

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

**ARÇELİK ANONİM ŞİRKETİ**

**JANUARY 1 - MARCH 31, 2020 CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

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ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31, 2020 AND DECEMBER 31, 2019

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

		<b>Unaudited</b>	<b>Audited</b>
	<b>Notes</b>	<b>March 31,</b>	<b>December 31,</b>
		<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	7,826,632	6,937,060
Trade receivables			
-Due from related parties	27	23,116	17,674
-Trade receivables, third parties	8	9,133,748	9,498,171
Derivative instruments	7	6,054	2,008
Inventories	10	5,821,470	5,630,251
Prepaid expenses	16	357,480	209,835
Current income tax assets	17	129,442	141,244
Other current assets	19	881,510	746,403
<b>Total current assets</b>		<b>24,179,452</b>	<b>23,182,646</b>
<b>Non-current assets:</b>			
Financial investments	5	3,037	3,009
Trade receivables			
-Trade receivables, third parties	8	53,025	51,543
Investments accounted for using the equity method	11	538,620	526,499
Property, plant and equipment	12	6,241,535	6,041,402
Intangible assets			
-Goodwill		803,022	808,786
-Other intangible assets	13	3,045,459	2,977,935
Prepaid expenses	16	134,171	125,390
Deferred tax assets	25	1,097,214	1,012,290
<b>Total non-current assets</b>		<b>11,916,083</b>	<b>11,546,854</b>
<b>Total assets</b>		<b>36,095,535</b>	<b>34,729,500</b>

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31, 2020 AND DECEMBER 31, 2019

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

		<b>Unaudited</b>	<b>Audited</b>
	<b>Notes</b>	<b>March 31,</b>	<b>December 31,</b>
		<b>2020</b>	<b>2019</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short-term borrowings	6	4,084,717	4,032,534
Short-term portion of long-term borrowings	6	2,125,122	2,119,221
Trade payables			
-Due to related parties	27	555,734	605,967
-Trade payables, third parties	8	5,022,906	4,958,172
Derivative instruments	7	108,986	13,509
Employee benefit obligations	18	334,017	468,255
Other payables			
-Due to related parties	27	25,737	31,655
-Other payables, third parties	9	404,640	400,570
Current income tax liabilities	25	6,320	8,740
Provisions			
-Other provisions	15	980,650	713,522
Other current liabilities	19	1,166,908	1,362,780
<b>Total current liabilities</b>		<b>14,815,737</b>	<b>14,714,925</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	6	9,885,245	8,803,381
Derivative instruments	7	46,498	69,097
Provisions			
-Provision for employee benefits		335,111	344,486
-Other provisions	15	151,555	139,281
Deferred tax liabilities	25	570,254	575,898
Other non-current liabilities	18	289,044	266,463
<b>Total non-current liabilities</b>		<b>11,277,707</b>	<b>10,198,606</b>
<b>Total liabilities</b>		<b>26,093,444</b>	<b>24,913,531</b>

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ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31, 2020 AND DECEMBER 31, 2019

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

		<b>Unaudited</b>	<b>Audited</b>
		<b>March 31,</b>	<b>December 31,</b>
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
<b>EQUITY</b>			
<b>Equity holders of the parent</b>		<b>9,826,202</b>	<b>9,658,284</b>
Paid-in capital	20	675,728	675,728
Adjustment to share capital	20	468,811	468,811
Balancing account for merger capital		14,507	14,507
Share premium/discount		889	889
Other accumulated comprehensive income and expense not to be reclassified to profit or loss			
Gains/ losses on revaluation and remeasurement			
- Gain/loss arising from defined benefit plans		(251,217)	(228,111)
- Other gains/ losses on revaluation and remeasurement		2,470	2,443
Other accumulated comprehensive income and expense to be reclassified to profit or loss			
Currency translation differences		3,622,121	3,611,032
Gains/ losses on hedge			
- Gains/ losses on hedges of net investment in foreign operations		(743,655)	(675,927)
- Gains/ losses on cash flow hedges		(68,199)	(60,101)
Restricted reserves	20	409,115	409,115
Retained earnings		5,439,898	4,515,065
Net income for the period		255,734	924,833
<b>Non-controlling interest</b>		<b>175,889</b>	<b>157,685</b>
<b>Total equity</b>		<b>10,002,091</b>	<b>9,815,969</b>
<b>Total liabilities and equity</b>		<b>36,095,535</b>	<b>34,729,500</b>

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE PERIOD ENDED MARCH 31, 2020

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

	Notes	Unaudited	
		March 31, 2020	March 31, 2019
Net sales	3	7,767,528	6,902,157
Cost of sales		(5,297,733)	(4,663,460)
<b>Gross profit</b>		<b>2,469,795</b>	<b>2,238,697</b>
General administrative expenses		(487,243)	(354,253)
Marketing expenses		(1,534,375)	(1,379,958)
Research and development expenses		(72,718)	(59,545)
Other income from operating activities	21	575,052	348,333
Other expenses from operating activities	21	(177,487)	(153,335)
<b>Operating profit</b>		<b>773,024</b>	<b>639,939</b>
Income from investment activities	22	895	550
Expenses from investment activities	22	(675)	(1,022)
Share of profit/loss of investments accounted for using the equity method	11	7,536	14,968
<b>Operating income before financial income/(expense)</b>		<b>780,780</b>	<b>654,435</b>
Financial income	23	694,084	719,739
Financial expenses	24	(1,166,460)	(1,113,332)
<b>Profit from continuing operations before tax</b>		<b>308,404</b>	<b>260,842</b>
<b>Tax income/(expense), continuing operations</b>			
- Taxes on income	25	(76,079)	(60,704)
- Deferred tax income	25	27,120	25,956
<b>Net income</b>		<b>259,445</b>	<b>226,094</b>
<b>Attributable to</b>			
Non-controlling interest		3,711	672
<b>Equity holders of the parent</b>		<b>255,734</b>	<b>225,422</b>
<b>Earnings per share (kurus)</b>	26	<b>0.378</b>	<b>0.334</b>
<b>Diluted earnings per share (kurus)</b>	26	<b>0.378</b>	<b>0.334</b>

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED MARCH 31, 2020

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

	Unaudited	
	March 31, 2020	March 31, 2019
<b>Net income</b>	<b>259,445</b>	<b>226,094</b>
<b>Other comprehensive income</b>		
<b>Not to be reclassified to profit or loss</b>	<b>(29,005)</b>	<b>(10,328)</b>
Gain/ loss arising from defined benefit plans	(29,600)	(10,345)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	567	(202)
Gain/ loss on financial assets measured at fair value through other comprehensive income	28	219
<b>Not to be reclassified to profit or loss, tax effect</b>	<b>5,926</b>	<b>2,055</b>
Gain/ loss arising from defined benefit plans, tax effect	5,927	2,066
Gain/ loss on financial assets measured at fair value through other comprehensive income, tax effect	(1)	(11)
<b>To be reclassified to profit or loss</b>	<b>(71,667)</b>	<b>356,955</b>
Currency translation differences	19,322	373,183
Other comprehensive income related with hedges of net investments in foreign operations	(86,831)	(44,738)
Other comprehensive income related with cash flow hedge	(10,540)	34,033
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	6,382	(5,523)
- Currency translation differences of investments accounted for using the equity method	6,260	7,964
- Gain/loss from cash flow hedges of investments accounted for using equity method	122	(13,487)
<b>To be reclassified to profit or loss, tax effect</b>	<b>21,423</b>	<b>2,355</b>
Other comprehensive income related with hedges of net investments in foreign operations, tax effect	19,103	9,842
Other comprehensive income related with cash flow hedge, tax effect	2,320	(7,487)
<b>Other comprehensive income/ (loss) (net of tax)</b>	<b>(73,323)</b>	<b>351,037</b>
<b>Total comprehensive income</b>	<b>186,122</b>	<b>577,131</b>
<b>Attributable to:</b>		
Non-controlling interest	18,204	1,633
<b>Equity holders of the parent</b>	<b>167,918</b>	<b>575,498</b>

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

## ARÇELİK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIOD ENDED MARCH 31, 2020**

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

					Other accumulated comprehensive income and expense not to be reclassified to profit or loss	Other accumulated comprehensive income and expense to be reclassified to profit or loss			Accumulated profit					
	Paid-in capital	Adjustment to share capital	Share premium /discount	Balancing account for merger capital	Gain/(loss) arising from defined benefit plans	Gains/ losses on financial assets measured at fair value through other comprehensive income	Gains/ losses on hedge	Currency translation differences	Restricted reserves	Retained earnings	Net income	Equity holders of the parent	Non- controlling interest	Total equity
<b>Balance at January 1, 2019</b>	675,728	468,811	889	14,507	(177,981)	1,348	(595,810)	2,871,675	409,115	3,663,309	851,756	8,183,347	35,815	8,219,162
Transfers	-	-	-	-	-	-	-	-	-	851,756	(851,756)	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	(8,481)	208	(21,837)	380,186	-	-	225,422	575,498	1,633	577,131
Net income	-	-	-	-	-	-	-	-	-	-	225,422	225,422	672	226,094
<b>Other comprehensive income</b>	-	-	-	-	(8,481)	208	(21,837)	380,186	-	-	-	350,076	961	351,037
<b>As of March 31, 2019</b>	<b>675,728</b>	<b>468,811</b>	<b>889</b>	<b>14,507</b>	<b>(186,462)</b>	<b>1,556</b>	<b>(617,647)</b>	<b>3,251,861</b>	<b>409,115</b>	<b>4,515,065</b>	<b>225,422</b>	<b>8,758,845</b>	<b>37,448</b>	<b>8,796,293</b>
<b>Balance at January 1, 2020</b>	675,728	468,811	889	14,507	(228,111)	2,443	(736,028)	3,611,032	409,115	4,515,065	924,833	9,658,284	157,685	9,815,969
Transfers	-	-	-	-	-	-	-	-	-	924,833	(924,833)	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	(23,106)	27	(75,826)	11,089	-	-	255,734	167,918	18,204	186,122
Net income	-	-	-	-	-	-	-	-	-	-	255,734	255,734	3,711	259,445
<b>Other comprehensive income</b>	-	-	-	-	(23,106)	27	(75,826)	11,089	-	-	-	(87,816)	14,493	(73,323)
<b>As of March 31, 2020</b>	<b>675,728</b>	<b>468,811</b>	<b>889</b>	<b>14,507</b>	<b>(251,217)</b>	<b>2,470</b>	<b>(811,854)</b>	<b>3,622,121</b>	<b>409,115</b>	<b>5,439,898</b>	<b>255,734</b>	<b>9,826,202</b>	<b>175,889</b>	<b>10,002,091</b>

