ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

ASSETS	Notes	Audited Current Period 31 December 2021	Restated(*) Audited Previous Period 31 December 2020	Restated(*) Audited Previous Period 1 January 2020
Current Assets		**18.764.940**	**14.701.119**	**9.451.352**
Cash and Cash Equivalents	5	3.004.834	3.835.520	2.045.073
Financial Investments	6	6.414.869	3.639.474	3.057.459
Trade Receivables				
- Due From Related Parties	8-34	2.522.152	2.040.146	2.160.033
- Other Trade Receivables	8	2.165.759	1.051.854	279.799
Other Receivables				
- Due From Related Parties	9-34	545.670	2.163.423	401.969
- Other Receivables	9	68.732	51.313	38.081
Derivatives Instruments	10	1.499	37.340	364.291
Inventories	11	3.218.231	1.695.858	909.952
Prepaid Expenses				
- Prepaid Expenses to Third Parties	20	368.875	87.760	113.980
Current Tax Assests		166.661	8.356	4.583
Other Current Assets	22	287.658	90.075	76.132
Non-Current Assets		**7.478.685**	**4.790.555**	**4.206.117**
Financial Investments	6	1.878.478	978.106	946.029
Other Receivables				
- Other Receivables From Related Parties				
- Other Receivables	9	-	369	460
Investment Properties	12	-	26.145	21.155
Tangible Assets	13	3.640.893	2.846.826	2.514.964
Intangible Assets				
- Goodwill	14	896.538	496.196	388.047
- Other Intangible Assets	15	651.304	363.782	292.501
Prepaid Expenses	20	83.633	48.664	7.650
Deferred Tax Asset	32	327.839	30.467	35.311
TOTAL ASSETS		**26.243.625**	**19.491.674**	**13.657.469**

(*) Restatement effects have been explained in Note 2.

.

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

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

LIABILITIES	**Notes**	**Audited Current Period 31 December 2021**	**Restated(*) Audited Previous Period 31 December 2020**	**Restated(*) Audited Previous Period 1 January 2020**
Current Liabilities		**6.134.222**	**3.230.685**	**7.122.625**
Short Term Financial Liabilities	7	759.909	287.953	348.712
Short Term Portion of Long Term Financial Liabilities	7	2.103.140	1.134.997	5.424.980
Trade Payables				
- Due to Related Parties	8-34	475.461	276.004	240.165
- Other Trade Payables	8	1.794.960	999.406	744.865
Employee Benefit Related Liabilities	21	76.957	55.028	49.571
Other Payables				
- Due to Related Parties	9-34	-	120	104
- Other Payables	9	12.672	5.411	5.297
Derivative Instruments	10	-	1.892	-
Deferred Revenue	23	83.754	77.384	15.507
Current Income Tax Liabilities	32	301.535	85.888	71.298
Short Term Provisions				
- Short Term Provisions for Employee Benefits	19	135.109	90.690	78.280
- Other Short Term Provisions	17	287.449	166.658	104.874
Other Current Liabilities	22	103.276	49.254	38.972
Non-Current Liabilities		**15.795.501**	**9.444.296**	**1.337.118**
Long Term Financial Liabilities	7	15.313.776	9.058.346	967.342
Long Term Provisions				
- Long Term Provisions for Employee Benefits	19	346.828	228.105	174.595
Deferred Tax Liabilities	32	134.897	157.845	195.181
SHAREHOLDERS' EQUITY	24	**4.313.902**	**6.816.693**	**5.197.726**
Equity Attributable To Equity Holders' of the Parent		**2.986.714**	**6.036.780**	**4.674.823**
Share Capital		342.000	342.000	342.000
Inflation Adjustments to Share Capital		108.056	108.056	108.056
Effect of Business Combinations Under Common Control		(4.196.733)	(460.419)	(460.419)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss				
- Increases on Revaluation of Plant, Property and Equipment		815.379	850.738	671.995
- Actuarial Gains and Losses on Post-Employment Termination Benefit Obligation		(44.479)	(37.870)	(29.004)
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income		1.276.228	459.069	422.738
- Other Gains		-	-	817.879
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss				
- Currency Translation Adjustments		607.882	22.444	(57.006)
- Cash Flow Hedges		540	(1.400)	3.695
Restricted Reserves		157.537	131.587	131.587
Retained Earnings		4.384.636	3.541.181	2.723.302
Net Profit for the Period		(464.332)	1.081.394	-
Non-Controlling Interest		1.327.188	779.913	522.903
TOTAL LIABILITIES AND EQUITY		**26.243.625**	**19.491.674**	**13.657.469**

(*) Restatement effects have been explained in Note 2

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020

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

	Notes	Audited Current Period 1 January - 31 December 2021	Restated (*) Audited Previous Period 1 January - 31 December 2020
Revenue	25	12.537.080	9.715.630
Cost of Sales (-)	25	(8.924.665)	(6.778.372)
GROSS PROFIT		**3.612.415**	**2.937.258**
General Administrative Expenses	26-27	(353.681)	(267.314)
Marketing, Sales and Distribution Expenses	26-27	(1.120.598)	(923.064)
Research and Development Expenses	26-27	(39.786)	(24.114)
Other Operating Income	28	895.987	289.555
Other Operating Expenses	28	(564.347)	(273.805)
OPERATING PROFIT FROM MAIN OPERATIONS		**2.429.990**	**1.738.516**
Income from Investing Activities	29	6.096.145	2.580.794
Expenses from Investing Activities	29	(130.934)	(685.234)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		**8.395.201**	**3.634.076**
Financial Income	30	444.638	613.053
Financial Expenses	31	(8.910.373)	(2.670.960)
PROFIT BEFORE TAX (LOSS)/INCOME		**(70.534)**	**1.576.169**
Tax Expense		**(91.885)**	**(307.604)**
Corporate Tax Expense	32	(450.711)	(354.315)
Deferred Tax Income	32	358.826	46.711
PROFIT FOR THE PERIOD		**(162.419)**	**1.268.565**
Distribution of the Profit for the Year			
Non-Controlling Interest	24	301.913	187.171
Equity Holders of the Parent		(464.332)	1.081.394
Earning per Share	33	(1,36)	3,16

(*) Restatement effects have been explained in Note 2.

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

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020

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

	Notes	Audited Current Period 1 January - 31 December 2021	Restated (*) Audited Previous Period 1 January - 31 December 2020
PROFIT FOR THE YEAR		**(162.419)**	**1.268.565**
Other Comprehensive Income			
Not to be Reclassified To Profit and Loss		**838.130**	**205.880**
Actuarial Loss on Post-Employment Termination Benefit Obligation	19	(10.821)	(12.592)
(Decreases)/ Increases on Revaluation of Plant, Property and Equipment		(8.237)	200.369
Change in Revaluation Funds of Financial Assets		900.372	32.077
Deferred Tax For The Items That Will Not Be Reclassified in Profit and Loss			
Actuarial Loss on Post-Employment Termination Loss Obligation, Deferred Tax Effect		852	1.809
(Decreases)/Inrease on Revaluation of Plant, Property and Equipment, Deferred Tax Effect		39.175	(20.037)
Gains from Financial Assets Measured at Fair Value Through Other Comprehensive Income, Tax Effect		(83.212)	4.254
Items to be Reclassified to Profit and Loss		**931.153**	**151.208**
Currency Translation Adjustments		929.183	156.303
Cash Flow Hedges		2.425	(6.487)
Deferred Tax For The Items That Will be Reclassified to Profit and Loss			
Cash Flow Hedges, Deferred Tax Effect		(455)	1.392
OTHER COMPREHENSIVE INCOME		**1.769.283**	**357.088**
TOTAL COMPREHENSIVE INCOME		**1.606.864**	**1.625.653**
Distribution of Total Comprehensive Income			
Non-Controlling Interest		644.016	263.696
Equity Holders of the Parent		962.848	1.361.957

(*) Restatement effects have been explained in Note 2.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020

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

				Accumulated Other Comprehensive Income To Be Reclassified Under Profit And Loss		Accumulated Other Comprehensive Income Not To Be Reclassified To Profit And Loss					Accumulated Profit				
	Share Capital	**Inflation Adjustments to Share Capital**	**Effect of Business Combinations Under Common Control**	**Currency Translation Adjustments**	**Cash Flow Hedges**	**Revaluation Plant, Property and Equipment**	**Actuarial Losses on Post-Employment Termination Benefit Obligation**	**Financial Assets Fair Value Through Other Compherensive Income**	**Other Gains**	**Restricted Reserves Appropriated From Profits**	**Net Profit/(Loss) For the Period**	**Retained Earnings**	**Equity Attributable to Equity Holders of the Parent**	**Non-Controlling Interest**	**Total**
As of 1 January 2020 (Previously Reported)	**342.000**	**108.056**	**(485.419)**	**(57.006)**	**3.695**	**647.779**	**(26.435)**	**422.738**	**817.879**	**131.587**	**996.503**	**1.509.952**	**4.411.329**	**522.903**	**4.934.232**
Transactions under common control	-	-	25.000	-	-	24.216	(2.569)	-	-	-	168.542	48.305	263.494	-	263.494
Transfer	-	-	-	-	-	-	-	-	-	-	(1.165.045)	1.165.045	-	-	-
As of 1 January 2020 (Restated) (*)	**342.000**	**108.056**	**(460.419)**	**(57.006)**	**3.695**	**671.995**	**(29.004)**	**422.738**	**817.879**	**131.587**	**-**	**2.723.302**	**4.674.823**	**522.903**	**5.197.726**
Transfer	-	-	-	-	-	-	-	-	(817.879)	-	-	817.879	-	-	-
Total comprehensive income	-	-	-	79.450	(5.095)	178.743	(8.866)	36.331	-	-	1.081.394	-	1.361.957	263.696	1.625.653
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.686)	(6.686)
As of 31 December 2020	**342.000**	**108.056**	**(460.419)**	**22.444**	**(1.400)**	**850.738**	**(37.870)**	**459.069**	**-**	**131.587**	**1.081.394**	**3.541.181**	**6.036.780**	**779.913**	**6.816.693**

(*) Restatement effects have been explained in Note 2.

