

**(CONVENIENCE TRANSLATION OF THE INDEPENDENT  
AUDITORS' REPORT AND CONSOLIDATED FINANCIAL  
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**ARÇELİK ANONİM ŞİRKETİ**

**FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023  
CONSOLIDATED FINANCIAL STATEMENTS TOGETHER  
WITH INDEPENDENT AUDITOR'S REPORT**

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

|   |       | Audited              |                      |
|---|-------|----------------------|----------------------|
|   | Notes | December 31,<br>2023 | December 31,<br>2022 |
| ASSETS  |       |                      |                      |
| Current assets:                                   |       |                      |                      |
| Cash and cash equivalents                         | 5     | 48,791,778           | 40,417,510           |
| Trade receivables                                 |       |                      |                      |
| -Due from related parties                         | 33    | 575,652              | 692,701              |
| -Trade receivables, third parties                 | 9     | 65,944,717           | 55,255,964           |
| Other receivables                                 |       |                      |                      |
| -Other receivables, third parties                 |       | 327,474              | 392,229              |
| Derivative instruments                            | 8     | 453,339              | 382,344              |
| Inventories                                       | 11    | 47,448,681           | 50,870,483           |
| Prepaid expenses                                  | 20    | 2,391,154            | 1,710,977            |
| Current income tax assets                         | 21    | 1,726,284            | 1,169,021            |
| Other current assets                              | 23    | 3,662,858            | 3,106,827            |
| Total current assets                              |       | 171,321,937          | 153,998,056          |
| Non-current assets:                               |       |                      |                      |
| Financial investments                             | 6     | 141,740              | 144,804              |
| Trade receivables                                 |       |                      |                      |
| -Trade receivables, third parties                 | 9     | 34,122               | 69,843               |
| Investments accounted for using the equity method | 12    | 1,456,117            | 2,049,936            |
| Property, plant and equipment                     | 13    | 47,007,175           | 44,323,471           |
| Intangible assets                                 |       |                      |                      |
| -Goodwill   | 15    | 7,269,302            | 7,551,445            |
| -Other intangible assets                          | 14    | 19,899,402           | 19,095,362           |
| Prepaid expenses                                  | 20    | 2,598,877            | 1,233,825            |
| Deferred tax assets                               | 31    | 8,231,060            | 3,825,114            |
| Other non-current assets                          |       | 178,175              | 130,423              |
| Total non-current assets                          |       | 86,815,970           | 78,424,223           |
| Total assets                                      |       | 258,137,907          | 232,422,279          |

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

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

**ARÇELİK ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

|  |       | Audited              |                      |
|--|-------|----------------------|----------------------|
|  | Notes | December 31,<br>2023 | December 31,<br>2022 |
| LIABILITIES                                |       |                      |                      |
| Current liabilities:                       |       |                      |                      |
| Short-term borrowings                      | 7     | 51,487,086           | 31,276,103           |
| Short-term portion of long-term borrowings | 7     | 5,961,303            | 26,772,324           |
| Trade payables                             |       |                      |                      |
| -Due to related parties                    | 33    | 5,226,271            | 4,516,749            |
| -Trade payables, third parties             | 9     | 48,978,541           | 46,441,453           |
| Derivative instruments                     | 8     | 128,471              | 296,084              |
| Employee benefit obligations               | 22    | 4,255,921            | 2,699,509            |
| Other payables                             |       |                      |                      |
| -Other payables, related parties           |       | 243,670              | 2,004                |
| -Other payables, third parties             | 10    | 4,001,042            | 2,893,909            |
| Current income tax liabilities             | 31    | 421,838              | 82,823               |
| Provisions                                 |       |                      |                      |
| -Other provisions                          | 18    | 6,348,121            | 6,372,094            |
| Other current liabilities                  | 23    | 10,748,835           | 9,527,214            |
| Total current liabilities                  |       | 137,801,099          | 130,880,266          |
| Non-current liabilities:                   |       |                      |                      |
| Long-term borrowings                       | 7     | 44,461,154           | 26,709,350           |
| Provisions                                 |       |                      |                      |
| -Provision for employee benefits           | 19    | 3,400,314            | 4,316,660            |
| -Other provisions                          | 18    | 1,246,972            | 941,375              |
| Derivative instruments                     | 8     | 777,409              | -                    |
| Deferred tax liabilities                   | 31    | 3,388,075            | 3,378,718            |
| Other non-current liabilities              | 23    | 7,499,545            | 8,156,500            |
| Total non-current liabilities              |       | 60,773,469           | 43,502,603           |
| Total liabilities                          |       | 198,574,568          | 174,382,869          |

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

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

**ARÇELİK ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

|   |       | Audited              |                      |
|---|-------|----------------------|----------------------|
|   | Notes | December 31,<br>2023 | December 31,<br>2022 |
| EQUITY  |       |                      |                      |
| Paid-in capital   | 24    | 675,728              | 675,728              |
| Adjustment to share capital   | 24    | 15,633,510           | 15,633,510           |
| Treasury shares   | 24    | (7,980,782)          | (7,980,782)          |
| Share premium/discount  |       |                      |                      |
| 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   |       | (2,334,000)          | (1,608,727)          |
| -Other gains/ losses on revaluation and remeasurement                                       |       | 16,286               | 31,120               |
| Other accumulated comprehensive income and expense to be reclassified to profit or loss     |       |                      |                      |
| -Currency translation differences   |       | 25,278,597           | 25,650,341           |
| Gains/ losses on hedge  |       |                      |                      |
| -Gains/ losses on hedges of net investment in foreign operations                            |       | (9,274,954)          | (6,089,358)          |
| -Gains/ losses on cash flow hedges  |       | (598,921)            | 23,104               |
| Balancing account for merger capital  |       |                      |                      |
| Restricted reserves   | 24    | 12,631,261           | 13,020,675           |
| Retained earnings   |       | 11,455,843           | 7,148,120            |
| Net income for the period   |       | 7,667,336            | 6,285,498            |
| Equity holders of the parent  |       | 53,169,904           | 52,789,229           |
| Non-controlling interest  |       | 6,393,435            | 5,250,181            |
| Total equity  |       | 59,563,339           | 58,039,410           |
| Total liabilities and equity  |       | 258,137,907          | 232,422,279          |

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

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

|   | Notes | Audited           |                   |
|---|-------|-------------------|-------------------|
|   |       | 2023              | 2022              |
| Net sales   | 4,25  | 257,103,739       | 257,172,030       |
| Cost of sales   | 26    | (181,725,746)     | (188,501,512)     |
| <b>Gross profit</b>   |       | <b>75,377,993</b> | <b>68,670,518</b> |
| General administrative expenses   | 26    | (14,779,434)      | (12,099,488)      |
| Marketing expenses  | 26    | (47,038,860)      | (46,552,279)      |
| Research and development expenses   | 26    | (1,943,805)       | (1,861,283)       |
| Other income from operating activities                                    | 27    | 13,437,093        | 11,809,968        |
| Other expenses from operating activities                                  | 27    | (14,895,330)      | (10,566,004)      |
| <b>Operating profit</b>   |       | <b>10,157,657</b> | <b>9,401,432</b>  |
| Income from investment activities   | 28    | 50,832            | 2,782,554         |
| Expenses from investment activities                                       | 28    | (102,507)         | (173,463)         |
| Share of profit/loss of investments accounted for using the equity method | 12    | (481,421)         | (740,177)         |
| <b>Operating income before financial income/(expense)</b>                 |       | <b>9,624,561</b>  | <b>11,270,346</b> |
| Financial income  | 29    | 22,593,779        | 14,215,714        |
| Financial expenses  | 30    | (34,948,179)      | (26,175,376)      |
| Net monetary position gain/(loss)   |       | 9,888,297         | 7,928,477         |
| <b>Profit from continuing operations before tax</b>                       |       | <b>7,158,458</b>  | <b>7,239,161</b>  |
| <b>Tax income/(expense), continuing operations</b>                        |       |                   |                   |
| - Taxes on expense  | 31    | (1,910,959)       | (1,913,883)       |
| - Deferred tax income/(expense)   | 31    | 3,147,911         | 1,682,894         |
| <b>Net income</b>   |       | <b>8,395,410</b>  | <b>7,008,172</b>  |
| <b>Attributable to</b>  |       |                   |                   |
| Non-controlling interest  |       | 728,074           | 722,674           |
| <b>Equity holders of the parent</b>                                       |       | <b>7,667,336</b>  | <b>6,285,498</b>  |
| <b>Earnings per share (kurus)</b>   | 32    | <b>12.635</b>     | <b>10.244</b>     |

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**ARÇELİK ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

|  | <b>Audited</b>     |                    |
|--|--------------------|--------------------|
|  | <b>2023</b>        | <b>2022</b>        |
| <b>Net income</b>  | <b>8,395,410</b>   | <b>7,008,172</b>   |
| <b>Other comprehensive income</b>  |                    |                    |
| <b>Not to be reclassified to profit or loss</b>  | <b>(937,947)</b>   | <b>(2,233,982)</b> |
| Gain/ loss arising from defined benefit plans  | (899,700)          | (2,211,920)        |
| Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss | (23,358)           | (37,567)           |
| Other gain/ losses not to be reclassified to profit or loss  | (14,889)           | 15,505             |
| <b>Not to be reclassified to profit or loss, tax effect</b>  | <b>197,840</b>     | <b>639,842</b>     |
| Gain/ loss arising from defined benefit plans, tax effect  | 197,785            | 640,760            |
| Other gain/ losses not to be reclassified to profit or loss, tax effect  | 55                 | (918)              |
| <b>To be reclassified to profit or loss</b>  | <b>(4,096,599)</b> | <b>(7,673,903)</b> |
| Currency translation differences   | 991,350            | (6,127,117)        |
| Other comprehensive income related with hedges of net investments in foreign operations  | (4,176,025)        | (1,400,537)        |
| Other comprehensive income related with cash flow hedge  | (826,008)          | (10,284)           |
| Share of other comprehensive income of investments accounted for using the equity method that will be reclassified to profit or loss | (85,916)           | (135,965)          |
| -Currency translation differences of investments accounted for using the equity method   | (86,409)           | (131,139)          |
| -Gain/loss from cash flow hedges of investments accounted for using equity method  | 493                | (4,826)            |
| <b>To be reclassified to profit or loss, tax effect</b>  | <b>1,193,919</b>   | <b>277,504</b>     |
| Other comprehensive income related with hedges of net investments in foreign operations, tax effect                                  | 990,429            | 280,107            |
| Other comprehensive income related with cash flow hedge, tax effect  | 203,490            | (2,603)            |
| <b>Other comprehensive income/ (loss) (net of tax)</b>   | <b>(3,642,787)</b> | <b>(8,990,539)</b> |
| <b>Total comprehensive income</b>  | <b>4,752,623</b>   | <b>(1,982,367)</b> |
| <b>Attributable to:</b>  |                    |                    |
| Non-controlling interest   | 2,004,759          | 1,330,606          |
| <b>Equity holders of the parent</b>  | <b>2,747,864</b>   | <b>(3,312,973)</b> |

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

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ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

|   | Paid-in capital | Adjustment to share capital | Treasury shares | Other comprehensive income not to be reclassified under profit and loss | Other comprehensive income to be reclassified under profit and loss                      |                       |                                  | Retained earnings   |                   |             |                              |                          | Total equity |
|---|-----------------|-----------------------------|-----------------|---|--|-----------------------|----------------------------------|---------------------|-------------------|-------------|------------------------------|--------------------------|--------------|
|   |                 |                             |                 | Gain/(loss) arising from defined benefit plans                          | Gains/ losses on financial assets measured at fair value throughout comprehensive income | Gains/losses on hedge | Currency translation differences | Restricted reserves | Retained earnings | Net income  | Equity holders of the parent | Non-controlling interest |              |
| Balance at January 1, 2022                                | 675,728         | 15,633,510                  | (3,890,889)     | -   | 16,533   | (4,928,111)           | 32,516,529                       | 8,586,258           | 14,634,100        | -           | 63,243,658                   | 4,524,908                | 67,768,566   |
| Transfers   | -               | -                           | -               | -   | -  | -                     | -                                | 344,524             | (344,524)         | -           | -                            | -                        | -            |
| Total comprehensive income                                | -               | -                           | -               | (1,608,727)   | 14,587   | (1,138,143)           | (6,866,188)                      | -                   | -                 | 6,285,498   | (3,312,973)                  | 1,330,606                | (1,982,367)  |
| Net income  | -               | -                           | -               | -   | -  | -                     | -                                | -                   | -                 | 6,285,498   | 6,285,498                    | 722,674                  | 7,008,172    |
| Other comprehensive income                                | -               | -                           | -               | (1,608,727)   | 14,587   | (1,138,143)           | (6,866,188)                      | -                   | -                 | -           | (9,598,471)                  | 607,932                  | (8,990,539)  |
| Dividends   | -               | -                           | -               | -   | -  | -                     | -                                | -                   | (3,051,563)       | -           | (3,051,563)                  | (605,333)                | (3,656,896)  |
| Increase/(decrease) due to acquisition of treasury shares | -               | -                           | (4,089,893)     | -   | -  | -                     | -                                | 4,089,893           | (4,089,893)       | -           | (4,089,893)                  | -                        | (4,089,893)  |
| As of December 31, 2022                                   | 675,728         | 15,633,510                  | (7,980,782)     | (1,608,727)   | 31,120   | (6,066,254)           | 25,650,341                       | 13,020,675          | 7,148,120         | 6,285,498   | 52,789,229                   | 5,250,181                | 58,039,410   |
| Balance at January 1, 2023                                | 675,728         | 15,633,510                  | (7,980,782)     | (1,608,727)   | 31,120   | (6,066,254)           | 25,650,341                       | 13,020,675          | 7,148,120         | 6,285,498   | 52,789,229                   | 5,250,181                | 58,039,410   |
| Transfers   | -               | -                           | -               | -   | -  | -                     | -                                | 258,638             | 6,026,860         | (6,285,498) | -                            | -                        | -            |
| Total comprehensive income                                | -               | -                           | -               | (725,273)   | (14,834)   | (3,807,621)           | (371,744)                        | -                   | -                 | 7,667,336   | 2,747,864                    | 2,004,759                | 4,752,623    |
| Net income  | -               | -                           | -               | -   | -  | -                     | -                                | -                   | -                 | 7,667,336   | 7,667,336                    | 728,074                  | 8,395,410    |
| Other comprehensive income                                | -               | -                           | -               | (725,273)   | (14,834)   | (3,807,621)           | (371,744)                        | -                   | -                 | -           | (4,919,472)                  | 1,276,685                | (3,642,787)  |
| Dividends   | -               | -                           | -               | -   | -  | -                     | -                                | (648,052)           | (1,719,137)       | -           | (2,367,189)                  | (861,505)                | (3,228,694)  |
| As of December 31, 2023                                   | 675,728         | 15,633,510                  | (7,980,782)     | (2,334,000)   | 16,286   | (9,873,875)           | 25,278,597                       | 12,631,261          | 11,455,843        | 7,667,336   | 53,169,904                   | 6,393,435                | 59,563,339   |

The accompanying notes form an integral part of these consolidated financial statement



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

**ARÇELİK ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

|   |       | Audited                            |                                    |
|---|-------|------------------------------------|------------------------------------|
|   |       | January 1-<br>December 31,<br>2023 | January 1-<br>December 31,<br>2022 |
|   | Notes |                                    |                                    |
| <b>Cash flows from operating activities:</b>  |       |                                    |                                    |
| Net income:   |       | 8,395,410                          | 7,008,172                          |
| <i>Adjustments to reconcile net cash provided from operating activities to net income after taxes</i> |       |                                    |                                    |
| Adjustments for depreciation and amortisation expense   | 26    | 8,715,056                          | 8,062,820                          |
| Adjustments for impairment loss   | 36    | 310,248                            | 169,772                            |
| Adjustments for other provisions  | 36    | 3,933,524                          | 2,745,366                          |
| Adjustments for interest income   | 29    | (1,875,137)                        | (829,883)                          |
| Adjustments for interest expense  | 30    | 7,936,075                          | 8,076,257                          |
| Adjustments for income arised from government grants  | 27    | (372,801)                          | (231,209)                          |
| Adjustments for unrealised foreign exchange losses (gains)  | 29,30 | 9,968,294                          | 4,483,648                          |
| Adjustments for fair value (gains) losses on derivative financial instruments                         | 29,30 | (4,266,553)                        | 128,212                            |
| Adjustments for undistributed profits of investments accounted for using equity method                | 12    | 481,421                            | 740,177                            |
| Adjustments for tax expense/income  | 31    | (1,236,952)                        | 230,989                            |
| Adjustments for losses (gains) on disposal of non-current assets                                      | 28    | 51,977                             | 127,770                            |
| Adjustment for bargained acquisition profit   | 28    | -                                  | (2,676,924)                        |
| Other adjustments to reconcile profit (loss)  |       | 69,155                             | (237,825)                          |
| Adjustments for dividend (income) loss  | 28    | (302)                              | (768)                              |
| Adjustments for contingent liabilities  | 30    | 522,566                            | 179,785                            |
| Monetary gain/(loss)  |       | (33,918,818)                       | (32,149,839)                       |
| <b>Adjustments regarding net profit reconciliation for the period</b>                                 |       | <b>(1,286,837)</b>                 | <b>(4,173,480)</b>                 |
| <b>Changes in operating assets and liabilities:</b>   |       |                                    |                                    |
| Adjustments for decrease (increase) in trade receivables  |       | (10,272,572)                       | 7,747,127                          |
| Adjustments for decrease (increase) in inventories  |       | 3,980,620                          | (1,532,436)                        |
| Decrease (increase) in prepaid expenses   |       | (677,844)                          | 162,700                            |
| Adjustments for increase (decrease) in trade payables   |       | 2,725,118                          | (1,888,640)                        |
| Increase (decrease) in employee benefit liabilities   |       | 396,620                            | 182,209                            |
| Adjustments for increase (decrease) in other operating payables                                       |       | 1,520,718                          | (236,622)                          |
| Increase (decrease) in government grants and assistance   |       | -                                  | 131,235                            |
| Other adjustments for other increase (decrease) in working capital                                    |       | (4,215,067)                        | (1,829,579)                        |
| Income taxes refund (paid)  |       | (812,619)                          | (1,459,741)                        |
| <b>Cash flows from operating activities</b>   |       | <b>(8,641,863)</b>                 | <b>(2,897,227)</b>                 |
| <b>Investing activities:</b>  |       |                                    |                                    |
| Cashflow used in obtaining control of subsidiaries or other businesses                                | 3     | (1,282,385)                        | 2,478,338                          |
| Cash outflows due to share acquisition or capital increase in affiliates and / or joint ventures      | 12    | -                                  | (522,335)                          |
| Cash outflows from purchases of property, plant and equipment and intangible assets                   |       | (13,791,159)                       | (10,672,132)                       |
| Cash inflows from sale of property, plant and equipment and intangible assets                         |       | 646,143                            | 822,927                            |
| Dividends received  | 12,28 | 24,830                             | 122,814                            |
| Cash inflows due to sale of shares in associates or joint ventures or capital reduction               | 6     | (11,730)                           | (24,673)                           |
| <b>Cash flows from investing activities</b>   |       | <b>(14,414,301)</b>                | <b>(7,795,061)</b>                 |
| <b>Financing activities:</b>  |       |                                    |                                    |
| Proceeds from borrowings  | 7     | 74,858,309                         | 26,229,005                         |
| Repayments of borrowings  | 7     | (56,745,725)                       | (12,393,074)                       |
| Bonds issued  | 7     | 21,045,448                         | 10,002,126                         |
| Payments of lease liabilities   | 7     | (1,932,877)                        | (1,607,394)                        |
| Dividends paid  |       | (3,228,694)                        | (3,656,896)                        |
| Cash inflows from derivative instruments (net)  |       | 3,979,344                          | (793,283)                          |
| Cash outflows from acquisition of treasury shares   |       | -                                  | (4,089,893)                        |
| Interest paid   |       | (8,307,889)                        | (6,927,345)                        |
| Interest received   |       | 1,944,317                          | 752,737                            |
| Other inflows (outflows) of cash  | 29,30 | (69,155)                           | 78,357                             |
| <b>Cash flows from financing activities</b>   |       | <b>31,543,078</b>                  | <b>7,594,340</b>                   |
| <b>Inflation impact on cash and cash equivalents</b>  |       | <b>(10,881,322)</b>                | <b>(7,354,018)</b>                 |
| <b>Net increase/(decrease) in cash and cash equivalents before currency translation differences</b>   |       | <b>(2,394,408)</b>                 | <b>(10,451,966)</b>                |
| Effect of currency translation differences  |       | 10,837,856                         | 7,448,461                          |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |       | <b>8,443,448</b>                   | <b>(3,003,505)</b>                 |
| <b>Cash and cash equivalents at January 1</b>   | 5     | <b>40,333,129</b>                  | <b>43,336,634</b>                  |
| <b>Cash and cash equivalents at December 31</b>   | 5     | <b>48,776,577</b>                  | <b>40,333,129</b>                  |

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

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**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-eight manufacturing plants in Turkey, Romania, Russia, China, Republic of South Africa, Thailand, Pakistan and Bangladesh. The Company is controlled by Koç Holding A.Ş., the parent company, Koç Family and the companies owned by Koç Family (Note 24).

The Company’s head office is located at: Karaağaç Caddesi No: 2-6 Söğütözü 34445 Beyoğlu Istanbul / Turkey.