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 CASH FLOWS  
FOR THE PERIOD ENDED MARCH 31, 2020

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

	Notes	Unaudited	
		March 31, 2020	March 31, 2019
<b>Cash flows from operating activities:</b>			
<b>Net income:</b>		<b>259,445</b>	<b>226,094</b>
<i>Adjustments to reconcile net cash provided from operating activities to net income after taxes</i>			
Adjustments for tax expense (income)	25	48,959	34,748
Adjustments for depreciation and amortisation expense		281,360	249,102
Adjustments for impairment loss	30	15,750	15,398
Adjustments for other provisions	30	117,844	183,632
Adjustments for interest expense	24	373,477	378,782
Adjustments for interest income	23	(33,467)	(34,543)
Adjustments for undistributed profits of investments accounted for using equity method	11	(7,536)	(14,968)
Adjustments for fair value (gains) losses on derivative financial instruments	23.24	97,778	(31,269)
Adjustments for unrealised foreign exchange losses (gains)	23.24	31,730	77,317
Other adjustments to reconcile profit (loss)	23.24	2,858	3,306
Adjustments for income arised from government grants	21	(11,888)	(12,355)
Adjustments for legal claim and/or compensation provisions		(178,832)	-
Adjustments for losses (gains) on disposal of non-current assets	22	(127)	472
<b>Adjustments regarding net profit reconciliation for the period</b>		<b>737,906</b>	<b>849,622</b>
<b>Changes in operating assets and liabilities:</b>			
Adjustments for decrease (increase) in trade receivables		341,191	(502,963)
Adjustments for decrease (increase) in inventories		(192,842)	(353,226)
Decrease (increase) in prepaid expenses		(147,645)	(95,652)
Adjustments for increase (decrease) in trade payables		22,199	574,844
Increase (decrease) in employee benefit liabilities		(180,810)	(86,518)
Adjustments for increase (decrease) in other operating payables		(8,942)	27,021
Increase (decrease) in government grants and assistance		24,136	23,723
Other adjustments for other increase (decrease) in working capital		(64,809)	24,419
Income taxes refund (paid)		(20,355)	(11,309)
<b>Cash flows from operating activities</b>		<b>769,474</b>	<b>676,055</b>
<b>Investing activities:</b>			
Purchase of property, plant, equipment and intangible assets		(303,068)	(325,181)
Proceeds from sales of property, plant, equipment and intangible assets		29,134	5,150
Advances given for fixed assets		-	-
Dividends received		-	-
Cash outflows from participations and / or joint ventures share acquisitions or capital increase	11	-	(53,537)
<b>Cash flows from investing activities</b>		<b>(273,934)</b>	<b>(373,568)</b>
<b>Financing activities:</b>			
Proceeds from borrowings	6	2,225,060	2,361,056
Repayments of borrowings	6	(1,720,904)	(2,035,645)
Payments of lease liabilities	6	(77,873)	(60,360)
Interest paid		(365,169)	(249,782)
Interest received		41,087	31,887
Bonds issued	6	-	500,000
Cash receipts from future contracts, forward contracts, option contracts and swap contracts (net)		(39,221)	31,240
Other inflows (outflows) of cash	23.24	(2,858)	(3,306)
<b>Cash flows from financing activities</b>		<b>60,122</b>	<b>575,090</b>
<b>Net increase/(decrease) in cash and cash equivalents before currency translation differences</b>		<b>555,662</b>	<b>877,577</b>
Effect of currency translation differences		341,530	256,341
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>897,192</b>	<b>1,133,918</b>
<b>Cash and cash equivalents at January 1</b>	4	<b>6,922,938</b>	<b>5,337,278</b>
<b>Cash and cash equivalents at March 31</b>	4	<b>7,820,130</b>	<b>6,471,196</b>

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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

#### NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Arçelik Anonim Şirketi (“Arçelik” or “the Company”) and its subsidiaries (collectively, “the Group”) undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates twenty-one 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 23). The Company’s head office is located at: Karaağaç Caddesi No: 2-6 Sütlüce 34445 Beyoğlu İstanbul / Turkey.

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1986. As of March 31, 2020, the publicly listed shares are 25.15% of the total shares. (Dec 31, 2019: 25.15%)

The average number of personnel employed by categories in the Group for the three months period ended March is 8,032 monthly paid (January 1-March 31, 2019: 6,850) and 23,549 hourly paid (January 1-March 31, 2019: 22,944) totalling to 31,581 (January 1-March 31, 2019: 29,794).

<u>Subsidiaries and branches</u>	<u>Country of incorporation</u>	<u>Core business</u>	<u>Nature of business</u>
<b>Continuing operations as of reporting date</b>			
Arçelik Pazarlama A.Ş. (“Pazarlama A.Ş.”)	Turkey	Service/Sales/Marketing	Consumer Durables/Electronics
Wat Motor San ve Tic. A.Ş. (“Wat Motor”)	Turkey	Production/Sales	Multi-Purpose Motor
Token Finansal Teknolojiler A.Ş. (“Token”) (**)	Turkey	Information Techn.	Payment Systems
Ardutch B.V. (“Ardutch”)	Netherlands	Investment	Holding
Ardutch B.V. Taiwan (“Ardutch Taiwan”) (*)	Taiwan	Purchase	Consumer Durables/Electronics
Arch R&D Co. Ltd. (“Arch R&D”)	China	R&D	Developing technology and design
Beko A and NZ Pty Ltd. (“Beko Australia”) (*)	Australia, New Zealand	Sales	Consumer Durables
Beko APAC IBC Co. (“Beko APAC”)	Thailand	Service	Service
Beko Appliances Indonesia, PT (“Beko Indonesia”)	Indonesia	Sales	Consumer Durables
Beko Appliances Malaysia Sdn. Bhd. (“Beko Malaysia”)	Malaysia	Sales	Consumer Durables
Beko Balkans D.O.O (“Beko Balkans”)	Serbia	Sales	Consumer Durables/Electronics
Beko Deutschland GmbH (“Beko Deutschland”)	Germany	Sales	Consumer Durables/Electronics
Beko Egypt Trading LLC (“Beko Egypt”)	Egypt	Sales	Consumer Durables/Electronics
Beko Electronics España S.L. (“Beko Espana”)	Spain	Sales	Consumer Durables/Electronics
Beko France S.A.S. (“Beko France”)	France	Sales	Consumer Durables/Electronics
Beko Gulf FZE (“Beko Gulf”)	United Arab Emirates	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	Sales	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 Philippines Inc. (“Beko Philippines”)	Republic of the Philippines	Sales	Consumer Durables
Beko Plc. (“Beko UK”) (*)	UK, Republic of Ireland	Sales	Consumer Durables/Electronics
Beko Slovakia S.R.O. (“Beko Slovakia”)	Slovakia	Sales	Consumer Durables/Electronics
Beko S.A. (“Beko Polska”) (*)	Poland, Czech Republic	Sales	Consumer Durables/Electronics
Beko Shanghai Trading Company Ltd. (“Beko Shanghai”)	China	Sales	Consumer Durables/Electronics
Beko Slovakia S.R.O. (“Beko Slovakia”)	Slovakia	Sales	Consumer Durables/Electronics
Beko Thai Co. (“Beko Thailand”)	Thailand	Production/Sales	Consumer Durables
Beko Ukraine LLC. (“Beko Ukraine”)	Ukraine	Sales	Consumer Durables
Beko US INC. (“Beko US”)	United States of America	Sales	Consumer Durables
Changzhou Beko Electrical Appliances Co. Ltd. (“Beko China”)	China	Production/Sales	Consumer Durables
Dawlance (Private) Ltd. (“DPL”)	Pakistan	Production/Sales	Consumer Durables
Defy (Botswana) (Proprietary) Ltd. (“Defy Botswana”)	Botswana	Sales	Consumer Durables
Defy (Namibia) (Proprietary) Ltd. (“Defy Namibia”)	Namibia	Sales	Consumer Durables
Defy (Swaziland) (Proprietary) Ltd. (“Defy Swaziland”)	Swaziland	Sales	Consumer Durables
Defy Appliances (Proprietary) Ltd. (“Defy”)	Republic of South Africa	Production/Sales	Consumer Durables
DEL Electronics (Pvt.) Ltd. (DEL)	Pakistan	Sales	Consumer Durables
Elektra Bregenz AG (“Elektra Bregenz”)	Austria	Sales	Consumer Durables/Electronics
Grundig Intermedia GmbH (“Grundig Intermedia”) (*)	Germany, Croatia	Sales	Electronics
Grundig Multimedia A.G. (“Grundig Switzerland”)	Switzerland	Sales	Electronics
Grundig Multimedia B.V. (“Grundig Multimedia”)	Netherlands	Investment	Holding
Grundig Nordic AB. (“Grundig Sweden”)	Sweden	Sales	Consumer Durables/Electronics
Grundig Nordic No AS (“Grundig Norway”)	Norway	Sales	Consumer Durables/Electronics
International Appliances Limited (“International Appliances”)	Bangladesh	Production/Sales	Consumer Durables/Electronics
Pan Asia Private Equity Ltd. (“Pan Asia”)	British Virgin Islands	Investment	Holding
Retail Holdings Bhold B.V (“Retail Holdings”)	Netherlands	Investment	Holding
SC Arctic SA (“Arctic”)	Romania	Production/Sales	Consumer Durables/Electronics
Singer Bangladesh Limited (“Singer”)	Bangladesh	Investment	Consumer Durables/Electronics
United Refrigeration Industries Ltd. (“URIL”)	Pakistan	Production/Sales	Consumer Durables
Vietbeko Limited Liability Company (“Vietbeko”)	Vietnam	Sales	Consumer Durables

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

(\*\*) The Company has sold all of its shares in Token Finansal Teknolojiler AŞ. as of April 30, 2020 (Note 31).