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

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

				Accumulated Other Comprehensive Income To Be Reclassified Under Profit And Loss		Accumulated Other Comprehensive Income Not To Be Reclassified To Profit And Loss				Accumulated Profit				
	Share Capital	**Inflation Adjustments to Share Capital**	**Effect of Business Combinations Under Common Control**	**Currency Translation Adjustments**	**Cash Flow Hedges**	**Revaluation Plant, Property and Equipment**	**Actuarial Losses on Post-Employment Termination Benefit Obligation**	**Financial Assets Fair Value Through Other Compherensive Income**	**Restricted Reserves Appropriated from Profits**	**Net Profit for the Period**	**Retained Earnings**	**Equity Attributable to Equity Holders of the Parent**	**Non-Controlling Interest**	**Total**
As of 1 January 2021 (Previously Reported)	**342.000**	**108.056**	**(485.419)**	**22.444**	**(1.400)**	**812.025**	**(35.463)**	**459.069**	**131.587**	**1.016.415**	**3.324.334**	**5.693.648**	**779.913**	**6.473.561**
Transactions under common control	-	-	25.000	-	-	38.713	(2.407)	-	-	64.979	216.847	343.132	-	343.132
As of 1 January 2021 (Restated)(*)	**342.000**	**108.056**	**(460.419)**	**22.444**	**(1.400)**	**850.738**	**(37.870)**	**459.069**	**131.587**	**1.081.394**	**3.541.181**	**6.036.780**	**779.913**	**6.816.693**
Transfer	-	-	-	-	-	(64.611)	-	-	25.950	(1.081.394)	1.120.055	-	-	-
Total comprehensive income	-	-	-	585.438	1.940	29.252	(6.609)	817.159	-	(464.332)	-	962.848	644.016	1.606.864
Transactions under common control	-	-	(3.736.314)	-	-	-	-	-	-	-	-	(3.736.314)	-	(3.736.314)
Dividend paid (**)	-	-	-	-	-	-	-	-	-	-	(276.600)	(276.600)	(96.741)	(373.341)
As of 31 December 2021	**342.000**	**108.056**	**(4.196.733)**	**607.882**	**540**	**815.379**	**(44.479)**	**1.276.228**	**157.537**	**(464.332)**	**4.384.636**	**2.986.714**	**1.327.188**	**4.313.902**

(*) Restatement effects have been explained in Note 2.

(**) At the General Assembly Meeting for the year of 2020 held on 26 April 2021, it has been resolved to distribute TL 276.000.000 as cash and fully funded by the profit for the year and started to be distributed as of May 25th 2021. At the Board Meetings of Food Manufacturers Company, one of the subsidiaries of the Group, dated January 5, 2021 and November 17, 2021, dividend payment decisions of TL 146.722.501 and TL 53.442.311 were taken and all of dividends were paid within 2021. The portion of the relevant amounts amounting to TL 90.074.165 has been accounted for under non-controlling interests.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

	Notes	Audited Current Period 1 January - 31 December 2021	Restated (*) Audited Previous Period 1 January - 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the Period		(162.419)	1.268.565
Adjustments to Reconcile Net Profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation expenses of tangible assets	13	225.794	196.543
Amortization expenses of intangible assets	15	4.215	2.751
Adjustment for Impairment Loss (Reversal)			
Provision for doubtful receivables	8	1.167	98
Adjustment for Impairment Loss of Other Financial Investments Loss/(Gain)			
Increase in financial investments	29	(123.330)	(316.724)
Adjustment for impairment loss of inventories	11	3.714	12.934
Adjustments for Provisions			
Adjustments for Provisions Related with Employee Benefits			
Provision for employment benefits	19	108.241	57.429
Provision for unused vacation	19	28.332	27.799
Provision for premium	19	59.451	54.772
Adjustments for Provision (Cancelled) Lawsuits	17	3.267	(68)
Adjustments for Other Provisions			
Change in other provisions (net)		118.649	62.742
Adjustments for Dividend Income	29	(45)	(64)
Adjustments for Interest Income and Expense			
Adjustments for Interest Income			
Interest Income	30	(392.815)	(251.238)
Adjustments for Interest Expense			
Rediscounted interest expense (net)		-	190
Interest expense	31	802.144	467.236
Fair Value Incrase of Investment Properties	12	-	(4.990)
Adjustments for Tax Expense	32	91.885	307.604
Adjustments for Losses/(Gains) on Disposals of Non-Current Assets			
Adjustments for gains arised from sale of tangible assets	29	(7.059)	(1.390)
Adjustments for Other Items That Cause Cash Flows Arising from Investing Or Financing Activities			
Change in foreign currency of financial liabilities (net)	30-31	7.609.228	1.604.604
Change in foreign currency from investing activities (net)	29	(5.429.745)	(1.312.335)
Commission expenses and finance service income (net)	30-31	54.363	(13.933)
Other Adjustments to Reconcile Profit/(Loss)			
Rent income	29	(12.217)	(8.819)
Net operating cash flows provided before changes in working capital		**2.982.819**	**2.153.706**

(*) Restatement effects have been explained in Not 2.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

	Notes	Audited Current Period 1 January - 31 December 2021	Restated (*) Audited Previous Period 1 January - 31 December 2020
Changes in Working Capital			
Increase in trade receivables		(786.467)	(342.778)
Increase in trade receivables from related parties		(482.006)	(253.302)
Increase in inventories		(1.242.601)	(754.202)
(Increase)/Decrease in other receivables and other current assets		(443.726)	9.616
Increase in trade payables		440.281	113.425
Increase in trade payables to related parties		199.457	108.897
(Decrease)/Increase in other payables and liabilities		(110.347)	44.092
Net cash generated from operations		**557.410**	**1.079.454**
Payments Related with Provisions for Employee Benefits			
Employment Termination Benefit Paid	19	(58.899)	(27.251)
Unused vacation paid	19	(21.955)	(25.270)
Performance premium paid	19	(54.782)	(52.648)
Lawsuits provision paid	17	(1.125)	(891)
Taxes paid		(393.369)	(343.498)
Collections from doubtful trade receivables	8	59	131
Net cash from generated operating activities		**27.339**	**630.027**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible and intangible assets		94.721	4.198
Proceeds from sales of investment properties		26.145	-
Purchase of property, plant and equipment		(558.319)	(218.234)
Purchase of intangible assets	15	(1.389)	(2.822)
Changes in non-trade receivables from related parties		1.837.753	(1.612.579)
Cash generated from dividends		45	64
Interest received		392.815	251.238
Cash outflows on purchases to obtain control of subsidiaries	3	(3.736.314)	-
Cash inflows from selling shares of other businesses or funds or debt instruments		423.471	491.169
Other advances given and payables		(34.969)	(41.014
Rent income		12.217	8.819
Net cash used in investing activities		**(1.543.824)**	**(1.119.161)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflow from borrowings		1.588.167	9.084.837
Repayments of borrowings		(1.705.798)	(7.222.324)
Cash inflow from derivative instruments		47.165	499.476
Dividends paid		(373.341)	(6.686)
Commission paid		(54.699)	(34.141)
Interest paid		(756.749)	(393.504)
Change in non-trade payables to related parties		(120)	16
Net cash (used)/generated in financing activities		**(1.255.375)**	**1.927.674**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(2.771.860)**	**1.438.540**
THE EFFECT OF FOREIGN EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS		**1.941.174**	**351.907**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	**3.835.520**	**2.045.073**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**3.004.834**	**3.835.520**

(*) Restatement effects have been explained in Note 2.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Ülker Bisküvi Sanayi A.Ş. (“the Company”) and its subsidiaries (all together “the Group”), comprises of the parent Ülker Bisküvi Sanayi A.Ş. and fifteen subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2020: Fifteen).

Ülker Bisküvi Sanayi A.Ş. was established in 1944. The Company’s core business activities are manufacturing of biscuits, chocolate, chocolate coated biscuits, wafers and cakes.

Ülker Bisküvi Sanayi A.Ş. which is registered at the Capital Market Board, merged under its own title with Anadolu Gıda Sanayi A.Ş., whose shares have been quoted on Borsa Istanbul since 30 October 1996, as of 31 December 2003.

The headquarter of Ülker Bisküvi Sanayi A.Ş. is located Kısıklı Mah. Ferah Cad. No:1 Büyük Çamlıca Üsküdar/Istanbul.

As of 31 December 2021, the total number of people employed by the Group is 9.447, which contains 1.700 employees who worked as subcontractors (31 December 2020: 9.591, subcontractor: 1.488).

The main shareholder and controlling party of the Group is pladis Foods Limited. The ultimate parent of the Group is Yıldız Holding A.Ş.. Yıldız Holding A.Ş. is the ultimate parent of pladis Foods Limited. Yıldız Holding A.Ş. is managed by the Ülker Family.