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa Istanbul (“BIST”) since 1986. As of December 31, 2023, the publicly listed shares are 25.15% of the total shares. (December 31, 2022: 25.15%) (Includes treasury shares of 10.19% as of December 31, 2023)

The average number of personnel employed by categories in the Group in 2023 is 9,992 monthly paid (1 January - 31 December 2022: 10,419) and 31,050 hourly paid (1 January - 31 December 2022: 31,223) totalling to 41,042 (1 January - 31 December 2022: 41,642).

| <b>Subsidiaries and branches</b>   | <b>Country of incorporation</b> | <b>Core business</b>    | <b>Nature of business</b>        |
|--|---------------------------------|-------------------------|----------------------------------|
| <b><i>Continuing operations as of balance sheet date:</i></b>                    |                                 |                         |                                  |
| 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 |
| Beko B.V. (“Beko B.V.”) <sup>(3)</sup>   | Netherlands                     | Investment              | Holding                          |
| Arcwaste Collection SRL (“Arcwaste”) <sup>(4)</sup>                              | Romania                         | Service                 | Service                          |
| Arctic Foundation (“Arctic Foundation”)  | Romania                         | Foundation              | Foundation                       |
| Beko B.V. Taiwan (“Ardutch Taiwan”) <sup>(3)</sup>                               | 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”) <sup>(4)</sup>   | 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 Spain Electronics S.L. (“Beko Espana”) <sup>(4)</sup>                       | Spain                           | Sales                   | Consumer Durables/Electronics    |
| Beko France S.A.S. (“Beko France”)   | France                          | Sales                   | Consumer Durables/Electronics    |
| Beko Germany GmbH (“Beko Germany”) <sup>(3)</sup>                                | Germany                         | Sales                   | Consumer Durables/Electronics    |
| Beko Switzerland GmbH (“Beko Switzerland”) <sup>(3)</sup>                        | Switzerland                     | Sales                   | Consumer Durables/Electronics    |
| Beko Gulf FZE (“Beko Gulf”)  | United Arab Emirates            | Sales                   | Consumer Durables/Electronics    |
| Beko Portugal, Unipessoal LDA (“Beko Portugal”) <sup>(3)</sup>                   | 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”) <sup>(4)</sup>   | 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., Czech Branch (“Beko Czech”) <sup>(3)</sup>                            | 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. (“Dawlance”)  | 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 Austria AG (“Beko Austria”) <sup>(3)</sup>                                  | Austria                         | Sales                   | Consumer Durables/Electronics    |
| Grundig Multimedia A.G. (“Grundig Switzerland”)                                  | Switzerland                     | Sales                   | Electronics                      |
| Beko Nordic AB. (“Beko Sweden”) <sup>(3)</sup>                                   | Sweden                          | Sales                   | Consumer Durables/Electronics    |
| Beko Nordic AB, Finland Branch of Nordic AB (“Beko Finland”) <sup>(4)</sup>      | Finland                         | Sales                   | Consumer Durables/Electronics    |
| Beko Nordic AS (“Beko Norway”) <sup>(3)</sup>                                    | Norway                          | Sales                   | Consumer Durables/Electronics    |
| Beko Nordic AS, Denmark Branch of Beko Nordic AS (“Beko Denmark”) <sup>(4)</sup> | 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                |
| Beko Appliances Indonesia PT   | Indonesia                       | Sales                   | Consumer Durables                |

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

| <b>Subsidiaries and branches (continued)</b>                  | <b>Country of incorporation</b> | <b>Core business</b> | <b>Nature of business</b>     |
|---|---------------------------------|----------------------|-------------------------------|
| <b><i>Continuing operations as of balance sheet date:</i></b> |                                 |                      |                               |
| Beko Bangladesh B.V. ("Beko Bangladesh") <sup>(3)</sup>       | Netherlands                     | Investment           | Holding                       |
| 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 Hitachi Home Appliances B.V.                          | 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 (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.                  | Thailand                        | Service              | Service                       |
| Beko Azerbaycan MMC ("Beko Azerbaycan")                       | Azerbaijan                      | Sales                | Consumer Durables             |
| Beko Croatia d.o.o ("Beko Croatia") <sup>(4)</sup>            | Croatia                         | Sales                | Consumer Durables             |
| Beko Hungary Kft ("Beko Hungary")                             | Hungary                         | Sales                | Consumer Durables             |
| Beko Egypt Home Appliances Industries LLC ("Beko Egypt LLC")  | Egypt                           | Production/Sales     | Consumer Durables/Electronics |
| Beko Greece SMSA ("Beko Greece") <sup>(3)</sup>               | Greece                          | Sales                | Consumer Durables             |
| IHP Appliances Sales LLC                                      | Russia                          | Sales                | Consumer Durables/Electronics |
| IHP Appliances JSC  | Russia                          | Production/Sales     | Consumer Durables/Electronics |
| IHP Kazakhstan LLP  | Kazakhstan                      | Sales                | Consumer Durables/Electronics |
| Beko Algeria EURL ("Beko Algeria")                            | Algeria                         | Sales                | Consumer Durables             |
| Beko Belgium N.V. ("Beko Belgium") <sup>(1)</sup>             | Belgium                         | Sales                | Consumer Durables             |
| Beko Netherlands B.V. ("Beko Netherlands") <sup>(1)</sup>     | Netherlands                     | Sales                | Consumer Durables             |
| Beko Europe B.V. ("Beko Europe") <sup>(2)</sup>               | Netherlands                     | Investment           | Holding                       |

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

(1) On January 2, 2023, the Group acquired all shares of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (Netherlands). As a result of this transaction, the names of the companies were changed to "Beko Belgium N.V." and "Beko Netherlands B.V." as of January 2, 2023, and the registration procedures for the change of name and board of directors structure of both companies have been completed in the relevant country registers.

(2) The companies have been registered with-in the year 2023.

(3) The trade names of the related companies were updated in 2023, and the registration procedures for the change have been completed in the related country registers.

(4) The trade names of the related companies were updated in 2024, and the registration procedures for the change have been completed in the related country registers.

| <b><i>Ceased operations as of reporting date:</i></b> | <b>Country of incorporation</b> | <b>Core business</b> | <b>Nature of business</b> |
|---|---------------------------------|----------------------|---------------------------|
| Beko Cesko ("Beko Cesko")                             | Czech Republic                  | -                    | -                         |
| Grundig Intermedia Ges.m.b.H ("Grundig Austria")      | Austria                         | -                    | -                         |

**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 consolidated financial statements**

These consolidated financial statements as of and for the year ended December 31, 2023 has been approved for issue by the Board of Directors on March 1, 2024. These consolidated financial statements will be finalized following their approval in the General Assembly.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

**Financial reporting standards**

The 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”) 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 consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on October 4, 2022 by POA and the format and mandatory information recommended by CMB.

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 and available for sale financial assets presented at fair values and revaluations related to the differences between carrying value and fair value of tangible and intangible assets arising from business combinations.

**Financial reporting in hyperinflationary economy**

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after December 31, 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of December 31, 2022, on the purchasing power basis as of December 31, 2023.

Pursuant to the decision of the Capital Markets Board (SPK) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on December 31, 2023.

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

**2.1 Basis of presentation (Continued)**

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of December 31, 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

| <b>Year End</b>  | <b>Index</b> | <b>Conversion<br/>Factor</b> | <b>Three-year<br/>Inflation Rate</b> |
|------------------|--------------|------------------------------|--------------------------------------|
| 31 December 2023 | 1.859.38     | 1.00000                      | 268%                                 |
| 31 December 2022 | 1.128.45     | 1.64773                      | 156%                                 |
| 31 December 2021 | 686.95       | 2.70672                      | 74%                                  |

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of IAS 36 “Impairment of Assets” and IAS 2 “Inventories” are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the consolidated income statement.

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

2.1 Basis of presentation (Continued)

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2023 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, 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

*Standards, amendments and interpretations applicable as at 31 December 2023:*

**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. The impact of this amendment on the Group's financial position and performance is being assessed.

**Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The impact of this amendment on the Group's financial position and performance is being assessed.

**The amendment to IAS 12, "International Tax Reform: Temporary Exception,"** is effective for year-ends ending on or after December 31, 2023. The disclosure requirements are effective for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment clarifies the application of IAS 12 to income taxes arising from tax laws enacted or substantively enacted to implement the OECD's Pillar Two Model Rules. The amendment also introduces specific disclosure requirements for entities affected by such tax laws. The exception to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, along with the disclosure requirement that the exception has been applied, is effective upon issuance of the amendment. However, the specific disclosure requirements introduced by the amendment are not required to be applied for interim periods ending before December 31, 2023. The impact of this amendment on the Group's financial position and performance is being assessed.

**IFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The impact of this amendment on the Group's financial position and performance is being assessed.

However, it was reported that in a letter dated April 6, 2023, the Public Oversight Authority (KGK) informed the Turkish Insurance, Reinsurance and Pension Companies Association that it was decided that TFRS 17 would be applied to the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies, and other companies with partnerships/investments in these companies, starting from January 1, 2024.

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

2.1 Basis of presentation (Continued)

*Standards, amendments and interpretations that are issued but not effective as at 31 December 2023:*

**Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The impact of this amendment on the Group's financial position and performance is being assessed.

**Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. The impact of this amendment on the Group's financial position and performance is being assessed.

**Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The impact of this amendment on the Group's financial position and performance is being assessed.

**Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The impact of this amendment on the Group's financial position and performance is being assessed.

**IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. The impact of this amendment on the Group's financial position and performance is being assessed.

**IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The impact of this amendment on the Group's financial position and performance is being assessed.

On December 29, 2023, the Public Oversight Authority (KGK) published a Board Decision in the Official Gazette, announcing that certain businesses will be subject to mandatory sustainability reporting starting from January 1, 2024. The companies included in the scope of the sustainability application are determined in order to identify the businesses that will be subject to sustainability reporting within the scope of the "Board Decision on the Determination of Businesses Subject to Sustainability Reporting Within the Scope of the Application of Turkey Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

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

**2.1 Basis of presentation (Continued)**

**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 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 recognised in the “currency translation difference” under the use of equity.

**Consolidation principles**

- (a) The consolidated financial statements include the accounts of the parent company, Arçelik, and its Subsidiaries and Associates on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/IFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies.
- (b) Subsidiaries are the Companies controlled by Arçelik when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- (c) Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

The statement of financial position and statements profit or loss of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Arçelik and its Subsidiaries is eliminated against the related shareholders’ equity. Intercompany transactions and balances between Arçelik and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Arçelik in its Subsidiaries are eliminated from shareholders’ equity and income for the year, respectively.



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**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 December 31, 2023 and December 31, 2022 (%) and their functional currencies:

|  | Functional<br>currency | December 31, 2023     |                           | December 31, 2022     |                           |
|--|------------------------|-----------------------|---------------------------|-----------------------|---------------------------|
|  |                        | Ownership<br>Interest | Effective<br>shareholding | Ownership<br>Interest | Effective<br>shareholding |
| <b>Continuing operations as of balance sheet date:</b> |                        |                       |                           |                       |                           |
| 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                     |
| Arctic Foundation                                      | Romanian Lei           | 96.72                 | 96.72                     | 96.72                 | 96.72                     |
| Beko B.V.  | Euro                   | 100                   | 100                       | 100                   | 100                       |
| Beko B.V. 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 Germany   | Euro                   | 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 Switzerland                                       | 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   | 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   | Kenya Shilling         | 100                   | 100                       | 100                   | 100                       |
| DEL  | Pakistani Rupee        | 100                   | 100                       | 100                   | 100                       |
| Beko Austria   | Euro                   | 100                   | 100                       | 100                   | 100                       |
| Beko Norway  | Norwegian Krone        | 100                   | 100                       | 100                   | 100                       |
| Beko Denmark   | Danish Krone           | 100                   | 100                       | 100                   | 100                       |
| Beko Sweden  | Swedish Krona          | 100                   | 100                       | 100                   | 100                       |
| Beko Finland   | Euro                   | 100                   | 100                       | 100                   | 100                       |
| Grundig Switzerland                                    | 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                           | Indonesian Rupiah      | 100                   | 100                       | 100                   | 100                       |
| PT Beko Appliances Indonesia                           | Indonesian Rupiah      | 100                   | 100                       | 100                   | 100                       |
| Beko Bangladesh  | US Dollar              | 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 Hitachi  | Euro                   | 60                    | 60                        | 60                    | 60                        |
| Arçelik Hitachi Shanghai                               | Chinese Yuan           | 57                    | 57                        | 57                    | 57                        |
| Arçelik Hitachi Thailand                               | Thai Baht              | 50.4                  | 50.4                      | 50.4                  | 50.4                      |
| Arçelik Hitachi Singapore                              | Singapore Dollar       | 60                    | 60                        | 60                    | 60                        |

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

**2.1 Basis of presentation (Continued)**

| Continuing operations as of balance sheet date:<br>(Continued) | Functional<br>currency | December 31, 2023     |                           | December 31, 2022     |                           |
|--|------------------------|-----------------------|---------------------------|-----------------------|---------------------------|
|  |                        | Ownership<br>Interest | Effective<br>shareholding | Ownership<br>Interest | Effective<br>shareholding |
| 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<br>Rupiah   | 40.5                  | 40.5                      | 40.5                  | 40.5                      |
| Arçelik Hitachi Thailand IBC                                   | Thai Baht              | 60                    | 60                        | 60                    | 60                        |
| Beko Azerbaijan  | Azerbaijan Manat       | 100                   | 100                       | 100                   | 100                       |
| Beko Croatia   | Croatian Kuna          | 100                   | 100                       | 100                   | 100                       |
| Beko Hungary   | Hungarian Forint       | 100                   | 100                       | 100                   | 100                       |
| Beko Egypt LLC <sup>(1)</sup>                                  | Egyptian Lira          | 100                   | 100                       | 100                   | 100                       |
| Beko Greece  | Euro                   | 100                   | 100                       | 100                   | 100                       |
| IHP Appliances Sales LLC                                       | Russian Ruble          | 100                   | 100                       | 100                   | 100                       |
| IHP Appliances JSC   | Russian Ruble          | 100                   | 100                       | 100                   | 100                       |
| IHP Kazakhstan LLP   | Kazakhstan Tenge       | 100                   | 100                       | 100                   | 100                       |
| Beko Algeria   | Algerian Dinar         | 100                   | 100                       | 100                   | 100                       |
| Beko Belgium <sup>(1)</sup>                                    | Euro                   | 100                   | 100                       | -                     | -                         |
| Beko Netherlands <sup>(1)</sup>                                | Euro                   | 100                   | 100                       | -                     | -                         |
| Beko Europe <sup>(2)</sup>                                     | Euro                   | 100                   | 100                       | -                     | -                         |
|  |                        | December 31, 2023     |                           | December 31, 2022     |                           |

**Ceased operations as of balance sheet date:**

|                 |   |     |     |     |     |
|-----------------|---|-----|-----|-----|-----|
| Beko Cesko      | - | 100 | 100 | 100 | 100 |
| Grundig Austria | - | 100 | 100 | 100 | 100 |

<sup>(1)</sup> On January 2, 2023, the Group acquired all shares of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (Netherlands). As a result of this transaction, the names of the companies were changed to "Beko Belgium N.V." and "Beko Netherlands B.V." as of January 2, 2023, and the registration procedures for the change of name and board of directors structure of both companies have been completed in the relevant country registers.

<sup>(2)</sup> The companies have been registered with-in the year 2023.

- (d)** Associates and joint ventures are companies in which the Group has attributable interest of more than 20% and less than 50% of the ordinary share capital held for the long-term and over which a significant influence is exercised. Associates are accounted for using the equity method.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the date of the caesura of the significant influence, the investment is carried at fair value.

The table below sets out all associates and joint ventures shows their direct and indirect ownership as of December 31, 2023 and 2022 (%):

|                 | 2023  | 2022  |
|-----------------|-------|-------|
| Arçelik - LG    | 45.00 | 45.00 |
| Koç Finansman   | 47.00 | 47.00 |
| Ram Dış Ticaret | 33.50 | 33.50 |
| VoltBek         | 49.00 | 49.00 |

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

**2.1 Basis of presentation (Continued)**

- (e) Financial assets in which the Group has ownership interests below 20%, or in which a significant influence is not exercised by the Group that have quoted market prices in active markets and whose fair values can be reliably measured are classified as financial assets measured at fair value through other comprehensive income in the consolidated financial statements.
- (f) The non-controlling share in the net assets and results of Subsidiaries for the year are separately classified as "non-controlling interest" in the consolidated statements of financial position and consolidated statements of profit or loss.

**Going concern**

The Group prepared consolidated 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 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.

Group has applied consistent accounting policies in the preparation of consolidated financial statements presented the Group does not have any other significant changes in accounting policy and accounting estimates in the current period.

Accounting policy changes resulting from the first-time application of a new standard are applied either retrospectively or prospectively, in accordance with the transition provisions, if any. Changes for which there is no transition provision, voluntary significant changes in accounting policy, or detected accounting errors are applied retrospectively and the previous period financial statements are restated. Changes in accounting estimates are applied only in the current period if they relate to only one period, and both in the current period and prospectively if they relate to future periods.

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

**2.3 Summary of significant accounting policies**

Significant accounting policies applied in the preparation of these consolidated financial statements are summarized below:

**Related parties**

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by/or affiliated with them, associated companies and other companies within the Koç Holding group, and the companies controlled by Koç Holding are considered and referred to as related parties (Note 33).

The Group recognizes sales and purchases related to its Subsidiaries made through Ram Dış Ticaret as intra-group transactions; thus, these transactions are eliminated in the consolidated financial statements.

**Trade receivables**

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant (Note 9).

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

The Group collects some of its receivables via factoring. The Group follows related receivables in its consolidated financial statements since the collection risk of these receivables belongs to the Group until these ceded receivables are collected by the factoring company. Advance taken from factoring company against these receivables is recorded as factoring payable in “Financial Liabilities” account. Factoring expenses are accounted as accrual base in finance expenses account.

**Inventories**

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the weighted average basis for each purchase. Cost elements included in inventories are materials, labour and factory overheads. The cost of borrowings is not included in the costs of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale (Note 11).

**Financial Assets**

**Classification and measurement**

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

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

**2.3 Summary of significant accounting policies (Continued)**

**(a) Financial assets carried at amortized cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

*Impairment*

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

**(b) Financial assets carried at fair value**

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

*i) Financial assets carried at fair value through profit or loss*

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments at fair value through profit or loss consist of forward contracts, currency swaps and cross currency fixed interest rate swap.

*ii) Financial assets carried at fair value through other comprehensive income*

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. Gains or losses arising from financial assets, other than impairment and exchange rate income or expenses, are recognized in other comprehensive income. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

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

**2.3 Summary of significant accounting policies (Continued)**

**Financial liabilities**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of profit or loss over the period. Borrowing costs are charged to the statement of profit or loss when they are incurred (Note 7). Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**Trade payables**

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**Recognition and de-recognition of financial instruments**

All purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired,
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the consolidated financial statements.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**Foreign currency hedge of net investments in foreign operations**

Gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognized as other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of profit or loss. The gain or loss on the hedging instruments that has been recognized directly in equity is transferred statements of profit or loss on the disposal of the foreign operation (Note 34).

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

**2.3 Summary of significant accounting policies (Continued)**

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less (Note 5). For the purpose of consolidated statements of cash flows, cash and cash equivalents includes cash and cash equivalents with original maturities less than three months, excluding the interest accruals. If any provision provided to the cash and cash equivalents as a result of a specific events, Group measures expected credit loss from these cash and cash equivalents by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

**Property, plant and equipment and related depreciation**

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line or unit of production methods based on the estimated useful lives of the assets, except for land due to their indefinite useful life. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

|                                 |               |
|---------------------------------|---------------|
| Land improvements               | 10 - 50 years |
| Buildings                       | 30 - 50 years |
| Machinery, equipment and moulds | 2 - 25 years  |
| Motor vehicles and fixtures     | 4 - 10 years  |
| Leasehold improvements          | 3 - 10 years  |

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

Gains or losses on disposals of property, plant and equipment are included in income/expense from investment activities.

Subsequent costs, such as repairs and maintenance or part replacement of tangible assets, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company (Note 13). All other costs are charged to the statements of profit or loss during the financial year in which they are incurred.

**Other intangible assets**

Other intangible assets are comprised of acquired brands, trademarks, patents, developments costs and computer software (Note 14).

*a) Brands*

Separately acquired brands are shown at historical cost; brands acquired in a business combination are recognized at fair value at the acquisition date in the consolidated financial statements.

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

**2.3 Summary of significant accounting policies (Continued)**

The Group has assessed the useful lives of brands as indefinite due to the fact that there is no foreseeable limit to the period over which brands are expected to generate net cash inflows for the Group. Brands that have an indefinite useful life are not subject to amortization. Brands are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indicator initial recognition value in an asset is greater than estimated net realizable value, the value of asset should be recorded at recoverable value.

*b) Development costs*

Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other research and development expenditures are recognized as an expense as incurred. Development expenditures previously recognized as an expense cannot be recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis from 2 to 10 years.

*c) Computer software and rights*

Computer software and rights are recognized at their acquisition cost. They are amortized on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. Their estimated useful lives are between 4 -15 years.

*d) Trademark licenses, patents and trademark usage right*

Separately acquired trademark licenses and patents are carried at their acquisition costs. Trademark licenses and patents acquired in a business combination are accounted for at their fair values at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (5-10 years).

*e) Customer Relationships*

Customer relationships that are acquired as a part of business combination are accounted for at their fair value at the acquisition date in the financial statements. Customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over their estimated useful lives (between 5, 50 years).



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

**2.3 Summary of significant accounting policies (Continued)**

**Leases**

***The Group - as a lessee***

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

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

The Group reflects a right-of-use asset and a lease liability in its financial statements at the actual commencement date of the lease.

***Right of use asset***

The right of use asset is initially recognized at cost comprising of:

- e) Amount of the initial measurement of the lease liability;
- f) Any lease payments made at or before the commencement date, less any lease incentives received;
- g) Any initial direct costs incurred by the Group; and
- h) An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Group re-measure the right of use asset by applying cost method:

- a) After netting-off accumulated depreciation and impairment losses from right of use asset.
- b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies IAS 16, "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment.

The entity applies IAS 36, 'Impairment of Assets', to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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

**2.3 Summary of significant accounting policies (Continued)**

**Lease Liability**

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

Lease payments included in the measurement of the lease liability comprise the following:

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

After initial recognition, the lease liability is measured:

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

The duration of the contract that make up the Group's lease liabilities varies between 1 and 5 years.

*Extension and termination options*

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment. The Group do not have significant lease contracts with extension and termination options that are not included in the lease liability since they are not reasonably certain.

The Group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment. As result of the evaluations performed in the current period, there is no lease obligation or right of use assets arising from the inclusion of extension and early termination options in the lease period

*Variable lease payments*

Group's lease contracts also include variable lease payments which are not in the scope of TFRS 16. Variable lease payments are recognised in profit or loss in the related period.

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

**2.3 Summary of significant accounting policies (Continued)**

***The Group - as a lessor***

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

**Business combinations and goodwill**

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses.