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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

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

<u>Subsidiaries and branches</u>	<u>Country of incorporation</u>	<u>Core business</u>	<u>Nature of business</u>
<b>Ceased operations as of reporting date</b>			
Beko Cesko (“Beko Cesko”)	Czech Republic	-	-
Grundig Intermedia Ges.m.b.H (“Grundig Austria”)	Austria	-	-
Grundig Portuguesa, Lda (“Grundig Portugal”)	Portugal	-	-
<b>Associates</b>			
Koç Finansman A.Ş. (“Koç Finansman”)	Turkey	Finance	Consumer Finance
Ram Dış Ticaret A.Ş. (“Ram Dış Ticaret”)	Turkey	Sales	Foreign Trade
Tanı Pazarlama İ.H.A.Ş. (“Tanı Pazarlama”)	Turkey	Consultancy	Marketing /Communication
<b>Joint Ventures</b>			
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 condensed consolidated financial statements as of and for the period ended 31 March 2020 has been approved for issue by the Board of Directors on 7 May 2020.

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

For the period ended March 31, 2020, the Group prepared its condensed interim consolidated financial statements in accordance with the Turkish Accounting Standard No.34 Interim Financial Reporting. Condensed interim consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group’s annual financial statements as of December 31, 2019.

Foreign subsidiaries have prepared their statutory financial statements in accordance with the related local laws and regulations. Condensed 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.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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

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

##### **New and amended standards and interpretations**

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at March 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC interpretations effective as of January 1, 2020.

##### *Standards, amendments and interpretations applicable as at 31 March 2020:*

TFRS 9 – Financial instruments (amendments)

TAS 28 – Investments in associates and joint venture (amendments)

TFRS 16 – Leases

IFRIC 23 – Uncertainty over income tax treatments

TFRS Annual improvements –2015-2017; IFRS 3, IFRS 11, IAS 12 and IAS 23

TAS 19 – Employee benefits (amendments)

Amendments to IFRS 9, IAS 39, IFRS 7 – Interest rate benchmark reform

TAS 1 – Presentation of financial statements (amendments)

TAS 8 – Accounting policies, changes in accounting estimates and errors (amendments)

TFRS 3 – Business combination (amendments)

##### *Standards, amendments and interpretations that are issued but not effective as at 31 March 2020:*

TFRS 17 – Insurance contracts

TAS 1 – Presentation of financial statements

##### **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/TFRS 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.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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

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

##### 2.1 Basis of presentation (Continued)

The table below sets out all Subsidiaries included in the scope of consolidation discloses their direct and indirect ownership, which are identical to their economic interests, as of March 31, 2020 and December 31, 2019 (%) and their functional currencies:

	Functional currency	March 31, 2020		December 31, 2019	
		Ownership interest	Effective shareholding	Ownership interest	Effective shareholding
<b>Continuing operations as of balance sheet date:</b>					
Arch R&D	Chinese Yuan ("CYN")	100.00	100.00	100.00	100.00
Arctic	Romanian Lei ("RON")	96.72	96.72	96.72	96.72
Ardutch	Euro ("EUR")	100.00	100.00	100.00	100.00
Ardutch Taiwan	Taiwanese Dollar ("TWD")	100.00	100.00	100.00	100.00
Beko APAC	Thai Baht ("THB")	100.00	100.00	100.00	100.00
Beko Australia	Australian Dollar ("AUD")/ New Zealand Dollar ("NZD")	100.00	100.00	100.00	100.00
Beko Balkans	Serbian Dinar ("SRD")	100.00	100.00	100.00	100.00
Beko China	Chinese Yuan ("CYN")	100.00	100.00	100.00	100.00
Beko Deutschland	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Egypt	Egyptian Lira ("EGP")	100.00	100.00	100.00	100.00
Beko Espana	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko France	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Gulf	Dirham ("AED")	100.00	100.00	100.00	100.00
Beko Hong Kong	US Dollar ("USD")	100.00	100.00	100.00	100.00
Beko Indonesia	Indonesian Rupiah ("IDR")	100.00	100.00	100.00	100.00
Beko Israel	New Israeli Shekel ("ILS")	100.00	100.00	100.00	100.00
Beko Italy	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Malaysia	Malaysian Ringgit ("MYR")	100.00	100.00	100.00	100.00
Beko Morocco	Moroccan Dirham ("MAD")	100.00	100.00	100.00	100.00
Beko Polska	Polish Zloty ("PLN"), Czech Koruna ("CZK")	100.00	100.00	100.00	100.00
Beko Philippines	Philippine Peso ("PHP")	100.00	100.00	100.00	100.00
Beko Russia	Russian Ruble ("RUB")	100.00	100.00	100.00	100.00
Beko Slovakia	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Shanghai	Chinese Yuan ("CNY")	100.00	100.00	100.00	100.00
Beko Thailand	Thai Baht ("THB")	100.00	100.00	100.00	100.00
Beko UK	British Pound ("GBP")/ Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Ukraine	Ukrainian Hryvna ("UAH")	100.00	100.00	100.00	100.00
Beko US	US Dollar ("USD")	100.00	100.00	100.00	100.00
Dawlance (Private)	Pakistani Rupee ("PKR")	100.00	100.00	100.00	100.00
Defy	South African Rand ("ZAR")	100.00	100.00	100.00	100.00
Defy Botswana	Botswana Pula ("BWP")	100.00	100.00	100.00	100.00
Defy Namibia	Namibian Dollar ("NAD")	100.00	100.00	100.00	100.00
Defy Swaziland	Svazi Lilangeni ("SZL")	100.00	100.00	100.00	100.00
DEL Electronics	Pakistani Rupee ("PKR")	100.00	100.00	100.00	100.00
Elektra Bregenz	Euro ("EUR")	100.00	100.00	100.00	100.00
Grundig Multimedia	Euro ("EUR")	100.00	100.00	100.00	100.00
Grundig Intermedia	Euro("EUR")/ Croatian Kuna ("HRK")	100.00	100.00	100.00	100.00
Grundig Norway	Norwegian Krone ("NOK")	100.00	100.00	100.00	100.00
Grundig Sweden	Swedish Krona ("SEK")	100.00	100.00	100.00	100.00
Grundig Switzerland	Swiss Franc ("CHF")	100.00	100.00	100.00	100.00
International Appliances	Bangladeshi Taka ("BDT")	56.99	56.99	56.99	56.99
Pan Asia	US Dollar ("USD")	100.00	100.00	100.00	100.00
Pazarlama A.Ş.	Turkish Lira ("TRY")	100.00	100.00	100.00	100.00
Retail Holdings	Euro ("EUR")	100.00	100.00	100.00	100.00
Singer Bangladesh	Bangladeshi Taka ("BDT")	56.99	56.99	56.99	56.99
Token (*)	Turkish Lira ("TRY")	100.00	100.00	100.00	100.00
United Refrigeration Industries	Pakistani Rupee ("PKR")	100.00	100.00	100.00	100.00
Vietbeko	Vietnamese Dong ("VND")	100.00	100.00	100.00	100.00
Wat Motor	Turkish Lira ("TRY")	100.00	100.00	100.00	100.00
<b>Ceased operations as of balance sheet date:</b>					
Beko Cesko	-	100.00	100.00	100.00	100.00
Grundig Austria	-	100.00	100.00	100.00	100.00
Grundig Portugal	-	100.00	100.00	100.00	100.00

(\*) The Company has sold all of its shares in Token Finansal Teknolojiler AŞ. as of April 30, 2020 (Note 31).

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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

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

##### 2.1 Basis of presentation (Continued)

###### Going concern

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

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

##### 2.2 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first-time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

##### 2.3 Summary of significant accounting policies

The interim condensed consolidated financial statements of the Group for the period ended March 31, 2020 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Additionally, the accounting policies used in the preparation of the interim condensed consolidated financial statements for the period ended March 31, 2020 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2019. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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

#### NOTE 3 - SEGMENT REPORTING

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

Arçelik's reportable segments are strategic business units that present various products and services. Each of these segments is administrated separately due to the necessity of different technologies and marketing strategies. Gross profitability is evaluated regarding the performance of the operational segments. Information about the operational segments is as follows.

- a) Operational segments which have been prepared in accordance with the reportable segments for the three months period ended March 31, 2020 are as follows:

	<b>White goods</b>	<b>Consumer electronics</b>	<b>Other</b>	<b>Total</b>
Net sales (*)	5,722,942	980,404	1,064,182	7,767,528
Gross profit	1,920,481	228,421	320,893	2,469,795
Depreciation and amortization	219,862	39,451	26,574	285,887
Capital expenditures	248,298	45,953	13,344	307,595

- (\*) The Group recognised net sales amounting to TRY 7,759,951 with respect to the performance obligations satisfied at a point in time for the three months period ended March 31, 2020 (March 31, 2019: TRY 6,895,657).

- b) Operational segments which have been prepared in accordance with the reportable segments for the three months period ended March 31, 2019 are as follows:

	<b>White goods</b>	<b>Consumer electronics</b>	<b>Other</b>	<b>Total</b>
Net sales	5,191,580	725,477	985,100	6,902,157
Gross profit	1,777,673	168,680	292,344	2,238,697
Depreciation and amortization	192,104	35,563	24,745	252,412
Capital expenditures	287,409	32,363	8,719	328,491

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

<b>January 1 – March 31, 2020</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Asia</b>		<b>Total</b>
				<b>Pacific</b>	<b>Other</b>	
Total segment revenue	2,768,859	3,594,532	391,681	678,801	333,655	7,767,528

<b>January 1 – March 31, 2019</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Asia</b>		<b>Total</b>
				<b>Pacific</b>	<b>Other</b>	
Total segment revenue	2,202,976	3,292,125	508,344	622,988	275,724	6,902,157

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019
Cash in hand	1,148	976
Cash at banks		
- demand deposits	459,516	460,770
- time deposits	7,194,948	6,355,587
Cheques and notes	58,400	39,632
Other	106,118	65,973
<b>Cash and cash equivalents in cash flow statement</b>	<b>7,820,130</b>	<b>6,922,938</b>
Interest income accruals	6,502	14,122
	<b>7,826,632</b>	<b>6,937,060</b>

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

Up to 30 days	6,757,931	5,880,689
30-90 days	1,068,701	1,056,371
	<b>7,826,632</b>	<b>6,937,060</b>

As of balance sheet date effective interest rates (%) of time deposits are as follows:

TRY	9.8	10.6
USD	1.5	2.1
EUR	(0.1)	(0.0)
GBP	0.0	0.6
RUB	6.0	7.5
Other currencies (*)	2.1	1.5

(\*) Weighted average of the interest rates in other currencies.