As of 31 December 2021 and 31 December 2020, the names and percentages of the shareholders holding more than 5% of the Company’s share capital are as follows:

		31 December 2021		31 December 2020
Name of the Shareholders	**Share**	**Percentage**	**Share**	**Percentage**
pladis Foods Limited	174.420	%51,00	174.420	%51,00
Ülker Family Members and Yıldız Holding A.Ş.	25.580	%7,48	25.580	%7,48
Other	142.000	%41,52	142.000	%41,52
	342.000	**%100,00**	**342.000**	**%100,00**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

As of 31 December 2021 and 31 December 2020, Ülker Bisküvi Sanayi A.Ş.'s subsidiaries within the scope of full consolidation ("Subsidiaries"), their main fields of activity and the Company's direct and effective ownership rates are as follows:

	31 December 2021		31 December 2020		
Subsidiaries	**Ratiof of Direct Ownership**	**Ratiof of Direct Effective**	**Ratiof of Direct Ownership**	**Ratiof of Direct Effective**	**Nature of Operations**
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.	73,9%	73,9%	73,9%	73,9%	Manufacturing
Ülker Çikolata Sanayi A.Ş.	91,7%	91,7%	91,7%	91,7%	Manufacturing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
UI Egypt B.V.	51,0%	51,0%	51,0%	51,0%	Investing
Hi-Food for Advanced Food Industries	-	51,4%	-	51,4%	Manufacturing/Sales
Sabourne Investments Ltd	100,0%	100,0%	100,0%	100,0%	Investing
Food Manufacturers' Company	-	55,0%	-	55,0%	Manufacturing/Sales
Hamle Company Ltd LLP	100,0%	100,0%	100,0%	100,0%	Manufacturing/Sales
Ulker Star LLC	-	99,0%	-	99,0%	Sales
UI Mena BV	100,0%	100,0%	100,0%	100,0%	Investing
Amir Global Trading FZE	-	100,0%	-	100,0%	Sales
Ulker for Trading and Marketing	-	99,8%	-	99,8%	Sales
International Biscuits Company	100,0%	100,0%	100,0%	100,0%	Manufacturing/Sales
Önem Gıda Sanayi ve Ticaret A.Ş.(*)	100,0%	100,0%	100,0%	100,0%	Manufacturing/Sales

(*) The Group has purchased 100% shares of Önem Gıda Sanayi ve Ticaret A.Ş., 100% owned by Yıldız Holding A.Ş., on 27 August 2021 for a consideration of 3.736.314 TL.

Approval of consolidated financial statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 10 March 2022. The General Assembly has the authority to amend/modify the financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the Presentation:

Principles for Preparation of Financial Statements and Significant Accounting Policies

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations. In addition, it has been presented in accordance with the TAS taxonomy published by the POA with the decision number 30 on June 2, 2016 and subsequently announced to the public on 15 April 2019, together with the changes in TFRS-15 Revenue from Contracts with Customers and TFRS-16 Leases standards.

The Group's consolidated financial statements and explanatory notes are presented in accordance with the formats announced by the CMB with the announcement dated 7 June 2013 and including the mandatory information.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Principles for Preparation of Financial Statements and Significant Accounting Policies (Continued)

With a decision taken by the CMB on March 17, 2005, for companies operating in Turkey and preparing their financial statements in accordance with the Financial Reporting Standards accepted by the CMB ("CMB Financial Reporting Standards"), it has declared that the application of inflation accounting is not required, effective from 1 January 2005. The Group's consolidated financial statements have been prepared within the framework of this decision.

The Company and Subsidiaries in Turkey maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for land, buildings, financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions.

Functional and Presentation Currency

Financial statements of each subsidiary of the Group are presented in the currency of the primary economic environment in which the entities operate (its functional currency). The results and financial position of the each subsidiary are expressed in Turkish Lira, which is the presentation currency of the Group.

Consolidation Principles

(a) Subsidaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

(b) Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the loss of control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recorded directly in equity as the Group's share.

(c) Losses control of subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TAS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and Revised International Financial Reporting Standards

The Group has applied the newly revised standards and interpretations that are effective as of January 1, 2021, which are relevant to its field of activity.

The new standards, amendments and interpretations applicable as at 31 December 2021:

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed. The Group has evaluated the effects of the change on its consolidated financial position and performance and has decided that it does not have a material impact.

Standards and amendments published but not yet effective as of 31 December 2021:

Amendments to TFRS 10 and TAS 28 - "Asset Sales or Contributions by an Investor to an Associate or Joint Venture"; has indefinitely postponed the effective date of the amendments made in TFRS 10 and TAS 28 in December 2017, to be changed depending on the ongoing research project outputs related to the equity method. The Group will evaluate the effects of these changes after the aforementioned standards are finalized.

TFRS 17, "Insurance Contracts"; Effective for annual reporting periods beginning on or after 1 January 2023. It will not have an impact on the consolidated financial position or performance of the Group.

TAS 1, the amendment of the "Presentation of financial statements" standard regarding the classification of liabilities; Effective for annual reporting periods beginning on or after 1 January 2023. The effects on the consolidated financial position and performance of the Group are being evaluated.
Changes to TFRS 3 - Change to References to the Conceptual Framework; The amendment will be applied prospectively for annual reporting periods beginning on or after 1 January 2022. The effects on the consolidated financial position and performance of the Group are being evaluated.

Changes to TAS 16 - Adaptation for intended use; The amendment will be applied for annual reporting periods beginning on or after 1 January 2022. The effects on the consolidated financial position and performance of the Group are being evaluated.

Amendments to TAS 37 - Disadvantageous contracts - Costs of fulfilling the contract; To be applied for annual reporting periods beginning on or after 1 January 2022. The effects on the consolidated financial position and performance of the Group are being evaluated.

Amendments to TFRS 16- Covid 19 related Rent Concessions; In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

The Group is in the process of assessing the possible impacts of the said standards, amendments and improvements on the consolidated financial position and performance of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and Revised International Financial Reporting Standards (Continued)

IAS 8 Amendments – Definition of Accounting Estimates

In February 2021, IASB published amendments to IAS 8 that introduce a new definition for "accounting estimates". The amendments published for IAS 8 are valid for annual accounting periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors.

IAS 1 and IFRS Application Notice 2 Amendments – Presentation of Accounting Policies

In February 2021, IASB published changes to IAS 1 and IFRS Application Statement 2 for Making Materiality Estimates, where it provides guidance and examples to help businesses apply materiality estimates to their accounting policy disclosures. The amendments published in IAS 1 are valid for annual accounting periods beginning on or after 1 January 2023.

IAS 12 Amendments – Deferred Tax on assets and liabilities arising from a single transaction

In May 2021, IASB published amendments to IAS 12 that narrows the scope of the initial recognition exemption so that the exemption is not applied to transactions that result in equal taxable and deductible temporary differences. Amendments to IAS 12 are valid for annual accounting periods beginning on or after 1 January 2023. Changes clarifies that it is an judgment issue: where payments made on a liability are tax-deductible, whether such deductions are attributable to the recognized liability (and interest expense) or related asset component (and interest expense) for tax purposes (taking into account applicable tax law).

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued "Annual Improvements to TFRS Standards 2018–2020 Cycle", amending the followings:

TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture..

TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all. It is expected that these improvements will not have a significant impact on the consolidated financial position and performance of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies

The accounting policies applied in preparation of the accompanying financial statements are as follows. These accounting policies were applied in a consistent manner unless otherwise stated.

Revenue recognition

The Group's revenue mainly consists of sales of biscuits, chocolate coated biscuits, wafers, cakes and chocolate.

Group recognizes revenue based on the following five main principles according to TFRS 15 “Revenue from Contracts with Customers”:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Revenue recognition

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations. Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation. When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers. Following indicators are considered while evaluating the transfer of control of the goods and services, a) presence of Group’s collection right of the consideration for the goods or services, b) customer’s ownership of the legal title on goods or services, c) physical transfer of the goods or services, d) customer’s ownership of significant risks and rewards related to the goods or services, e) customer’s acceptance of goods or services. If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs, including some of the fixed and variable general production expenses, are valued according to the average cost method suitable for the class of the inventories. Net realizable value is obtained by deducting the estimated completion cost from the estimated sales price in the ordinary commercial activity and the estimated costs required to realize the sale. When the net realizable value of the inventory falls below its cost, the inventories are reduced to their net realizable value and the expense is reflected in the income statement in the year in which the impairment occurred. In cases where the conditions that previously caused the inventories to be reduced to net realizable value lose their validity or there is an increase in net realizable value due to changing economic conditions, the provision for impairment allocated is canceled. The canceled amount is limited to the previously reserved impairment amount.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Tangible Assets

Land and buildings held in use for production or the delivery of goods or services or for administrative purposes are expressed at their revalued amount. The revalued amount is determined by deducting the accumulated depreciation and accumulated impairment losses in subsequent periods from the fair value determined at the revaluation date. Revaluations are made for a period of not longer than 5 years, so as not to differ materially from the book value of the fair value to be determined on the balance sheet date. The frequency of revaluations depends on the changes in the fair values of the items of property, plant and equipment subject to revaluation. If the fair value of the revalued assets differs significantly from their carrying value, they are revalued in a maximum of 5 years. All other tangible fixed assets are shown at historical cost less accumulated depreciation. Cost includes the direct asset and attributable acquisition costs.

Assets under construction for leasing or administrative purposes or for other purposes that have not yet been determined are shown at cost less any impairment loss. Legal fees are also included in the cost. For assets that require significant time to be ready for use or sale, they are capitalized in accordance with borrowing costs. Such assets are depreciated when they are ready for use, as is the depreciation method used for other fixed assets.

Cost amounts of property, plant and equipment, excluding land and ongoing investments, are depreciated over their expected useful lives using the straight-line method. The expected useful life, residual value and depreciation method are reviewed annually for the possible effects of changes in estimates, and if there is a change in estimates, they are accounted for prospectively.

Tangible fixed assets subject to financial leasing are depreciated over their useful lives, if the useful life is long, over the lease term, when the lease term is short.

Finance Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases..