Business combinations have been accounted for by using the purchase method in the scope of TFRS 3 “Business combinations” prior to amendment. The cost of a business combination is the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquire and in addition, any costs directly attributable to the business combination. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after acquisition date; in case the adjustment is measurable and more probable than not, than cost of business combination at acquisition date is adjusted. Contingent considerations arising from business combinations are measured at their fair value in the consolidated financial statements.

Any excess of the cost of acquisition over the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements.

Goodwill recognized in business combinations is tested for impairment annually (as of December 31) or more frequently if events or changes in circumstances indicate impairment, instead of amortization (Note 15). Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the Group’s share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

**Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which requires substantial period of time to get ready for its intended use or sale shall be capitalized over the cost of the asset (Note 14). Other borrowing costs shall be recognized as an expense in the period it incurs (Note 30).

**Current and deferred income tax**

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders’ equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries of the Group operate.

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

**2.3 Summary of significant accounting policies (Continued)**

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 31).

The principal temporary differences arise from the carrying values of property, plant and equipment and available-for-sale-investments and their historical costs, various provisions and unused tax allowances and exemptions.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized directly in equity is recognized in equity.

The Company recognizes deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, to the extent that, and only to the extent that, it is probable that:

- the temporary difference will reverse in the foreseeable future;
- taxable profit will be available against which the temporary difference can be utilized.

The Company recognizes deferred tax liability for all taxable temporary differences associated with investments in subsidiaries except to the extent that both of the following conditions are satisfied:

- the parent can control the timing of the reversal of the temporary difference;
- it is probable that the temporary difference will not reverse in the foreseeable future.

Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 Income Taxes standard and are recognised as deferred tax asset by the qualified tax advantage amount, to the extent it is highly probable that future taxable profits will be available against which the unused investment tax credits can be utilised.

**Employment termination benefits**

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. Provision which is allocated by using defined benefit pension’s current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders’ equity in the period in which they arise (Note 19).

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

**2.3 Summary of significant accounting policies (Continued)**

**Foreign currency transactions**

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet dates. Exchange gain or losses arising from the settlement and translation of foreign currency items have been included under financial income/ expenses and other operating income/ expenses in the consolidated statements of profit or loss, except for the effective portion of the foreign currency hedge of net investments in foreign operations.

**Revenue recognition**

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

- (a) Identification of customer contracts,
- (b) Identification of performance obligations,
- (c) Determination of transaction price in the contract,
- (d) Allocation of price to performance obligations,
- (e) Recognition of revenue when the performance obligations are fulfilled.

Group recognized revenue from its customers only when all of the following criteria are met:

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

*Revenue from sale of goods*

Group recognizes revenue based on the sale of white goods, consumer electronics, air conditioners and home appliance. Revenue is recognized when the control of the goods is transferred to the customer. In addition, Group provides legal warranty commitment to its customers depending on the type of goods and the location of sale between 1-5 years. These legal warranty commitments are mandatory by regulations, have not a separate price apart from the good and are not separately sold. Therefore, they are not treated as a separate good or service apart from the sale of good.

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

**2.3 Summary of significant accounting policies (Continued)**

*Revenue from sale of extended warranty*

Group sells extended warranty to its customer for the period after the termination of legal warranty provided for all goods. The price of extended warranty is determined separately from the price of the goods and it is a separate performance obligation in the contract. Therefore, Group treats the service that will be provided due to the sale of extended warranty as a separate performance obligation.

Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. Group delivers the control of services related to the sale of extended warranty over time and it fulfills the performance obligation of extended warranty over time. Therefore, Group measures the delivery status of its performance obligation and recognize revenue in the consolidated financial statements accordingly (Note 25). Group recognizes revenue from the sale of goods in the consolidated financial statements when the control of the good is transferred to the customer.

When another party is involved in providing goods or services to a customer, the group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The group is a principal if it controls a promised good or service before the group transfers the good or service to a customer. When a group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The group is an agent if its performance obligation is to arrange for the provision of goods or services by another party.

Group recognizes revenue when it has right to collect the consideration which is equal to the price of performance obligation fulfilled by the perspective of customer (after the delivery of goods) in an amount of its right to invoice. Group expects that the difference between the timing of the transfer of goods of services determined at the beginning of the contact and the timing of the collection of transaction price by the customer does not differ more than one year and therefore transaction price does not contain a significant finance component.

Transaction price varies due to favors like discounts and rebates provided to the customers. Transaction price is determined based on the most likely amount method since Group provides bonus premium to its customers if the customers achieves the limit of sale.

Group pays customer premiums to its dealers based on their annual revenue performance results. Amounts calculated as of the balance sheet date are recognized in other short-term liabilities in the balance sheet and in revenue as discounts in revenue in the statement of profit or loss.

Group does not have any contract assets related to the contracts with customers and any expenses that can be capitalized in accordance with these contracts.

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

**2.3 Summary of significant accounting policies (Continued)**

**Incentives for investments, research and development activities**

Gains arising from incentives for investment and research and development activities together with government grants are recognized when there is a reasonable assurance for the necessary conditions to be fulfilled and incentive to be acquired by the Group. Vested government grants related with expense or capitalization realized in previous accounting periods, are recognized in statements of profit or loss when collectible and grants relating to capital assets are accounted for as deferred income in the consolidated balance sheet and are credited to consolidated income statement on a straight-line basis over the expected lives of related assets.

**Dividends**

Dividends receivable are recognized as income in the period when they are declared. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

**Paid-in capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Share premium**

Share premium represents differences resulting from the sale of the Company's Subsidiaries' and Associates' shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies.

**Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. No provision is recognized for operating losses expected in later periods.

**Warranty expenses**

Warranty expenses includes repair and maintenance expenses for products sold and labor and material costs of authorized services' for products under the scope of the warranty terms without any charge to the customers. Based on estimations using past statistical information warranty services and returns of products, warranty expenses are recognized for the products sold in the period for possible utilizations of warranties in the following future periods (Note 18).

**Assembly provisions**

Assembly provision includes provision provided for the marketing expenses incurred for the assembly of products bought by the end users. This provision is calculated based on the past statistical information and projections for the future (Note 18).

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

**2.3 Summary of significant accounting policies (Continued)**

**Contingent assets and liabilities**

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and are disclosed as contingent assets or liabilities (Note 17).

Contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. If an outflow of resources has become probable, contingent liabilities are recognised in the financial statements. Contingent assets are not recognised in financial statements but disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

**Earnings per share**

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings or inflation adjustments. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period. Treasury shares are also included in calculation per share.

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the steering committee that makes strategic decisions. Board of Directors has been identified as the sole authority to decide on the operations (Note 4).

**Reporting of cash flows**

In the consolidated statements of cash flows, cash flows are classified and reported according to their operating, investing and financing activities.

**2.4 Critical accounting estimates, judgments, and assumptions**

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:



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

**2.4 Critical accounting estimates, judgments, and assumptions (Continued)**

*Impairment test for intangible assets which have indefinite useful lives and goodwill:*

In accordance with the accounting policy for the intangible assets which have indefinite useful lives and goodwill stated in Note 2.3, these assets are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment by the Group. The recoverable amounts of the cash-generating units are determined using the methods of value in use and royalty relief. Certain estimates were used in these calculations (Notes 14 and 15). Impairment was not identified as a result of these tests.

*Provision for employee termination benefits*

To calculate the employee benefit provision actuarial assumptions relating to turnover ratio, discount rate and salary increase are used. Calculation details are given in Employee benefits disclosure (Note 19).

*Useful lives*

The Group capitalizes the tangible and intangible assets in accordance with TAS 16 and TAS 38. The Group defines useful life of its assets in terms of the assets expected utility to the Group. Economic useful lives accepted by the Group is disclosed in Note 2.3.

*Warranty expenses*

The Group recognizes warranty provisions for products under the scope of the warranty terms based the estimations using past statistical information (Note 18).

**NOTE 3 - BUSINESS COMBINATION**

Group has acquired entire issued share capitals of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (Netherlands) on January 2, 2023. Share transfer agreement was signed on October 17, 2022 regarding the acquisitions of the companies which operate as the distributor of Arçelik’s Beko and Grundig branded products in the Benelux region for more than 25 years, the closing transactions of the share purchase agreement were completed as of January 2, 2023.

Transaction value has been calculated as EUR 61.7 million for 100% of shares. Payments regarding to this acquisition were made on January 2, 2023 and March 24, 2023 as EUR 57.4 million and EUR 4.3 million respectively.

As a result of this transaction, the titles of the companies have been changed as Beko Belgium N.V. and Beko Netherlands B.V. as of January 2, 2023. Registration procedures regarding the change of name of the companies and board of directors of both companies have been completed in the relevant country registries. The acquisition of Beko Belgium N.V. and Beko Netherlands B.V. in January 2023 aims to have continuing growth in its operations in the Benelux region.

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**NOTE 3 - BUSINESS COMBINATION (Continued)**

The purchase price, the fair values of the acquired assets and liabilities used provisionally within the scope of TFRS 3 are summarized in the table below:

|  | <b>January 2, 2023 (*)</b> |
|--|----------------------------|
| Cash and cash equivalents                            | 623,654                    |
| Trade receivables                                    | 339,541                    |
| Inventories  | 583,123                    |
| Other current asset                                  | 5,871                      |
| Property, plant and equipment (Note 13)              | 66,378                     |
| Intangible Assets (Note 14) (**)                     | 655,838                    |
| Deferred tax liability (Note 31)                     | (166,661)                  |
| Trade and other payables                             | (410,487)                  |
| Other liabilities                                    | (136,370)                  |
| <b>Total value of identifiable net assets (100%)</b> | <b>1,560,887</b>           |
| Goodwill (Note 15)                                   | 345,152                    |
| <b>Total consideration (*)</b>                       | <b>1,906,039</b>           |

(\*) The purchase price as of January 2, 2023, fair value of acquired assets and liabilities are expressed in terms of purchasing power as of December 31, 2023.

(\*\*) The fair value of intangible fixed assets (customer relationships of Beko Belgium N.V. and Beko Netherlands B.V.) determined under IFRS 3 is EUR 21,250, with a useful life of 23 years.

As of December 31, 2023, the sum of costs associated with the acquisition included in the general administrative expenses in the Arçelik Group's consolidated profit or loss statement is TRY 468.

The details of cash outflow due to acquisition are as follows:

|  |                  |
|--|------------------|
| Total consideration in cash                                | 1,906,039        |
| Cash and cash equivalents - acquired                       | (623,654)        |
| <b>Cash outflow due to acquisition of subsidiary (net)</b> | <b>1,282,385</b> |

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 4 - 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.

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

- a) Operational segments which have been prepared in accordance with the reportable segments for the year ended December 31, 2023 are as follows:

|                               | <b>White<br/>goods</b> | <b>Consumer<br/>electronics</b> | <b>Other</b> | <b>Total</b> |
|-------------------------------|------------------------|---------------------------------|--------------|--------------|
| Net sales (*)                 | 197,173,470            | 18,924,272                      | 41,005,997   | 257,103,739  |
| Gross profit                  | 60,830,750             | 2,573,856                       | 11,973,387   | 75,377,993   |
| Depreciation and amortization | 8,001,659              | 438,589                         | 341,097      | 8,781,345    |
| Capital expenditures          | 12,618,542             | 954,280                         | 284,626      | 13,857,448   |

(\*) The Group recognised net sales amounting to TRY 256,818,825 with respect to the performance obligations satisfied at a point in time for the year ended December 31, 2023 (2022: TRY 256,926,718).

- b) Operational segments which have been prepared in accordance with the reportable segments for the year ended December 31, 2022 are as follows:

|                               | <b>White<br/>goods</b> | <b>Consumer<br/>electronics</b> | <b>Other</b> | <b>Total</b> |
|-------------------------------|------------------------|---------------------------------|--------------|--------------|
| Net sales                     | 202,651,671            | 17,473,272                      | 37,047,087   | 257,172,030  |
| Gross profit                  | 55,151,329             | 3,086,782                       | 10,432,407   | 68,670,518   |
| Depreciation and amortization | 7,483,008              | 353,125                         | 260,989      | 8,097,122    |
| Capital expenditures          | 9,825,262              | 637,951                         | 243,221      | 10,706,434   |

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NOTE 5 - CASH AND CASH EQUIVALENTS

|   | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
| Cash in hand  | 22,424               | 4,472                |
| Cash at banks   |                      |                      |
| - demand deposits                                       | 10,712,569           | 8,667,787            |
| - time deposits   | 36,775,128           | 30,640,899           |
| Cheques and notes                                       | 355,724              | 322,788              |
| Other (*)   | 910,732              | 697,183              |
| <b>Cash and cash equivalents in cash flow statement</b> | <b>48,776,577</b>    | <b>40,333,129</b>    |
| Interest income accruals                                | 15,201               | 84,381               |
|   | <b>48,791,778</b>    | <b>40,417,510</b>    |

(\*) As of December 31, 2023, TRY 851,930 consists of credit card receivables with a maturity of less than 3 months (December 31, 2022: TRY 570,674).

The maturity breakdown of cash and cash equivalents is as follows:

|               |                   |                   |
|---------------|-------------------|-------------------|
| Up to 30 days | 47,732,736        | 40,052,388        |
| 30-90 days    | 1,059,042         | 365,122           |
|               | <b>48,791,778</b> | <b>40,417,510</b> |

NOTE 6 - FINANCIAL INVESTMENTS

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

|   | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
| Financial assets that its fair value gain/losses of reflected to other comprehensive income | 141,740              | 144,804              |
| <b>Total</b>  | <b>141,740</b>       | <b>144,804</b>       |

|  | December 31,<br>2023 | December 31,<br>2022 |
|--|----------------------|----------------------|
| Ultra Kablolu                            | 77,931               | 77,931               |
| Hoxton Ventures III                      | 20,039               | 11,157               |
| Tat Gıda Sanayi A.Ş.                     | 15,646               | 27,581               |
| 500 Startups Istanbul Fund II Kooperatif | 15,206               | 12,381               |
| E&E Recycling, INC                       | 7,550                | 9,595                |
| Thai Refrigeration Components Co., Ltd.  | 4,511                | 4,686                |
| Other                                    | 857                  | 1,473                |
|  | <b>141,740</b>       | <b>144,804</b>       |

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**NOTE 6 - FINANCIAL INVESTMENTS (Continued)**

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

|                                  | <b>2023</b>    | <b>2022</b>    |
|----------------------------------|----------------|----------------|
| <b>As of January 1</b>           | <b>144,804</b> | <b>112,294</b> |
| Change in fair value             | (14,889)       | 15,505         |
| Additions                        | 11,730         | 24,673         |
| Disposal                         | -              | (4,678)        |
| Currency translation differences | (747)          | (3,500)        |
| Inflation effect                 | 842            | 510            |
| <b>As of December 31</b>         | <b>141,740</b> | <b>144,804</b> |

**NOTE 7 - BORROWINGS**

**a) Short-term borrowings**

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Short-term bank borrowings  | 39,263,656                   | 29,368,943                   |
| Short-term lease liabilities  | 948,457                      | 988,055                      |
| Payables due to factoring activities                                  | 696,342                      | 919,105                      |
| Other short-term borrowings (*)                                       | 10,578,631                   | -                            |
| <b>Total short-term borrowings</b>                                    | <b>51,487,086</b>            | <b>31,276,103</b>            |
| Short-term portion of long-term bank borrowings and interest accruals | 4,750,671                    | 5,909,018                    |
| Short term portion of long-term bond issued and interest accruals     | 1,210,632                    | 20,863,306                   |
| <b>Total short-term portion of long-term borrowings</b>               | <b>5,961,303</b>             | <b>26,772,324</b>            |

(\*) Other short-term borrowings include financial liabilities arising from credit card use.

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**NOTE 7 - BORROWINGS (Continued)**

**a) Short-term borrowings (Continued)**

As of December 31, 2023, the details of short-term bank borrowings and credit cards borrowings are as follows:

| <b>Currency</b> | <b>Effective interest<br/>rate per annum (%)</b> | <b>Original<br/>Currency</b> | <b>TRY<br/>Equivalent</b> |
|-----------------|--|------------------------------|---------------------------|
| EUR             | 6.1  | 879,714,494                  | 28,655,732                |
| TRY             | 40.1   | 10,442,233,226               | 10,442,233                |
| BDT             | 9.3  | 8,290,029,471                | 2,225,624                 |
| USD             | 8.6  | 66,381,706                   | 1,954,158                 |
| PLN             | 7.3  | 200,344,769                  | 1,506,332                 |
| PKR             | 23.2   | 14,095,040,024               | 1,480,684                 |
| RUB             | 18.2   | 2,162,570,308                | 705,236                   |
| SEK             | 5.2  | 225,086,040                  | 659,480                   |
| GBP             | 7.1  | 16,617,394                   | 622,183                   |
| AUD             | 6.1  | 30,321,067                   | 607,067                   |
| THB             | 5.5  | 326,982,692                  | 280,930                   |
| MYR             | 6.0  | 31,999,012                   | 205,191                   |
| IDR             | 9.5  | 91,260,500,000               | 174,308                   |
| NOK             | 6.1  | 48,905,999                   | 141,138                   |
| CZK             | 8.5  | 77,724,132                   | 102,627                   |
| RON             | 8.7  | 10,100,000                   | 65,764                    |
| CNY             | 4.7  | 3,300,036                    | 13,600                    |
|                 |  |                              | <b>49,842,287</b>         |

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

| <b>Currency</b> | <b>Effective interest<br/>rate per annum (%)</b> | <b>Original<br/>Currency</b> | <b>TRY<br/>Equivalent (*)</b> |
|-----------------|--|------------------------------|-------------------------------|
| TRY             | 24.6   | 5,948,020,888                | 9,800,728                     |
| EUR             | 1.9  | 248,101,405                  | 8,149,466                     |
| PKR             | 15.9   | 25,765,554,639               | 3,482,131                     |
| BDT             | 7.0  | 5,901,248,081                | 1,764,260                     |
| USD             | 7.6  | 53,958,144                   | 1,662,437                     |
| ZAR             | 5.8  | 593,432,601                  | 1,080,584                     |
| PLN             | 7.8  | 137,817,324                  | 968,316                       |
| RON             | 7.1  | 141,366,026                  | 933,177                       |
| AUD             | 3.3  | 28,653,869                   | 598,058                       |
| SEK             | 1.0  | 95,095,746                   | 279,491                       |
| MYR             | 6.0  | 31,969,892                   | 223,806                       |
| IDR             | 8.4  | 90,872,000,000               | 179,679                       |
| THB             | 3.9  | 185,479,029                  | 165,572                       |
| NOK             | 7.1  | 26,085,996                   | 81,238                        |
|                 |  |                              | <b>29,368,943</b>             |

(\*) Amounts are presented in Turkish Liras ("TRY") as of December 31, 2023, with a purchasing power of one thousand TRY based on the 2023 Turkish Statistical Institute Consumer Price Index (CPI).

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NOTE 7 - BORROWINGS (Continued)

a) Short-term borrowings (Continued)

As of December 31, 2023, the details of payables due to factoring activities are as follows:

| Currency | Effective interest<br>rate per annum (%) | Original<br>Currency | TRY<br>Equivalent |
|----------|--|----------------------|-------------------|
| EUR      | 5.1                                      | 5,406,677            | 176,117           |
| PLN      | 6.8                                      | 44,915,601           | 178,928           |
| GBP      | 6.2                                      | 4,778,851            | 337,707           |
| RUB      | 14.5                                     | 2,482,398            | 2,781             |
| CHF      | 7.0                                      | 79,532               | 809               |
|          |  |                      | <b>696,342</b>    |

As of December 31, 2022, the details of payables due to factoring activities are as follows:

| Currency | Effective interest<br>rate per annum (%) | Original<br>Currency | TRY<br>Equivalent (*) |
|----------|--|----------------------|-----------------------|
| EUR      | 2.8                                      | 19,796,253           | 650,253               |
| GBP      | 5.2                                      | 7,140,483            | 264,599               |
| RUB      | 13.9                                     | 9,946,173            | 4,253                 |
|          |  |                      | <b>919,105</b>        |

(\*) Amounts expressed in thousands of TRY in terms of purchasing power of the TRY at December 31, 2023.

b) Long-term borrowings

|                             | December 31,<br>2023 | December 31,<br>2022 |
|-----------------------------|----------------------|----------------------|
| Long-term bonds issued (**) | 26,053,714           | 12,560,121           |
| Long-term bank borrowings   | 15,544,808           | 11,357,973           |
| Long-term lease liabilities | 2,862,632            | 2,791,256            |
|                             | <b>44,461,154</b>    | <b>26,709,350</b>    |

(\*\*) Long term bond issued:

**2023:**

The Company issued bond amounting to USD 400 million quoted on September 25, 2023 and USD 100 million quoted on November 17, 2023 in Euronext Dublin Stock Exchange with semi-annually interest payment. Maturity of the bonds is September 25, 2028, and the coupon rate is 8.5%.

**2022:**

The Company issued bond amounting to TRY 650 million quoted in Borsa Istanbul with quarterly interest payment on April 13, 2022, Maturity of the bond is April 5, 2024 and coupon rate is GDDS+130.

**2021:**

The company issued green bond amounting to EUR 350 million, quoted in Ireland Stock Exchange with annual interest payment on May 27, 2021. 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.