ARÇELİK ANONİM ŞİRKETİ

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

NOTE 5 - FINANCIAL INVESTMENTS

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

	March 31, 2020	December 31, 2019
Fair value gain/losses of financial assets reflected to other comprehensive income	3,037	3,009
<b>Total</b>	<b>3,037</b>	<b>3,009</b>

	<u>March 31, 2020</u>		<u>December 31, 2019</u>	
	(%)	TRY	(%)	TRY
Tat Gıda Sanayi A.Ş.	0.34	2,958	0.34	2,930
Other		79		79
		<b>3,037</b>		<b>3,009</b>

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

The unrealized gain arising from the changes in the fair value of Tat Gıda Sanayi A.Ş., the available for sale investment, amounting to TRY 28 (March 31, 2019: TRY 219) and deferred tax effect amounting to TRY 1 (March 31, 2019: TRY 11) have been recognized in consolidated shareholders’ equity under the “Gain/losses on remeasuring and/or reclassification of available-for-sale financial assets ” in the period ended March 31, 2020.

The details of financial investments for the three months period ended March 31, are as follows:

	2020	2019
<b>As of January 1</b>	<b>3,009</b>	<b>1,856</b>
Change in fair value	28	219
<b>As of March 31</b>	<b>3,037</b>	<b>2,747</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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

NOTE 6 - BORROWINGS

a) Short-term borrowings

	March 31, 2020	December 31, 2019
Short-term bank borrowings	3,770,668	3,729,284
Short-term lease liabilities	192,207	177,283
Payables from factoring activities (*)	121,842	125,967
<b>Total short-term borrowings</b>	<b>4,084,717</b>	<b>4,032,534</b>
Short-term portion of long-term bank borrowings and interest accruals	1,474,310	2,032,105
Interest accruals of long-term bond issued (**)	650,812	87,116
<b>Total short-term portion of long-term borrowings</b>	<b>2,125,122</b>	<b>2,119,221</b>

(\*) Factoring liabilities are amounting to TRY 70,983 denominated in EUR (December 31, 2019: TRY 68,934), TRY 50,859 denominated in GBP (December 31, 2019: TRY 57,033) and interest rates are between 0.6 % for EUR (December 31, 2019: 0.6%) and 1.17 % for GBP (December 31, 2019: 1.39 %).

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

**2019:**

The Company issued bond amounting to TL 500 million, quoted in Borsa Istanbul with quarterly interest payment on February 15, 2019, Maturity of the bond is February 12, 2021 and coupon rate is 3MTRLIBOR+0.75.

The Company issued bond amounting to TL 500 million, quoted in Borsa Istanbul with quarterly interest payment on July 24, 2019, Maturity of the bond is July 16, 2021 and coupon rate is 3MTRLIBOR+0.50.

**2014:**

The Company issued bond amounting to EUR 350 million, quoted in Ireland Stock Exchange, with re-offer yield 4% and annual interest payment on September 16, 2014. Maturity of the bond is September 16, 2021 and coupon rate is 3.875%.

**2013:**

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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

NOTE 6 - BORROWINGS (Continued)

As of March 31, 2020, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	10.8	1,556,299,081	1,556,299
EUR	0.5	124,084,584	895,270
PKR	13.7	12,771,028,516	499,475
ROL	3.7	183,098,077	271,846
ZAR	8.0	273,754,119	100,049
BDT	9.3	3,666,500,420	281,268
AUD	3.3	14,557,338	58,081
USD	3.3	16,632,909	108,380
			<b>3,770,668</b>

As of December 31, 2019, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	19.0	1,426,336,863	1,426,337
EUR	0.5	160,804,071	1,069,444
PKR	13.7	15,838,747,809	603,935
ROL	3.6	200,000,000	276,640
ZAR	8.0	355,070,139	149,989
BDT	9.2	1,962,728,494	137,342
AUD	3.3	13,991,317	57,970
USD	2.4	1,284,012	7,627
			<b>3,729,284</b>

b) Long-term borrowings

	March 31, 2020	December 31, 2019
Long-term bank borrowings	2,891,209	1,954,840
Long-term bonds issued	6,276,628	6,290,404
Long-term lease liabilities	717,408	558,137
	<b>9,885,245</b>	<b>8,803,381</b>

As of March 31, 2020, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	15.9%	3,494,602,625	3,494,603
EUR	1.9%	68,375,750	493,331
ZAR	9.8%	500,000,000	182,735
PKR	14.5%	4,913,757,808	192,177
BDT	9.1%	34,844,645	2,673
			<b>4,365,519</b>
Short-term portion of long-term loans and interest accruals			(1,474,310)
			<b>2,891,209</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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

NOTE 6 - BORROWINGS (Continued)

As of December 31, 2019, the details of the long-term bank borrowings are as follows:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
TRY	18.4	3,281,760,333	3,281,760
EUR	1.9	68,043,822	452,533
ZAR	9.7	500,000,000	211,210
PKR	13.6	1,018,684,932	38,842
BDT	9.3	37,150,985	2,600
			<b>3,986,945</b>
Short-term portion of long-term loans and interest accruals			(2,032,105)
			<b>1,954,840</b>

As of March 31, 2020, detail of discounted amounts of long-term bonds issued is given below:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
USD	5.1%	511,729,520	3,334,428
EUR	4.0%	356,972,690	2,575,559
TRY	19.1%	1,017,452,841	1,017,453
			<b>6,927,440</b>
Interest accruals of long-term bonds issued			(650,812)
			<b>6,276,628</b>

As of December 31, 2019, detail of discounted amounts of long-term bonds issued is given below:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
USD	5.1	505,360,564	3,001,943
EUR	4.0	353,532,537	2,351,204
TRY	19.1	1,024,373,412	1,024,373
			<b>6,377,520</b>
Interest accruals of long-term bonds issued			(87,116)
			<b>6,290,404</b>

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
2021	4,397,535	4,347,043
2022	590,025	184,121
2023 to 2027	4,186,899	3,721,487
	<b>9,174,459</b>	<b>8,252,651</b>

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**NOTE 6 - BORROWINGS (Continued)**

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

Up to 3 months	3,193,395	3,865,250
3 - 12 months	2,850,514	2,621,375
1-5 years	8,276,200	6,872,105
Over 5 years	398,258	380,545
	<b>14,718,367</b>	<b>13,739,275</b>

As of March 31, 2020, and December 31, 2019, financial debt reconciliation is as follows:

<b>2020</b>	<b>Lease Liabilities</b>	<b>Borrowings and bonds issued due within 1 year</b>	<b>Borrowings and bonds issued due after 1 year</b>	<b>Total</b>
<b>Financial debt as of January 1</b>	<b>(735,420)</b>	<b>(5,974,472)</b>	<b>(8,245,244)</b>	<b>(14,955,136)</b>
Cash flows	77,873	(57,284)	(446,872)	(426,283)
Changes in interest accruals	(17,948)	9,999	-	(7,949)
Changes in factoring liabilities	-	4,125	-	4,125
Changes in lease liabilities	(219,682)	-	-	(219,682)
Currency translation adjustments	(14,438)	-	(475,721)	(490,159)
<b>Financial debt as of March 31</b>	<b>(909,615)</b>	<b>(6,017,632)</b>	<b>(9,167,837)</b>	<b>(16,095,084)</b>

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NOTE 7 - DERIVATIVE INSTRUMENTS

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

	March 31, 2020		December 31, 2019	
	Contract amount	Fair value assets /(liabilities)	Contract amount	Fair value assets /(liabilities)
<i>Held for trading:</i>				
<i>Short-term derivative instruments</i>				
Forward transactions	2.390.061	2.309 (36.728)	3.297.171	166 (8.212)
Foreign currency Swap contracts	4.557.008	3.745 (39.118)	4.293.589	1.842 (5.297)
<i>Cash flow hedge:</i>				
Interest rate swap contracts (*)	500.000	- (33.140)	-	- -
<b>Short-term derivative instruments, net</b>		<b>6.054 (108.986)</b>		<b>2.008 (13.509)</b>
<i>Long-term derivative instruments</i>				
<i>Cash flow hedge:</i>				
Interest rate swap contracts (*)	500,000	- (46,498)	1,000,000	- (69,097)
<b>Long-term derivative instruments, net</b>	-	<b>(46,498)</b>	-	<b>(69,097)</b>

(\*) As of 31 March 2020 and 31 December 2019 interest rate swap transactions consist of the exchange of floating rate instalment payments for bond issued on 15 February 2019 and 24 July 2019 with fixed rate instalment payments for cash flow hedging.

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	March 31, 2020	December 31, 2019
<b>Short-term trade receivables:</b>		
Trade receivables	7,910,770	7,448,813
Notes receivables	1,235,241	1,956,289
Cheques receivables	297,361	395,263
<b>Short-term trade receivables (gross)</b>	<b>9,443,372</b>	<b>9,800,365</b>
Provision for doubtful receivables	(242,670)	(232,307)
Unearned credit finance income	(66,954)	(69,887)
<b>Short-term trade receivables (net)</b>	<b>9,133,748</b>	<b>9,498,171</b>

As of March 31, 2020, the Group has offsetted TRY 1,223,982 (December 31, 2019: TRY 1,258,312) from trade receivables that are collected from factoring companies as part of the irrevocable factoring.