Lease- The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Rental income from operating leases is accounted for using the straight-line method over the relevant lease period. The direct initial costs incurred in realizing and negotiating the lease are included in the cost of the leased asset and are amortized on a straight-line basis over the lease term.

Financial lease assets are capitalized using the lower of the fair value of the asset at the lease date or the present value of the minimum lease payments. The liability to the lessor is shown in the balance sheet as a finance lease liability. Financial leasing payments are divided into finance expense and principal payment, which reduces the leasing obligation, thus providing a fixed rate of interest on the remaining principal balance of the debt. Financial expenses, except for the capitalized portion of finance expenses, are recorded in the profit or loss statement within the scope of the Group's general borrowing policy.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Financial Leasing Transactions(Continued)

Lease – The Group as lessee

Payments made for operating leases that are not within the scope of TFRS 16 (incentives received or to be received from the lessor for the realization of the lease transaction are also recorded in the profit or loss statement using the straight-line method throughout the lease period) are recorded in the consolidated profit or loss statement over the lease period. The Group does not have any significant lease agreements to be evaluated within the scope of TFRS 16.

Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Bussiness combinations are accounted in accordance with TFRS 3 "Business Combinations" except for the assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain. Non-controlling interest in the acquired business is recognized as the amount of the non-controlling interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the business at the time of acquisition.

Where the consideration transferred by the Group in a business combination includes contingent consideration, the contingent consideration is measured at fair value at the acquisition date and included in the consideration transferred in the business combination. If an adjustment to the fair value of the contingent consideration is required as a result of additional information revealed during the measurement period, this adjustment is adjusted retrospectively from the goodwill. The measurement period is the period after the acquisition date during which the acquirer can adjust the temporary amounts recognized in the business combination. This period cannot be more than 1 year from the date of purchase. Business combinations resulting from the transfer of shares of companies controlled by the stakeholder controlling the Group are accounted for as if they had occurred at the beginning of the earliest comparative period presented, if later, on the date of joint control. For this purpose, comparative periods are rearranged. The acquired assets and liabilities are recorded at the book value previously recorded in the consolidated financial statements of the stakeholders under the control of the Group. Equity items of the acquired companies are added to the same items in the Group's equity, except for the capital, and the resulting profit or loss is recognized in equity.

Partial share purchase and sale transactions with non-controlling shareholders

The Group considers the purchase and sale transactions of the shares of the partnerships that it currently controls with non-controlling shareholders as transactions between the equity holders of the Group. Accordingly, in additional share purchase transactions from non-controlling interests, the difference between the acquisition cost and the book value of the company's net assets in proportion to the purchased shares is accounted for in equity. In the sale of shares to non-controlling shareholders, losses or gains resulting from the difference between the sales price and the book value of the company's net assets in proportion to the sold share are accounted for under a separate heading under equity

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Investment Properties

Investment properties are properties held for the purpose of earning rentals and/or capital appreciation and/or sales, and are initially measured at cost and the transaction costs involved. After initial recognition, investment properties are valued at fair value reflecting market conditions as of the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss in the period in which they occur.

Investment properties are derecognised if they are sold or become unusable and it is determined that no future economic benefits will be derived from their sale. Profit/loss arising from the expiration of the investment property or its sale is included in the profit or loss statement in the period in which they are incurred.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property that is measured at fair value to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property that is measured at fair value, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The fair value of the investment properties is determined by the accredited valuation institutions determined by the CMB, which have sufficient experience in the valuation of similar investment properties. Investment properties are at level 2 in the hierarchy table.

Intangible Assets

Intangible assets acquired separately

Purchased intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. These assets are amortized using the straight-line method over their expected useful lives. The expected useful life and amortization method are reviewed annually to determine the possible effects of changes in estimates and changes in estimates are accounted for prospectively.

Computer software

Purchased computer software is capitalized over the costs incurred during its purchase and during the period from purchase until it is ready for use. These costs are amortized over their useful lives (5 - 10 years).

Computer software development costs considered as fixed assets are amortized over their estimated useful lives.

Intangible assets acquired through a business combination

Intangible assets acquired in a business combination are identified and accounted for separately from goodwill if they meet the definition of an intangible asset and their fair value can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Impairment of Non-Financial Assets:

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing Costs

In the case of assets (qualified assets) that take significant time to get ready for use and sale, borrowing costs directly attributable to their acquisition, construction or production are included in the cost of the asset until it is ready for use or sale.

The amount of borrowing costs that can be capitalized for funds borrowed for the purpose of acquiring a qualifying asset in a period is the amount determined by deducting the income from temporary investments of these funds from the total borrowing costs incurred for these assets in the relevant period.

When the group borrows for a general purpose and some of these funds are used to finance a qualifying asset, the amount of borrowing costs that can be capitalized is determined with the help of a capitalization rate to be applied to the expenses related to the related asset. This capitalization rate is the weighted average of borrowing costs related to all borrowings of the Group during the relevant period, excluding borrowings for the purchase of qualifying assets. Financial investment income obtained by temporarily investing the unspent portion of the investment loan in financial investments is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recorded in the consolidated statement of profit or loss in the period in which they are incurred.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Financial Instruments

Financial Assets

Classification and measurement

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

(a) Financial assets carried at amortized cost

Financial assets that are not quoted in an active market and are not derivative instruments that have fixed or fixed payments, in which management has adopted the contractual cash flow collection business model and the terms of the contract include only the principal and interest payments arising from the principal balance on certain dates, are classified as assets accounted for at amortized cost. . If their maturities are shorter than 12 months from the balance sheet date, they are classified as current assets, and if they are longer than 12 months, they are classified as non-current assets. Assets accounted for at amortized cost include "trade receivables" and "cash and cash equivalents" items in the statement of financial position. In addition to these, trade receivables collected from factoring companies within the scope of revocable factoring transactions, which are included in trade receivables, are classified as assets accounted for at amortized cost, since the collection risk of these receivables is not transferred.

Impairment

Since the trade receivables accounted for at amortized cost in the consolidated financial statements do not contain a significant financing component, the Group chooses the simplified application for impairment calculations and uses the provision matrix. With this application, the Group measures the expected credit loss allowance at an amount equal to the lifetime expected credit losses, unless the trade receivables are impaired for certain reasons. In the calculation of expected credit losses, the Group's forecasts for the future are also taken into account, together with the past experience of credit losses.

(b) Financial assets carried at fair value

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

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

Financial assets at fair value through profit or loss include "financial investments and mutual funds at fair value through profit or loss" items in the statement of financial position.

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

Financial assets at fair value through other comprehensive income include "equity investments and derivatives" items in the statement of financial position. Derivative instruments are accounted for as an asset if the fair value is positive and as a liability if the fair value is negative. The Group measures these assets at their fair value. Gains or losses on related financial assets, excluding impairment and foreign exchange gains or expenses, are recognized in other comprehensive income. In case the assets whose fair value difference is recorded in other comprehensive income are sold, the valuation difference classified into other comprehensive income is reclassified to retained earnings.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Financial Instruments (continued)

Recognition and de-recognition of financial instruments

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

A financial asset (or part of a financial asset or group of similar financial assets) is derecognized where;

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

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

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

Financial Liabilities

Financial liabilities are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of profit or loss over the period. Borrowing costs are charged to the statement of profit or loss when they are incurred. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. The Group's financial borrowings consist of bank loans, issued debt instruments, loans from related parties and financial lease liabilities.

Trade receivable

Trade receivables resulting from the provision of a product or service to a buyer by the Group are shown net of deferred finance income. Short-term receivables with no specified interest rate are shown at original invoice value unless the effect of accruing interest is significant.

The Group allocates provision for doubtful receivables for the related trade receivables, if there is objective evidence that collection is not possible. Objective evidence is when the claim is pending or in preparation for litigation or enforcement, the buyer is in significant financial difficulty, the buyer is in default, or it is probable that a significant and unpredictable delay will occur. The amount of this provision is the difference between the book value of the receivable and the recoverable amount. The recoverable amount is the discounted value of all cash flows, including the amounts that can be collected from guarantees and guarantees, based on the original effective interest rate of the trade receivable. In addition, the Group uses the provision matrix by choosing the simplified application for impairment calculations, since trade receivables accounted for at amortized cost in the financial statements do not contain an important financing component. With this application, the Group measures the expected credit loss allowance at an amount equal to the lifetime expected credit losses, unless the trade receivables are impaired for certain reasons. In the calculation of expected credit losses, the Group's forecasts for the future are also taken into account, together with the past experience of credit losses.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Foreign Currency Transactions:

In preparing the consolidated financial statements of the Group, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At balance sheet, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks,

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment,

They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill, brand and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Dividend and Interest Income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Earnings Per Share

Earnings per share disclosed in the consolidated statement of profit or loss are calculated by dividing net income by the weighted average number of shares outstanding during the period concerned.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Contingent Liabilities:

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date.

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement could be recognized as an asset when, and only when, it is virtually certain that reimbursement will be received and can be estimated reliably.

Related Party Disclosures:

Related party in the consolidated financial statements: Persons or businesses that are related to the Company.

(a) A person or a close member of that person's family is deemed to be related to the Company if that person:

(i) has control or joint control of the Company,
(ii) has significant influence over the Company,
(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) A company is related to a reporting entity if any of the following conditions applies:

(i) The company members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One company is an associate or joint venture of the other company (or an associate or joint venture of a member of a group of which the other company is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The company is a post-employment benefit plan for the benefit of employees of either the company or a compny related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Transaction with a related party: It is the transfer of resources, services or obligations between the Company and a related party, regardless of whether there is a price or not. The Company may enter into some business relations with related parties in the course of ordinary activities.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Government Grants and Incentives:

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets, or altenatively netted off with the cost of related asset.

