,594	124,895
	2,765,042	2,259,652
Other current liabilities:		
Accruals for customer premiums	2,886,361	2,706,865
Advances received	290,387	368,674
Liabilities related to acquisitions	94,705	94,705
Deferred income	83,335	82,915
Other	268,513	126,089
	3,623,301	3,379,248
Other long-term liabilities:		
Deferred income	1,013,593	905,778
Other	211,101	176,915
	1,224,694	1,082,693

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NOTE 20 - EQUITY

Paid-in capital

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of kurus 1, Registered and issued share capital of the Company is as follows:

	March 31, 2022	December 31, 2021
Limit on registered share capital	1,500,000	1,500,000
Issued share capital in nominal value	675,728	675,728

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of bonus shares to existing shareholders.

The shareholding structure of the Company is as follows:

	March 31, 2022		December 31, 2021	
	Share (%)	Amount	Share (%)	Amount
Shareholders				
Koç Holding A.Ş.	40.56	274,070	40.56	274,070
Temel Ticaret ve Yatırım A.Ş.	2.75	18,577	2.75	18,577
Koç Family Members	8.67	58,590	8.67	58,590
Total Koç Family members and companies owned by Koç Family members	51.98	351,237	51.98	351,237
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	12.05	81,428	12.05	81,428
Burla Ticaret ve Yatırım A.Ş.	5.56	37,572	5.56	37,572
Koç Holding Emekli ve Yardım Sandığı Vakfı	5.14	34,722	5.14	34,722
Vehbi Koç Vakfı	0.12	809	0.12	809
Treasury Shares (*)	8.38	56,602	5.39	36,432
Other	16.77	113,358	19.76	133,528
Paid-in capital	100.00	675,728	100.00	675,728
Adjustment to share capital (**)		468,811		468,811
Total share capital		1,144,539		1,144,539

(*) The above amount is related to the shares that buyback and are publicly listed by the Company as of March 31, 2022.

(**) “Adjustment to share capital” represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the TAS/IFRS promulgated by the POA. “Adjustment to share capital” has no use other than being transferred to paid-in share capital.

All shareholders of the Company have equal rights and there are no preference shares outstanding.

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NOTE 20 – EQUITY (Continued)

Treasury Shares

Pursuant to the decision of the Board of Directors of the Company on July 1, 2021, treasury share procedures have been initiated. Within the scope of the decision, the shares with a nominal value of TRY 56,602, corresponding to 8.38% of the company’s capital, has been bought back at the amount of TRY 2,281,469, including transaction costs as of March 31, 2022 (31 December 2021: TRY 1,215,266). As of the report date, there are no treasury shares that have been sold. Information on treasury share has been realized after the balance sheet date is presented in the ‘Events After Balance Sheet Date’ (Note 31).

Contribution to shareholders’ equity related to the merger

Contribution to shareholders’ equity related to the merger with Grundig Elektronik A.Ş. at September 30, 2009.

Restricted reserves

The Turkish Commercial Code (“TCC”) stipulates that the legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group’s paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

The details of these restricted reserves are as follows:

	March 31, 2022	December 31, 2021
Legal reserves	702,359	555,736
Reserves for treasury shares	2,281,469	1,215,266
	2,983,828	1,771,002

Dividend distribution

Listed companies distribute dividend in accordance with the Communiqué No, II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

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NOTE 20 – EQUITY (Continued)

Dividend distribution(Continued)

As agreed in the ordinary general meeting dated March 23, 2022, the decision to pay dividends as cash has been taken and the TRY 1,5 Billion (excluding treasury shares: TRY 1,4 Billion) payment was made in March 2021. The dividend details are as follows: 221.98274% (2021: 221.98274%) corresponding to gross TRY 2.2198274 (full) (2021: 2.2198274) (net amount being equal to gross amount) per share of TRY 1.00 (full) nominal value to the institutional shareholders who are full taxpayers and to the limited liable taxpayers who obtain dividends through a business or permanent representative in Turkey; 221.98274% (2021: 221.98274%) corresponding to gross TRY 2.2198274 (full) (2021: TRY 2.2198274) and 199,78446% corresponding to net TRY 1.9978446 (full) per share of TRY 1.00 (full) nominal value to the other shareholders.