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its trade receivables amounting to TRY 95,977 related with its local bank borrowings (December 31, 2019: TRY 99,281).

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

	2020	2019
<b>As of January, 1</b>	<b>232,307</b>	<b>207,121</b>
Current year additions (Note 21)	13,314	10,510
Provisions no longer required (Note 21)	(1,038)	(726)
Write-offs (*)	(4,907)	(1,353)
Currency translation differences	2,994	5,475
<b>As of March, 31</b>	<b>242,670</b>	<b>221,027</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.

	March 31, 2020	December 31, 2019
<b>Long-term trade receivables</b>		
Trade receivables	60,068	60,450
Unearned credit finance income	(7,043)	(8,907)
	<b>53,025</b>	<b>51,543</b>

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

	March 31, 2020	December 31, 2019
<b>Short-term trade payables:</b>		
Trade payables	4,738,655	4,621,038
Debt accruals	315,719	370,918
Unearned credit finance charges	(31,468)	(33,784)
	<b>5,022,906</b>	<b>4,958,172</b>

NOTE 9 - OTHER PAYABLES

Taxes and duties payable	292,954	225,030
Dividend payables to shareholders	26,970	21,543
Deposits and guarantees received	2,819	4,225
Other	81,897	149,772
	<b>404,640</b>	<b>400,570</b>

NOTE 10 - INVENTORIES

Raw materials and supplies	2,015,969	2,071,746
Work in progress	150,254	138,955
Finished goods	3,004,988	2,832,759
Trade goods	738,228	678,617
<b>Inventories (gross)</b>	<b>5,909,439</b>	<b>5,722,077</b>
Provision for impairment on inventories	(87,969)	(91,826)
<b>Inventories (net)</b>	<b>5,821,470</b>	<b>5,630,251</b>

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its inventories amounting to TRY 114,620 related with its local bank borrowings (December 31, 2019: TRY 113,327).

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

Raw materials and supplies	15,718	17,720
Finished goods	65,994	62,064
Trade goods	6,257	12,042
	<b>87,969</b>	<b>91,826</b>



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**NOTE 10 – INVENTORIES (Continued)**

Movements of provision for impairment on inventories for the three months periods ended March 31 are as follows:

	<b>2020</b>	<b>2019</b>
<b>As of January 1</b>	<b>91,826</b>	<b>104,787</b>
Current year additions (Note 21)	2,436	4,888
Realized due to sales of inventory	(7,844)	(3,879)
Currency translation differences	1,551	3,959
<b>As of March 31</b>	<b>87,969</b>	<b>109,755</b>

**NOTE 11 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	<b>March 31, 2020</b>		<b>December 31, 2019</b>	
	%	TRY	%	TRY
Koç Finansman	47.0	189,904	47.0	178,525
Arçelik - LG	45.0	158,273	45.0	148,984
VoltBek	49.0	178,845	49.0	188,819
Ram Dış Ticaret	33.5	9,739	33.5	8,756
Tanı Pazarlama	32.0	1,859	32.0	1,415
		<b>538,620</b>		<b>526,499</b>

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

	<b>2020</b>	<b>2019</b>
<b>As of January 1</b>	<b>526,499</b>	<b>346,605</b>
Shares of income/loss of associates	7,536	14,968
Shares of other comprehensive income/loss of associates	689	(13,689)
Gross profit elimination on inventory	(2,364)	(6,905)
Dividends received	-	53,537
Currency translation difference	6,260	7,964
<b>As of March 31</b>	<b>538,620</b>	<b>402,480</b>

*Shares of income/loss from associates and joint ventures:*

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Koç Finansman	11,264	14,733
Arçelik - LG	11,604	10,972
Ram Dış Ticaret	931	923
Tanı Pazarlama	(27)	1,112
VoltBek	(16,236)	(12,772)
	<b>7,536</b>	<b>14,968</b>

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NOTE 11 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(Continued)

Aggregated summary figures of the financial statements of associates and joint venture:

31 March 2020	Koç Finansman	Ram Dış Ticaret	Other	Total
Total assets	2,706,153	641,434	1,497,687	4,845,274
Total liabilities	2,302,103	612,363	775,168	3,689,634
Net sales	117,833	570,505	343,756	1,032,094

31 December 2019	Koç Finansman	Ram Dış Ticaret	Other	Total
Total assets	2,659,999	842,487	1,251,579	4,754,065
Total liabilities	2,280,159	816,350	530,736	3,627,245
Net sales	584,288	3,233,407	1,119,266	4,936,961

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	2020	2019
<b>As of January 1</b>		
Cost	11,502,131	9,078,527
Accumulated depreciation	(5,460,729)	(4,544,251)
<b>Net carrying value</b>	<b>6,041,402</b>	<b>4,534,276</b>
<b>Effect of change due to TFRS 16</b>	-	743,980
<b>Net carrying value at the beginning of the period</b>	<b>6,041,402</b>	<b>5,278,256</b>
Additions	402,761	244,587
Transfers <sup>(*)</sup>	-	(335)
Disposals	(31,079)	(5,735)
Currency translation differences	50,772	188,332
Depreciation for the period	(222,321)	(196,592)
<b>Net carrying value at the end of the period</b>	<b>6,241,535</b>	<b>5,508,513</b>
<b>As of March 31</b>		
Cost	11,911,435	10,329,103
Accumulated depreciation	(5,669,900)	(4,820,590)
<b>Net carrying value</b>	<b>6,241,535</b>	<b>5,508,513</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

As of 31 March 2020, the net book value of the right of use assets classified under tangible assets is TRY 886,523.

Additions to rights-to-use assets for the three months period ended 31 March 2020 TRY 191,203 TL, depreciation expenses are TRY 61,146.

There is no mortgage on property, plant and equipment as of March 31, 2020 (December 31, 2019: None).

**NOTE 13 – OTHER INTANGIBLE ASSETS**

	2020	2019
<b>As of January 1</b>		
Cost	4,242,324	3,614,533
Accumulated amortization	(1,264,389)	(1,013,684)
<b>Net carrying value</b>	<b>2,977,935</b>	<b>2,600,849</b>
<b>Net carrying value at the beginning of the period</b>	<b>2,977,935</b>	<b>2,600,849</b>
Additions	96,026	93,557
Transfers <sup>(*)</sup>	-	335
Disposals	-	-
Currency translation differences	35,728	97,913
Amortization for the period	(64,230)	(55,820)
<b>Net carrying value at the end of the period</b>	<b>3,045,459</b>	<b>2,736,834</b>
<b>As of March 31</b>		
Cost	4,376,839	3,814,475
Accumulated amortization	(1,331,380)	(1,077,641)
<b>Net carrying value</b>	<b>3,045,459</b>	<b>2,736,834</b>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 14 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As of March 31, 2020, export commitments from Turkey under the scope of inward processing authorization certificates as export incentives amounts to full USD 974,230,307 (December 31, 2019: USD 916,265,215). In case that the related tax advantages are not utilized, it is possible to close of the certificates including export commitments without any sanctions.

	March 31, 2020	December 31, 2019
Collaterals obtained	4,204,139	4,078,530

Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position of the Group as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
<b>CPMB’s given by the Company</b>		
A. CPMB’s given for Company’s own legal personality	182,210	190,353
B. CPMB’s given on behalf of fully consolidated companies	1,661,152	1,602,128
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>1,843,362</b>	<b>1,792,481</b>

TRY equivalents of CPMB given as of March 31, 2020 and December 31, 2019 are as follows on original currency basis are as follows:

	March 31, 2020	December 31, 2019
<b>CPMB's given by the Company</b>		
TRY	217,616	81,836
EUR	81,905	491,791
USD	524,129	110,082
Other currencies	1,019,712	1,108,772
	<b>1,843,362</b>	<b>1,792,481</b>

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NOTE 15 – OTHER PROVISIONS

	March 31, 2020	December 31, 2019
<b>Other short-term provisions</b>		
Warranty provision	435,655	413,306
Assembly provision	136,462	116,356
Provision for transportation cost	79,573	55,148
Provision for lawsuit risks	5,729	21,724
Provision for returns	15,660	14,678
Other	307,571	92,310
	<b>980,650</b>	<b>713,522</b>
<b>Other long-term provisions</b>		
Warranty provision	150,348	139,207
Other	1,207	74
	<b>151,555</b>	<b>139,281</b>

NOTE 16 – PREPAID EXPENSES

*Short term:*

Short-term prepaid expenses	281,613	161,977
Advances given for inventories	75,867	47,858
	<b>357,480</b>	<b>209,835</b>

*Long term:*

Long-term prepaid expenses	<b>134,171</b>	<b>125,390</b>
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NOTE 17 – CURRENT INCOME TAX ASSETS

Prepaid taxes and funds	<b>129,442</b>	<b>141,244</b>
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NOTE 18 – EMPLOYEE BENEFIT OBLIGATIONS

	March 31, 2020	December 31, 2019
Payables to personnel	201,435	290,599
Social security payables	112,590	139,266
Accruals for bonuses and premiums	19,992	38,390
	<b>334,017</b>	<b>468,255</b>

NOTE 19 - OTHER ASSETS AND LIABILITIES

<b>Other current assets:</b>		
Taxes and funds deductible	376,689	344,573
Value added tax and private consumption tax receivable	212,939	221,139
Income accruals	205,741	98,323
Other	86,141	82,368
	<b>881,510</b>	<b>746,403</b>
<b>Other current liabilities:</b>		
Accruals for customer premiums	943,278	876,990
Advances received	127,947	262,383
Deferred income	70,324	207,951
Other	25,359	15,456
	<b>1,166,908</b>	<b>1,362,780</b>
<b>Other long-term liabilities:</b>		
Deferred income	264,608	210,182
Other	24,436	56,281
	<b>289,044</b>	<b>266,463</b>

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020

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#### NOTE 20 - EQUITY

##### Paid-in capital

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of kurus1, Registered and issued share capital of the Company is as follows:

	March 31, 2020	December 31, 2019
Limit on registered share capital	1,500,000	1,500,000
Issued share capital in nominal value	675,728	675,728

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

The shareholding structure of the Company is as follows:

	March 31, 2020		December 31, 2019	
	Share (%)	Amount	Share (%)	Amount
<b>Shareholders</b>				
Koç Holding A.Ş.	40.51	273,742	40.51	273,742
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 owned by Koç Family members</b>	<b>51.93</b>	<b>350,909</b>	<b>51.93</b>	<b>350,909</b>
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	12.05	81,428	12.05	81,428
Burla Ticaret ve Yatırım A.Ş.	5.56	37,572	5.56	37,572
Koç Holding Emekli ve Yardım Sandığı Vakfı	5.14	34,722	5.14	34,722
Vehbi Koç Vakfı	0.17	1,137	0.17	1,137
Other	25.15	169,960	25.15	169,960
<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 (*)		468,811		468,811
<b>Total share capital</b>		<b>1,144,539</b>		<b>1,144,539</b>

(\*) “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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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 20 – EQUITY (Continued)**

**Contribution to shareholders’ equity related to the merger**

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

**Restricted reserves**

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

The details of these restricted reserves are as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Legal reserves	409,115	409,115

**Dividends**

In General Assembly on 25 March 2020, the Company approved not to distribute 2019 profits in year 2020.