Current and Deferred Income Tax

As Turkish Tax Legislation does not allow the parent company and its subsidiary to prepare consolidated tax returns, tax provisions have been calculated on a separate-entity basis, as reflected in the consolidated financial statements. Income tax expense is the sum of current tax and deferred tax expense.

Inflation Adjustment
On January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

Current tax
Current year tax liability is calculated over the taxable portion of the profit for the period. Taxable profit differs from profit reported in the statement of profit or loss in that it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The current tax liability of the Group is calculated using the tax rate that has been enacted or substantially enacted as of the balance sheet date.

Deferred tax

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. The mentioned assets and liabilities are not recognized if they arise from the initial recognition of the temporary difference, goodwill or other assets and liabilities (other than business combinations) related to the transaction that does not affect the commercial or financial profit/loss.

Deferred tax liabilities are calculated for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, unless the Group is able to control the disappearance of temporary differences and it is unlikely that the difference will disappear in the near future. Deferred tax assets arising from taxable temporary differences associated with such investments and interests are calculated on the condition that it is highly probable that the said differences will be benefited from by earning sufficient taxable profit in the near future and it is probable that the related differences will disappear in the future.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of the deferred tax asset is reduced to the extent that it is not likely to generate a financial profit sufficient to allow some or all of the benefits to be obtained.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Current and deferred income tax (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) Employee Benefits (“TAS 19”).

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. All actuarial gains and losses calculated are recognized in the other comprehensive statement of profit or loss.

Statement of Cash Flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities. The cash flows arisen from operating activities indicate cash flows due to the Group entities’ operations. The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).
The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Share Capital and Dividends

Ordinary shares are classified as equity. Dividends distributed over the ordinary shares are classified as dividend liability after deducting retained earnings at the period in which the dividend distribution decision is made.

Shareholders’ Equity

In the restatement of shareholders’ equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the restatement of shareholders’ equity items added to share capital the capital increase registry dates or the payment dates are considered. The revaluation fund, which is included in the value increase funds, is the value increase on the net asset held by the Group before the sale transaction, at the date of the transaction.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Derivatives and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

i. Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)

ii. Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or,

iii. Hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 9. Movements in the hedging reserve in shareholders' equity are shown in Note 34. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within "finance costs".

Goodwill

The amount of goodwill arising from the acquisition is valued at the cost value at the acquisition date, after deducting the provisions for impairment, if any.

The cash-generating unit to which the goodwill is allocated is tested for impairment annually. Where there are indications that the unit is impaired, the impairment test is performed more frequently. If the cash-generating unit's recoverable amount is less than its carrying amount, the impairment allowance is first set aside from the goodwill allocated to the unit, then the carrying amount of the assets in the unit is reduced. Impairment provision for goodwill is recognized directly in the consolidated statement of profit and loss. Provision for impairment of goodwill is not canceled in subsequent periods. During the sale of the relevant cash generating unit, the amount determined for goodwill is included in the calculation of profit/loss in the sale transaction.Goodwill of the Group consists of the accounting of the business purchased from the parent as a business combination under common control, at the recorded values at the level of the parent, in the Group records (Note 14).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in Accounting Policies:

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated.

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is rearranged when deemed necessary and important differences are disclosed. The Group has restated its prior period financial statements in order to comply with the presentation of the current period consolidated financial statements.

In accordance with the principle published by the Public Oversight Authority (POA) on the "Accounting of Business Combinations Subject to Joint Control" in the Official Gazette dated July 21, 2013, mergers subject to joint control must be accounted for by restating the previous financial statements using the "Combination of Rights" method. Transactions realized under common control are reflected in the financial statements according to the “Consolidation of Rights” method. In this context; with the acquisition of Önem Gıda Sanayi ve Ticaret A.Ş., the consolidated financial position statements as of 1 January 2020 and 31 December 2020 and the consolidated profit or loss statement, the other comprehensive income statement, the statement of changes in shareholders' equity and the statement of cash flows for the year ended 31 December 2020 have been restated.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in Accounting Policies(Continued)

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (Continued)

The effects of the relevant restatements described above are presented below :

ASSETS	Reported(*) Previous Period 31 December 2020	Effects of Restatement with Eliminations	Restated(*) Previous Period 31 December 2020
Current Assets	**13.262.885**	**1.438.234**	**14.701.119**
Cash and Cash Equivalents	3.824.320	11.200	3.835.520
Financial Investments	3.639.474	-	3.639.474
Trade Receivables	2.879.687	212.313	3.092.000
Other Receivables	1.755.896	458.840	2.214.736
Derivative Instruments	-	37.340	37.340
Inventories	871.480	824.378	1.695.858
Prepaid Expenses	197.681	(109.921)	87.760
Current Income Tax Assets	8.356	-	8.356
Other Current Assets	85.991	4.084	90.075
Non-Current Assets	**4.629.619**	**160.936**	**4.790.555**
Financial Investments	978.106	-	978.106
Other Receivables	369	-	369
Investment Properties	26.145	-	26.145
Tangible Assets	2.687.913	158.913	2.846.826
Intangible Assets	859.404	574	859.978
Prepaid Expenses	48.439	225	48.664
Deferred Tax Assets	29.243	1.224	30.467
TOTAL ASSETS	**17.892.504**	**1.599.170**	**19.491.674**

(*) The reported column shows the consolidated financial statement before the acquisition of Önem Gıda, the restated column shows the consolidated financial statement after the acquisition of Önem Gıda and the effects of the relevant acquisition are explained in Note 3.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in Accounting Policies(Continued)

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (Continued)

LIABILITIES	Reported(*) Previous Period 31 December 2020	Effects of Restatement with Eliminations	Restated(*) Previous Period 31 December 2020
Current Liabilities	**2.453.876**	**776.809**	**3.230.685**
Short Term Financial Liabilities	11.408	276.545	287.953
Short Term Portion of Long Term Financial Liabilities	768.723	366.274	1.134.997
Trade Payables	1.202.259	73.151	1.275.410
Employee Benefit Related Liabilities	49.874	5.154	55.028
Other Payables	3.752	1.779	5.531
Derivative Instruments	1.892	-	1.892
Deferred Revenue	40.556	36.828	77.384
Current Income Tax Liabilities	84.647	1.241	85.888
Short Term Provisions	243.948	13.400	257.348
Other Current Liabilities	46.817	2.437	49.254
Non-Current Liabilities	**8.965.067**	**479.229**	**9.444.296**
Long Term Financial Liabilities	8.607.951	450.395	9.058.346
Long Term Provisions	211.021	17.084	228.105
Deferred Tax Liabilities	146.095	11.750	157.845
Shareholders' Equity	**6.473.561**	**343.132**	**6.816.693**
Equity Attributable To Equity Holders' of the Parent	**5.693.648**	**343.132**	**6.036.780**
Share Capital	342.000	-	342.000
Inflation Adjustments to Share Capital	108.056	-	108.056
Effect of Business Combinations Under Common Control	(485.419)	25.000	(460.419)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
- Increases on Revaluation of Tangible Asset	812.025	38.713	850.738
- Actuarial Loss on Post Employment Termination Benefit Obligation	(35.463)	(2.407)	(37.870)
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	459.069	-	459.069
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Currency Translation Adjustments	22.444	-	22.444
- Cash Flow Hedges	(1.400)	-	(1.400)
Restricted Reserves	131.587	-	131.587
Retained Earnings	3.324.334	216.847	3.541.181
Net Profit for the Period	1.016.415	64.979	1.081.394
Non-Controlling Interest	**779.913**	**-**	**779.913**
TOTAL LIABILITIES AND EQUITY	**17.892.504**	**1.599.170**	**19.491.674**

(*) The reported column shows the consolidated financial statement before the acquisition of Önem Gıda, the restated column shows the consolidated financial statement after the acquisition of Önem Gıda and the effects of the relevant acquisition are explained in Note 3.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in Accounting Policies(Continued)

Comparative Information and Restatement of Prior Period Consolidated Financial Statements(Continued)

ASSETS	Reported(*) Previous Period 31 December 2019	Effects of Restatement with Eliminations	Restated(*) Previous Period 1 January 2020
Current Assets	**8.720.108**	**731.244**	**9.451.352**
Cash and Cash Equivalents	2.027.599	17.474	2.045.073
Financial Investments	3.057.459	-	3.057.459
Trade Receivables	2.365.802	74.030	2.439.832
Other Receivables	152.902	287.148	440.050
Derivative Instruments	358.919	5.372	364.291
Inventories	592.698	317.254	909.952
Prepaid Expenses	84.491	29.489	113.980
Current Income Tax Assets	4.583	-	4.583
Other Current Assets	75.655	477	76.132
Non-Current Assets	**4.071.644**	**134.473**	**4.206.117**
Financial Investments	946.029	-	946.029
Other Receivables	460	-	460
Investment Properties	21.155	-	21.155
Tangible Assets	2.383.177	131.787	2.514.964
Intangible Assets	680.235	313	680.548
Prepaid Expenses	7.602	48	7.650
Deferred Tax Assets	32.986	2.325	35.311
TOTAL ASSETS	**12.791.752**	**865.717**	**13.657.469**

(*) The reported column shows the consolidated financial statement before the acquisition of Önem Gıda, the restated column shows the consolidated financial statement after the acquisition of Önem Gıda and the effects of the relevant acquisition are explained in Note 3.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in Accounting Policies(Continued)

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (Continued)