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NOTE 7 - BORROWINGS (Continued)

b) Long-term borrowings (Continued)

As of December 31, 2023, the details of the long-term bank borrowings are as follows:

| Currency  | Effective interest<br>rate per annum (%) | Original<br>Currency | TRY<br>Equivalent |
|---|--|----------------------|-------------------|
| EUR   | 4.8                                      | 441,113,604          | 14,368,790        |
| ZAR   | 9.5                                      | 1,446,082,054        | 2,308,670         |
| USD   | 9.2                                      | 50,928,713           | 1,499,250         |
| PKR   | 22.6                                     | 7,991,914,521        | 839,551           |
| RON   | 7.4                                      | 77,703,397           | 505,950           |
| GBP   | 7.5                                      | 10,000,000           | 374,417           |
| TRY   | 39.8                                     | 312,972,830          | 312,973           |
| RUB   | 18.0                                     | 263,340,822          | 85,878            |
|   |  |                      | <b>20,295,479</b> |
| Short-term portion of long-term loans and interest accruals |  |                      | (4,750,671)       |
|   |  |                      | <b>15,544,808</b> |

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

| Currency  | Effective interest<br>rate per annum (%) | Original<br>Currency | TRY<br>Equivalent (*) |
|---|--|----------------------|-----------------------|
| EUR   | 2.9                                      | 323,919,728          | 10,639,893            |
| TRY   | 18.2                                     | 2,490,034,647        | 4,102,903             |
| PKR   | 16.3                                     | 11,940,656,909       | 1,613,742             |
| ZAR   | 7.2                                      | 500,000,000          | 910,453               |
|   |  |                      | <b>17,266,991</b>     |
| Short-term portion of long-term loans and interest accruals |  |                      | (5,909,018)           |
|   |  |                      | <b>11,357,973</b>     |

As of December 31, 2023, detail of discounted amounts of long-term bonds issued is given below:

| Currency  | Effective interest<br>rate per annum (%) | Original<br>currency | TRY<br>equivalent |
|---|--|----------------------|-------------------|
| USD   | 8.5                                      | 508,493,573          | 14,969,136        |
| EUR   | 3.0                                      | 356,202,655          | 11,602,910        |
| TRY   | 28.3                                     | 692,300,000          | 692,300           |
|   |  |                      | <b>27,264,346</b> |
| Short-term portion of long-term bonds issued<br>and interest accruals |  |                      | (1,210,632)       |
|   |  |                      | <b>26,053,714</b> |

(\*) Amounts expressed in thousands of TRY in terms of purchasing power of the TRY at 31 December 2023.



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NOTE 7 - BORROWINGS (Continued)

b) Long-term borrowings (Continued)

As of December 31, 2022, detail of discounted amounts of long-term bonds issued is given below:

| Currency                                    | Effective interest<br>rate per annum (%) | Original<br>currency | TRY<br>Equivalent (*) |
|---|--|----------------------|-----------------------|
| USD   | 5.0                                      | 506,092,769          | 15,591,562            |
| EUR   | 3.0                                      | 356,072,767          | 11,696,035            |
| TRY   | 22.6                                     | 3,723,809,706        | 6,135,830             |
|   |  |                      | <b>33,423,427</b>     |
| Interest accruals of long-term bonds issued |  |                      | (246,604)             |
|   |  |                      | <b>33,176,823</b>     |

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

|              | December 31,<br>2023 | December 31,<br>2022 |
|--------------|----------------------|----------------------|
| 2024         | -                    | 2,361,412            |
| 2025         | 3,330,210            | 1,648,723            |
| 2026         | 14,542,890           | 13,430,453           |
| 2027 to 2031 | 23,725,422           | 6,477,506            |
|              | <b>41,598,522</b>    | <b>23,918,094</b>    |

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

|                | December 31,<br>2023 | December 31,<br>2022 |
|----------------|----------------------|----------------------|
| Up to 3 months | 37,548,855           | 28,271,026           |
| 3 - 12 months  | 16,811,370           | 26,781,370           |
| 1-5 years      | 38,065,596           | 17,769,701           |
| Over 5 years   | 3,427,359            | 4,990,968            |
|                | <b>95,853,180</b>    | <b>77,813,065</b>    |

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**NOTE 7 - BORROWINGS (Continued)**

**b) Long-term borrowings (Continued)**

As of December 31, 2023, and 2022, financial debt reconciliation is as follows:

| <b>2023</b>                             | <b>Lease<br/>Liabilities</b> | <b>Borrowings and<br/>bonds issued<br/>due within 1 year</b> | <b>Borrowings and<br/>bonds issued<br/>due after 1 year</b> | <b>Total</b>         |
|---|------------------------------|--|---|----------------------|
| <b>Financial debt as of January 1</b>   | <b>(3,779,311)</b>           | <b>(57,060,372)</b>  | <b>(23,918,094)</b>   | <b>(84,757,777)</b>  |
| Cash flows                              | 1,932,877                    | (2,928,708)  | (36,229,324)  | (37,225,155)         |
| Transfer                                | -                            | (13,957,154)   | 13,957,154  | -                    |
| Changes in interest accruals            | (328,078)                    | 699,892  | -   | 371,814              |
| Changes in factoring liabilities        | -                            | 222,763  | -   | 222,763              |
| Changes in lease liabilities            | (1,771,886)                  | -  | -   | (1,771,886)          |
| Currency translation adjustments        | 1,336                        | (12,038,800)   | (8,458,736)   | (20,496,200)         |
| Inflation adjustments                   | 133,973                      | 28,562,447   | 13,050,478  | 41,746,898           |
| <b>Financial debt as of December 31</b> | <b>(3,811,089)</b>           | <b>(56,499,932)</b>  | <b>(41,598,522)</b>   | <b>(101,909,543)</b> |

| <b>2022</b>                             | <b>Lease<br/>Liabilities</b> | <b>Borrowings and<br/>bonds issued<br/>due within 1 year</b> | <b>Borrowings and<br/>bonds issued<br/>due after 1 year</b> | <b>Total</b>        |
|---|------------------------------|--|---|---------------------|
| <b>Financial debt as of January 1</b>   | <b>(3,883,217)</b>           | <b>(34,412,786)</b>  | <b>(49,887,616)</b>   | <b>(88,183,619)</b> |
| Cash flows                              | 1,607,394                    | (11,710,817)   | (12,127,240)  | (22,230,663)        |
| Transfer                                | -                            | (26,426,757)   | 26,426,757  | -                   |
| Changes in interest accruals            | (254,492)                    | (894,420)  | -   | (1,148,912)         |
| Changes in factoring liabilities        | -                            | (239,684)  | -   | (239,684)           |
| Changes in lease liabilities            | (1,559,824)                  | -  | -   | (1,559,824)         |
| Currency translation adjustments        | 3,847                        | (3,953,003)  | (6,486,857)   | (10,436,013)        |
| Inflation adjustments                   | 306,981                      | 20,577,095   | 18,156,862  | 39,040,938          |
| <b>Financial debt as of December 31</b> | <b>(3,779,311)</b>           | <b>(57,060,372)</b>  | <b>(23,918,094)</b>   | <b>(84,757,777)</b> |

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NOTE 8 - 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.

|   | December 31, 2023  |                                      |                  | December 31, 2022  |                                      |                  |
|---|--------------------|--------------------------------------|------------------|--------------------|--------------------------------------|------------------|
|   | Contract<br>amount | Fair value<br>assets / (liabilities) |                  | Contract<br>amount | Fair value<br>assets / (liabilities) |                  |
| <b>Short-term derivative instruments</b>          |                    |                                      |                  |                    |                                      |                  |
| <b>Held for trading:</b>                          |                    |                                      |                  |                    |                                      |                  |
| Foreign currency<br>forward<br>transactions       | 50,168,708         | 364,857                              | (91,301)         | 33,764,930         | 283,658                              | (189,457)        |
| Foreign currency<br>swap contracts                | 22,828,526         | 88,482                               | (37,170)         | 24,202,346         | 98,686                               | (93,042)         |
| <b>Cash flow hedge:</b>                           |                    |                                      |                  |                    |                                      |                  |
| Interest rate swap<br>contracts (*)               |                    | -                                    | -                | 494,319            | -                                    | (13,585)         |
| <b>Short-term derivative<br/>instruments, net</b> |                    | <b>453,339</b>                       | <b>(128,471)</b> | <b>-</b>           | <b>382,344</b>                       | <b>(296,084)</b> |
| <b>Long-term derivative instruments</b>           |                    |                                      |                  |                    |                                      |                  |
| <b>Cash flow hedge:</b>                           |                    |                                      |                  |                    |                                      |                  |
| Interest rate swap<br>contracts (**)              | 23,969,664         | -                                    | (777,409)        | -                  | -                                    | -                |
| <b>Long-term derivative<br/>instruments, net</b>  |                    | <b>-</b>                             | <b>(777,409)</b> | <b>-</b>           | <b>-</b>                             | <b>-</b>         |

(\*) As of December 31, 2022, the interest rate swap transaction is a swap transaction involving the exchange of variable interest rate installment payments of a short-term (as of December 31, 2022: short-term) Turkish lira-denominated bond with fixed interest rate installment payments for the purpose of hedging against cash flow risk. The bond has a nominal value of 300 million Turkish lira as of the issuance date of April 29, 2021, and a value of 494,319 Turkish lira based on purchasing power as of December 31, 2023, and its maturity is on April 27, 2023.

(\*\*) The currency swap transaction is a swap transaction involving the exchange of a 400 million US dollar-denominated bond issued abroad on September 25, 2023, with a maturity date of September 25, 2028, for an Euro-denominated bond for the purpose of hedging against currency risk.

The Group converted its USD 400 million nominal value bond issue into EUR through a foreign currency swap transaction. The foreign currency swap transaction is used as a hedging tool against parity risk exposure due to highly probable estimated EUR-based sales revenues and cash flow hedge accounting is applied. Accordingly, the amount of the related bond liability as of December 31, 2023 is TRY 11,775,280. The after-tax impact recorded in the "gains/(losses) from cash flow hedges" account in the other comprehensive income statement for the period ended December 31, 2023 related to this transaction is TRY 602,671.

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**NOTE 9 - TRADE RECEIVABLES AND PAYABLES**

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| <b>Short-term trade receivables:</b>        |                              |                              |
| Trade receivables                           | 63,884,034                   | 53,959,836                   |
| Notes receivables                           | 2,879,723                    | 2,289,628                    |
| Cheques receivables                         | 1,197,368                    | 1,290,873                    |
| <b>Short-term trade receivables (gross)</b> | <b>67,961,125</b>            | <b>57,540,337</b>            |
| Provision for expected credit loss          | (756,245)                    | (1,255,745)                  |
| Unearned credit finance income              | (1,260,163)                  | (1,028,628)                  |
| <b>Short-term trade receivables (net)</b>   | <b>65,944,717</b>            | <b>55,255,964</b>            |

As of December 31, 2023, the Group has offsetted TRY 6,528,847 (December 31, 2022: TRY 9,503,135) from trade receivables that are collected from factoring companies as part of the non-recourse factoring.

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its trade receivables amounting to TRY 361,627 related with its local bank borrowings (December 31, 2022: TRY 1,005,303).

The movements of expected credit loss for the years ended December 31, are as follows:

|   | <b>2023</b>      | <b>2022</b>      |
|---|------------------|------------------|
| <b>As of January, 1</b>                 | <b>1,255,745</b> | <b>1,190,133</b> |
| Current year additions (Note 27)        | 207,460          | 118,901          |
| Provisions no longer required (Note 27) | (33,757)         | (36,435)         |
| Acquisitions                            | 3,561            | 503,100          |
| Write-offs (*)                          | (484,980)        | (88,874)         |
| Currency translation differences        | (97,574)         | (338,037)        |
| Inflation adjustments                   | (94,210)         | (93,043)         |
| <b>As of December, 31</b>               | <b>756,245</b>   | <b>1,255,745</b> |

(\*) 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.

|                                    | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|------------------------------------|------------------------------|------------------------------|
| <b>Long-term trade receivables</b> |                              |                              |
| Trade receivables                  | 59,202                       | 138,776                      |
| Unearned credit finance income     | (25,080)                     | (68,933)                     |
|                                    | <b>34,122</b>                | <b>69,843</b>                |

|                                   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------|------------------------------|------------------------------|
| <b>Short-term trade payables:</b> |                              |                              |
| Trade payables                    | 46,468,524                   | 43,122,413                   |
| Debt accruals                     | 3,439,361                    | 3,961,977                    |
| Unearned credit finance charges   | (929,344)                    | (642,937)                    |
|                                   | <b>48,978,541</b>            | <b>46,441,453</b>            |

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**NOTE 10 - OTHER PAYABLES**

|                                   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------|------------------------------|------------------------------|
| Taxes and duties payable          | 3,514,953                    | 2,388,396                    |
| Dividend payables to shareholders | 35,681                       | 5,280                        |
| Deposits and guarantees received  | 34,961                       | 41,491                       |
| Other                             | 415,447                      | 458,742                      |
|                                   | <b>4,001,042</b>             | <b>2,893,909</b>             |

**NOTE 11 - INVENTORIES**

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Raw materials and supplies              | 19,183,179                   | 21,506,351                   |
| Work in progress                        | 1,577,797                    | 1,658,767                    |
| Finished goods                          | 26,290,306                   | 20,611,840                   |
| Trade goods                             | 1,036,824                    | 7,730,051                    |
| <b>Inventories (gross)</b>              | <b>48,088,106</b>            | <b>51,507,009</b>            |
| Provision for impairment on inventories | (639,425)                    | (636,526)                    |
| <b>Inventories (net)</b>                | <b>47,448,681</b>            | <b>50,870,483</b>            |

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its inventories amounting to TRY 397,743 related with its local bank borrowings (December 31, 2022: TRY 756,484).

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

|                            | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------------------|------------------------------|------------------------------|
| Raw materials and supplies | (260,023)                    | (213,230)                    |
| Finished goods             | (265,259)                    | (309,288)                    |
| Trade goods                | (114,143)                    | (114,008)                    |
|                            | <b>(639,425)</b>             | <b>(636,526)</b>             |

Movements of provision for impairment on inventories for the periods ended December 31 are as follows:

|  | <b>2023</b>    | <b>2022</b>    |
|--|----------------|----------------|
| <b>As of January 1</b>                       | <b>636,526</b> | <b>778,710</b> |
| Current year additions (Note 26)             | 365,439        | 171,268        |
| Realized due to sales of inventory (Note 26) | (228,894)      | (83,962)       |
| Acquisitions                                 | -              | (123,804)      |
| Currency translation differences             | (133,646)      | (105,686)      |
| <b>As of December 31</b>                     | <b>639,425</b> | <b>636,526</b> |

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NOTE 12 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

|                 | December 31,<br>2023 |                  | December 31,<br>2022 |                  |
|-----------------|----------------------|------------------|----------------------|------------------|
|                 | %                    | TRY              | %                    | TRY              |
| VoltBek         | 49.0                 | 202,016          | 49.0                 | 756,376          |
| Koç Finansman   | 47.0                 | 625,222          | 47.0                 | 596,533          |
| Arçelik - LG    | 45.0                 | 551,653          | 45.0                 | 627,879          |
| Ram Dış Ticaret | 33.5                 | 77,226           | 33.5                 | 69,148           |
|                 |                      | <b>1,456,117</b> |                      | <b>2,049,936</b> |

The movements of associates for the years ended December 31, are as follows:

|   | 2023             | 2022             |
|---|------------------|------------------|
| <b>As of January 1</b>                                  | <b>2,049,936</b> | <b>2,556,252</b> |
| Shares of income/loss of associates                     | (481,421)        | (740,177)        |
| Shares of other comprehensive income/loss of associates | (22,865)         | (42,393)         |
| Gross profit elimination on inventory                   | 21,404           | 7,104            |
| Share participation in associates                       | -                | 522,335          |
| Cash dividend from associates                           | (24,528)         | (122,046)        |
| Currency translation difference                         | (86,409)         | (131,139)        |
| <b>As of December 31</b>                                | <b>1,456,117</b> | <b>2,049,936</b> |

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

|                 | 2023             | 2022             |
|-----------------|------------------|------------------|
| Koç Finansman   | 26,879           | (94,130)         |
| Arçelik - LG    | (73,642)         | (200,975)        |
| Ram Dış Ticaret | 33,292           | 23,092           |
| VoltBek         | (467,950)        | (468,164)        |
|                 | <b>(481,421)</b> | <b>(740,177)</b> |

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

|                                  | January 1<br>2023   | Additions          | Disposals          | Transfer<br>(*) | Acquisition (**) | Currency<br>Translation<br>Differences | December 31<br>2023 |
|----------------------------------|---------------------|--------------------|--------------------|-----------------|------------------|--|---------------------|
| <b>Cost</b>                      |                     |                    |                    |                 |                  |  |                     |
| Land                             | 2,455,837           | 60,734             | (3,102)            | -               | -                | (157,597)                              | 2,355,872           |
| Land improvements                | 703,329             | 11,533             | (4,588)            | 24              | -                | (753)                                  | 709,545             |
| Buildings                        | 22,023,528          | 2,108,811          | (1,662,400)        | 83,194          | 36,787           | (1,293,079)                            | 21,296,841          |
| Machinery. equipment and moulds  | 63,975,097          | 2,245,146          | (2,994,685)        | 1,493,696       | 8,259            | (2,298,521)                            | 62,428,992          |
| Motor vehicles and fixtures      | 12,818,705          | 1,532,307          | (845,052)          | 273,430         | 21,332           | (331,181)                              | 13,469,541          |
| Leasehold improvements           | 1,101,644           | 95,968             | (28,784)           | (16,350)        | -                | (26,398)                               | 1,126,080           |
| Construction in progress         | 4,155,662           | 6,638,023          | --                 | (1,923,345)     | -                | (248,543)                              | 8,621,797           |
|                                  | <b>107,233,802</b>  | <b>12,692,522</b>  | <b>(5,538,611)</b> | <b>(89,351)</b> | <b>66,378</b>    | <b>(4,356,072)</b>                     | <b>110,008,668</b>  |
| <b>Accumulated depreciation:</b> |                     |                    |                    |                 |                  |  |                     |
| Land improvements                | (507,261)           | (19,908)           | 3,887              | -               | -                | 157                                    | (523,125)           |
| Buildings                        | (8,366,974)         | (1,721,656)        | 1,246,168          | -               | -                | 381,521                                | (8,460,941)         |
| Machinery. equipment and moulds  | (44,752,040)        | (3,676,966)        | 2,705,904          | -               | -                | 1,513,278                              | (44,209,824)        |
| Motor vehicles and fixtures      | (8,477,159)         | (1,303,919)        | 578,576            | -               | -                | 209,975                                | (8,992,527)         |
| Leasehold improvements           | (806,897)           | (51,284)           | 26,004             | -               | -                | 17,101                                 | (815,076)           |
|                                  | <b>(62,910,331)</b> | <b>(6,773,733)</b> | <b>4,560,539</b>   | <b>-</b>        | <b>-</b>         | <b>2,122,032</b>                       | <b>(63,001,493)</b> |
| <b>Net book value</b>            | <b>44,323,471</b>   | <b>5,918,789</b>   | <b>(978,072)</b>   | <b>(89,351)</b> | <b>66,378</b>    | <b>(2,234,040)</b>                     | <b>47,007,175</b>   |

(\*) Consists of transfers amounting to TRY 89,351 from property, plant and equipment to other intangible assets (Note 14).

(\*\*) Due to acquisition of Asogem N.V. and Asogem Nederland B.V. realized at January 2, 2023 (Note 3).

Total amortization expenses activated in 2023 amounted to TRY 66,289 (2022: TRY 34,302).

There is no mortgage on property, plant and equipment as of December 31, 2023 (December 31, 2022: None).

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**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

As of December 31, 2023 and December 31, 2022 the details of right-of-use assets recognized in the consolidated financial statements are as follows:

|                                  | <b>December 31,<br/>2023</b> | <b>December<br/>31, 2022</b> |
|----------------------------------|------------------------------|------------------------------|
| Land improvements                | 11,988                       | 11,701                       |
| Buildings                        | 3,579,750                    | 3,818,807                    |
| Machinery, equipments and moulds | 116,941                      | 102,166                      |
| Motor vehicles                   | 421,975                      | 510,133                      |
| <b>Total right-of-use</b>        | <b>4,130,654</b>             | <b>4,442,807</b>             |

Additions to rights-to-use assets for the year ended December 31, 2023 TRY 2,326,987 (2022: 2,862,140), depreciation expenses are TRY 1,744,744 (2022: TRY 1,482,694).



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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

|                                  | January 1<br>2022   | Additions          | Disposals          | Transfer<br>(*)  | Acquisition (**) | Currency<br>Translation<br>Differences | December 31 2022    |
|----------------------------------|---------------------|--------------------|--------------------|------------------|------------------|--|---------------------|
| <b>Cost</b>                      |                     |                    |                    |                  |                  |  |                     |
| Land                             | 2,379,168           | 234,635            | (26,655)           | -                | 73,700           | (205,011)                              | 2,455,837           |
| Land improvements                | 702,167             | 4,877              | (1,887)            | 5,009            | -                | (6,837)                                | 703,329             |
| Buildings                        | 21,045,114          | 2,541,471          | (1,245,322)        | 401,151          | 1,402,185        | (2,121,071)                            | 22,023,528          |
| Machinery. equipment and moulds  | 63,241,011          | 1,596,478          | (3,354,043)        | 3,286,465        | 1,504,042        | (2,298,856)                            | 63,975,097          |
| Motor vehicles and fixtures      | 12,335,543          | 1,400,112          | (678,049)          | 199,881          | 68,064           | (506,846)                              | 12,818,705          |
| Leasehold improvements           | 1,110,919           | 110,355            | (30,959)           | 2,355            | 13,638           | (104,664)                              | 1,101,644           |
| Construction in progress         | 2,780,746           | 6,155,718          | (187,517)          | (4,000,190)      | 20,948           | (614,043)                              | 4,155,662           |
|                                  | <b>103,594,668</b>  | <b>12,043,646</b>  | <b>(5,524,432)</b> | <b>(105,329)</b> | <b>3,082,577</b> | <b>(5,857,328)</b>                     | <b>107,233,802</b>  |
| <b>Accumulated depreciation:</b> |                     |                    |                    |                  |                  |  |                     |
| Land improvements                | (498,626)           | (10,264)           | 570                | -                | -                | 1,059                                  | (507,261)           |
| Buildings                        | (8,288,437)         | (1,403,808)        | 973,473            | 23,340           | -                | 328,458                                | (8,366,974)         |
| Machinery. equipment and moulds  | (44,185,621)        | (3,492,092)        | 2,654,296          | 423              | -                | 270,954                                | (44,752,040)        |
| Motor vehicles and fixtures      | (7,879,924)         | (1,266,197)        | 500,738            | 64,573           | -                | 103,651                                | (8,477,159)         |
| Leasehold improvements           | (828,816)           | (41,947)           | 12,564             | (921)            | -                | 52,223                                 | (806,897)           |
|                                  | <b>(61,681,424)</b> | <b>(6,214,308)</b> | <b>4,141,641</b>   | <b>87,415</b>    | <b>-</b>         | <b>756,345</b>                         | <b>(62,910,331)</b> |
| <b>Net book value</b>            | <b>41,913,244</b>   | <b>5,829,338</b>   | <b>(1,382,791)</b> | <b>(17,914)</b>  | <b>3,082,577</b> | <b>(5,100,983)</b>                     | <b>44,323,471</b>   |

(\*) Consists of transfers amounting to TRY 17,914 from property, plant and equipment to other intangible assets (Note 14).