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NOTE 21 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	January 1- March 31, 2020	January 1- March 31, 2019
<b>Other income from operating activities:</b>		
Foreign exchange gains arising from trading activities	332,457	311,305
Income from claims and grants(*)	228,810	12,355
Credit finance income arising from trading activities	11,092	22,769
Reversal of provisions for doubtful receivables (Note 8)	1,038	726
Other	1,655	1,178
	<b>575,052</b>	<b>348,333</b>
<b>Other expenses from operating activities:</b>		
Foreign exchange losses arising from trading activities	(139,235)	(95,056)
Cash discounts expenses	(19,186)	(24,294)
Provision expense for doubtful receivables (Note 8)	(13,314)	(10,510)
Provision expense for inventory impairment (Note 10)	(2,436)	(4,888)
Credit finance charges arising from trading activities	(1,437)	(4,785)
Other	(1,879)	(13,802)
	<b>(177,487)</b>	<b>(153,335)</b>

(\*) Upon European Commission's decision to apply a penalty to a group of CRT producers due to violation of competition, the Company and its subsidiaries have filed a lawsuit against related suppliers for the compensation of loss. In the course of the lawsuit, a total compensation income of TRY 217 million was obtained from CRT suppliers by settlement. The amount is presented in income from claims and grants line (January 1-March 31, 2019: None).

NOTE 22 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

<b>Income from investment activities:</b>		
Income from sales of property plant and equipment	802	550
Dividends received from financial investments	93	-
	<b>895</b>	<b>550</b>
<b>Expenses from investment activities:</b>		
Loss from sales of property plant and equipment	(675)	(1,022)
	<b>(675)</b>	<b>(1,022)</b>

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NOTE 23- FINANCIAL INCOME

	January 1- March 31, 2020	January 1- March 31, 2019
Foreign exchange gains (*)	519,411	439,784
Gains on derivative instruments	139,204	244,367
Interest income	33,467	34,543
Other	2,002	1,045
	<b>694,084</b>	<b>719,739</b>

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

NOTE 24 - FINANCIAL EXPENSES

Foreign exchange losses (*)	(551,141)	(517,101)
Interest expenses	(373,477)	(378,782)
Losses on derivative instruments	(236,982)	(213,098)
Other	(4,860)	(4,351)
	<b>(1,166,460)</b>	<b>(1,113,332)</b>

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

NOTE 25 - TAX ASSETS AND LIABILITIES

	March 31, 2020	December 31, 2019
Corporation and income taxes	208,814	172,980
Prepaid tax	(202,494)	(164,240)
<b>Tax liabilities (net)</b>	<b>6,320</b>	<b>8,740</b>
Deferred tax assets	1,097,214	1,012,290
Deferred tax liabilities	(570,254)	(575,898)
<b>Deferred tax assets, net</b>	<b>526,960</b>	<b>436,392</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 22% in Turkey (December 31, 2019: 22%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Bazı Vergi Kanunları İle Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2018 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

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

	January 1- March 31, 2020	January 1- March 31, 2019
<b>Tax income</b>		
- Current period tax expense	(76,079)	(60,704)
- Deferred tax income	27,120	25,956
<b>Tax income</b>	<b>(48,959)</b>	<b>(34,748)</b>

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)	
	March31, 2020	December31, 2019	March31, 2020	December31, 2019
Property, plant and equipment and intangible assets	3,563,875	3,841,065	(857,729)	(914,141)
Unused tax advantages (*)	-	-	651,325	649,149
Provision for doubtful receivables	(83,104)	(66,862)	22,790	18,278
Derivative instruments	(59,062)	(84,840)	15,166	18,672
Inventories	(310,130)	(326,795)	93,661	95,687
Provision for employment termination benefits	(322,796)	(294,991)	64,758	59,150
Provision for warranty, assembly and transportation expenses	(783,822)	(742,723)	176,992	169,878
Unused tax credits	(749,304)	(866,128)	212,873	231,692
Other	(642,216)	(426,140)	147,124	108,027
<b>Deferred tax assets, net</b>			<b>526,960</b>	<b>436,392</b>

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

(\*) Gains arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that investment reaches the contribution amount. In this context, as of March 31, 2020 the tax advantage of TRY 651,325 (December 31, 2019: TRY 649,149) from which the Company predicts to benefit in the foreseeable future is recognized as deferred tax asset in the consolidated financial statements.

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

	2020	2019
<b>Balance as of January</b>	<b>436,392</b>	<b>366,861</b>
Deferred tax income recognized		
in statement of profit or loss	27,120	25,956
Deferred tax income recognized directly in the equity	8,247	(5,432)
Currency translation differences	55,201	(19,478)
<b>Balance as of March 31</b>	<b>526,960</b>	<b>367,907</b>

NOTE 26 - EARNINGS PER SHARE

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

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

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

	March 31, 2020	March 31, 2019
Profit for the year attributable to shareholders of the Company	255,734	225,422
Weighted average number of ordinary shares with nominal value (kuruş1 each one)	67,572,820,500	67,572,820,500
<b>Earnings per share (kurus) (*)</b>	<b>0.378</b>	<b>0.334</b>
<b>Diluted earnings per share (kurus) (*)</b>	<b>0.378</b>	<b>0.334</b>

(\*) The earnings and dividends paid per diluted and basic shares do not differ since the shareholders have equal rights on the shares and there is no preferred share.

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NOTE 27 - RELATED PARTY DISCLOSURES

(i) Balances with related parties

	March 31, 2020	December 31, 2019
<b>(a) Due from related parties:</b>		
Koçtaş Yapı Marketleri Ticaret A.Ş. <sup>(1)</sup>	17,235	15,625
Yapı ve Kredi Bankası A.Ş. <sup>(1)</sup>	3,513	1,612
Other	2,368	437
	<b>23,116</b>	<b>17,674</b>
<b>(b) Due to related parties:</b>		
<i>Current:</i>		
Zer Merkezi Hizmetler ve Ticaret A.Ş. <sup>(1)</sup>	224,287	265,601
Ram Dış Ticaret <sup>(2)</sup>	109,132	120,949
Arçelik-LG <sup>(4)</sup>	158,265	98,455
Koç Holding A.Ş. <sup>(3)</sup>	5,942	31,437
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. <sup>(1)</sup>	22,265	28,989
Bilkom Bilişim Hizmetleri A.Ş. <sup>(1)</sup>	26,491	23,137
Other	9,352	37,399
	<b>555,734</b>	<b>605,967</b>

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

<sup>(2)</sup> Associates

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

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

**Other payables to related parties – Current:**

Zer Merkezi Hizmetler ve Ticaret A.Ş. <sup>(*)</sup>	27,737	31,655
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<sup>(\*)</sup> The Company has a contract regarding the right to use Beko brand and undertaking the marketing, sales and distribution activities of Beko brand products between the Company and Zer Merkezi Hizmetler ve Ticaret A.Ş. (prior title was Beko Ticaret A.Ş.) for 20 years beginning on 2001. Due to the fact that the rights to use Beko brand will be held by the Company upon the expiration of the contract period, Beko brand has been recognized under intangible assets in the consolidated financial statements of the Group. Net book value of Beko brand, which is held under other liabilities to related parties, amounts to TRY 81,040 as of March 31, 2020. (December 31, 2019: TRY 81,040).

ARÇELİK ANONİM ŞİRKETİ

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NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

Maturity breakdown of gross future minimum payables of other payables to related parties is as follows:

	March 31, 2020	December 31, 2019
<b>Other payables to related parties (gross)</b>		
Up to 1 year	25,917	31,926
Future finance charges on other liabilities	(180)	(271)
<b>Present value of other payables to related parties (net)</b>	<b>25,737</b>	<b>31,655</b>

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

Up to 1 year	25,737	31,655
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(c) Deposits:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries <sup>(1)</sup>	1,228,208	947,607
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<sup>(1)</sup> Koç Holding group companies

(d) Derivative instruments

	Contract amount	Fair value assets/(liabilities)
<b>March 31, 2020</b>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	990,501	588 (8,205)
<b>December 31, 2019</b>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	647,594	132 (1,491)

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NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

(ii) Transactions with related parties

	January 1- March 31, 2020	January 1- March 31, 2019
<b>(a) Sales of goods and services:</b>		
Koçtaş Yapı Marketleri Ticaret A.Ş.	9,861	6,441
Yapı ve Kredi Bankası A.Ş.	705	4,506
Zer Merkezi Hizmetler ve Ticaret A.Ş.	442	500
Other	1,824	2,142
	<b>12,832</b>	<b>13,589</b>
<b>(b) Purchases of goods and services:</b>		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	290,501	279,337
Arçelik-LG	116,916	69,167
Ram Dış Ticaret	88,152	69,950
Bilkom Bilişim Hizmetleri A.Ş.	62,372	19,359
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	17,040	25,513
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	38,336	49,334
Other	50,113	30,041
	<b>663,430</b>	<b>561,192</b>

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

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

(\*) As at March 31, 2020, 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:

Total compensation provided to members of the Board of Directors, General Manager, Assistant General Managers and Directors directly reporting to General Manager by the Company during the three months period ended March 31, 2020 amounts to TRY 5,561 (January 1- March 31, 2019: TRY 4,613).