LIABILITIES	Reported(*) Previous Period 31 December 2019	Effects of Restatement with Eliminations	Restated(*) Previous Period 1 January 2020
Current Liabilities	**6.800.011**	**322.612**	**7.122.623**
Short Term Financial Liabilities	150.764	197.948	348.712
Short Term Portion of Long Term Financial Liabilities	5.088.239	336.741	5.424.980
Trade Payables	1.224.598	(239.568)	985.030
Employee Benefit Related Liabilities	44.822	4.749	49.571
Other Payables	5.107	294	5.401
Deferred Revenue	11.854	3.653	15.507
Current Income Tax Liabilities	68.967	2.331	71.298
Short Term Provisions	169.697	13.457	183.154
Other Current Liabilities	35.963	3.009	38.972
Non-Current Liabilities	**1.057.509**	**279.609**	**1.337.118**
Long Term Financial Liabilities	701.318	266.024	967.342
Long Term Provisions	161.010	13.585	174.595
Deferred Tax Liabilities	195.181	-	195.181
Shareholders' Equity	**4.934.232**	**263.494**	**5.197.726**
Equity Attributable To Equity Holders' of the Parent	**4.411.329**	**263.494**	**4.674.823**
Share Capital	342.000	-	342.000
Inflation Adjustments to Share Capital	108.056	-	108.056
Effect of Business Combinations Under Common Control	(485.419)	25.000	(460.419)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
- Increases on Revaluation of Tangible Asset	647.779	24.216	671.995
- Actuarial Loss on Post Employment Termination Benefit Obligation	(26.435)	(2.569)	(29.004)
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	422.738	-	422.738
- Other Gains	817.879	-	817.879
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Currency Translation Adjustments	(57.006)	-	(57.006)
- Cash Flow Hedges	3.695	-	3.695
Restricted Reserves	131.587	-	131.587
Retained Earnings	1.509.952	1.213.350	2.723.302
Net Profit for the Period	996.503	(996.503)	-
Non-Controlling Interest	**522.903**	**-**	**522.903**
TOTAL LIABILITIES AND EQUITY	**12.791.752**	**865.717**	**13.657.469**

(*) The reported column shows the consolidated financial statement before the acquisition of Önem Gıda, and the restated column shows the consolidated financial statement after the acquisition of Önem Gıda, and the effects of the relevant acquisition are explained in Note 3.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in Accounting Policies(Continued)

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (Continued)

	Reported(*) Previous Period 1 January- 31 December 2020	Effects of Restatement with Eliminations	Restated(*) Previous Period 1 January- 31 December 2020
Revenue	9.400.861	314.769	9.715.630
Cost of Sales	(6.757.398)	(20.974)	(6.778.372)
GROSS PROFIT	**2.643.463**	**293.795**	**2.937.258**
General Administrative Expenses	(263.248)	(4.066)	(267.314)
Marketing Expenses	(921.325)	(1.739)	(923.064)
Research and Development Expenses (-)	(24.209)	95	(24.114)
Other Operating Income	229.896	59.659	289.555
Other Operating Expense	(171.839)	(101.966)	(273.805)
GROSS PROFIT	**1.492.738**	**245.778**	**1.738.516**
Income from Investment Activities	2.503.149	77.645	2.580.794
Expenses from Investment Activities	(683.929)	(1.305)	(685.234)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES	**3.311.958**	**322.118**	**3.634.076**
Financial Income	555.442	57.611	613.053
Financial Expenses	(2.372.753)	(298.207)	(2.670.960)
PROFIT BEFORE TAX	**1.494.647**	**81.522**	**1.576.169**
Tax Expense	**(291.062)**	**(16.542)**	**(307.604)**
Corporate Tax Expense	(349.929)	(4.386)	(354.315)
Deferred Tax Income	58.867	(12.156)	46.711
PROFIT FOR THE PERIOD	**1.203.585**	**64.980**	**1.268.565**

(*) The reported column shows the consolidated financial statement before the acquisition of Önem Gıda, and the restated column shows the consolidated financial statement after the acquisition of Önem Gıda, and the effects of the relevant acquisition are explained in Note 3.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in Accounting Policies(Continued)

Comparative Information and Restatement of Prior Period Consolidated Financial Statements(Continued)

	Reported(*) Previous Period 1 January- 31 December 2020	Effects of Restatement with Eliminations	Restated(*) Previous Period 1 January- 31 December 2020
PROFIT FOR THE PERIOD	**1.203.585**	**64.980**	**1.268.565**
Other Comprehensive Income Not to be Reclassified To Profit or Loss	**191.222**	**14.658**	**205.880**
Actuarial Loss on Post-Employment Termination Benefit Obligation	(12.939)	347	(12.592)
Gains from Tangible Asset Revaluation	184.422	15.947	200.369
Gains from Financial Assets Measured at Fair Value Through Other Comprehensive Income	32.077	-	32.077
Deferred Tax for the Items That Will not be Reclassified in Profit or Loss			
Actuarial Gain on Post-Employment Termination Benefit Obligation, Tax Effect	1.850	(41)	1.809
Increases on revaluation of tangible asset	(18.442)	(1.595)	(20.037)
Gains from Financial Assets Measured at Fair Value Through Other Comprehensive Income Tax Effect	4.254	-	4.254
Items to be Reclassified to Profit or Loss	**151.208**	**-**	**151.208**
Currency Translation Differences	156.303	-	156.303
Cash Flow Hedges	(6.487)	-	(6.487)
Deferred Tax For The Items That Will be Reclassified to Profit or Loss			
Cash Flow Hedges, Tax Effect	1.392	-	1.392
OTHER COMPREHENSIVE INCOME	**342.430**	**14.658**	**357.088**
TOTAL COMPREHENSIVE INCOME	**1.546.015**	**79.638**	**1.625.653**
Distribution of total comprehensive income	**1.546.015**	**79.638**	**1.625.653**
Non-Controlling Interests	263.696	-	263.696
Equity Holders of the Parent	1.282.319	79.638	1.361.957

(*) The reported column shows the consolidated financial statement before the acquisition of Önem Gıda, and the restated column shows the consolidated financial statement after the acquisition of Önem Gıda, and the effects of the relevant acquisition are explained in Note 3

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Critical Accounting Estimates, Assumptions and Judgements

In the process of applying the accounting policies specified in Note 2.3, the management made the following comments that have a significant impact on the amounts recognized in the financial statements.

Reacquired Rights

The Group accounted for reacquired rights at fair value within scope of the reacquisition of rights which were provided exclusivity before to third parties. Reacquired rights have indefinite useful life and are not subject to amortization. Reacquired rights are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Reacquired rights comprises from products distribution rights in Saudi Arabia. Discounted cash flow studies used to identify the fair value of repurchased rights, a discount rate of 11.2% and a final growth rate of 0.9% were used (2020: 10.6% discount rate and 2.1% final growth rate).A change in discount rate by 1% effects amount of goodwill by TL 6.404 thousand (2020 : TL 6.067 thousand).

The brand of the Group is comprised of the business acquired from its main partner as a business combination that is subject to joint control, and its accounting values in the Group's records, at the level of the parent (Note 15). 2.6% royalty rate and 2.7% final growth rate were used in the royalty free method to determining the fair value impairment test of brand. 1% change in the royalty rates used does not cause a impairment.

Deferred taxes:

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. These differences are generally due to the tax base amounts of some income and expense items and the fact that they take place in different periods in the financial statements prepared in accordance with TFRS. In addition, the Group has deferred tax assets resulting from tax loss carryforwards and deductible temporary differences, all of which could reduce taxable income in the future. As of 31 December 2021, the Group has accounted for deferred tax asset amounting to TL 19.258 thousand in the consolidated financial statements based on the expansion and product diversification investment (2020: TL 13.993 thousand).

Fully or partial recoverability of tax assets are estimated based on available current evidences. The main factors which are considered include future earnings potential; cumulative losses in recent years; expiration dates of both loss carry-forwards and other tax assets; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset.

As of 31 December 2021, the Group has accounted for deferred tax assets amounting to TL 215.284 thousand, calculated over the carry forward tax losses amounting to TL 1.073.388 thousand, in the consolidated financial statements. As of 31 December 2020, deferred tax asset amounting to TL 16.744 thousand, calculated over the carry forward tax losses amounting to TL 83.719 thousand, has been reflected in the consolidated financial statements.

Fair values of financial instruments

The fair values of financial instruments that do not have an active market as of 31 December 2020;An Independent management consultancy firm., which is not affiliated with the Group, has been evaluated for compliance with the valuation competency criteria determined by the CMB. by using market data, using arm's-length similar transactions, taking the fair values of similar instruments as reference, and discounted cash flow analysis. In the current period, the Group's financial investments include a discount rate of 8.9% (2020: 9%) for G-New, 10.4% (2020: 9.5%) for Godiva Belgium and 2.2% for G-New (2020: 2.0%), for Godiva Belgium, 2.2% (2020: 2.0%) discounted cash flow analysis was made using the final growth rate. The 0.3% change in the discount rate used affects the fair value of G-New and Godiva Belgium by TL 18.268 thousand and TL 34.455 thousand, respectively. (2020 G-New: TL 8.525 thousand and Godiva Belgium: 17.395 thousand TL).

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

Goodwill

The Group acqired business from its ultimate shareholder as under common control and accounted its book values as accounted at ultimate shareholder level including goodwill (Note 14). Discounted cash flow used to identify goodwill is applied with 10.9% discount rate and 0.9% long term growth rate. 1% change in the rates used does not cause a decrease in goodwill.

2.6 Significant Changes Regarding Current Period

Necessary actions have been taken by the Group management to minimize the possible effects of COVID-19, which has affected the whole world, on the Group's activities and financial situation. In the meantime, actions were taken by the Group to minimize the increase in investment expenditures, operational expenses and inventories, and the cash management strategy was reviewed in order to strengthen its liquidity position. No significant impact was observed on the financial condition of the Group due to the epidemic.