NOTE 21 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	January 1- March 31, 2022	January 1- March 31, 2021
Other income from operating activities:		
Foreign exchange gain arising from trading activities	1,849,255	855,186
Credit finance income arising from trading activities	28,165	13,380
Income from claims and grants	11,151	19,125
Expected credit lose provisions no longer required (Note 8)	8,216	794
Other	4,431	1,532
	1,901,218	890,017
Other expenses from operating activities:		
Foreign exchange losses arising from trading activities	(1,212,354)	(609,176)
Credit finance charges arising from trading activities	(241,789)	(126,386)
Provision for expected credit lose (Note 8)	(4,579)	(4,625)
Other	(11,351)	(10,541)
	(1,470,073)	(750,728)

NOTE 22 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	January 1- March 31, 2022	January 1- March 31, 2021
Income from investment activities:		
Income from sales of property plant and equipment	4,545	2,156
Dividends received from financial investments	156	117
	4,701	2,273
Expenses from investment activities:		
Loss from sales of property plant and equipment	(21,186)	(2,596)
	(21,186)	(2,596)

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NOTE 23 - FINANCIAL INCOME

	January 1- March 31, 2022	January 1- March 31, 2021
Foreign exchange gain (*)	1,306,487	1,246,812
Gain arising from derivative instruments	575,772	428,252
Interest income	86,971	98,848
Other	4,134	2,273
	1,973,364	1,776,185

(*) Foreign exchange gains are related to cash and cash equivalents, financial borrowings and other financial liabilities.

NOTE 24 - FINANCIAL EXPENSES

	January 1- March 31, 2022	January 1- March 31, 2021
Foreign exchange losses (*)	(1,868,652)	(1,171,469)
Interest expenses (**)	(742,268)	(332,528)
Losses on derivative instruments	(589,816)	(650,186)
Other	(17,839)	(10,090)
	(3,218,575)	(2,164,273)

(*) Foreign exchange losses are related to cash and cash equivalents, financial borrowings and other liabilities.

(**) TRY 28,721 of the interest expenses consists of the interest expense related to lease liabilities (2021: TRY 14,927).

NOTE 25 - TAX ASSETS AND LIABILITIES

	March 31, 2022	December 31, 2021
Corporation and income taxes	819,582	582,801
Prepaid tax	(747,604)	(527,509)
Tax liabilities (net)	71,978	55,292
Deferred tax assets	1,881,768	1,823,680
Deferred tax liabilities	(1,666,781)	(1,528,994)
Deferred tax assets, net	214,987	294,686

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

As of March 31, 2022, the corporate tax rate is 23% in Turkey (December 31, 2021: 25%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

Income tax expense for the three months period ended March 31 is as follows:

	January 1- March 31, 2022	January 1- March 31, 2021
Tax income		
- Current period tax expense	(352,588)	(220,655)
- Deferred tax income	125,502	26,591
Tax income	(227,086)	(194,064)

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their statement of financial position accounts prepared in accordance with TAS/IFRS promulgated by POA Financial Reporting Standards and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for TAS/IFRS and Tax Laws.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities provided using principal tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Property, plant and equipment and intangible assets	9,746,933	6,808,897	(2,135,903)	(1,893,703)
Unused tax advantages (*)	-	-	315,171	386,422
Unused tax credits	(1,765,762)	(1,876,782)	574,461	512,674
Provision for warranty, assembly and transportation expenses	(1,444,309)	(1,261,212)	328,485	285,256
Inventories	(915,441)	(1,079,533)	294,585	315,910
Provision for employment termination benefits	(992,353)	(862,252)	212,020	185,139
Provision for expected credit lose	(205,079)	(201,855)	55,883	54,707
Derivative instruments	(27,350)	(196,369)	5,016	44,912
Other	(2,620,303)	(1,763,098)	565,269	403,369
Deferred tax assets, net			214,987	294,686

(*) Gains arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that investment reaches the contribution amount. In this context, as of March 31, 2022 the tax advantage of TRY 315,171 (December 31, 2021: TRY 386,422) from which the Company predicts to benefit in the foreseeable future is recognized as deferred tax asset in the condensed consolidated financial statements.

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

Movements in deferred tax asset / (liabilities) for the three months period ended March 31 are as follows:

	2022	2021
Balance as of January 1	294,686	270,213
Deferred tax income recognized		
in statement of profit or loss	125,502	26,591
Deferred tax income recognized directly in the equity	23,188	1,101
Currency translation differences	(228,389)	(68,845)
Balance as of March 31	214,987	229,060

NOTE 26 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income per share by the weighted average number of shares that have been outstanding during the year.

The Companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. In earnings per share calculation, this bonus share issuance is accepted as shares issued. Hence, weighted average stock share, which is used in the calculation of earnings per share, is acquired by retrospective application of bonus share issue.