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NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

(d) Other transactions:

	January 1- March 31, 2020	January 1- March 31, 2019
<i>Interest income:</i>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	1,667	16,104
<i>Interest expense:</i>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	23	2,508

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

*Hedging operations and derivative instruments*

*Liquidity Risk*

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

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

**Interest Rate Risk**

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

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

*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.



**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020**

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

*Credit risk*

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

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

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

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

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

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

Details of credit and receivable risk as of March 31, 2020 and December 31, 2019 are as follows:

March 31, 2020	Trade receivables		Bank deposits	Derivative instruments
	Related parties	Third parties		
<b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>	<b>23,116</b>	<b>9,186,773</b>	<b>7,660,966</b>	<b>6,054</b>
Secured portion of the maximum credit risk by guarantees, etc. <sup>(2)</sup>	-	(7,080,230)	-	-
A. Net book value of financial asset either are not due or not impaired	23,116	8,384,846	7,660,966	6,054
-Secured portion by guarantees, etc.	-	(6,435,864)	-	-
B. Net book value of overdue but not impaired financial assets	-	759,538	-	-
- Secured portion by guarantees, etc.	-	(592,810)	-	-
C. Net book value of the impaired assets	-	51,556	-	-
- Overdue (Gross book value)	-	285,060	-	-
- Impairment (-)	-	(233,504)	-	-
- Secured portion of the net value by guarantees, etc.	-	(51,556)	-	-
D. Expected credit losses (-)	-	(9,166)	-	-

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

*Credit risk*

December 31, 2019	Trade receivables		Bank deposits	Derivative instruments
	Related parties	Third parties		
<b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>	<b>17,674</b>	<b>9,549,714</b>	<b>6,830,479</b>	<b>2,008</b>
Secured portion of the maximum credit risk by guarantees, etc. <sup>(2)</sup>	-	(7,443,494)	-	-
A. Net book value of financial asset either are not due or not impaired	17,674	8,869,904	6,830,479	2,008
-Secured portion by guarantees, etc.	-	(6,888,335)	-	-
B. Net book value of overdue but not impaired financial assets	-	627,870	-	-
- Secured portion by guarantees, etc.	-	(498,736)	-	-
C. Net book value of the impaired assets	-	56,423	-	-
- Overdue (Gross book value)	-	284,247	-	-
- Impairment (-)	-	(227,824)	-	-
- Secured portion of the net value by guarantees, etc.	-	(56,423)	-	-
D. Expected credit losses (-)	-	(4,483)	-	-

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

	March 31, 2020	December 31, 2019
Group 1	180,562	151,125
Group 2	7,986,755	8,470,945
Group 3	240,644	265,508
	<b>8,407,961</b>	<b>8,887,578</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) **Agging analysis of the receivables which are overdue but not impaired**

0-1 month	366,077	301,664
1-3 months	167,034	133,773
3-12 months	174,626	147,167
1-5 years	51,801	45,266
	<b>759,538</b>	<b>627,870</b>

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

<b>March 31, 2020</b>	<b>Undue</b>	<b>Overdue 0-1 month</b>	<b>Overdue 1-3 months</b>	<b>Overdue more than 3 months</b>	<b>Total</b>
Expected loss rate (%)	0.01	0.17	2.01	0.84	
Gross carrying amount	8,407,961	373,120	167,034	504,444	<b>9,452,559</b>
Loss allowance provision	932	636	3,356	4,242	<b>9,166</b>

  

<b>December 31, 2019</b>	<b>Undue</b>	<b>Overdue 0-1 month</b>	<b>Overdue 1-3 months</b>	<b>Overdue more than 3 months</b>	<b>Total</b>
Expected loss rate (%)	0.02	0.04	0.34	0.53	
Gross carrying amount	8,887,578	311,941	133,773	466,403	<b>9,799,695</b>
Loss allowance provision	1,425	133	452	2,473	<b>4,483</b>

**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 as a hedging instrument in order to hedge the foreign currency risk arisen from the translation of net assets of part of the subsidiaries operating in Europe from Euro to Turkish Lira. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in equity in foreign currency hedge of net investments in foreign operations fund in order to net off the increment value fund arisen from the translation of the net assets of investments in foreign operations. As of March 31, 2020, a portion of bank borrowings amounting to EUR 153,846,154 (before tax) was designated as a net investment hedging instrument (December 31, 2019: EUR 153,846,154).

**ARÇELİK ANONİM ŞİRKETİ**

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**NOTE 28 - 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>March 31, 2020</b>	<b>December 31, 2019</b>
Assets	10,181,803	10,015,946
Liabilities	(9,809,112)	(9,079,570)
<b>Net position of financial statement</b>	<b>372,691</b>	<b>936,376</b>
Net position of derivative instruments	(690,341)	(1,058,778)
<b>Foreign currency position (net)</b>	<b>(317,650)</b>	<b>(122,402)</b>

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

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

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of March 31, 2020 are as follows:

	EUR	USD	GBP	RUB	CNY	PLN	ZAR	Other Currency's TRY Equivalent	TRY Equivalent
<b>Current Assets</b>									
Trade receivables	335,067	189,921	80,667	313,400	449,864	92,113	-	348,294	5,235,770
Monetary financial assets	109,085	620,981	164	-	-	-	-	4,634	4,839,316
Other	449	7,808	-	-	12,279	-	-	-	65,329
<b>Total Assets</b>	<b>444,727</b>	<b>824,922</b>	<b>80,831</b>	<b>313,400</b>	<b>462,143</b>	<b>92,113</b>	<b>-</b>	<b>352,928</b>	<b>10,181,803</b>
<b>Current Liabilities</b>									
Trade payables	196,067	238,278	3,311	-	130,924	-	5,886	36,462	3,152,103
Financial liabilities	12,003	27,165	-	-	-	-	-	-	263,606
Other monetary liabilities	2,997	11,907	-	-	-	-	-	-	99,210
<b>Non-Current Liabilities</b>									
Financial liabilities	418,000	500,000	-	-	-	-	-	-	6,273,870
Other monetary liabilities	-	414	-	-	-	-	-	-	2,698
<b>Toplam Liabilities</b>	<b>629,067</b>	<b>780,469</b>	<b>3,312</b>	<b>-</b>	<b>130,924</b>	<b>-</b>	<b>5,886</b>	<b>36,462</b>	<b>9,809,112</b>
<b>Net Position of Financial Statement</b>	<b>(184,340)</b>	<b>44,454</b>	<b>77,520</b>	<b>313,400</b>	<b>331,220</b>	<b>92,113</b>	<b>(5,886)</b>	<b>316,466</b>	<b>372,691</b>
Off-balance sheet									
derivative assets (*)	226,896	39,974	5,500	-	42,658	-	-	31,519	2,012,321
Off-balance sheet									
derivative liabilities (*)	(51,080)	(113,698)	(83,950)	(294,000)	(448,000)	(88,000)	-	(344,176)	(2,702,662)
Net position of									
off-balance sheet items	175,816	(73,724)	(78,450)	(294,000)	(405,342)	(88,000)	-	(312,657)	(690,341)
<b>Net Asset/(Liability) Position of Foreign Currency</b>	<b>(8,524)</b>	<b>(29,270)</b>	<b>(930)</b>	<b>19,400</b>	<b>(74,122)</b>	<b>4,113</b>	<b>(5,886)</b>	<b>3,810</b>	<b>(317,650)</b>
Net Asset/(Liability) Position of Foreign Currency Monetary Items	(184,789)	36,646	77,520	313,400	318,941	92,113	(5,886)	316,466	307,362
Hedged Amount of Foreign Currency Ass	51,080	113,698	83,950	294,000	448,000	88,000	-	344,176	2,702,662
Hedged Amount of Foreign Currency Liabilities	226,896	39,974	5,500	-	42,658	-	-	31,519	2,012,321

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

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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of December 31, 2019 are as follows:

	EUR	USD	GBP	RUB	CNY	PLN	ZAR	Other Currency's TRY Equivalent	TRY Equivalent
<b>Current Assets</b>									
Trade receivables	428,385	192,969	107,633	408,465	464,057	115,882	206	387,131	5,831,996
Monetary financial assets	127,453	542,613	22	-	-	1	73	3,408	4,074,481
Other	832	14,704	-	-	19,539	-	170	-	109,469
<b>Total Assets</b>	<b>556,670</b>	<b>750,286</b>	<b>107,655</b>	<b>408,465</b>	<b>483,596</b>	<b>115,883</b>	<b>449</b>	<b>390,539</b>	<b>10,015,946</b>
<b>Current Liabilities</b>									
Trade payables	224,845	239,301	4,993	-	108,551	-	12	8,716	3,056,175
Financial liabilities	15,958	9,216	-	-	-	-	72	-	160,905
Other monetary liabilities	843	9,129	-	-	-	-	139	38,642	98,535
<b>Non-Current Liabilities</b>									
Financial liabilities	420,050	500,000	-	-	-	-	10	-	5,763,689
Other monetary liabilities	-	-	-	-	-	-	630	-	266
<b>Toplam Liabilities</b>	<b>661,696</b>	<b>757,646</b>	<b>4,993</b>	<b>-</b>	<b>108,551</b>	<b>-</b>	<b>863</b>	<b>47,358</b>	<b>9,079,570</b>
<b>Net Position of Financial Statement</b>	<b>(105,027)</b>	<b>(7,360)</b>	<b>102,662</b>	<b>408,465</b>	<b>375,045</b>	<b>115,883</b>	<b>(414)</b>	<b>343,181</b>	<b>936,376</b>
Off-balance sheet derivative assets (*)	240,096	39,902	-	-	55,870	-	-	33,146	1,914,188
Off-balance sheet derivative liabilities (*)	(134,600)	(49,273)	(104,800)	(408,000)	(460,000)	(113,646)	-	(364,621)	(2,972,966)
Net position of off-balance sheet items	105,496	(9,371)	(104,800)	(408,000)	(404,130)	(113,646)	-	(331,475)	(1,058,778)
<b>Net Asset/(Liability) Position of Foreign Currency</b>	<b>470</b>	<b>(16,731)</b>	<b>(2,138)</b>	<b>465</b>	<b>(29,085)</b>	<b>2,237</b>	<b>(414)</b>	<b>11,706</b>	<b>(122,402)</b>
Net Asset/(Liability) Position of Foreign Currency Monetary Items	(105,859)	(22,064)	102,662	408,465	355,506	115,883	(584)	343,181	826,907
Hedged Amount of Foreign Currency Ass	134,600	49,273	104,800	408,000	460,000	113,646	-	364,621	2,972,968
Hedged Amount of Foreign Currency Liabilities	86,250	39,902	-	-	55,870	-	-	33,146	891,019