While preparing its consolidated financial statements as of 31 December 2021, the Group evaluated the possible effects of the COVID-19 pandemic on the consolidated financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, possible impairments in the values of financial assets, inventories, tangible assets, goodwill and brands in the consolidated financial statements as of 31 December 2021 have been analyzed and necessary changes have been reflected in the consolidated financial statements.

2.7 Summary of Financial Information Related to Subsidiaries

As of 31 December 2021 and 2020, the summarized financial information of the subsidiaries of the Group in which the Group has significant minority interest is as follows:

Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.

	2021	2020
Total assets	2.271.997	1.321.884
Total liabilities	944.303	611.297
Total shareholder’s equity	1.327.694	710.588
Accumulated funds on non-controlling interests	346.213	185.294
Revenue	2.532.879	1.715.343
Net profit for the year	612.717	232.275
Cash flow (used)/generated from operating activities	84.952	(79.889)
Cash flow used in investment activities	(39.981)	(18.393)
Cash flow (used)/generated from financing activities	(193.074)	(152.129)

Food Manufacturers’ Company

	2021	2020
Total assets	1.895.427	1.155.082
Total liabilities	686.698	371.525
Total shareholders’equity	1.208.729	783.557
Accumulated funds on non-controlling interests	543.928	352.601
Revenue	1.653.329	1.386.958
Net profit for the year	115.807	131.312
Cash flow generated from operating activities	240.629	262.608
Cash flow used in investment activities	(70.213)	(22.459)
Cash flow used in financing activities	(363.766)	(82)

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

3. BUSINESS COMBINATIONS

The Company purchased 100% shares of Önem Gıda Sanayi ve Ticaret A.Ş.(Önem Gıda), 100% owned by Yıldız Holding A.Ş., on 27 August 2021 for a consideration of TL 3.736.314 thousand. The transaction was considered as "Transactions under Common Control" and the difference between the amount paid and the capital amount of Önem Gıda was accounted in the shareholder's equity. The net asset received as a result of the transaction and the equity effect of the transaction are as follows:

	31 July 2021
Net Assets within the Scope of Consolidation	**Asset/(Liability)**
Current Assets	
Cash and cash equivalents	191.971
Trade receivables	403.636
Other receivables	484.002
Inventories	1.053.242
Other current assets	117.208
Non-Current Assets	
Other Receivables	516
Tangible and intangible assets (net)	173.553
Other non-current assets	1.813
Current Liabilities	
Financial liabilities	(1.393.178)
Trade payable	(145.312)
Other current liabilities	(105.853)
Non-Current Liabilities	
Financial liabilities	(401.056)
Other non-current liabilities	(21.142)
Net Assets added into the scope of consolidation	**359.400**
Total share of the Group ownership	100%
The portion of the net assets to the Group	359.400
Non-capital equity items	334.400
Authorized capital stock of Önem Gıda	25.000
Cash paid for the acquisition	(3.736.314)
Merger Effect of Businesses Under Common Control	**(3.711.314)**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

4. SEGMENTAL INFORMATION

The main field of activity of the Group is the marketing and sales of biscuits, chocolate coated biscuits, wafers, cakes and chocolate. The reports, which are regularly reviewed by the authorized decision maker regarding the Group's activities, are prepared using the Group's condensed consolidated interim financial statements. The Board of Directors, which takes strategic decisions, has been determined as the authorized authority to take decisions regarding the activities of the Group. The Group management has determined the operating segments based on the reports reviewed by the Board of Directors, which are effective in taking strategic decisions. The Board of Directors monitors the performance of the operating segments as gross profit and operating profit.

Group; In its management reporting, it monitors its operations and investment expenditures as domestic (performed by companies in Turkey) and international operations within the scope of TFRS 8. Accordingly, the information for the periods 1 January - 31 December 2021 and 1 January - 31 December 2020 is presented below.

	Domestic	**International**	**1 January – 31 December 2021**
Revenue	7.386.841	5.150.239	12.537.080
Gross Profit	1.788.461	1.823.954	3.612.415
Operating Profit (*)	1.151.401	946.949	2.098.350
EBITDA (**)	1.250.882	1.077.477	2.328.359
EBITDA/Revenue	16,9%	20,9%	18,6%
Investment Expense	468.069	73.159	541.228

	Domestic	**International**	**1 January – 31 December 2020**
Revenue	5.798.867	3.916.763	9.715.630
Gross Profit	1.456.546	1.480.712	2.937.258
Operating Profit (*)	952.603	770.163	1.722.766
EBITDA (**)	1.046.516	875.544	1.922.060
EBITDA/Revenue	18,0%	22,4%	19,8%
Investment Expense	155.987	52.248	208.235

(*) Profit before other income/expense.

(**) EBITDA (Earnings before interest, tax, depreciation and amortization) is calculated by adding back the non-cash expenses of depreciation and amortization to a firm's operating income. EBITDA isn't a measure of performance identified in TFRS, thus it may not be a tool for comparison for firms.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

5. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020	1 January 2020
Cash on hand	1.758	438	180
Demand deposits	1.584.142	668.739	345.501
Time deposits	1.434.427	3.183.073	1.706.413
Impairement Provision	(15.493)	(16.730)	(7.021)
	3.004.834	**3.835.520**	**2.045.073**

The details of time deposits are as follows:

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 December 2021
TL	20,81%	January 2022	478.786
EUR	0,38%	January 2022	34.250
USD	1,05%	January 2022	828.998
GBP	0,05%	January 2022	29.845
EGP	7,23%	January 2022	62.548
			1.434.427

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 December 2020
TL	17,47%	January 2021	402.295
EUR	2,23%	January 2021	572.512
USD	1,07%	January 2021	2.130.646
EGP	8,64%	January 2021	53.377
KZT	10,00%	January 2021	24.243
			3.183.073

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	1 January 2020
TL	11,08%	January 2020	224.765
EUR	0,05%	January 2020	31.520
USD	2,69%	January 2020	1.399.347
GBP	0,15%	January 2020	5.216
EGP	11,01%	January 2020	21.925
KZT	10,00%	January 2020	23.640
			1.706.413

6. FINANCIAL INVESTMENTS

Short Term Financial Investments:	31 December 2021	31 December 2020	1 January 2020
Financial Assets Measured at Fair Value through Profit or Loss (*)	6.414.869	3.639.474	3.057.459
	6.414.869	**3.639.474**	**3.057.459**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

6. FINANCIAL INVESTMENTS(Continued)

Long Term Financial Investments:	**31 December 2021**	**31 December 2020**	**1 January 2020**
Financial Assets Measured at Fair Value through Other Comprehensive Income (**)	1.878.478	978.106	946.029
	1.878.478	**978.106**	**946.029**

Long Term Financial Assets Measured at Fair Value through Other Comprehensive Income	**31 December 2021**	**31 December 2020**	**1 January 2020**
G New, Inc	527.744	273.122	312.171
Godiva Belgium BVBA	1.350.534	704.784	633.658
Other	200	200	200
	1.878.478	**978.106**	**946.029**

(*) TL 6.392.264 thousand of short-term financial investments consists of mutual funds with maturities of less than 3 months (31 December 2020: TL 3.585.984 thousand).
(**) Equity investments, over which the Group has no significant influence, are classified as financial investments at fair value through other comprehensive income. As of 31 December 2021, the after-tax difference to the parent amounting to TL 1.276.228 thousand has been accounted for in equity.(2020: TL 459.069 thousand)

7. FINANCIAL LIABILITIES

	31 December 2021	**31 December 2020**	**1 January 2020**
Short term liabilities	759.909	287.953	348.712
Short term portion of long term liabilities	2.103.140	1.134.997	5.424.980
Long term liabilities	15.313.776	9.058.346	967.342
	18.176.825	**10.481.296**	**6.741.034**

Short Term Liabilities	**31 December 2021**	**31 December 2020**	**1 January 2020**
Bank Loans	-	11.408	66.436
	-	**11.408**	**66.436**

Other Short Term Liabilities:	**31 December 2021**	**31 December 2020**	**1 January 2020**
Letters of credit	759.909	276.545	282.276
	759.909	**276.545**	**282.276**

Short Term Portion of Long Term Liabilities	**31 December 2021**	**31 December 2020**	**1 January 2020**
Bank Loans	1.499.536	797.418	5.411.155
Issued debt instruments (*)	579.253	318.467	-
Financial Lease Payables	24.351	19.112	13.825
	2.103.140	**1.134.997**	**5.424.980**

Long Term Liabilities	**31 December 2021**	**31 December 2020**	**1 January 2020**
Bank Loans	7.148.942	4.547.705	918.514
Issued debt instruments (*)	8.157.834	4.479.922	-
Financial lease payables	7.000	30.719	48.828
	15.313.776	**9.058.346**	**967.342**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

7. FINANCIAL LIABILITIES (Continued)

The Group has used a syndication loan dated April 20, 2020, and this syndication loan consists of two tranches. One of the tranches is 110.000.000 USD and the other is 243.938.528 Euros. 7 international banks participated in the syndication. The applicable interest rate for the Euro tranche is Euribor+ 2.95%, for the US Dollar it is Libor+ 3.10% and the maturity date is 20 April 2023. In addition to the syndication loan, the Group used a EUR 75.000.000 EBRD loan dated 20 April 2020. The interest rate of the related EBRD loan is Euribor+ 2.95% and the maturity date is 20 April 2023. The principal repayments of the loan tranches must be paid semiannually, at the end of their maturity.

(*) The Group has USD 650.000.000 of bond issued on the Irish Stock Exchange (Euronext Dublin) on October 30, 2020, with a 5-year maturity, coupon payment every 6 months, principal and coupon payments at the end of the maturity, with an annual fixed interest rate of 6,95%.