(\*\*) Due to acquisition of IHP Appliances JSC and IHP Appliances Sales LLC completed at August 31, 2022.

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NOTE 14 - OTHER INTANGIBLE ASSETS

|                                  | January 1<br>2023   | Additions          | Disposals        | Transfer<br>(*) | Acquisition<br>(**) | Currency<br>Translation<br>Differences | December 31,<br>2023 |
|----------------------------------|---------------------|--------------------|------------------|-----------------|---------------------|--|----------------------|
| <b>Cost:</b>                     |                     |                    |                  |                 |                     |  |                      |
| Brands                           | 6,863,623           | -                  | -                | -               | -                   | (419,178)                              | 6,444,445            |
| Development costs                | 14,197,554          | 3,022,689          | (399,446)        | 84,564          | -                   | (6,235)                                | 16,899,126           |
| Computer software and rights     | 5,157,937           | 465,091            | (101,852)        | 4,787           | 1,356               | (78,942)                               | 5,448,377            |
| Trademark licenses and patents   | 391,283             | 4,133              | (1,988)          | -               | -                   | (105,926)                              | 287,502              |
| Customer relationships           | 6,770,755           | -                  | -                | -               | 654,482             | (595,557)                              | 6,829,680            |
|                                  | <b>33,381,152</b>   | <b>3,491,913</b>   | <b>(503,286)</b> | <b>89,351</b>   | <b>655,838</b>      | <b>(1,205,838)</b>                     | <b>35,909,130</b>    |
| <b>Accumulated depreciation:</b> |                     |                    |                  |                 |                     |  |                      |
| Development costs                | (9,649,453)         | (988,308)          | 8,015            | -               | -                   | 321                                    | (10,629,425)         |
| Computer software and rights     | (3,143,682)         | (356,413)          | 97,956           | -               | -                   | 18,456                                 | (3,383,683)          |
| Trademark licenses and patents   | (95,397)            | (29,459)           | 1,828            | -               | -                   | 9,167                                  | (113,861)            |
| Customer relationships           | (1,397,258)         | (633,432)          | -                | -               | -                   | 147,931                                | (1,882,759)          |
|                                  | <b>(14,285,790)</b> | <b>(2,007,612)</b> | <b>107,799</b>   | <b>-</b>        | <b>-</b>            | <b>175,875</b>                         | <b>(16,009,728)</b>  |
| <b>Net book value</b>            | <b>19,095,362</b>   | <b>1,484,301</b>   | <b>(395,487)</b> | <b>89,351</b>   | <b>655,838</b>      | <b>(1,029,963)</b>                     | <b>19,899,402</b>    |

(\*) Consists of transfers amounting to TRY 89,351 from property, plant and equipment to other intangible assets (Note 13).

(\*\*) Due to acquisition of Asogem N.V. and Asogem Nederland B.V. realized at January 2, 2023 (Note 3).

As of December 31, 2023, total amount of capitalized borrowing cost is TRY 413 (December 31, 2022: TRY 24,465).

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**NOTE 14 - OTHER INTANGIBLE ASSETS (Continued)**

|                                  | January 1<br>2022   | Additions          | Disposals      | Transfer<br>(*) | Currency<br>Translation<br>Differences | December 31,<br>2022 |
|----------------------------------|---------------------|--------------------|----------------|-----------------|--|----------------------|
| <b>Cost:</b>                     |                     |                    |                |                 |  |                      |
| Brands                           | 8,028,209           | -                  | -              | -               | (1,164,586)                            | 6,863,623            |
| Development costs                | 13,120,986          | 1,109,989          | -              | -               | (33,421)                               | 14,197,554           |
| Computer software and rights     | 4,866,408           | 414,242            | (9,086)        | 17,914          | (131,541)                              | 5,157,937            |
| Trademark licenses and patents   | 508,450             | 697                | (867)          | -               | (116,997)                              | 391,283              |
| Customer relationships           | 8,318,248           | -                  | -              | -               | (1,547,493)                            | 6,770,755            |
|                                  | <b>34,842,301</b>   | <b>1,524,928</b>   | <b>(9,953)</b> | <b>17,914</b>   | <b>(2,994,038)</b>                     | <b>33,381,152</b>    |
| <b>Accumulated depreciation:</b> |                     |                    |                |                 |  |                      |
| Development costs                | (8,740,894)         | (909,799)          | -              | -               | 1,240                                  | (9,649,453)          |
| Computer software and rights     | (2,979,696)         | (251,875)          | 72,091         | -               | 15,798                                 | (3,143,682)          |
| Trademark licenses and patents   | (66,016)            | (40,167)           | -              | -               | 10,786                                 | (95,397)             |
| Customer relationships           | (999,292)           | (680,973)          | -              | -               | 283,007                                | (1,397,258)          |
|                                  | <b>(12,785,898)</b> | <b>(1,882,814)</b> | <b>72,091</b>  | <b>-</b>        | <b>310,831</b>                         | <b>(14,285,790)</b>  |
| <b>Net book value</b>            | <b>22,056,403</b>   | <b>(357,886)</b>   | <b>62,138</b>  | <b>17,914</b>   | <b>(2,683,207)</b>                     | <b>19,095,362</b>    |

(\*) Consists of transfers amounting to TRY 17,914 from property, plant and equipment to other intangible assets (Note 13).

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**NOTE 14 - OTHER INTANGIBLE ASSETS (Continued)**

The carrying values of the brands of the Group are as below:

|                  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|------------------|------------------------------|------------------------------|
| Grundig (*)      | 2,811,041                    | 2,826,907                    |
| Defy (*)         | 1,614,224                    | 1,815,937                    |
| Beko             | 1,120,401                    | 1,120,401                    |
| Dawlance (*)     | 719,345                      | 914,887                      |
| Other brands (*) | 179,434                      | 185,491                      |
|                  | <b>6,444,445</b>             | <b>6,863,623</b>             |

(\*) Values of brands in their original currencies are same and changes between current and comparative periods result from foreign currency translation.

*Brands impairment test*

Brands were tested for impairment using the royalty relief method as of December 31, 2023. Sales forecasts which are based on financial plans approved by the board of directors covering five-year period were considered in the determination of the brand value. Sales forecast beyond the five-year period is extrapolated between 3.0% and 7.2% expected growth rate. The estimated royalty income is calculated by applying the expected 2.0% - 3.0% royalty rate. The royalty income calculated with the aforementioned method has been discounted with 9.3 % to 18.2 % discount rates.

Fair value of brands is around 8.6 times of carrying value of these assets. If the estimated after-tax discount rate used for the calculation of discounted cash flows had been 1% higher than the management's estimate, fair value of brands would be 7.5 of carrying value of these asset. As a result of these sensitivity analysis, the Group did not identify any impairment.

**NOTE 15 - GOODWILL**

|                                  | <b>2023</b>      | <b>2022</b>      |
|----------------------------------|------------------|------------------|
| <b>As of January 1</b>           | <b>7,551,445</b> | <b>9,195,341</b> |
| Acquisitions (Note 3)            | 345,152          | -                |
| Currency translation differences | (627,295)        | (1,643,896)      |
| <b>As of December 31</b>         | <b>7,269,302</b> | <b>7,551,445</b> |

Details of goodwill are as follows:

|          | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------|------------------------------|------------------------------|
| Hitachi  | 4,011,797                    | 4,198,709                    |
| Defy     | 1,297,531                    | 1,479,913                    |
| Singer   | 1,018,620                    | 1,134,320                    |
| Dawlance | 546,436                      | 702,989                      |
| Asogem   | 359,570                      | -                            |
| Other    | 35,348                       | 35,514                       |
|          | <b>7,269,302</b>             | <b>7,551,445</b>             |

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**NOTE 15 - GOODWILL (Continued)**

*Goodwill impairment test*

Goodwill is subject to impairment test every year. The recoverable amounts of cash generating units are determined on value in use basis.

Value in use is determined by discounting the expected future cash flows to be generated by the cash-generating unit. The below key assumptions are used in the calculation of the value in use as of December 31, 2023.

The projection period for the purposes of goodwill impairment testing is approved by the management as 5 years between January 1, 2024 and December 31, 2028.

Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 1.0% - 7.2% which does not exceed the estimated average growth rate of economy of the country.

Weighted average cost of capital rate of 13.4% - 18.2% is used as after-tax discount rate in order to calculate the recoverable amount of the unit.

The post-tax rate was adjusted considering the tax cash outflows and other future tax cash flows and differences between the cost of the assets and their tax bases.

*Defy Group operations as a cash generating unit and sensitivity to the changes in assumptions in impairment test*

Recoverable value of cash generating unit is 30.1% above of goodwill included book value of related cash generating unit. In the calculation of the present value of future cash flows, estimations on earnings before interest tax depreciation amortization ("EBITDA"), long term growth rate and discount rates are taken into account.

*EBITDA growth expectations*

In original assumption, five-year compound average growth rate of EBITDA is 16.0%. Had the compound average growth rate been assumed to be 15.0%, the recoverable amount would have been calculated as 5.9% above the goodwill included book value of cash generating unit and resulting no impairment provision.

*Long term growth rate*

Originally, the long-term growth rate is assumed to be 7.2%. Had the rate been assumed to be 6.2%, the recoverable amount would have been 36.8% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

*Discount rate*

Originally, the discount rate is assumed to be 15.6%. Had the rate been assumed to be 16.6%, the recoverable amount would have been 18.4% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

*Dawlance Group operations as a cash generating unit and sensitivity to the changes in assumptions in impairment test*

Recoverable value of cash generating unit is 122.1% above of goodwill included book value of related cash generating unit. In the calculation of the present value of future cash flows, estimations on earnings before interest tax depreciation amortization ("EBITDA"), long term growth rate and discount rates are taken into account.

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**NOTE 15 - GOODWILL (Continued)**

*Dawlance Group operations as a cash generating unit and sensitivity to the changes in assumptions in impairment test (Continued)*

**EBITDA growth expectations**

In original assumption, five-year compound average growth rate of EBITDA is 18.4%. Had the compound average growth rate been assumed to be 17.4%, the recoverable amount would have been calculated as 100.8% above the goodwill included book value of cash generating unit and resulting no impairment provision.

**Long term growth rate**

Originally, the long-term growth rate is assumed to be 4.5%. Had the rate been assumed to be 3.5%, the recoverable amount would have been 110.5% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

**Discount rate**

Originally, the discount rate is assumed to be 18.28%. Had the rate been assumed to be 19.28%, the recoverable amount would have been 101.6% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

*Hitachi Group operations as a cash generating unit and sensitivity to the changes in assumptions in impairment test*

Recoverable value of cash generating unit is 69.6% above of goodwill included book value of related cash generating unit. In the calculation of the present value of future cash flows, estimations on earnings before interest tax depreciation amortization ("EBITDA"), long term growth rate and discount rates are taken into account.

**EBITDA growth expectations**

In original assumption, five-year compound average growth rate of EBITDA is 6.7%. Had the compound average growth rate been assumed to be 5.7%, the recoverable amount would have been calculated as 62.0% above the goodwill included book value of cash generating unit and resulting no impairment provision.

**Long term growth rate**

Originally, the long-term growth rate is assumed to be 1%. Had the rate been assumed to be 0%, the recoverable amount would have been 64.8% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

**Discount rate**

Originally, the discount rate is assumed to be 13.4%. Had the rate been assumed to be 14.4%, the recoverable amount would have been 60.3% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

*Singer Group operations as a cash generating unit in impairment test*

The Group used the market value calculated over Singer's share price traded on the Bangladesh Stock Exchange as of December 31, 2023, in order to test the impairment of the goodwill generated during the acquisition of Singer, its public affiliate. As of December 31, 2023, the market value of the company is 52.1% above the total of goodwill and book value and no provision for impairment is required. In case the value of the mentioned shares decreases by 20%, the market value of the company remains 21.7% above the total of goodwill and book value and no provision for impairment is required.

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**NOTE 16 - GOVERNMENT GRANTS**

There are investment incentive certificates to which the Company has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Company in nature are as follows:

- a) 100% exemption from customs duty on machinery and equipment to be imported,
- b) Value-added tax exemption with respect to purchases of investment goods both from domestic and export markets,
- c) Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),
- d) Inward processing permission certificates,
- e) Cash refund from Tübitak - Teydeb for research and development expenses,
- f) Taxes and funds exemptions for R&D centres which are regulated under research and development law.
- g) Discounted corporate tax incentive,
- h) Insurance premium employer share incentive,
- ı) Brand support incentive (known as "Turquality") given by Republic of Turkey Ministry of Trade.
- j) Grant has been received from the United Nations Industrial Development Organization (UNIDO) and from the Department of Trade and Industry of Romania and Republic of South Africa for the purchase of certain items of plant and equipment.

Grants which are accounted for under other income from operating activities for year ended December 31, 2023 are as follows:

- i) Research and development incentive premiums taken or certain to be taken amounts to TRY 52,830 (December 31, 2022 TRY 37,800).
- ii) Brand support incentive (known as "Turquality") received from Republic of Turkey Ministry of Trade amounts to TRY 48,819 (December 31, 2022: TRY 25,682).

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**NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

As of December 31, 2023, export commitments from Turkey under the scope of inward processing authorization certificates as export incentives amounts to full USD 339,837,400 (December 31, 2022: USD 655,710,199). In case that the related tax advantages are not utilized, it is possible to close of the certificates including export commitments without any sanctions.

|                      | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------------|------------------------------|------------------------------|
| Collaterals obtained | 25,752,462                   | 26,652,514                   |

Collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") position of the Group as of December 31, 2023 and December 31, 2022 are as follows:

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| <b>CPMB's given by the Company</b>  |                              |                              |
| A. CPMB's given for Company's own legal personality   | 4,890,896                    | 3,851,927                    |
| B. CPMB's given on behalf of fully consolidated companies   | 9,755,320                    | 9,081,798                    |
| 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              | -                            | -                            |
| <b>Total</b>  | <b>14,646,216</b>            | <b>12,933,725</b>            |

TRY equivalents of CPMB given as of December 31, 2023 and December 31, 2022 are as follows on original currency basis are as follows:

|                                    | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|------------------------------------|------------------------------|------------------------------|
| <b>CPMB's given by the Company</b> |                              |                              |
| TRY                                | 597,998                      | 726,125                      |
| EUR                                | 3,184,110                    | 3,288,131                    |
| USD                                | 6,615,893                    | 4,136,277                    |
| Other currencies                   | 4,248,215                    | 4,783,192                    |
|                                    | <b>14,646,216</b>            | <b>12,933,725</b>            |



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NOTE 18 - OTHER PROVISIONS

|                                    | December 31,<br>2023 | December 31,<br>2022 |
|------------------------------------|----------------------|----------------------|
| <b>Other short-term provisions</b> |                      |                      |
| Warranty provision                 | 2,528,102            | 2,739,724            |
| Assembly provision                 | 1,200,288            | 1,105,794            |
| Provision for transportation cost  | 1,129,957            | 1,059,728            |
| Provision for lawsuit risks        | 93,154               | 76,798               |
| Other                              | 1,396,620            | 1,390,050            |
|                                    | <b>6,348,121</b>     | <b>6,372,094</b>     |
| <b>Other long-term provisions</b>  |                      |                      |
| Warranty provision                 | 1,118,240            | 938,016              |
| Other                              | 128,732              | 3,359                |
|                                    | <b>1,246,972</b>     | <b>941,375</b>       |

The movements of warranty and assembly provisions for the years ended December 31, are as follows:

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| <b>Warranty provision</b>        | <b>2023</b>      | <b>2022</b>      |
| <b>As of January 1</b>           | <b>3,677,740</b> | <b>4,096,189</b> |
| Additions (Note 26)              | 6,274,919        | 5,924,443        |
| Disposals                        | (5,784,347)      | (5,545,894)      |
| Acquisitions                     | 122,075          | 30,305           |
| Currency translation differences | (110,623)        | (513,942)        |
| Inflation effect                 | (533,422)        | (313,361)        |
| <b>As of December 31</b>         | <b>3,646,342</b> | <b>3,677,740</b> |
| <b>Assembly provision</b>        | <b>2023</b>      | <b>2022</b>      |
| <b>As of January 1</b>           | <b>1,105,794</b> | <b>637,103</b>   |
| Additions (Note 26)              | 3,351,220        | 2,431,842        |
| Disposals                        | (2,681,043)      | (1,609,162)      |
| Currency translation differences | 23,782           | (6,782)          |
| Inflation effect                 | (599,465)        | (347,207)        |
| <b>As of December 31</b>         | <b>1,200,288</b> | <b>1,105,794</b> |

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**NOTE 19 - LONG TERM PROVISION FOR EMPLOYEE BENEFITS**

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Provision for employment termination benefits | 3,400,118                    | 4,313,857                    |
| Provision for vacation pay liability (*)      | 196                          | 2,803                        |
|   | <b>3,400,314</b>             | <b>4,316,660</b>             |

(\*) As of December 31, 2022, vacation pay provisions in the amount of TRY 250,076 are shown in employee benefit obligation.

Under the Turkish Legislations, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of full TRY 23,489.83 as of December 31, 2023 (December 31, 2022: full TRY 15,371.40) for each period of service.

The provision for employee termination benefits is not funded, as there is no funding requirement.

In accordance with Turkish Labor Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future, the provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial gains and losses are accounted in equity as other comprehensive income or loss.

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans, The Group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for pension, this provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

Accordingly, the following demographic and financial actuarial assumptions were used in the calculation of the total liability:

|   | <b>2023</b> | <b>2022</b> |
|---|-------------|-------------|
| Net discount rate (%)                                   | 2.90        | 0.55        |
| Turnover rate related the probability of retirement (%) | 95.33       | 95.37       |

The principal assumption is that the maximum liability for each year of service will increase in line with inflation, Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation, As the maximum liability is revised semi-annually, the maximum amount of full TRY 35,058.58 (January 1, 2023: full TRY 19,982.83) which is effective from January 1, 2024 has been taken into consideration in calculating the reserve for employment termination benefits of the Company.

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NOTE 19 - LONG TERM PROVISION FOR EMPLOYEE BENEFITS (Continued)

Movements in the provisions for employment termination benefits for the years ended December 31, are as follows:

|                                  | 2023        | 2022      |
|----------------------------------|-------------|-----------|
| As of January 1                  | 4,313,857   | 2,525,980 |
| Interest expense                 | 146,182     | 85,802    |
| Actuarial losses                 | 899,700     | 2,212,405 |
| Acquisition                      | 740         | -         |
| Service cost                     | 384,956     | 480,821   |
| Payments during the year         | (1,149,599) | (277,072) |
| Currency translation differences | (59,071)    | (14,504)  |
| Inflation effect                 | (1,136,647) | (699,575) |
| As of December 31                | 3,400,118   | 4,313,857 |

There are defined benefits having the attributes of employment termination benefits in the foreign subsidiaries of the company. The geographical distribution of provision for employment termination benefits is as follows:

|              |           |           |
|--------------|-----------|-----------|
| Turkey       | 2,073,571 | 2,950,758 |
| Non - Turkey | 1,326,547 | 1,363,099 |
|              | 3,400,118 | 4,313,857 |

NOTE 20 - PREPAID EXPENSES

|                                | December 31,<br>2023 | December 31,<br>2022 |
|--------------------------------|----------------------|----------------------|
| Short-term prepaid expenses    | 1,595,468            | 1,043,304            |
| Advances given for inventories | 795,686              | 667,673              |
|                                | 2,391,154            | 1,710,977            |

|                            | December 31,<br>2023 | December 31,<br>2022 |
|----------------------------|----------------------|----------------------|
| Fixed asset advances given | 2,328,208            | 1,008,666            |
| Other                      | 270,669              | 225,159              |
|                            | 2,598,877            | 1,233,825            |

NOTE 21 - CURRENT INCOME TAX ASSETS

|                         | December 31,<br>2023 | December 31,<br>2022 |
|-------------------------|----------------------|----------------------|
| Prepaid taxes and funds | 1,726,284            | 1,169,021            |
|                         | 1,726,284            | 1,169,021            |

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**NOTE 22 - EMPLOYEE BENEFIT OBLIGATIONS**

|                                   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------|------------------------------|------------------------------|
| Payables to personnel             | 2,778,681                    | 1,759,859                    |
| Social security payables          | 1,108,928                    | 457,396                      |
| Accruals for bonuses and premiums | 368,312                      | 482,254                      |
|                                   | <b>4,255,921</b>             | <b>2,699,509</b>             |

**NOTE 23 - OTHER ASSETS AND LIABILITIES**

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| <b>Other current assets:</b>                           |                              |                              |
| Value added tax and private consumption tax receivable | 2,243,434                    | 1,366,037                    |
| Taxes and funds deductible                             | 607,256                      | 675,570                      |
| Income accruals  | 200,160                      | 361,871                      |
| Deposits and guarantees given                          | 148,561                      | 278,334                      |
| Other  | 463,447                      | 425,015                      |
|  | <b>3,662,858</b>             | <b>3,106,827</b>             |

|                                   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------|------------------------------|------------------------------|
| <b>Other current liabilities:</b> |                              |                              |
| Accruals for customer premiums    | 8,377,811                    | 7,274,190                    |
| Advances received                 | 1,676,518                    | 1,311,722                    |
| Deferred income                   | 570,431                      | 361,733                      |
| Other                             | 124,075                      | 579,569                      |
|                                   | <b>10,748,835</b>            | <b>9,527,214</b>             |

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| <b>Other long-term liabilities:</b>     |                              |                              |
| Liabilities related to acquisitions (*) | 3,865,462                    | 4,509,945                    |
| Deferred income                         | 3,382,887                    | 3,223,196                    |
| Other                                   | 251,196                      | 423,359                      |
|   | <b>7,499,545</b>             | <b>8,156,500</b>             |

(\*) The purchase price determined within the scope of the acquisition of all shares of IHP Appliances JSC and IHP Appliances Sales LLC, dated August 31, 2022, reflects their fair value as of December 31, 2023 and 2022.