Earnings per share and dividends paid in terms of share groups are as follows:

	January 1- March 31, 2022	January 1- March 31, 2021
Profit for the year attributable to shareholders of the Company	1,165,585	1,092,735
Weighted average number of ordinary shares with nominal value (kurus1 each one)	66,167,327,079	67,572,820,500
Earnings per share (kurus)	1.762	1.617

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NOTE 27 - RELATED PARTY DISCLOSURES

(i) Balances with related parties

	March 31, 2022	December 31, 2021
(a) Due from related parties:		
Wat Motor Sanayi ve Ticaret A.Ş. (“Wat Motor”) ⁽¹⁾	183,964	145,996
Voltbek ⁽²⁾	57,318	74,604
Koçtaş Yapı Marketleri Ticaret A.Ş. ⁽¹⁾	54,680	37,722
Token Finansal Teknolojiler A.Ş. ⁽¹⁾	36,189	-
Other	17,983	10,984
	350,134	269,306
(b) Due to related parties:		
Current:		
Zer Merkezi Hizmetler ve Ticaret A.Ş. ⁽¹⁾	890,118	661,144
Arçelik-LG ⁽⁴⁾	805,765	218,194
Ram Dış Ticaret ⁽²⁾	726,050	452,200
Bilkom Bilişim Hizmetleri A.Ş. ⁽¹⁾	110,835	48,805
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ⁽¹⁾	96,218	58,414
Ingage Dijital Pazarlama Hizmetleri ⁽¹⁾	29,389	61,149
Koç Holding A.Ş. ⁽³⁾	631	52,078
Other	26,035	40,720
	2,685,041	1,592,704

⁽¹⁾ Koç Holding group companies

⁽²⁾ Associates

⁽³⁾ Parent company

⁽⁴⁾ Joint venture

(c) Deposits:

	March 31, 2022	December 31, 2021
Yapı ve Kredi Bankası A.Ş. and its subsidiaries ⁽¹⁾	4,629,593	4,503,113

⁽¹⁾ Koç Holding group companies

(e) Derivative instruments

	Contract amount	Fair value assets/(liabilities)	
March 31, 2022			
Yapı ve Kredi Bankası A.Ş.	2,086,957	505	(7,209)
December 31, 2021			
Yapı ve Kredi Bankası A.Ş.	2,083,556	-	72,835

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NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

(ii) Transactions with related parties

	January 1- March 31, 2022	January 1- March 31, 2021
(a) Sales of goods and services:		
Bilkom Bilişim Hizmetleri A.Ş.	97,491	11,585
Wat Motor	96,168	-
Token Finansal Teknolojiler A.Ş.	70,024	36,367
Koçtaş Yapı Marketleri Ticaret A.Ş.	43,549	19,175
Voltbek	1,448	112,134
Other	11,376	3,172
	320,056	182,433
	January 1- March 31, 2022	January 1- March 31, 2021
(b) Purchases of goods and services:		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	949,566	511,395
Arçelik-LG	712,943	247,892
Ram Dış Ticaret	109,337	123,974
Ram Sigorta Aracılık Hizmetleri A.Ş. ^{(*) (1)}	99,251	64,607
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	72,536	18,755
Bilkom Bilişim Hizmetleri A.Ş.	47,865	46,514
Token Finansal Teknolojiler A.Ş.	36,314	28,982
Other	98,225	53,259
	2,126,037	1,095,378

The Group purchases direct and indirect materials and receives service from Zer Merkezi Hizmetler A.Ş. The average payment term is around sixty days.

The Group purchases air conditioners produced by Arçelik-LG. Purchasing conditions are determined in line with sales conditions.

(*) The amount consists insurance premium and accruals to non-related insurance companies over the contracts signed through insurance agency Ram Sigorta Aracılık Hizmetleri A.Ş.

(1) Koç Holding group companies

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NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

(c) Key management compensation:

Total compensation provided to members of the Board of Directors, General Manager, Assistant General Managers and Directors directly reporting to General Manager by the Company for the three month ended March 31, 2022 amounts to TRY 9,595 (January 1 -March 31, 2021 TRY 6,740).

There is no redundancy payments made to the senior executives and the remaining amount is short-term benefits (March 31, 2021: None).

(d) Other transactions:

	January 1- March 31, 2022	January 1- March 31, 2021
<i>Interest income:</i>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	34,189	33,881
<i>Interest expense:</i>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	9,625	-

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Hedging operations and derivative instruments

Liquidity risk

The risk of failure in settling financial liabilities is eliminated by managing the consolidated financial position statement and expected cash flows in harmony. In this context; the maturities of the financial liabilities are kept in line with the maturities of assets to eliminate any duration mismatch, to maintain short term liquidity with effective inventory term, trade receivables and trade payables term, net working capital objectives are set and consolidated statement of financial position ratios are aimed to be kept at particular levels.