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

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

As of March 31, 2020, and December 31, 2019, 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>March 31, 2020</b>				
USD net asset/liability	28,966	(28,966)	24,675	(24,675)
Secured portion from USD risk	(48,039)	48,039	(48,039)	48,039
<b>USD Net effect</b>	<b>(19,073)</b>	<b>19,073</b>	<b>(23,364)</b>	<b>23,364</b>
EUR net asset/liability	(22,001)	22,001	(40,176)	40,176
Secured portion from EUR risk	15,851	(15,851)	126,851	(126,851)
<b>EUR Net effect</b>	<b>(6,150)</b>	<b>6,150</b>	<b>86,675</b>	<b>(86,675)</b>
GBP net asset/liability	62,465	(62,465)	76,483	(76,483)
Secured portion from GBP risk	(63,214)	63,214	(63,214)	63,214
<b>GBP Net effect</b>	<b>(749)</b>	<b>749</b>	<b>13,269</b>	<b>(13,269)</b>
RUB net asset/liability	2,545	(2,545)	74,438	(74,438)
Secured portion from RUB risk	(2,388)	2,388	(2,388)	2,388
<b>RUB Net effect</b>	<b>157</b>	<b>(157)</b>	<b>72,050</b>	<b>(72,050)</b>
PLN net asset/liability	14,615	(14,615)	32,035	(32,035)
Secured portion from PLN risk	(13,962)	13,962	(13,962)	13,962
<b>PLN Net effect</b>	<b>653</b>	<b>(653)</b>	<b>18,073</b>	<b>(18,073)</b>
ZAR net asset/liability	(215)	215	104,448	(104,448)
Secured portion from ZAR risk	-	-	-	-
<b>ZAR Net effect</b>	<b>(215)</b>	<b>215</b>	<b>104,448</b>	<b>(104,448)</b>
CNY net asset/liability	30,248	(30,248)	39,015	(39,015)
Secured portion from CNY risk	(37,017)	37,017	(37,017)	37,017
<b>CNY Net effect</b>	<b>(6,769)</b>	<b>6,769</b>	<b>1,998</b>	<b>(1,998)</b>
Other net asset/liability	31,648	(31,648)	411,857	(411,857)
Secured portion from other currency	(31,267)	31,267	(31,267)	31,267
<b>Other Currency Net effect</b>	<b>381</b>	<b>(381)</b>	<b>380,590</b>	<b>(380,590)</b>
	<b>(31,765)</b>	<b>31,765</b>	<b>653,739</b>	<b>(653,739)</b>

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

	Gain/Loss		Other Comprehensive Income	
	Foreign exchange preciation by 10%	Foreign exchange depreciation by 10%	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%
<b>December 31, 2019</b>				
USD net asset/liability	(4,372)	4,372	(7,353)	7,353
Secured portion from USD risk	(5,567)	5,567	(5,567)	5,567
<b>USD Net effect</b>	<b>(9,939)</b>	<b>9,939</b>	<b>(12,920)</b>	<b>12,920</b>
EUR net asset/liability	32,470	(32,470)	(44,253)	44,253
Secured portion from EUR risk	(32,156)	32,156	70,161	(70,161)
<b>EUR Net effect</b>	<b>314</b>	<b>(314)</b>	<b>25,908</b>	<b>(25,908)</b>
GBP net asset/liability	79,835	(79,835)	92,853	(92,853)
Secured portion from GBP risk	(81,498)	81,498	(81,498)	81,498
<b>GBP Net effect</b>	<b>(1,663)</b>	<b>1,663</b>	<b>11,355</b>	<b>(11,355)</b>
RUB net asset/liability	3,902	(3,902)	87,377	(87,377)
Secured portion from RUB risk	(3,897)	3,897	(3,897)	3,897
<b>RUB Net effect</b>	<b>5</b>	<b>(5)</b>	<b>83,480</b>	<b>(83,480)</b>
PLN net asset/liability	18,113	(18,113)	34,153	(34,153)
Secured portion from PLN risk	(17,763)	17,763	(17,763)	17,763
<b>PLN Net effect</b>	<b>350</b>	<b>(350)</b>	<b>16,390</b>	<b>(16,390)</b>
ZAR net asset/liability	(17)	17	121,211	(121,211)
Secured portion from ZAR risk	-	-	-	-
<b>ZAR Net effect</b>	<b>(17)</b>	<b>17</b>	<b>121,211</b>	<b>(121,211)</b>
CNY net asset/liability	31,708	(31,708)	41,364	(41,364)
Secured portion from CNY risk	(34,167)	34,167	(34,167)	34,167
<b>CNY Net effect</b>	<b>(2,459)</b>	<b>2,459</b>	<b>7,197</b>	<b>(7,197)</b>
Other net asset/liability	34,316	(34,316)	396,614	(396,614)
Secured portion from other currency	(33,147)	33,147	(33,147)	33,147
<b>Other Currency Net effect</b>	<b>1,168</b>	<b>(1,168)</b>	<b>363,467</b>	<b>(363,467)</b>
	<b>(12,240)</b>	<b>12,240</b>	<b>616,088</b>	<b>(616,088)</b>

Import and exports performed to / from Turkey for the three months period ended as of March 31, 2020 and March 31, 2019 are as follows:

	March 31, 2020	March 31, 2019
EUR	1,511,068	1,595,703
USD	429,039	464,907
GBP	526,758	533,480
Other	230,816	275,870
<b>Total exports</b>	<b>2,697,681</b>	<b>2,869,960</b>
EUR	472,980	419,391
USD	978,984	1,053,786
GBP	1,969	515
Other	688	687
<b>Total imports</b>	<b>1,454,621</b>	<b>1,474,379</b>



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**NOTE 29 - FINANCIAL INSTRUMENTS**

*Fair value of financial instruments*

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

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

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

*Financial Assets*

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

The carrying values of trade receivables along with the related allowances for 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 March 31, 2020, the carrying value and the fair value of the long-term borrowings, including the short-term portions, are equal to TRY 11,292,959 (December 31, 2019: TRY 710,364,465) (Note 6) and TRY 10,981,310 (December 31, 2019: TRY 10,526,745) 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.

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NOTE 29- 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 March 31, 2020 is as follows:

<b>Financial assets carried at fair value in statement of financial position</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative instruments (assets) (Note 7)	-	6,054	-
Financial investments (Note 5)	2,958	-	-
<b>Financial liabilities carried at fair value in statement of financial position</b>			
Derivative instruments (liabilities) (Note 7)	-	155,484	-

Fair value hierarchy table as of December 31, 2019 is as follows:

<b>Financial assets carried at fair value in statement of financial position</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative instruments (assets) (Note 7)	-	2,008	-
Financial investments (Note 5)	2,930	-	-
<b>Financial liabilities carried at fair value in statement of financial position</b>			
Derivative instruments (liabilities) (Note 7)	-	82,606	-

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 30 - SUPPLEMENTARY CASH FLOW INFORMATION**

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

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

	<b>1 January- March 31, 2020</b>	<b>1 January- March 31, 2019</b>
<b>Adjustments for other provisions:</b>		
Accrual for customer premiums	44,531	99,237
Warranty provision	66,288	36,736
Provision for employment termination benefits	33,488	5,896
Provision for assembly and transportation cost	(18,398)	25,364
Provision for legal claims	6,248	4,179
Provision for vacation pay liability	(15,996)	4,448
Return provisions	(14,678)	512
Accrual for bonuses and premiums	16,361	7,260
	<b>117,844</b>	<b>183,632</b>
<b>Adjustments for impairment loss:</b>		
Provision for doubtful receivables	13,314	10,510
Provision for impairment on inventories	2,436	4,888
	<b>15,750</b>	<b>15,398</b>

**NOTE 31 – EVENTS AFTER BALANCE SHEET DATE**

The impact of Covid-19 (Coronavirus) pandemic on the Company’s operations and financial results is studiously monitored and actions are immediately taken for the Company to have the minimum effect in this process. Connected with the coronavirus impact and paralel to the currenct conditions/slowdown in the markets where the Company operates and in the global economy, there are disruptions in the supply, manufacturing and sales process in the countries the Company operates. The Company will be able to make more clear and sound assesments once these uncertainties about the possible impacts, duration and severity of coronavirus globally and for Turkey becomes more clear. Given the current level of uncertainty surrounding the Covid-19 pandemic as of the balance sheet date, the impacts on the Company’s financial statements can not be measured reliably.

As mentioned in Note-21, with the European Commission's decision to apply a penalty to a group of CRT producers due to violation of competition, the Company and its subsidiaries have filed a lawsuit against related suppliers for the compensation of loss. In the course of lawsuits settled subsequently, TRY 53 million (equivalent of Euro 7 million) income will be recognized in the following period.

The Company has sold 100% owned subsidiary Token Finansal Teknolojiler A.Ş. for a total price of TRY 312.4 million, in line with the valuation report prepared by Ernst Young Kurumsal Finansman Danışmanlık A.Ş., to its shareholders Koç Holding A.Ş. and Temel Ticaret ve Yatırım A.Ş. on 30 April 2020.