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NOTE 24 - 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 kurus1, Registered and issued share capital of the Company is as follows:

|                                       | December 31,<br>2023 | December 31,<br>2022 |
|---------------------------------------|----------------------|----------------------|
| 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:

|   | December 31, 2023 |                   | December 31, 2022 |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Share (%)         | Amount            | Share (%)         | Amount            |
| <b>Shareholders</b>   |                   |                   |                   |                   |
| Koç Holding A.Ş.  | 41.43             | 279,929           | 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            |
| <b>Total Koç Family members and companies<br/>owned by Koç Family members</b> | <b>52.85</b>      | <b>357,096</b>    | <b>51.98</b>      | <b>351,237</b>    |
| <br>Teknosan Büro Makine ve<br>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<br>Yardım Sandığı Vakfı                                 | 4.27              | 28,863            | 5.14              | 34,722            |
| Vehbi Koç Vakfı   | 0.12              | 809               | 0.12              | 809               |
| Treasury shares (*)   | 10.19             | 68,876            | 10.19             | 68,876            |
| Other   | 14.96             | 101,084           | 14.96             | 101,084           |
| <b>Paid-in capital</b>  | <b>100.00</b>     | <b>675,728</b>    | <b>100.00</b>     | <b>675,728</b>    |
| Adjustment to share capital (**)  |                   | 15,633,510        |                   | 15,633,510        |
| <b>Total share capital</b>  |                   | <b>16,309,238</b> |                   | <b>16,309,238</b> |

(\*) The above amount is related to the shares that buyback and are publicly listed the Group.

(\*\*) "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 24 - 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 and pursuant to the decision of the Board of Directors of the Company on December 31, 2023 for Company to continue to the share buyback program. Within the scope of the decision, the shares with a nominal value of TRY 68,876, corresponding to 10.19% of the Company's capital, has been bought back at the amount of TRY 7,980,782 including transaction costs as of December 31, 2023 (December 31, 2022: TRY 7,980,782). As of the report date, there are no treasury shares that have been sold.

**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:

|                              | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|------------------------------|------------------------------|------------------------------|
| Legal reserves               | 4,628,772                    | 5,018,186                    |
| Reserves for treasury shares | 7,980,782                    | 7,980,782                    |
| Other reserves               | 21,707                       | 21,707                       |

**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 24 - EQUITY (Continued)**

**Dividend distribution (Continued)**

At the ordinary general meeting held on March 16, 2023, the Company decided, in accordance with the Capital Markets legislation, the relevant article of the Company's Articles of Association regarding profit distribution, and the Company's Dividend Policy approved by the shareholders at the General Meeting held on March 27, 2014, to distribute a total of TRY 2.6 billion in cash dividends in a single payment and to set the dividend payment date as September 25, 2023. The total dividend payment, calculated on a purchasing power basis as of December 31, 2023, excluding treasury shares, is TRY 2,367,190. This amount represents an increase of 10.4% compared to TRY 2,145,678 calculated for 2022. In line with this decision, the dividend payment was made between September 25 and 27, 2023.

**NOTE 25 - SALES**

Sales revenue grouped geographically based on the location of the customers for the years ended December 31 are shown as below:

| <b>2023</b>           | <b>Turkey</b> | <b>Europe</b> | <b>Asia Pasific</b> | <b>Africa</b> | <b>Other</b> | <b>Total</b> |
|-----------------------|---------------|---------------|---------------------|---------------|--------------|--------------|
| Total segment revenue | 96,151,667    | 99,893,359    | 36,267,327          | 12,157,702    | 12,633,684   | 257,103,739  |
| <b>2022</b>           | <b>Turkey</b> | <b>Europe</b> | <b>Asia Pasific</b> | <b>Africa</b> | <b>Other</b> | <b>Total</b> |
| Total segment revenue | 78,026,646    | 103,752,729   | 46,740,940          | 14,139,410    | 14,512,305   | 257,172,030  |

The Group recognised net sales amounting to TRY 256,818,825 with respect to the performance obligations satisfied at a point in time for the year ended December 31, 2023.

The amount of performance obligations at ongoing contracts of the Group will be recognized in the future is TRY 2,740,260 (December 31, 2022: TRY 2,377,062).

The movements of performance obligations for the years ended December 31 are as follows:

|  | <b>2023</b>      | <b>2022</b>      |
|--|------------------|------------------|
| <b>As of January, 1</b>                  | <b>2,377,062</b> | <b>1,868,224</b> |
| Recognized as revenue                    | (284,914)        | (245,312)        |
| Increases due to changes in measurements | 648,112          | 754,150          |
| <b>As of December, 31</b>                | <b>2,740,260</b> | <b>2,377,062</b> |

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**NOTE 26 - EXPENSES BY NATURE**

Expenses by nature include cost of goods sold, marketing expenses, general administrative expenses and research and development expenses.

|  | <b>2023</b>        | <b>2022</b>        |
|--|--------------------|--------------------|
| Raw materials, supplies and trade goods                    | 157,943,367        | 169,545,385        |
| Changes in finished goods, work in process and trade goods | 1,095,730          | (1,381,581)        |
| Personnel expenses   | 31,247,279         | 26,632,889         |
| Transportation, distribution and storage expenses          | 13,575,831         | 16,618,600         |
| Warranty and assembly expenses (Note 18)                   | 9,626,139          | 8,356,285          |
| Depreciation and amortization expenses                     | 8,715,056          | 8,062,820          |
| Advertising and promotion expenses                         | 7,261,189          | 6,701,167          |
| Legal consultancy and audit expenses                       | 1,902,995          | 1,217,519          |
| Insurance expenses   | 1,124,190          | 930,382            |
| Provision for impairment on inventories (Note 11)          | 136,545            | 87,306             |
| Other  | 12,859,524         | 12,243,790         |
|  | <b>245,487,845</b> | <b>249,014,562</b> |

The functional breakdowns of depreciation, amortisation and personnel expenses are as follows:

| <b>Depreciation and amortisation expenses</b> | <b>2023</b>      | <b>2022</b>      |
|---|------------------|------------------|
| Cost of sales                                 | 3,961,484        | 3,725,774        |
| Marketing expenses                            | 2,679,988        | 2,301,474        |
| General administrative expenses               | 915,970          | 967,789          |
| Research and development expenses             | 1,157,614        | 1,067,783        |
|   | <b>8,715,056</b> | <b>8,062,820</b> |

Total depreciation charges capitalised in 2023 is TRY 66,289 (2022: TRY 34,302).

| <b>Personnel expenses</b>         | <b>2023</b>       | <b>2022</b>       |
|-----------------------------------|-------------------|-------------------|
| Cost of sales                     | 14,755,086        | 12,394,903        |
| Marketing expenses                | 8,391,805         | 7,491,525         |
| General administrative expenses   | 7,570,346         | 6,253,540         |
| Research and development expenses | 530,042           | 492,921           |
|                                   | <b>31,247,279</b> | <b>26,632,889</b> |

Total research and development expenditures incurred in 2023 excluding amortization amounts to TRY 3,434,464 (2022: TRY 2,796,771).



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**NOTE 26 - EXPENSES BY NATURE (Continued)**

*Fees for Services Received from Independent Auditor/ Independent Audit Firms*

The Group's explanation regarding the fees for the services received from the independent audit firms, calculated based on purchasing power parity as of December 31, 2023, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

|                                    | <b>2023<sup>(*)</sup></b> | <b>2022<sup>(*)</sup></b> |
|------------------------------------|---------------------------|---------------------------|
| Audit and assurance fee            | 53,475                    | 58,138                    |
| Tax consulting fee                 | 55,215                    | 8,717                     |
| Other assurance services fee       | 14,714                    | 2,940                     |
| Other service fee apart from audit | 1,137                     | 2                         |
|                                    | <b>124,541</b>            | <b>69,797</b>             |

(\*) The fees above have been determined through including the legal audit and other related service fees of all subsidiaries and joint ventures, and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TRY using the annual average rates of the relevant years.

**NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES**

|   | <b>2023</b>       | <b>2022</b>       |
|---|-------------------|-------------------|
| <b>Other income from operating activities:</b>              |                   |                   |
| Foreign exchange gains arising from trading activities      | 12,767,902        | 11,266,680        |
| Income from claims and grants                               | 372,801           | 231,209           |
| Credit finance income arising from trading activities       | 215,732           | 137,624           |
| Expected credit loss provisions no longer required (Note 9) | 33,757            | 36,435            |
| Other (*)   | 46,901            | 138,020           |
|   | <b>13,437,093</b> | <b>11,809,968</b> |

(\*) As of 2022, the amount is related to the recognition as income of dividend debts of TRY 100,299 of which the Group's subsidiary Arctic has distributed in previous years, which have not been collected for more than three and a half years and for which the partner has no legal right to claim the dividend.

|   | <b>2023</b>       | <b>2022</b>       |
|---|-------------------|-------------------|
| <b>Other expenses from operating activities:</b>        |                   |                   |
| Foreign exchange losses arising from trading activities | 11,792,746        | 8,710,153         |
| Credit finance charges arising from trading activities  | 2,446,520         | 1,655,690         |
| Provision for expected credit lose (Note 9)             | 207,460           | 118,901           |
| Other (**)  | 448,604           | 81,260            |
|   | <b>14,895,330</b> | <b>10,566,004</b> |

(\*\*) It includes the administrative fine notified to Arçelik Pazarlama A.Ş., one of the Group's Subsidiaries, by the Competition Authority (TRY 315 million with early payment discount).

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**NOTE 28 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

|   | <b>2023</b>      | <b>2022</b>      |
|---|------------------|------------------|
| <b>Income from investment activities:</b>         |                  |                  |
| Income from sales of property plant and equipment | 50,530           | 45,693           |
| Gain from a bargain purchase (*)                  | -                | 2,676,924        |
| Gain from changes in contingent liability (**)    | -                | 59,169           |
| Dividends received from financial investments     | 302              | 768              |
|   | <b>50,832</b>    | <b>2,782,554</b> |
| <b>Expenses from investment activities:</b>       |                  |                  |
| Loss from sales of property plant and equipment   | (102,507)        | (173,463)        |
|   | <b>(102,507)</b> | <b>(173,463)</b> |

(\*) The relevant amount is related to the acquisition of IHP Appliances JSC and IHP Appliances Sales LLC shares on August 31, 2022.

(\*\*) On December 31, 2021, the Group paid and fulfilled the conditional payment amount calculated based on its best estimates as of that date, in accordance with the agreement between the Group and Whirlpool Global, for the VAT receivables in the closing balance sheet of Arçelik Üretim ve Teknoloji A.Ş. (formerly Whirlpool Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi), which was acquired by the Group on June 30, 2021, due to be collected or offset by 2023. The difference of TRY 59,169 was recognized in the consolidated financial statements as "income from change in conditional liabilities."

**NOTE 29 - FINANCIAL INCOME**

|                                 | <b>2023</b>       | <b>2022</b>       |
|---------------------------------|-------------------|-------------------|
| Gains on derivative instruments | 10,233,956        | 5,341,472         |
| Foreign exchange gains (*)      | 9,897,753         | 7,773,715         |
| Interest income                 | 1,875,137         | 829,883           |
| Other                           | 586,933           | 270,644           |
|                                 | <b>22,593,779</b> | <b>14,215,714</b> |

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

**NOTE 30 - FINANCIAL EXPENSES**

|  | <b>2023</b>         | <b>2022</b>         |
|--|---------------------|---------------------|
| Foreign exchange losses (*)                | (19,866,047)        | (12,257,363)        |
| Interest expenses (**)                     | (7,936,075)         | (8,076,257)         |
| Losses on derivative instruments           | (5,967,403)         | (5,469,684)         |
| Interest expense from contingent liability | (522,566)           | (179,785)           |
| Other                                      | (656,088)           | (192,287)           |
|  | <b>(34,948,179)</b> | <b>(26,175,376)</b> |

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

(\*\*) TRY 328,078 of the interest expenses consists of the interest expense on the lease liabilities (2022: TRY 254,492).

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**NOTE 31 - TAX ASSETS AND LIABILITIES**

|                                 | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------------|------------------------------|------------------------------|
| Corporation and income taxes    | 1,108,750                    | 1,087,436                    |
| Prepaid tax                     | (686,912)                    | (1,004,613)                  |
| <b>Tax liabilities (net)</b>    | <b>421,838</b>               | <b>82,823</b>                |
| Deferred tax assets             | 8,231,060                    | 3,825,114                    |
| Deferred tax liabilities        | (3,388,075)                  | (3,378,718)                  |
| <b>Deferred tax assets, net</b> | <b>4,842,985</b>             | <b>446,396</b>               |

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.

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

Income tax expense for the years ended December 31 is as follows:

|  | <b>2023</b>      | <b>2022</b>      |
|--|------------------|------------------|
| <b>Tax income</b>                      |                  |                  |
| - Current period tax expense           | (1,910,959)      | (1,913,883)      |
| - Deferred tax income                  | 3,147,911        | 1,682,894        |
| <b>Total tax income/(expense), net</b> | <b>1,236,952</b> | <b>(230,989)</b> |

|  | <b>2023</b>        | <b>2022</b>        |
|--|--------------------|--------------------|
| Profit before tax  | 7,158,458          | 7,239,161          |
| Less: Share of profit/loss of equity accounted investments             | 481,421            | 740,177            |
| Profit before tax (excluding share of profit/(loss) of Joint Ventures) | <b>7,639,879</b>   | <b>7,979,338</b>   |
| <b>Tax rate</b>  | <b>25%</b>         | <b>23%</b>         |
| <b>Tax expense</b>   | <b>(1,909,970)</b> | <b>(1,835,248)</b> |
| Exemptions   | 1,207,703          | 806,035            |
| Tax losses and other tax advantages (net effect)                       | 2,453,568          | 1,998,287          |
| Temporary differences which no deferred tax recognized.                | (831,069)          | 825,530            |
| Impact of different tax rates in other countries                       | (390,217)          | (104,155)          |
| The effect of the legal tax rate change on the deferred tax amount     | (385,268)          | (87,508)           |
| Expenses not deductible for tax purposes                               | (891,288)          | (723,166)          |
| Non-taxable inflation adjustments                                      | (1,593,585)        | (1,008,945)        |
| Arising from inflation accounting according to legal provisions        |                    |                    |
| deferred tax effect calculated regarding temporary differences (*)     | 3,600,241          | -                  |
| Other  | (23,163)           | (101,819)          |
| <b>Taxation income recognized in statement of profit or loss</b>       | <b>1,236,952</b>   | <b>(230,989)</b>   |

(\*) Arises from the deferred tax effect of temporary differences created by the adjustments made to inflation accounting in accordance with the Communiqué No. 32415 (2nd. Repetition) dated December 30, 2023 of the Tax Procedure Law.

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**NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)**

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) |                   |
|--|----------------------------------|-------------------|------------------------------------|-------------------|
|  | December 31, 2023                | December 31, 2022 | December 31, 2023                  | December 31, 2022 |
| Property, plant and equipment and intangible assets          | 20,047,357                       | 30,689,662        | (4,880,897)                        | (6,807,156)       |
| Unused tax advantages (*)                                    | -                                | -                 | 2,525,510                          | 2,373,656         |
| Unused tax credits   | (5,492,100)                      | (5,340,502)       | 1,589,749                          | 1,572,913         |
| Provision for warranty, assembly and transportation expenses | (6,469,985)                      | (3,611,293)       | 1,585,783                          | 743,931           |
| Inventories  | (1,106,744)                      | (435,557)         | 475,520                            | 233,461           |
| Provision for employment termination benefits                | (4,055,500)                      | (3,621,481)       | 881,869                            | 759,257           |
| Provision for expected credit lose                           | (422,693)                        | (530,184)         | 124,804                            | 139,802           |
| Derivative instruments                                       | (4,719,426)                      | (1,244,975)       | 1,124,033                          | 240,721           |
| Cost and expense provisions                                  | (5,918,294)                      | (7,238,701)       | 1,305,999                          | 1,478,941         |
| Other  | (1,422,304)                      | 2,628,056         | 110,615                            | (289,130)         |
| <b>Deferred tax assets, net</b>                              |                                  |                   | <b>4,842,985</b>                   | <b>446,396</b>    |

**Tax Advantages Obtained Under the Investment Incentive System:**

(\*) Earnings of the Group that are derived from investments linked to an investment incentive certificate are subject to corporate tax at discounted rates for a certain period, which starts when the investment starts to partly or fully operate and ends when the maximum investment contribution amount is reached. Within this scope, the Group has accounted for TRY 2,525,510 (December 31, 2022: TRY 2,373,656) of tax advantages as deferred tax assets which are expected to be recovered in the foreseeable future in the consolidated financial statements as of December 31, 2023. TRY 151,854 of deferred tax income is recognized in the consolidated profit or loss statement for the period between January 1 - December 31, 2023 from accounting of such deferred tax assets.

Deferred tax assets are recognized for deductible temporary differences, carry forward tax losses and indefinite-life investment incentives which allows payment of corporate tax at discounted rates, as long as it is probable that sufficient taxable income will be generated in the future. In this context, the Group recognizes deferred tax assets from investment incentives based on long-term plans, including taxable profit projections derived from business models, which are re-evaluated at each balance sheet date to assess recoverability of such deferred tax assets. The Group expects to recover such deferred tax assets within 5 years from the balance sheet date.

In the sensitivity analysis performed as of December 31, 2023, when the inputs of the key macroeconomic and sectoral assumptions that form the business plans are increased/decreased by 10%, there is no change in the projected 5-year recovery periods of deferred tax assets related to investment incentives.

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**NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)**

Movements in deferred tax asset / (liabilities) for the periods ended December 31 are as follows:

|   | <b>2023</b>      | <b>2022</b>        |
|---|------------------|--------------------|
| <b>Balance as of January 1</b>                        | <b>446,396</b>   | <b>(2,479,193)</b> |
| Deferred tax income recognized                        |                  |                    |
| in statement of profit or loss                        | 3,147,911        | 1,682,894          |
| Deferred tax income recognized directly in the equity | 1,391,759        | 917,346            |
| Acquisitions (Note 3)                                 | (166,661)        | 215,895            |
| Currency translation differences                      | 23,580           | 109,454            |
| <b>Balance as of December 31</b>                      | <b>4,842,985</b> | <b>446,396</b>     |

Group's total deductible loss of which deferred tax assets have not been calculated and related maturity analysis of this amount is as follows:

|                | <b>December 31, 2023</b> |
|----------------|--------------------------|
| 2024           | 782,985                  |
| 2025           | 255,053                  |
| 2026           | 982,311                  |
| 2027 and after | 3,356,416                |
|                | <b>5,376,765</b>         |

Subsidiaries' accumulated and undistributed profits are being used in financing investments and working capital requirements, and the dividend payments are subject to Group management's approval. Complete distribution of these accumulated profits is not anticipated as of balance sheet date, and consequently no resulting deferred tax liability is accrued.

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**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 32 - 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 are as follows:

|  | <b>January 1-<br/>December 31,<br/>2023</b> | <b>January 1-<br/>December 31,<br/>2022</b> |
|--|---|---|
| Profit for the year attributable to equity holders of the parent                     | 7,667,336                                   | 6,285,498                                   |
| Weighted average number of ordinary shares with nominal value (kurus1 per value) (*) | 60,685,191,700                              | 61,356,350,787                              |
| <b>Earnings per share (kurus)</b>  | <b>12.635</b>                               | <b>10.244</b>                               |

(\*) Further details for the treasury shares please refer to Note 24.

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NOTE 33 - RELATED PARTY DISCLOSURES

(i) Balances with related parties

|  | December 31,<br>2023 | December 31,<br>2022 |
|--|----------------------|----------------------|
| <b>(a) Due from related parties:</b>               |                      |                      |
| Token Finansal Teknolojiler A.Ş. <sup>(1)</sup>    | 299,073              | 75,746               |
| Wat Motor <sup>(1)</sup>                           | 170,723              | 456,409              |
| Koçtaş Yapı Marketleri Ticaret A.Ş. <sup>(1)</sup> | 59,204               | 85,020               |
| Voltbek <sup>(4)</sup>                             | 30,485               | 64,623               |
| Other  | 16,167               | 10,903               |
|  | <b>575,652</b>       | <b>692,701</b>       |

|   | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
| <b>(b) Due to related parties:</b>                          |                      |                      |
| <b>Short-term trade payables</b>                            |                      |                      |
| Zer Merkezi Hizmetler ve Ticaret A.Ş. <sup>(1)</sup>        | 2,166,175            | 2,291,756            |
| Arçelik-LG <sup>(4)</sup>                                   | 1,335,362            | 411,074              |
| Ram Dış Ticaret A.Ş. <sup>(2)</sup>                         | 681,299              | 878,912              |
| Ingage Dijital Pazarlama Hizmetleri A.Ş. <sup>(1)</sup>     | 260,440              | 233,589              |
| Koç Holding A.Ş. <sup>(3)</sup>                             | 245,170              | 189,814              |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. <sup>(1)</sup> | 150,916              | 152,506              |
| Bilkom Bilişim Hizmetleri A.Ş. <sup>(1)</sup>               | 13,649               | 70,259               |
| Other   | 373,260              | 288,839              |
|   | <b>5,226,271</b>     | <b>4,516,749</b>     |

<sup>(1)</sup> Koç Holding group companies

<sup>(2)</sup> Associatesx

<sup>(3)</sup> Parent company

<sup>(4)</sup> Joint venture

Maturity analysis of the present value of other payables to related parties is as follows:

(c) Deposits:

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries <sup>(1)</sup> | 661,555           | 1,814,927         |

<sup>(1)</sup> Koç Holding group companies

(d) Derivative instruments

|   | Contract<br>amount | Fair value<br>assets/(liabilities) |
|---|--------------------|------------------------------------|
| <b>December 31, 2023</b>                        |                    |                                    |
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries | 10,069,556         | 155,622 (1,823)                    |
| <b>December 31, 2022</b>                        |                    |                                    |
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries | 2,822,759          | 2,137 (6,123)                      |

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**NOTE 33 - RELATED PARTY DISCLOSURES (Continued)**

**(ii) Transactions with related parties**

| <b>(a) Sales of goods and services:</b> | <b>2023</b>      | <b>2022</b>      |
|---|------------------|------------------|
| Bilkom Bilişim Hizmetleri A.Ş.          | 1,203,583        | 929,778          |
| Token Finansal Teknolojiler A.Ş.        | 1,199,087        | 851,101          |
| WAT Motor                               | 271,460          | 549,095          |
| Koçtaş Yapı Marketleri Ticaret A.Ş.     | 198,209          | 394,996          |
| Diğer                                   | 92,630           | 206,106          |
|   | <b>2,964,969</b> | <b>2,931,076</b> |

| <b>(b) Purchases of goods and services:</b>             | <b>2023</b>       | <b>2022</b>       |
|---|-------------------|-------------------|
| Zer Merkezi Hizmetler ve Ticaret A.Ş.                   | 11,207,292        | 14,410,670        |
| Arçelik-LG  | 7,276,256         | 5,548,115         |
| Ram Dış Ticaret   | 3,392,793         | 5,577,679         |
| Token Finansal Teknolojiler A.Ş.                        | 1,275,148         | 1,184,281         |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.            | 820,658           | 710,823           |
| Ingage Dijital Pazarlama Hizmetleri A.Ş. <sup>(1)</sup> | 789,550           | 526,287           |
| Bilkom Bilişim Hizmetleri A.Ş.                          | 463,633           | 1,302,845         |
| Ram Sigorta Aracılık Hizmetleri A.Ş. <sup>(*) (1)</sup> | 365,490           | 310,656           |
| WAT Motor   | 103,641           | 603,657           |
| Diğer   | 1,992,388         | 1,307,009         |
|   | <b>27,686,849</b> | <b>31,482,022</b> |

The Group purchases direct and indirect materials and receives service from Zer Merkezi Hizmetler A.Ş. and Ram Dış Ticaret 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

**(c) Key management compensation:**

Senior executives of Arçelik A.Ş. are defined as the Chairman and Members of the Board of Directors, the General Manager, Deputy General Managers, and Directors directly reporting to the General Manager.