Cash flow estimations for midterm and long-term liquidity management of the Group are made by taking into account financial market and sector dynamics and cash flow cycle is observed and is tested by various scenarios.

Interest Rate Risk

Changes in interest rates create significant risks over financial results with due to the impact on interest sensitive assets and liabilities. These exposures are managed by establishing a fixed-floating balance in the consolidated financial statements and balancing interest rate sensitive assets and maturity with inter balance sheet items and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates is crucial. In order to minimize the exposures to interest rate volatility, contractual repricing date of financial liabilities and receivables and “fixed interest/ floating interest”, “short-term/ long-term” balance within liabilities are structured coherently.

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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Funding risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

Credit risk

The Group is exposed to credit risk arising from receivables from credit financed sales and deposits with banks.

Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are as follows:

- Bank guarantees (guarantee letters, letter of credits etc.),
- Credit insurance (Global insurance policies, Eximbank and factoring insurance etc.),
- Mortgages,
- Cheques-notes negotiated.

In credit risk control, for the customers which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors. Individual risk limits are set in accordance and the utilization of credit limits is regularly monitored.

For banks, the ratings of the independent rating institutions are taken into consideration.

Same credit risk management principles are used for the management of the financial assets. Investments are made to instruments with highest liquidity and credit note of the company of transaction is taken into consideration.

Details of credit and receivable risk as of March 31, 2022 and December 31, 2021 are as follows:

March 31, 2022	Trade receivables		Bank deposits	Derivative instruments
	Related parties	Third parties		
Maximum exposed credit risk as of reporting date ⁽¹⁾	350,134	28,625,874	16,224,940	67,911
Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾	-	(21,153,700)	-	-
A. Net book value of financial asset either are not due or not impaired	350,134	27,365,158	16,224,940	67,911
-Secured portion by guarantees, etc.	-	(20,151,832)	-	-
B. Net book value of overdue but not impaired financial assets	-	1,277,458	-	-
- Secured portion by guarantees, etc.	-	(1,001,868)	-	-
C. Net book value of the impaired assets	-	-	-	-
- Overdue (Gross book value)	-	448,516	-	-
- Impairment (-)	-	(448,516)	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-
D. Expected credit losses (-)	-	(16,742)	-	-

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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Details of credit and receivable risk as of March 31, 2022 and December 31, 2021 are as follows:

December 31, 2021	Trade receivables		Bank deposits	Derivative instruments
	Related parties	Third parties		
Maximum exposed credit risk as of reporting date ⁽¹⁾	269,306	23,188,103	15,672,394	16,094
Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾	-	(16,739,334)	-	-
A. Net book value of financial asset either are not due or not impaired	269,306	22,408,668	15,672,394	16,094
-Secured portion by guarantees, etc.	-	(16,252,587)	-	-
B. Net book value of overdue but not impaired financial assets	-	778,237	-	-
- Secured portion by guarantees, etc.	-	(471,914)	-	-
C. Net book value of the impaired assets	-	14,833	-	-
- Overdue (Gross book value)	-	440,894	-	-
- Impairment (-)	-	(426,061)	-	-
- Secured portion of the net value by guarantees, etc.	-	(14,833)	-	-
D. Expected credit losses (-)	-	(13,635)	-	-

⁽¹⁾ Amounts showing the maximum credit risk exposed as of reporting date by excluding guarantees in hand and other factors that increase the credit quality.

⁽²⁾ Major part of guarantees is composed of mortgages and trade receivable insurances.

a) Credit quality of financial assets which are not overdue and not impaired.

	March 31, 2022	December 31, 2021
Group 1	652,243	464,638
Group 2	25,753,243	21,339,824
Group 3	1,309,806	873,512
	27,715,292	22,677,974

Group 1 - New customers (customers for a period less than 3 months).

Group 2 - Existing customers with no defaults in the past (customers for a period of more than 3 months).

Group 3 - Existing customers with some defaults in the past of which were fully recovered.

b) Aging analysis of the receivables which are overdue but not impaired

	March 31, 2022	December 31, 2021
0-1 month	648,809	386,789
1-3 months	143,296	76,944
3-12 months	326,400	169,652
1-5 years	158,953	144,852
	1,277,458	778,237

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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Group has applied the simplified approach stated in TFRS 9 for the calculation of expected credit loss provision for trade receivables. This approach allows expected credit loss provision for all trade receivables. In order to measure expected credit losses, the Group appropriately classified its trade receivables based on maturity and credit risk characteristics. The expected credit loss ratio for each class of trade receivables, which is grouped using past loan loss experiences and forward-looking macroeconomic indicators, is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and totals of trade receivable.

Details of the calculation as of March 31, 2022 are as follows:

March 31, 2022	Undue	Overdue 0-1 month	Overdue 1-3 months	Overdue more than 3 months	Total
Expected loss rate (%)	0.007	0.08	1.03	1.30	
Gross carrying amount	27,715,292	650,011	143,296	987,164	29,495,763
Loss allowance provision	(1,874)	(495)	(1,483)	(12,890)	(16,742)

Details of the calculation as of December 31, 2021 are as follows:

December 31, 2021	Undue	Overdue 0-1 month	Overdue 1-3 months	Overdue more than 3 months	Total
Expected loss rate (%)	0.005	0.18	1.11	1.49	
Gross carrying amount	22,650,718	409,010	76,944	733,177	23,869,849
Loss allowance provision	(1,122)	(735)	(854)	(10,924)	(13,635)

Foreign exchange risk

Since the Group operates in a diverse geographical area, operations are performed using multiple currencies. Therefore, foreign exchange risk is one of the most significant financial risks that the Group is exposed to.

Trade relations between the Company and its subsidiaries are structured within the framework of relevant legislations and managed centrally by subsidiaries’ functional currencies. Thus, foreign currency risk born by the subsidiaries is minimized. It is aimed to set the ratio of foreign exchange risk position over equity at a predetermined interval.

The main principle of foreign currency risk management is to minimize the impact of foreign exchange fluctuations by maintaining foreign exchange asset position close to zero.

Inter balance sheet methods are preferred for the management of foreign currency risk as in other risk items. However, when necessary, derivative instruments are also used for maintaining foreign currency position at a predetermined level.

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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency hedge of net investments in foreign operations

The Group designated some portion of the Euro dominated bonds issued as a hedging instrument in order to hedge the foreign currency risk arisen from the translation of net assets of part of the subsidiaries operating in Europe from Euro to Turkish Lira. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in equity in foreign currency hedge of net investments in foreign operations fund in order to net off the increment value fund arisen from the translation of the net assets of investments in foreign operations. As of March 31, 2022, a portion of bank borrowings amounting to EUR 200,000,000(before tax) was designated as a net investment hedging instrument (December 31, 2021: EUR 200,000,000).

Foreign currency position

Assets and liabilities denominated in foreign currency held by the Group before consolidation adjustments are as follows:

	March 31, 2022	December 31, 2021
Assets	25,484,425	25,180,708
Liabilities	(32,847,891)	(28,596,052)
Net position of financial statement	(7,363,466)	(3,415,344)
Net position of derivative instruments	6,788,852	2,021,214
Foreign currency position (net)	(574,614)	(1,394,130)

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Currencies, other than the functional currencies of the Company and its’ subsidiaries are accepted as foreign currencies. The original currencies are presented in thousands (‘000).

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of March 31, 2022 are as follows:

	EUR	USD	GBP	RUB	CNY	PLN	JPY	SGD	VND	Other Currency's TRY Equivalent	TRY Equivalent
Current Assets											
Trade receivables	482,657	303,008	106,727	1,752,869	349,245	82,840	1,806,704	4,834	785,354	523,037	16,544,763
Monetary financial assets	41,188	486,255	51	74	-	4	287,899	11,182	-	21,462	7,971,383
Other	298	42,630	-	-	79,029	-	-	2,459	-	-	837,017
Non Current Assets											
Trade receivables	180	8,762	-	-	-	-	-	-	-	-	131,262
Total Assets	524,323	840,655	106,778	1,752,943	428,274	82,844	2,094,603	18,475	785,354	544,499	25,484,425
Current Liabilities											
Trade payables	330,289	479,632	2,643	45,251	295,671	-	304,293	2,538	19,854,575	83,664	13,307,921
Financial liabilities	169,414	56,525	-	-	-	-	-	1,402	-	-	3,605,939
Other monetary liabilities	4,832	15,353	3	-	-	-	41,567	594	-	-	315,135
Non-Current Liabilities											
Trade payables	-	5,536	-	-	-	-	-	-	-	-	81,079
Financial liabilities	503,685	500,000	-	-	-	-	-	-	-	-	15,537,297
Other monetary liabilities	-	35	-	-	-	-	-	-	-	-	520
Total Liabilities	1,008,220	1,057,081	2,646	45,251	295,671	-	345,860	4,534	19,854,575	83,664	32,847,891
Net Position of Financial Statement	(483,897)	(216,426)	104,132	1,707,692	132,603	82,844	1,748,743	13,941	(19,069,221)	460,835	(7,363,466)
Off-balance sheet derivative assets (*)	495,684	291,951	-	-	160,722	-	-	-	-	54,929	12,783,168
Off-balance sheet derivative liabilities (*)	(22,312)	(122,324)	(95,700)	(1,600,000)	(350,000)	(75,000)	(1,650,000)	-	-	(461,960)	(5,994,316)
Net position of off-balance sheet items	473,372	169,627	(95,700)	(1,600,000)	(189,278)	(75,000)	(1,650,000)	-	-	(407,031)	6,788,852
Net Asset/(Liability) Position of Foreign Currency	(10,525)	(46,799)	8,432	107,692	(56,675)	7,844	98,743	13,941	(19,069,221)	53,804	(574,614)
Net Asset/(Liability) Position of Foreign Currency Monetary Items	(483,897)	(216,426)	104,132	1,707,692	132,603	82,844	1,748,743	13,941	(19,069,221)	460,835	(7,363,466)
Hedged Amount of Foreign Currency Assets	22,312	122,324	95,700	1,600,000	350,000	75,000	1,650,000	-	-	461,960	5,994,316
Hedged Amount of Foreign Currency Liabilities	495,684	291,951	-	-	160,722	-	-	-	-	54,929	12,783,168

(*) Some portion of EUR denominated bonds issued designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation at subsidiaries located in Europe, is included in off balance sheet derivative assets.

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of December 31, 2021 are as follows:

	EUR	USD	GBP	RUB	CNY	PLN	JPY	SGD	VND	Other Currency's TRY Equivalent	TRY Equivalent
Current Assets											
Trade receivables	563,375	268,388	119,032	667,887	357,820	158,188	1,208,209	5,904	242,705,336	566,834	16,061,465
Monetary financial assets	217,653	385,116	12	-	-	2	553,223	9,989	-	25,739	8,377,553
Other	525	36,159	-	8	56,364	-	-	2,425	-	-	614,382
Non-Current Assets											
Trade receivables	60	9,742	-	-	-	-	-	-	-	-	127,308
Total Assets	781,613	699,405	119,044	667,895	414,184	158,190	1,761,432	18,318	242,705,336	592,573	25,180,708
Current Liabilities											
Trade payables	380,354	426,050	4,833	19,175	353,018	-	265,656	2,440	19,800,898	60,691	12,040,150
Financial liabilities	94,082	48,253	-	-	-	-	-	873	-	-	2,015,925
Other monetary liabilities	4,610	15,509	2	-	-	-	145,668	1,227	-	-	297,147
Non-Current Liabilities											
Trade payables	-	5,473	-	-	-	-	-	-	-	-	71,026
Financial liabilities	523,084	500,000	-	-	-	-	-	-	-	-	14,168,826
Other monetary liabilities	-	229	-	-	-	-	-	-	-	-	2,978
Total Liabilities	1,002,130	995,514	4,835	19,175	353,018	-	411,324	4,540	19,800,898	60,691	28,596,052
Net Position of Financial Statement	(220,517)	(296,109)	114,209	648,720	61,166	158,190	1,350,108	13,778	222,904,438	531,882	(3,415,344)
Off-balance sheet derivative assets (*)	337,811	379,038	-	-	73,929	-	-	-	-	66,227	10,094,741
Off-balance sheet derivative liabilities (*)	(139,935)	(142,850)	(114,000)	(845,000)	(375,000)	(165,000)	(1,250,000)	-	-	(601,501)	(8,073,527)
Net position of off-balance sheet items	197,876	236,188	(114,000)	(845,000)	(301,071)	(165,000)	(1,250,000)	-	-	(535,274)	2,021,214
Net Asset/(Liability) Position of Foreign Currency	(22,641)	(59,921)	209	(196,280)	(239,905)	(6,810)	100,108	13,778	222,904,438	(3,392)	(1,394,130)
Net Asset/(Liability) Position of Foreign Currency Monetary Items	(220,517)	(296,109)	114,209	648,720	61,166	158,190	1,350,108	13,778	222,904,438	531,882	(3,415,344)
Hedged Amount of Foreign Currency Assets	139,935	142,850	114,000	845,000	375,000	165,000	1,250,000	-	-	601,501	8,073,527
Hedged Amount of Foreign Currency Liabilities	337,811	379,038	-	-	73,929	-	-	-	-	66,227	10,094,741

(*) Some portion of EUR denominated bonds issued designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation at subsidiaries located in Europe, is included in off balance sheet derivative assets.