In the annual financial period ended December 31, 2023, the total benefits provided to senior executives of Arçelik A.Ş. by our company and its subsidiaries, calculated on the basis of purchasing power as of December 31, 2023, amounted to TRY 733,286 (December 31, 2022: TRY 574,573). The amount of payments made due to separation as of December 31, 2023, calculated on the basis of purchasing power as of December 31, 2023, is TRY 66,677 (December 31, 2022: None).



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**NOTE 33 - RELATED PARTY DISCLOSURES (Continued)**

**(d) Other transactions:**

|   | <b>2023</b> | <b>2022</b> |
|---|-------------|-------------|
| <i>Interest income:</i>                         |             |             |
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries | 18,076      | 161,738     |
| <i>Interest expense:</i>                        |             |             |
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries | -           | (53,413)    |

**NOTE 34 - 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.

The analysis of the Group's financial liabilities with respect to their maturities as of December 31, 2023 is as follows:

| <b>Total financial liabilities<br/>(non-derivative):</b> | <b>Carrying<br/>value</b> | <b>Contractual<br/>cash-flows</b> | <b>Up to<br/>3 months</b> | <b>3 months-<br/>12 months</b> | <b>1 year-<br/>5 years</b> | <b>More<br/>than<br/>5 years</b> |
|--|---------------------------|-----------------------------------|---------------------------|--------------------------------|----------------------------|----------------------------------|
| Financial liabilities                                    | 98,098,454                | 105,980,025                       | 28,816,732                | 26,153,196                     | 47,419,518                 | 3,590,579                        |
| Lease liabilities  | 3,811,089                 | 4,069,108                         | 172,049                   | 876,223                        | 2,280,814                  | 740,022                          |
| Trade payables   | 54,204,812                | 56,450,323                        | 52,681,972                | 3,768,351                      | -                          | -                                |
| Other liabilities (*)                                    | 3,865,462                 | 7,075,995                         | -                         | -                              | 4,427,098                  | 2,648,897                        |
| Other payables, third parties                            | 4,001,042                 | 4,001,042                         | 3,390,999                 | 610,043                        | -                          | -                                |
|  | <b>163,844,217</b>        | <b>177,439,851</b>                | <b>85,061,752</b>         | <b>31,271,171</b>              | <b>54,127,430</b>          | <b>6,979,498</b>                 |

(\*) Indicates the maturity analysis in relation to contingent consideration liabilities (Note 23).

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**NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

| <b>Derivative instruments</b>       | <b>Carrying value</b> | <b>Contractual cash-flows</b> | <b>Up to 3 months</b> | <b>3 months-12 months</b> | <b>1 year-5 years</b> | <b>More than 5 years</b> |
|-------------------------------------|-----------------------|-------------------------------|-----------------------|---------------------------|-----------------------|--------------------------|
| Derivative cash inflows             | -                     | 36,430,113                    | 21,372,511            | 14,179,499                | 878,103               | -                        |
| Derivative cash outflows            | -                     | (36,567,122)                  | (21,506,753)          | (14,118,932)              | (941,437)             | -                        |
| <b>Derivative instruments (net)</b> | <b>(452,541)</b>      | <b>(137,009)</b>              | <b>(134,242)</b>      | <b>60,567</b>             | <b>(63,334)</b>       | <b>-</b>                 |

The analysis of the Group's financial liabilities with respect to their maturities as of December 31, 2022 is as follows:

| <b>Total financial liabilities (non-derivative):</b> | <b>Carrying value</b> | <b>Contractual cash-flows</b> | <b>Up to 3 months</b> | <b>3 months-12 months</b> | <b>1 year-5 years</b> | <b>More than 5 years</b> |
|--|-----------------------|-------------------------------|-----------------------|---------------------------|-----------------------|--------------------------|
| Financial liabilities                                | 80,978,466            | 83,836,242                    | 23,094,709            | 34,532,874                | 21,398,676            | 4,809,983                |
| Lease liabilities                                    | 3,779,311             | 4,746,498                     | 204,580               | 853,553                   | 2,145,608             | 1,542,757                |
| Trade payables                                       | 50,958,202            | 52,325,438                    | 50,370,976            | 1,954,462                 | -                     | -                        |
| Other liabilities (*)                                | 4,509,945             | 7,239,824                     | -                     | -                         | 5,550,602             | 1,689,222                |
| Other payables, third parties                        | 2,893,909             | 2,893,909                     | 2,688,783             | 205,126                   | -                     | -                        |
|  | <b>143,119,833</b>    | <b>151,041,911</b>            | <b>76,359,048</b>     | <b>37,546,015</b>         | <b>29,094,886</b>     | <b>8,041,962</b>         |

| <b>Derivative instruments</b>       | <b>Carrying value</b> | <b>Contractual cash-flows</b> | <b>Up to 3 months</b> | <b>3 months-12 months</b> | <b>1 year-5 years</b> | <b>More than 5 years</b> |
|-------------------------------------|-----------------------|-------------------------------|-----------------------|---------------------------|-----------------------|--------------------------|
| Derivative cash inflows             | -                     | 30,265,272                    | 16,900,473            | 13,364,799                | -                     | -                        |
| Derivative cash outflows            | -                     | (60,379,061)                  | (46,748,903)          | (13,630,158)              | -                     | -                        |
| <b>Derivative instruments (net)</b> | <b>86,260</b>         | <b>(30,113,789)</b>           | <b>(29,848,430)</b>   | <b>(265,359)</b>          | <b>-</b>              | <b>-</b>                 |

(\*) Indicates the maturity analysis in relation to contingent consideration liabilities (Note 23).

**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 re-pricing dates is crucial. In order to minimize the exposures to interest rate volatility, contractual re-pricing 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 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Average effective annual interest rates of statement of financial position accounts as of December 31, 2023 and 2022 are as follows:

| December 31, 2023 (%)     | TRY  | EUR | USD | GBP | RON | RUB  | CNY | ZAR | PLN | CZK | SEK | EGP  | NOK | NAD | CHF | AUD | NZD | THB  | BWP | VND | PKR  | INR | HKD | MYR | BDT | KZT  | SGD | RSD | DKK |  |
|---------------------------|------|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|------|-----|-----|------|-----|-----|-----|-----|------|-----|-----|-----|--|
| Current assets            |      |     |     |     |     |      |     |     |     |     |     |      |     |     |     |     |     |      |     |     |      |     |     |     |     |      |     |     |     |  |
| Cash and cash equivalents | 39.4 | 3.6 | 5.1 | 5.1 | 3.3 | 13.9 | 1.8 | -   | -   | -   | 3.0 | 13.4 | -   | 7.5 | 0.0 | 2.3 | 3.4 | 1.8  | 5.5 | 2.0 | 20.5 | -   | 5.8 | -   | 2.2 | 13.0 | 0.7 | 5.0 | -   |  |
| Trade receivables         | 16.1 | -   | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -    | -   | -   | -   | -   | -    | -   | -   | -   |  |
| Current liabilities       |      |     |     |     |     |      |     |     |     |     |     |      |     |     |     |     |     |      |     |     |      |     |     |     |     |      |     |     |     |  |
| Shor-term bank borrowings | 40.1 | 6.1 | 8.6 | 7.1 | 8.7 | 18.2 | 4.7 | 9.5 | 7.3 | 8.5 | 5.2 | -    | 6.1 | -   | -   | 6.1 | -   | 5.5  | -   | -   | 23.2 | 9.5 | -   | 6.0 | 9.3 | -    | -   | -   | -   |  |
| Trade payables            | 32.2 | -   | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -    | -   | -   | -   | -   | -    | -   | -   | -   |  |
| Non-current liabilities   |      |     |     |     |     |      |     |     |     |     |     |      |     |     |     |     |     |      |     |     |      |     |     |     |     |      |     |     |     |  |
| Long-term bank borrowings | 39.8 | 4.8 | 9.2 | 7.5 | 7.4 | 18.0 | -   | 9.5 | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | 22.6 | -   | -   | -   | -   | -    | -   | -   | -   |  |
| Long-term bond issued     | -    | 3.1 | 8.7 | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -    | -   | -   | -   | -   | -    | -   | -   | -   |  |
|                           |      |     |     |     |     |      |     |     |     |     |     |      |     |     |     |     |     |      |     |     |      |     |     |     |     |      |     |     |     |  |
| December 31, 2022 (%)     | TRY  | EUR | USD | GBP | RON | RUB  | CNY | ZAR | PLN | CZK | SEK | EGP  | NOK | NAD | CHF | AUD | NZD | THB  | BWP | VND | PKR  | INR | HKD | MYR | BDT | KZT  | SGD | RSD | DKK |  |
| Current assets            |      |     |     |     |     |      |     |     |     |     |     |      |     |     |     |     |     |      |     |     |      |     |     |     |     |      |     |     |     |  |
| Cash and cash equivalents | 23.6 | 2.7 | 4.4 | 1.1 | 7.1 | 5.9  | 2.2 | 1.0 | -   | 7.3 | -   | 7.1  | -   | 7.5 | -   | 4.8 | 1.3 | 25.0 | 5.5 | 6.7 | 14.5 | -   | 1.0 | -   | 5.8 | -    | 4.2 | 6.6 | -   |  |
| Trade receivables         | 13.7 | -   | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -    | -   | -   | -   | -   | -    | -   | -   | -   |  |
| Current liabilities       |      |     |     |     |     |      |     |     |     |     |     |      |     |     |     |     |     |      |     |     |      |     |     |     |     |      |     |     |     |  |
| Shor-term bank borrowings | 24.6 | 1.9 | 7.6 | -   | 7.1 | -    | -   | 5.8 | 7.8 | -   | 1.0 | -    | 3.9 | -   | -   | 3.3 | -   | -    | -   | -   | -    | 8.4 | -   | 6.0 | 7.0 | -    | -   | -   | 3.9 |  |
| Trade payables            | 27.4 | -   | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -    | -   | -   | -   | -   | -    | -   | -   | -   |  |
| Non-current liabilities   |      |     |     |     |     |      |     |     |     |     |     |      |     |     |     |     |     |      |     |     |      |     |     |     |     |      |     |     |     |  |
| Long-term bank borrowings | 18.2 | 2.9 | -   | -   | -   | -    | -   | 7.2 | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | 16.3 | -   | -   | -   | -   | -    | -   | -   | -   |  |
| Long-term bond issued     | 22.6 | 3.0 | 5.0 | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -   | -   | -   | -    | -   | -   | -    | -   | -   | -   | -   | -    | -   | -   | -   |  |

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**NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

Analysis of financial instruments of the Company which are sensitive to interest rate changes is as follows:

|   | <b>2023</b> | <b>2022</b> |
|---|-------------|-------------|
| <b>Financial instruments with fixed interest rates</b>    |             |             |
| Time deposits   | 8,379,226   | 19,463,351  |
| Borrowings and bonds issued                               | 70,556,234  | 67,087,674  |
| Factoring liabilities                                     | 696,342     | 784,329     |
| <b>Financial instruments with variable interest rates</b> |             |             |
| Time deposits   | 28,395,902  | 11,177,548  |
| Borrowings  | 27,542,220  | 13,890,792  |

At December 31, 2023, if interest rates of all foreign currency denominated financial assets and liabilities with variable interest rates has strengthened/weakened by 100 base point with all other variables held constant, income before taxes would have been TRY 8,537 (2022: TRY 27,132 higher/ lower) as a result of lower/higher interest income/expense arise from time deposits and borrowings with variable interest rates.

***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.

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**NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

Details of credit and receivable risk as of December 31, 2023 and December 31, 2022 are as follows:

|   | <b>Trade receivables</b> |                      |                      |                               |
|---|--------------------------|----------------------|----------------------|-------------------------------|
| <b>December 31, 2023</b>  | <b>Related parties</b>   | <b>Third parties</b> | <b>Bank deposits</b> | <b>Derivative instruments</b> |
| <b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>        | <b>575,652</b>           | <b>65,978,839</b>    | <b>47,502,898</b>    | <b>453,339</b>                |
| Secured portion of the maximum credit risk by guarantees, etc. <sup>(2)</sup> | -                        | (52,589,023)         | -                    | -                             |
| A. Net book value of financial asset either are not due or not impaired       | 575,652                  | 63,814,139           | 47,502,898           | 453,339                       |
| -Secured portion by guarantees, etc.  | -                        | (51,097,496)         | -                    | -                             |
| B. Net book value of overdue but not impaired financial assets                | -                        | 2,185,617            | -                    | -                             |
| - Secured portion by guarantees, etc.   | -                        | (1,484,219)          | -                    | -                             |
| C. Net book value of the impaired assets                                      | -                        | 7,308                | -                    | -                             |
| - Overdue (Gross book value)  | -                        | 735,329              | -                    | -                             |
| - Impairment (-)  | -                        | (728,020)            | -                    | -                             |
| - Secured portion of the net value by guarantees, etc.                        | -                        | (7,309)              | -                    | -                             |
| D. Expected credit losses (-)   | -                        | (28,225)             | -                    | -                             |
|   | <b>Trade receivables</b> |                      |                      |                               |
| <b>December 31, 2022</b>  | <b>Related parties</b>   | <b>Third parties</b> | <b>Bank deposits</b> | <b>Derivative instruments</b> |
| <b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>        | <b>692,701</b>           | <b>55,235,807</b>    | <b>39,393,067</b>    | <b>382,344</b>                |
| Secured portion of the maximum credit risk by guarantees, etc. <sup>(2)</sup> | -                        | (45,476,451)         | -                    | -                             |
| A. Net book value of financial asset either are not due or not impaired       | 692,701                  | 53,552,185           | 39,393,067           | 382,344                       |
| -Secured portion by guarantees, etc.  | -                        | (44,336,321)         | -                    | -                             |
| B. Net book value of overdue but not impaired financial assets                | -                        | 1,774,192            | -                    | -                             |
| - Secured portion by guarantees, etc.   | -                        | (1,115,318)          | -                    | -                             |
| C. Net book value of the impaired assets                                      | -                        | 24,812               | -                    | -                             |
| - Overdue (Gross book value)  | -                        | 1,255,175            | -                    | -                             |
| - Impairment (-)  | -                        | (1,230,363)          | -                    | -                             |
| - Secured portion of the net value by guarantees, etc.                        | -                        | (24,812)             | -                    | -                             |
| D. Expected credit losses (-)   | -                        | (25,382)             | -                    | -                             |

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

<sup>(2)</sup> Major part of guarantees is composed of mortgages and trade receivable insurances.

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)

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

|         | December 31,<br>2023 | December 31,<br>2022 |
|---------|----------------------|----------------------|
| Group 1 | 931,817              | 2,301,194            |
| Group 2 | 62,892,062           | 51,520,244           |
| Group 3 | 565,912              | 423,448              |
|         | <b>64,389,791</b>    | <b>54,244,886</b>    |

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

|             | December 31,<br>2023 | December 31,<br>2022 |
|-------------|----------------------|----------------------|
| 0-1 month   | 1,263,015            | 1,206,303            |
| 1-3 months  | 383,928              | 169,171              |
| 3-12 months | 281,650              | 258,451              |
| 1-5 years   | 257,024              | 140,267              |
|             | <b>2,185,617</b>     | <b>1,774,192</b>     |

c) Geographical concentration of the trade receivables

|        | December 31,<br>2023 | December 31,<br>2022 |
|--------|----------------------|----------------------|
| Turkey | 23,237,058           | 17,765,371           |
| Europe | 25,101,919           | 20,505,518           |
| Other  | 18,215,514           | 17,747,619           |
|        | <b>66,554,491</b>    | <b>56,018,508</b>    |

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.

Description for the measurements as of December 31, 2023 is as follows;

| December 31, 2023         | Undue      | Overdue<br>0-1 month | Overdue<br>1-3 months | Overdue<br>more than 3<br>months | Total             |
|---------------------------|------------|----------------------|-----------------------|----------------------------------|-------------------|
| Expected loss rate (%)    | 0.003      | 0.10                 | 0.47                  | 1.71                             |                   |
| Gross carrying amount (*) | 65,040,180 | 351,156              | 1,127,910             | 1,441,879                        | <b>67,961,125</b> |
| Expected credit lose      | (1,639)    | (364)                | (1,541)               | (24,681)                         | <b>(28,225)</b>   |

(\*) Represents gross trade receivables excluding related party balances and impairment provisions.

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)

Description for the measurements as of December 31, 2022 is as follows;

| December 31, 2022             | Undue      | Overdue<br>0-1 month | Overdue<br>1-3 months | Overdue<br>more than 3<br>months | Total      |
|-------------------------------|------------|----------------------|-----------------------|----------------------------------|------------|
| Expected credit loss rate (%) | 0.004      | 0.23                 | 0.11                  | 1.69                             |            |
| Gross carrying amount (*)     | 54,510,970 | 297,312              | 1,511,266             | 1,220,789                        | 57,540,337 |
| Expected credit loss          | (2,437)    | (681)                | (1,672)               | (20,592)                         | (25,382)   |

(\*) Represents gross trade receivables excluding related party balances and impairment provisions.

**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.

**Foreign currency hedge of net investments in foreign operations**

The Group designated some portion of the Euro dominated bonds issued and Ruble dominated contingent liabilities 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 and Russia from Euro and Ruble 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 December 31, 2023, a portion of bank borrowings amounting to EUR 210,000,000 and contingent liabilities RUB 11,853,246,108 (before tax) was designated as a net investment hedging instrument (December 31, 2022: EUR 200,000,000 and RUB 10,548,277,984 respectively).

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**NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

***Foreign currency position***

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

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Assets                                     | 66,477,002                   | 51,522,170                   |
| Liabilities                                | (95,930,775)                 | (73,350,975)                 |
| <b>Net position of financial statement</b> | <b>(29,453,773)</b>          | <b>(21,828,805)</b>          |
| Net position of derivative instruments     | 21,893,876                   | 21,066,278                   |
| <b>Foreign currency position (net)</b>     | <b>(7,559,897)</b>           | <b>(762,527)</b>             |

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).