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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of March 31, 2022, and December 31, 2021, if related currencies had appreciated by 10% against TRY with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is presented in the tables below. Secured portions include impact of derivative instruments.

	Gain/Loss		Other Comprehensive Income	
	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%
March 31, 2022				
USD net asset/liability	(316,974)	316,974	(344,220)	344,220
Secured portion from USD risk	248,432	(248,432)	248,432	(248,432)
USD Net effect	(68,542)	68,542	(95,788)	95,788
EUR net asset/liability	(462,996)	462,996	(594,376)	594,376
Secured portion from EUR risk	445,832	(445,832)	772,004	(772,004)
EUR Net effect	(17,164)	17,164	177,628	(177,628)
GBP net asset/liability	200,068	(200,068)	251,957	(251,957)
Secured portion from GBP risk	(183,868)	183,868	(183,868)	183,868
GBP Net effect	16,200	(16,200)	68,089	(68,089)
JPY net asset/liability	20,972	(20,972)	20,972	(20,972)
Secured portion from JPY risk	(19,788)	19,788	(19,788)	19,788
JPY Net effect	1,184	(1,184)	1,184	(1,184)
PLN net asset/liability	28,977	(28,977)	57,816	(57,816)
Secured portion from PLN risk	(26,234)	26,234	(26,234)	26,234
PLN Net effect	2,743	(2,743)	31,582	(31,582)
RUB net asset/liability	29,420	(29,420)	135,861	(135,861)
Secured portion from RUB risk	(27,565)	27,565	(27,565)	27,565
RUB Net effect	1,855	(1,855)	108,296	(108,296)
VND net asset/liability	(1,220)	1,220	(5,545)	5,545
Secured portion from VND risk	-	-	-	-
VND Net effect	(1,220)	1,220	(5,545)	5,545
CNY net asset/liability	30,401	(30,401)	14,823	(14,823)
Secured portion from CNY risk	(43,394)	43,394	(43,394)	43,394
CNY Net effect	(12,993)	12,993	(28,571)	28,571
SGD net asset/liability	15,095	(15,095)	15,095	(15,095)
Secured portion from SGD risk	-	-	-	-
SGD Net effect	15,095	(15,095)	15,095	(15,095)
Other net asset/liability	46,084	(46,084)	1,222,771	(1,222,771)
Secured portion from other currency risk	(40,703)	40,703	(40,703)	40,703
Other Currency Net effect	5,381	(5,381)	1,182,068	(1,182,068)
	(57,461)	57,461	1,454,038	(1,454,038)

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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

December 31, 2021	Gain/Loss		Other Comprehensive Income	
	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%
USD net asset/liability	(384,276)	384,276	(407,368)	407,368
Secured portion from USD risk	306,513	(306,513)	306,513	(306,513)
USD Net effect	(77,763)	77,763	(100,855)	100,855
EUR net asset/liability	(30,124)	30,124	(222,929)	222,929
Secured portion from EUR risk	(3,119)	3,119	290,527	(290,527)
EUR Net effect	(33,243)	33,243	67,598	(67,598)
GBP net asset/liability	199,329	(199,329)	240,908	(240,908)
Secured portion from GBP risk	(198,964)	198,964	(198,964)	198,964
GBP Net effect	365	(365)	41,944	(41,944)
JPY net asset/liability	15,180	(15,180)	15,180	(15,180)
Secured portion from JPY risk	(14,054)	14,054	(14,054)	14,054
JPY Net effect	1,126	(1,126)	1,126	(1,126)
PLN net asset/liability	50,607	(50,607)	74,667	(74,667)
Secured portion from PLN risk	(52,785)	52,785	(52,785)	52,785
PLN Net effect	(2,178)	2,178	21,882	(21,882)
RUB net asset/liability	11,225	(11,225)	107,697	(107,697)
Secured portion from RUB risk	(14,621)	14,621	(14,621)	14,621
RUB Net effect	(3,396)	3,396	93,076	(93,076)
VND net asset/liability	11,368	(11,368)	9,331	(9,331)
Secured portion from VND risk	-	-	-	-
VND Net effect	11,368	(11,368)	9,331	(9,331)
CNY net asset/liability	12,386	(12,386)	(1,236)	1,236
Secured portion from CNY risk	(60,967)	60,967	(60,967)	60,967
CNY Net effect	(48,581)	48,581	(62,203)	62,203
SGD net asset/liability	13,229	(13,229)	13,229	(13,229)
Secured portion from SGD risk	-	-	-	-
SGD Net effect	13,229	(13,229)	13,229	(13,229)
Other net asset/liability	53,188	(53,188)	1,044,281	(1,044,281)
Secured portion from other currency risk	(53,528)	53,528	(53,528)	53,528
Other Currency Net effect	(340)	340	990,753	(990,753)
	(139,413)	139,413	1,075,881	(1,075,881)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Import and exports performed to / from Turkey for the year ended as of March 31, 2022 and March 31, 2021 are as follows:

	March 31, 2022 TRY	March 31, 2021 TRY
EUR	4,689,456	2,390,960
USD	2,202,552	959,759
GBP	1,553,782	949,750
Other	876,182	405,151
Total exports	9,321,972	4,705,620
EUR	1,851,217	1,056,595
USD	3,895,544	2,123,893
GBP	4,736	3,455
Other	11,374	2,287
Total imports	5,762,871	3,186,230

NOTE 29 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectible are estimated to be their fair values.

Financial liabilities

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term.

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NOTE 29 - FINANCIAL INSTRUMENTS (Continued)

Financial liabilities (continued)

As of March 31, 2022, the carrying value and the fair value of the long-term borrowings, including the short-term portions, are equal to TRY 23,399,154 (December 31, 2021: TRY 20,890,874) and TRY 20,793,336 (December 31, 2021: TRY 21,853,025) respectively. Fair value is calculated by discounting the cash out flows regarding due dates of borrowings considering the changing country risk premium and changes in market interest rates.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: Valuation techniques does not contain observable market inputs

Fair value hierarchy table as of March 31, 2022 is as follows:

Financial assets carried at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative instruments (assets) (Note 7)	-	67,911	-
Financial investments (Note 5)	10,966	-	-
Financial liabilities carried at fair value in statement of financial position			
Derivative instruments (liabilities) (Note 7)	-	(113,967)	-

Fair value hierarchy table as of December 31, 2021 is as follows:

Financial assets carried at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative instruments (assets) (Note 7)	-	35,251	-
Financial investments (Note 5)	10,452	-	-
Financial liabilities carried at fair value in statement of financial position			
Derivative instruments (liabilities) (Note 7)	-	(245,292)	-

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NOTE 30 - SUPPLEMENTARY CASH FLOW INFORMATION

Statements of cash flows are presented within the consolidated financial statements.

Details of “adjustments for provisions” and “adjustments for impairment loss” lines presented in the consolidated statements of cash flows are as follows:

	1 January- March 31, 2022	1 January- March 31, 2021
Adjustments for provisions:		
Provision for assembly and transportation cost	381,929	168,326
Warranty provision	317,844	126,674
Accrual for customer premiums	179,496	192,140
Provision for employment termination benefits	68,475	20,657
Provision for vacation pay liability	28,852	20,312
Accrual for bonuses and premiums	(57,073)	(40,007)
Other provisions	(40,107)	27,734
	879,416	515,836
Adjustments for impairment loss:		
Provision for impairment on inventories	19,013	27,880
Provision for doubtful receivables (Note 8)	4,579	4,625
	23,592	32,505

NOTE 31 – EVENTS AFTER BALANCE SHEET DATE

The sale transaction of bonds with ISIN code TRSARCL42412, 723 days term, floating rate with 3 months coupon payment at maturity date of April 5, 2024, was completed on April 12, 2022. The transfer of the transaction to accounts has been completed on April 13, 2022. The final issuance amount is realized as TRL 650.000, within the ceiling which was approved by the Capital Markets Board's decision numbered 63/1733 on December 2, 2021. The issuance was advised by Yapı Kredi Menkul Değerler A.Ş. This statement has been translated into English for informational purposes. In case of a discrepancy between the Turkish and the English versions of this disclosure statement, the Turkish version shall prevail.

As a result of the developing marketplace, market conditions, the effects of global economic developments on the sector in which we operate and their reflections on the Turkish capital markets, it has been evaluated that the value of Arçelik A.Ş. in Borsa İstanbul does not reflect the actual performance of the Company's activities, therefore in order to contribute to the formation of healthy prices; Group decided to start the buy-back company shares on the Stock Exchange as of July 1, 2021. Based on the transactions that have been completed as of the report date, shares with a nominal value of TRY 59,687 which corresponds to 8.8330% of the capital has been bought back, total cost is TRY 2,470,268 including transaction costs.