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**NOTE 34 - 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, 2023 are as follows:

|  | EUR              | USD              | GBP            | RUB                 | CNY              | PLN           | JPY              | SGD            | VND          | Other<br>Currency's<br>TRY<br>Equivalent | TRY<br>Equivalent   |
|--|------------------|------------------|----------------|---------------------|------------------|---------------|------------------|----------------|--------------|--|---------------------|
| <b>Current Assets</b>  |                  |                  |                |                     |                  |               |                  |                |              |  |                     |
| Trade receivables  | 427,200          | 425,567          | 51,133         | 1,381,115           | 356,527          | 55,682        | 1,096,363        | 5,083          | 1,167        | 902,634                                  | 31,940,001          |
| Monetary financial assets  | 513,794          | 527,221          | 125            | -                   | 6,992            | 455           | 1,584,499        | 2,951          | -            | 56,665                                   | 32,744,937          |
| Other  | 2,714            | 46,112           | -              | -                   | -                | -             | -                | 2,004          | -            | 8,454                                    | 1,499,076           |
| <b>Non Current Assets</b>  |                  |                  |                |                     |                  |               |                  |                |              |  |                     |
| Trade receivables  | 1,114            | 8,720            | -              | -                   | -                | -             | -                | -              | -            | -  | 292,988             |
| <b>Toplam Varlıklar</b>  | <b>944,822</b>   | <b>1,007,620</b> | <b>51,258</b>  | <b>1,381,115</b>    | <b>363,519</b>   | <b>56,137</b> | <b>2,680,862</b> | <b>10,038</b>  | <b>1,167</b> | <b>967,753</b>                           | <b>66,477,002</b>   |
| <b>Current Liabilities</b>   |                  |                  |                |                     |                  |               |                  |                |              |  |                     |
| Trade payables   | 387,069          | 590,263          | 5,218          | 20,513              | 246,841          | -             | 149,719          | 2,477          | -            | 205,067                                  | 31,495,424          |
| Financial liabilities  | 628,645          | 80,341           | -              | -                   | 3,305            | -             | -                | 478            | -            | -  | 22,866,811          |
| Other monetary liabilities   | 3,325            | 5,337            | 1              | 11,853,246          | -                | -             | 10,002           | 852            | -            | -  | 4,152,016           |
| <b>Non-Current Liabilities</b>                                       |                  |                  |                |                     |                  |               |                  |                |              |  |                     |
| Trade payables   | -                | 1,589            | -              | -                   | -                | -             | -                | -              | -            | -  | 46,777              |
| Financial liabilities  | 650,164          | 550,000          | -              | -                   | -                | -             | -                | -              | -            | -  | 37,369,387          |
| Other monetary liabilities   | -                | 12               | -              | -                   | -                | -             | -                | -              | -            | -  | 360                 |
| <b>Total Liabilities</b>   | <b>1,669,203</b> | <b>1,227,542</b> | <b>5,219</b>   | <b>11,873,759</b>   | <b>250,146</b>   | <b>-</b>      | <b>159,721</b>   | <b>3,807</b>   | <b>-</b>     | <b>205,067</b>                           | <b>95,930,775</b>   |
| <b>Net Position of Financial Statement</b>                           | <b>(724,381)</b> | <b>(219,922)</b> | <b>46,039</b>  | <b>(10,492,644)</b> | <b>113,373</b>   | <b>56,137</b> | <b>2,521,141</b> | <b>6,231</b>   | <b>1,167</b> | <b>762,686</b>                           | <b>(29,453,773)</b> |
| Off-balance sheet<br>derivative assets (*)                           | 766,726          | 749,229          | 13,000         | 11,853,246          | -                | -             | -                | -              | -            | 186,389                                  | 51,569,802          |
| Off-balance sheet<br>derivative liabilities (*)                      | (582,458)        | (145,350)        | (60,500)       | (1,450,000)         | (360,500)        | (45,000)      | (2,540,000)      | (7,893)        | -            | (1,158,771)                              | (29,675,926)        |
| Net position of<br>off-balance sheet items                           | 184,268          | 603,879          | (47,500)       | 10,403,246          | (360,500)        | (45,000)      | (2,540,000)      | (7,893)        | -            | (972,382)                                | 21,893,876          |
| <b>Net Asset/(Liability) Position<br/>of Foreign Currency</b>        | <b>(540,113)</b> | <b>383,957</b>   | <b>(1,461)</b> | <b>(89,398)</b>     | <b>(247,127)</b> | <b>11,137</b> | <b>(18,859)</b>  | <b>(1,662)</b> | <b>1,167</b> | <b>(209,696)</b>                         | <b>(7,559,897)</b>  |
| Net Asset/(Liability) Position of Foreign<br>Currency Monetary Items | (724,381)        | (219,922)        | 46,039         | (10,492,644)        | 113,373          | 56,137        | 2,521,141        | 6,231          | 1,167        | 762,686                                  | (29,453,773)        |
| Hedged Amount of Foreign Currency Assets                             | 582,458          | 145,350          | 60,500         | 1,450,000           | 360,500          | 45,000        | 2,540,000        | 7,893          | -            | 1,158,771                                | 29,675,926          |
| Hedged Amount of Foreign Currency<br>Liabilities                     | 766,726          | 749,229          | 13,000         | 11,853,246          | -                | -             | -                | -              | -            | 186,389                                  | 51,569,802          |

- (\*) 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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The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of December 31, 2022 are as follows:

|  | EUR              | USD              | GBP             | RUB                 | CNY              | PLN            | JPY              | SGD           | VND                 | Other<br>Currency's<br>TRY<br>Equivalent | TRY<br>Equivalent<br>(**) |
|--|------------------|------------------|-----------------|---------------------|------------------|----------------|------------------|---------------|---------------------|--|---------------------------|
| <b>Current Assets</b>  |                  |                  |                 |                     |                  |                |                  |               |                     |  |                           |
| Trade receivables  | 637,048          | 488,781          | 86,743          | 1,269,152           | 400,912          | 95,028         | 2,710,884        | 7,031         | 1,923               | 1,234,945                                | 27,315,035                |
| Monetary financial assets  | 334,627          | 826,489          | 178             | 35                  | -                | 231            | 222,577          | 16,373        | -                   | 66,918                                   | 22,456,710                |
| Other  | 4,759            | 69,463           | -               | -                   | 7,543            | -              | -                | 2,671         | -                   | 7,085                                    | 1,458,311                 |
| <b>Non Current Assets</b>  |                  |                  |                 |                     |                  |                |                  |               |                     |  |                           |
| <b>Trade receivables</b>   | 1,551            | 13,969           | -               | -                   | -                | -              | -                | -             | -                   | -  | 292,114                   |
| <b>Toplam Varlıklar</b>  | <b>977,985</b>   | <b>1,398,702</b> | <b>86,921</b>   | <b>1,269,187</b>    | <b>408,455</b>   | <b>95,259</b>  | <b>2,933,461</b> | <b>26,075</b> | <b>1,923</b>        | <b>1,308,948</b>                         | <b>51,522,170</b>         |
| <b>Current Liabilities</b>   |                  |                  |                 |                     |                  |                |                  |               |                     |  |                           |
| Trade payables   | 523,253          | 717,209          | 10,323          | 155,083             | 116,580          | -              | 529,257          | 2,724         | 32,807,110          | 238,563                                  | 24,803,778                |
| Financial liabilities  | 256,378          | 914,564          | -               | -                   | -                | -              | -                | 1,546         | -                   | -  | 22,233,250                |
| Other monetary liabilities   | 7,863            | 15,103           | 3               | -                   | -                | -              | 195,847          | 1,170         | -                   | 910                                      | 484,142                   |
| <b>Non-Current Liabilities</b>                                       |                  |                  |                 |                     |                  |                |                  |               |                     |  |                           |
| Trade payables   | -                | 610              | -               | -                   | -                | -              | -                | -             | -                   | -  | 11,399                    |
| Financial liabilities  | 1,076,307        | -                | -               | -                   | -                | -              | -                | -             | -                   | -  | 21,456,064                |
| Other monetary liabilities   | -                | 210              | -               | 16,796,701          | -                | -              | -                | -             | -                   | -  | 4,362,342                 |
| <b>Total Liabilities</b>   | <b>1,863,801</b> | <b>1,647,696</b> | <b>10,326</b>   | <b>16,951,784</b>   | <b>116,580</b>   | <b>-</b>       | <b>725,104</b>   | <b>5,440</b>  | <b>32,807,110</b>   | <b>239,473</b>                           | <b>73,350,975</b>         |
| <b>Net Position of Financial Statement</b>                           | <b>(885,816)</b> | <b>(248,994)</b> | <b>76,595</b>   | <b>(15,682,597)</b> | <b>291,875</b>   | <b>95,259</b>  | <b>2,208,357</b> | <b>20,635</b> | <b>(32,805,187)</b> | <b>1,069,475</b>                         | <b>(21,828,805)</b>       |
| Off-balance sheet  |                  |                  |                 |                     |                  |                |                  |               |                     |  |                           |
| derivative assets (*)  | 920,728          | 544,156          | -               | 16,796,701          | -                | -              | 98,864           | -             | -                   | 229,590                                  | 33,131,380                |
| Off-balance sheet  |                  |                  |                 |                     |                  |                |                  |               |                     |  |                           |
| derivative liabilities (*)   | (64,767)         | (252,865)        | (91,943)        | (2,389,207)         | (453,126)        | (98,864)       | (2,142,048)      | (20,185)      | -                   | (1,137,395)                              | (12,065,102)              |
| Net position of  |                  |                  |                 |                     |                  |                |                  |               |                     |  |                           |
| off-balance sheet items  | 855,961          | 291,291          | (91,943)        | 14,407,494          | (453,126)        | (98,864)       | (2,043,184)      | (20,185)      | -                   | (907,805)                                | 21,066,278                |
| <b>Net Asset/(Liability) Position<br/>of Foreign Currency</b>        | <b>(29,855)</b>  | <b>42,297</b>    | <b>(15,348)</b> | <b>(1,275,103)</b>  | <b>(161,251)</b> | <b>(3,605)</b> | <b>165,173</b>   | <b>450</b>    | <b>(32,805,187)</b> | <b>161,670</b>                           | <b>(762,527)</b>          |
| Net Asset/(Liability) Position of Foreign<br>Currency Monetary Items | (885,816)        | (248,994)        | 76,595          | (15,682,597)        | 291,875          | 95,259         | 2,208,357        | 20,635        | (32,805,187)        | 1,069,475                                | (21,828,804)              |
| Hedged Amount of Foreign Currency<br>Assets                          | 64,767           | 252,865          | 91,943          | 2,389,207           | 453,126          | 98,864         | 2,142,048        | 20,185        | -                   | 1,137,395                                | 12,065,103                |
| Hedged Amount of Foreign Currency<br>Liabilities                     | 920,728          | 544,156          | -               | 16,796,701          | -                | -              | 98,864           | -             | -                   | 229,590                                  | 33,131,380                |

(\*) 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.

(\*\*) Amounts expressed in thousands of TRY in terms of purchasing power of the TRY at December 31, 2023.

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As of December 31, 2023, and December 31, 2022, 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% |
| <b>December 31, 2023</b>                 |                                      |                                      |                                      |                                      |
| USD net asset/liability                  | (647,411)                            | 647,411                              | (146,537)                            | 146,537                              |
| Secured portion from USD risk            | 1,777,711                            | (1,777,711)                          | 1,777,711                            | (1,777,711)                          |
| <b>USD Net effect</b>                    | <b>1,130,300</b>                     | <b>(1,130,300)</b>                   | <b>1,631,174</b>                     | <b>(1,631,174)</b>                   |
| EUR net asset/liability                  | (1,675,539)                          | 1,675,539                            | (2,548,342)                          | 2,548,342                            |
| Secured portion from EUR risk            | (83,819)                             | 83,819                               | 600,233                              | (600,233)                            |
| <b>EUR Net effect</b>                    | <b>(1,759,358)</b>                   | <b>1,759,358</b>                     | <b>(1,948,109)</b>                   | <b>1,948,109</b>                     |
| GBP net asset/liability                  | 172,378                              | (172,378)                            | 201,421                              | (201,421)                            |
| Secured portion from GBP risk            | (177,848)                            | 177,848                              | (177,848)                            | 177,848                              |
| <b>GBP Net effect</b>                    | <b>(5,470)</b>                       | <b>5,470</b>                         | <b>23,573</b>                        | <b>(23,573)</b>                      |
| JPY net asset/liability                  | 52,305                               | (52,305)                             | 52,305                               | (52,305)                             |
| Secured portion from JPY risk            | (52,697)                             | 52,697                               | (52,697)                             | 52,697                               |
| <b>JPY Net effect</b>                    | <b>(392)</b>                         | <b>392</b>                           | <b>(392)</b>                         | <b>392</b>                           |
| PLN net asset/liability                  | 42,208                               | (42,208)                             | 56,539                               | (56,539)                             |
| Secured portion from PLN risk            | (33,834)                             | 33,834                               | (33,834)                             | 33,834                               |
| <b>PLN Net effect</b>                    | <b>8,374</b>                         | <b>(8,374)</b>                       | <b>22,705</b>                        | <b>(22,705)</b>                      |
| RUB net asset/liability                  | 44,370                               | (44,370)                             | 567,854                              | (567,854)                            |
| Secured portion from RUB risk            | (47,286)                             | 47,286                               | 339,260                              | (339,260)                            |
| <b>RUB Net effect</b>                    | <b>(2,916)</b>                       | <b>2,916</b>                         | <b>907,114</b>                       | <b>(907,114)</b>                     |
| VND net asset/liability                  | -                                    | -                                    | (39,828)                             | 39,828                               |
| Secured portion from VND risk            | -                                    | -                                    | -                                    | -                                    |
| <b>VND Net effect</b>                    | <b>-</b>                             | <b>-</b>                             | <b>(39,828)</b>                      | <b>39,828</b>                        |
| CNY net asset/liability                  | 46,723                               | (46,723)                             | 22,556                               | (22,556)                             |
| Secured portion from CNY risk            | (148,569)                            | 148,569                              | (148,569)                            | 148,569                              |
| <b>CNY Net effect</b>                    | <b>(101,846)</b>                     | <b>101,846</b>                       | <b>(126,013)</b>                     | <b>126,013</b>                       |
| SGD net asset/liability                  | 13,918                               | (13,918)                             | 13,919                               | (13,919)                             |
| Secured portion from SGD risk            | (17,630)                             | 17,630                               | (17,630)                             | 17,630                               |
| <b>SGD Net effect</b>                    | <b>(3,712)</b>                       | <b>3,712</b>                         | <b>(3,711)</b>                       | <b>3,711</b>                         |
| Other net asset/liability                | 76,269                               | (70,837)                             | 1,618,460                            | (1,618,460)                          |
| Secured portion from other currency risk | (97,240)                             | 91,808                               | (97,239)                             | 97,239                               |
| <b>Other Currency Net effect</b>         | <b>(20,971)</b>                      | <b>20,971</b>                        | <b>1,521,221</b>                     | <b>(1,521,221)</b>                   |
|  | <b>(755,991)</b>                     | <b>755,991</b>                       | <b>1,987,734</b>                     | <b>(1,987,734)</b>                   |

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**NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

|   | Gain/Loss                                  |  | Other Comprehensive Income                 |  |
|---|--|--|--|--|
|   | Foreign exchange<br>appreciation by<br>10% | Foreign exchange<br>depreciation by<br>10% | Foreign exchange<br>appreciation by<br>10% | Foreign exchange<br>depreciation by<br>10% |
| <b>December 31, 2022</b>                    |  |  |  |  |
| USD net asset/liability                     | (465,576)                                  | 465,576                                    | (563,163)                                  | 563,163                                    |
| Secured portion from USD risk               | 544,663                                    | (544,663)                                  | 544,663                                    | (544,663)                                  |
| <b>USD Net effect</b>                       | <b>79,087</b>                              | <b>(79,087)</b>                            | <b>(18,500)</b>                            | <b>18,500</b>                              |
| EUR net asset/liability                     | (1,119,955)                                | 1,119,955                                  | (1,384,646)                                | 1,384,646                                  |
| Secured portion from EUR risk               | 1,060,439                                  | (1,060,439)                                | 1,706,349                                  | (1,706,349)                                |
| <b>EUR Net effect</b>                       | <b>(59,516)</b>                            | <b>59,516</b>                              | <b>321,703</b>                             | <b>(321,703)</b>                           |
| GBP net asset/liability                     | 172,256                                    | (172,256)                                  | 224,505                                    | (224,505)                                  |
| Secured portion from GBP risk               | (206,774)                                  | 206,774                                    | (206,774)                                  | 206,774                                    |
| <b>GBP Net effect</b>                       | <b>(34,518)</b>                            | <b>34,518</b>                              | <b>17,731</b>                              | <b>(17,731)</b>                            |
| JPY net asset/liability                     | 31,204                                     | (31,204)                                   | 31,205                                     | (31,205)                                   |
| Secured portion from JPY risk               | (28,870)                                   | 28,870                                     | (28,870)                                   | 28,870                                     |
| <b>JPY Net effect</b>                       | <b>2,334</b>                               | <b>(2,334)</b>                             | <b>2,335</b>                               | <b>(2,335)</b>                             |
| PLN net asset/liability                     | 40,619                                     | (40,619)                                   | 99,259                                     | (99,259)                                   |
| Secured portion from PLN risk               | (42,157)                                   | 42,157                                     | (42,157)                                   | 42,157                                     |
| <b>PLN Net effect</b>                       | <b>(1,538)</b>                             | <b>1,538</b>                               | <b>57,102</b>                              | <b>(57,102)</b>                            |
| RUB net asset/liability                     | 44,062                                     | (44,062)                                   | (27,519)                                   | 27,519                                     |
| Secured portion from RUB risk               | (77,150)                                   | 77,150                                     | 373,845                                    | (373,845)                                  |
| <b>RUB Net effect</b>                       | <b>(33,088)</b>                            | <b>33,088</b>                              | <b>346,326</b>                             | <b>(346,326)</b>                           |
| VND net asset/liability                     | (2,592)                                    | 2,592                                      | (25,566)                                   | 25,566                                     |
| Secured portion from VND risk               | -  | -  | -  | -  |
| <b>VND Net effect</b>                       | <b>(2,592)</b>                             | <b>2,592</b>                               | <b>(25,566)</b>                            | <b>25,566</b>                              |
| CNY net asset/liability                     | 78,240                                     | (78,240)                                   | 50,654                                     | (50,654)                                   |
| Secured portion from CNY risk               | (121,466)                                  | 121,466                                    | (121,466)                                  | 121,466                                    |
| <b>CNY Net effect</b>                       | <b>(43,226)</b>                            | <b>43,226</b>                              | <b>(70,812)</b>                            | <b>70,812</b>                              |
| SGD net asset/liability                     | 46,091                                     | (46,091)                                   | 28,815                                     | (28,815)                                   |
| Secured portion from SGD risk               | (45,462)                                   | 45,462                                     | (28,186)                                   | 28,186                                     |
| <b>SGD Net effect</b>                       | <b>629</b>                                 | <b>(629)</b>                               | <b>629</b>                                 | <b>(629)</b>                               |
| Other net asset/liability                   | 106,948                                    | (106,948)                                  | 2,631,999                                  | (2,631,999)                                |
| Secured portion from other currency<br>risk | (90,782)                                   | 90,782                                     | (90,780)                                   | 90,780                                     |
| <b>Other Currency Net effect</b>            | <b>16,166</b>                              | <b>(16,166)</b>                            | <b>2,541,219</b>                           | <b>(2,541,219)</b>                         |
|   | <b>(76,262)</b>                            | <b>76,262</b>                              | <b>3,172,167</b>                           | <b>(3,172,167)</b>                         |

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)

Import and exports performed to / from Turkey for the year ended as of December 31, 2023 and 2022 are as follows:

|                      | December 31, 2023 | December 31, 2022 |
|----------------------|-------------------|-------------------|
|                      | TRY               | TRY               |
| EUR                  | 35,292,350        | 39,726,395        |
| USD                  | 11,774,638        | 16,598,373        |
| GBP                  | 11,793,392        | 12,766,629        |
| Other                | 10,064,380        | 9,529,109         |
| <b>Total exports</b> | <b>68,924,760</b> | <b>78,620,506</b> |
| EUR                  | 13,374,277        | 16,208,807        |
| USD                  | 31,724,731        | 31,037,814        |
| Other                | 90,449            | 96,368            |
| <b>Total imports</b> | <b>45,189,457</b> | <b>47,342,989</b> |

*Capital Risk Management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratios as of December 31, 2023 and 2022 are as follows:

|                                      | December 31,<br>2023 | December 31,<br>2022 |
|--------------------------------------|----------------------|----------------------|
| Total financial liabilities (Note 7) | 101,909,543          | 84,757,777           |
| Cash and cash equivalents (Note 5)   | (48,791,778)         | (40,417,510)         |
| Net financial liabilities            | 53,117,765           | 44,340,267           |
| Equity                               | 59,563,339           | 58,039,410           |
| <b>Total capital invested</b>        | <b>112,681,104</b>   | <b>102,379,677</b>   |
| <b>Gearing ratio</b>                 | <b>47%</b>           | <b>43%</b>           |

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**NOTE 35 - 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 uncollectibility 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.

As of December 31, 2023, the carrying value and the fair value of the long-term borrowings, including the short-term portions, are equal to TRY 47,559,825 (December 31, 2022: TRY 50,690,418) (Note 7) and TRY 54,436,646 (December 31, 2022: TRY 49,969,641) 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.

***Contingent consideration from acquisition transactions***

Group measures the contingent consideration liabilities arising from purchase/acquisition transactions at their fair value on it's consolidated financial statements. In this context, the contingent consideration liability in relation to the acquisition of IHP Appliances JSC and IHP Appliances Sales LLC, whose acquisitions have been completed as of August 31, 2022 are measured at fair value in the consolidated financial statements as of December 31, 2023.

The contingent consideration liability is calculated by discounting the expected future cash flows of the acquired companies to date. Estimations on earnings before interest tax depreciation amortization ("EBITDA"), long term growth rate and discount rates are taken into account in the calculation of discounted future cash flows of the acquired companies. According to the Group's assessments, EBITDA growth rates are the key assumptions used in the calculation of the discounted contingent consideration liabilities.

Under the assumption of 1% increase/decrease in EBITDA growth rates as at December 31, 2023, all other variables held constant, the Group's contingent consideration liability would have been increased by TRY 330,465/decreased by TRY 351,725.

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**NOTE 35 - FINANCIAL INSTRUMENTS (Continued)**

**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 maximise 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 December 31, 2023 is as follows:

**Financial assets carried at fair value in statement of  
financial position**

|  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|--|----------------|----------------|----------------|
| Derivative instruments (assets) (Note 8) | -              | 453,339        | -              |
| Financial investments (Note 6)           | 23,196         | 39,756         | 78,788         |

**Financial liabilities carried at fair value in statement  
of financial position**

|   |   |           |           |
|---|---|-----------|-----------|
| Derivative instruments (liabilities) (Note 8) | - | (905,880) | -         |
| Other long term liabilities (Note 23)         | - | -         | 3,865,462 |

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

**Financial assets carried at fair value in statement of  
financial position**

|  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|--|----------------|----------------|----------------|
| Derivative instruments (assets) (Note 8) | -              | 382,344        | -              |
| Financial investments (Note 6)           | 37,176         | 28,224         | 79,404         |

**Financial liabilities carried at fair value in statement  
of financial position**

|   |   |           |           |
|---|---|-----------|-----------|
| Derivative instruments (liabilities) (Note 8) | - | (296,084) | -         |
| Other long term liabilities (Note 23)         | - | -         | 4,509,945 |

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**NOTE 36 - 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:

|  | <b>1 January-<br/>December 31,<br/>2023</b> | <b>1 January-<br/>December 31,<br/>2022</b> |
|--|---|---|
| <b>Adjustments for provisions:</b>             |   |   |
| Accrual for customer premiums                  | 1,654,740                                   | 622,220                                     |
| Provision for assembly and transportation cost | 1,261,313                                   | 1,342,461                                   |
| Provision for employment termination benefits  | 531,011                                     | 564,771                                     |
| Warranty provision                             | 490,572                                     | 378,549                                     |
| Unused vacation                                | 58,261                                      | 38,769                                      |
| Accrual for bonuses and premiums               | (81,867)                                    | (40,005)                                    |
| Other provisions                               | 19,494                                      | (161,399)                                   |
|  | <b>3,933,524</b>                            | <b>2,745,366</b>                            |
|  |   |   |
|  | <b>1 January-<br/>December 31,<br/>2023</b> | <b>1 January-<br/>December 31,<br/>2022</b> |
| <b>Adjustments for impairment loss:</b>        |   |   |
| Provision for impairment on inventories        | 136,545                                     | 87,306                                      |
| Provision for expected credit lose             | 173,703                                     | 82,466                                      |
|  | <b>310,248</b>                              | <b>169,772</b>                              |

**NOTE 37 - EVENTS AFTER BALANCE SHEET DATE**

In the application submitted to the UK Competition and Markets Authority (CMA) regarding the fulfillment of closing conditions for the partnership to be established by Whirlpool Corporation and Arçelik A.Ş., an independent panel commissioned by the CMA has issued a preliminary assessment. This assessment concludes that the partnership is not anticipated to have an adverse impact on competition. Following the release of the year-end report, closing procedures for the partnership will continue.