The covenants of the related loans are as follows:

a) ***Leverage***: The ratio of the consolidated net debt on the last day of the current period to the last 12 months consolidated EBITDA (Earnings before interest, depreciation, tax) for the current period should not exceed 3,50:1.

b) ***Interest Coverage*****:** The Group's consolidated interest coverage ratio for the current period should not be lower than 2:1.

(In the current period, the consolidated financial statements of the Group are in line with the provisions of the bank loan agreements.)

Borrowings:

31 December 2021

Currency Type	Maturity	Effective Weighted Average Interest Rate (%)	Short Term	Long Term
TL	January 2022-April 2023	27,30%	24.351	7.000
USD	April 2022-October 2025	6,45%	628.028	9.575.662
EUR	April 2022-May 2023	3,17%	2.052.008	5.403.144
EGP	January 2022-September 2023	8,00%	8.186	6.063
KZT	January 2022- January 2026	11,98%	150.476	321.907
			2.863.049	**15.313.776**

31 December 2020

Currency Type	Maturity	Effective Weighted Average Interest Rate (%)	Short Term	Long Term
TL	January 2021- April 2023	27,30%	19.112	30.729
USD	April 2021- October 2025	6,40%	345.280	5.254.470
EUR	April 2021- May 2023	3,17%	960.782	3.529.264
EGP	January 2021-September 2023	8,00%	11.408	7.827
KZT	January 2021-January 2026	11,59%	86.368	236.056
			1.422.950	**9.058.346**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

7. FINANCIAL LIABILITIES (Continued)

Borrowings(Continued)

1 January 2020

Currency Type	Maturity	Effective Weighted Average Interest Rate (%)	Short Term	Long Term
TL	January 2020-April 2023	%18,72	13.825	48.828
USD	January 2020-November 2020	%4,92	1.539.388	-
EUR	February 2020-May 2023	%3,15	4.204.392	645.491
KZT	January 2020- January 2026	%10,00	6.379	273.023
SAR	January 2020-July 2020	%4,00	9.708	-
			5.773.692	**967.342**

The repayment terms of bank loans and issued debt instruments are as follows:

	31 December 2021	31 December 2020	1 January 2020
to be paid within 1 year	2.078.789	1.127.293	5.477.591
to be paid within 1-2 years	7.472.785	1.153.881	539.109
to be paid within 2-3 years	590.206	3.866.831	215.508
to be paid within 3-4 years	7.223.496	309.008	98.892
to be paid within 4-5 years	20.289	3.688.853	52.004
Above 5 years	-	9.054	13.001
	17.385.565	**10.154.920**	**6.396.105**

Short Term Portion of Long Term Financial Lease Liabilities	31 December 2021	31 December 2020	1 January 2020
Financial lease liabilities	29.913	30.285	29.282
Future finance charges on leasing (-)	(5.562)	(11.173)	(15.457)
	24.351	**19.112**	**13.825**

Long Term Financial Lease Liabilities	31 December 2021	31 December 2020	1 January 2020
Financial lease liabilities	7.331	36.613	65.895
Future finance charges on leasing (-)	(331)	(5.894)	(17.067)
	7.000	**30.719**	**48.828**

The repayment terms of financial leasing debts are as follows:

	31 December 2021	31 December 2020	1 January 2020
to be paid within 1 year	24.351	19.112	13.825
to be paid within 1-2 years	7.000	26.567	18.108
to be paid within 2-3 years	-	4.152	23.720
to be paid within 3-4 years	-	-	7.000
	31.351	**49.831**	**62.653**

The movement table of loan for the periods 31 December 2021 and 2020 is as follows:

	2021	2020
Opening Balance - 1 January	**10.481.296**	**6.741.034**
Additions	1.588.167	9.040.618
Repayments	(1.724.278)	(7.235.146)
Foreign exchange differences	7.561.278	1.834.165
Interest accrual differences	54.963	66.449
Currency translation differences	215.399	34.176
Closing Balance - 31 December	**18.176.825**	**10.481.296**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

8. TRADE RECEIVABLES AND PAYABLES

	31 December 2021	31 December 2020	1 January 2020
Short Term Due from Related Parties			
Due from related parties (Note 34)	2.522.152	2.040.146	2.160.033
	2.522.152	**2.040.146**	**2.160.033**
Other Trade Receivables			
Trade receivables	2.185.452	1.063.964	290.454
Notes receivables	162	231	249
Provision for doubtful receivables (-)	(19.855)	(12.341)	(10.904)
	2.165.759	**1.051.854**	**279.799**
Total Short Term Trade Receivables	**4.687.911**	**3.092.000**	**2.439.832**

The movement table of provisions for doubtful receivables for the periods 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	(12.341)	(10.904)
Current period charge	(3.428)	(1.719)
Cancelled provision	2.261	1.621
Currency translation differences	(6.406)	(1.470)
Collections	59	131
Ending Balance	**(19.855)**	**(12.341)**

	31 December 2021	31 December 2020	1 January 2020
Short Term Trade Payables			
Due to related parties (Note 34)	475.461	276.004	240.165
Trade payables	1.794.960	999.406	744.865
	2.270.421	**1.275.410**	**985.030**

9. OTHER RECEIVABLES AND PAYABLES

	31 December 2021	31 December 2020	1 January 2020
Other Receivables			
Non-trade receivables from related parties (Note 34)	545.670	2.163.423	401.969
Short term other receivables	68.732	51.313	38.081
	614.402	**2.214.736**	**440.050**

	31 December 2021	31 December 2020	1 January 2020
Other Short Term Receivables			
VAT receivables	22.374	23.567	16.995
Deposits and guarantees given	34.231	23.686	18.929
Receivables from personnel	3.302	1.328	1.568
Other	8.825	2.732	589
	68.732	**51.313**	**38.081**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

9. OTHER RECEIVABLES AND PAYABLES (Continued)

	31 December 2021	31 December 2020	1 January 2020
Other Long Term Receivables			
Deposits and guarantees given	-	369	460
	-	**369**	**460**

	31 December 2021	31 December 2020	1 January 2020
Other Payables			
Non-trade payables to related parties (Note 34)	-	120	104
Other short term payables	12.672	5.411	5.297
	12.672	**5.531**	**5.401**

	31 December 2021	31 December 2020	1 January 2020
Other Short Term Payables			
Deposits and guarantees received	172	122	123
Other short term payables	12.500	5.289	5.174
	12.672	**5.411**	**5.297**

10. DERIVATIVE INSTRUMENTS

The Group has realized Fixed Interest Rate Swap transactions, consisting of a total of USD 33.000.000, in order to hedge the interest rate risk, in line with the payment plan of the USD 110.000.000 tranche of the 3-year term and variable rate syndication loan used on 20 April 2020. In addition, the Group has used a 2 year variable interest loan of 50.000.000 Euros and 40.000.000 Euros on April 3, 2018 and May 21, 2019 in order to hedge currency risk and interest rate risk in accordance with the repayment schedule of the loan. Realized Cross Currency Fixed Interest Rate Swap transactions consisting of 94.150.000 Turkish Liras and 218.750.000 Turkish Liras and closed as of April 2020 and May 2021. In addition, the Group has used a syndication loan of USD 136.000.000 and EUR 225.144.922, with a maturity of 3 years and variable interest, used on 20 April 2017, in line with the payment plan of the loan, in order to hedge currency risk and interest risk, with a total of 116.000. Cross Currency Fixed Rate Swaps consisting of nine transactions of .000 USD and 30.000.000 Euros were executed, and the relevant Cross Currency Fixed Rate Swaps were closed as of April 20, 2020.
In addition to these, the Group applied a forward transaction amounting to EUR 14.674.000 on 22 December 2021.

As of 31 December 2021, 31 December 2020 and 1 January 2020, derivative instruments are as follows:

	31 December 2021		**31 December 2020**		**1 January 2020**	
	Contract Amount	**Fair Value Asset**	**Amount**	**Fair Value Asset/ (Liabilities)**	**Amount**	**Fair Value Asset/ (Liabilities)**
Derivative instruments held for hedge						
Cross Currency Fixed Interest Rate Swap	-	-	94.150	37.340	746.882	364.291
Forward Transactions	221.382	1.153	-	-	-	-
Fixed Interest Rate Swaps	439.857	346	242.237	(1.892)	-	-
Total Assets / (Liabilities)	**661.239**	**1.499**	**336.387**	**35.448**	**746.882**	**364.291**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

11. INVENTORIES

Details of inventory are as follows;

	31 December 2021	31 December 2020	1 January 2020
Raw materials	2.298.257	1.141.999	465.998
Work in progress	72.115	41.442	37.767
Finished goods	719.737	438.107	297.591
Trade goods	47.562	32.904	31.161
Other inventories	114.513	71.215	95.465
Allowance for impairment on inventory (-)	(33.953)	(29.809)	(18.030)
	3.218.231	**1.695.858**	**909.952**

Inventories are presented on the cost values and provision has been made for the impaired inventories.

Inventory impairment movements for the years ended 31 December 2021 and 2020 are as follows;

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	(29.809)	(18.030)
Charge for the period	(3.714)	(12.934)
Reversal of provision	10.945	2.714
Currency translation differences	(11.375)	(1.559)
Closing balance	**(33.953)**	**(29.809)**

12. INVESTMENT PROPERTIES

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	26.145	21.155
Gains from appreciation	-	4.990
Disposal	(26.145)	-
Closing balance	**-**	**26.145**

Rental income of TL 246 thousand (December 31, 2020: TL 1.440 thousand) for the year ended 31 December 2021 was obtained from investment properties, all of which are buildings. The amount of direct operating expenses arising from investment properties during the period is 20 thousand TL (31 December 2020: TL 145 thousand).

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

13. TANGIBLE ASSETS

Movement of tangible assets between 1 January 2021 and 31 December 2021 is as follows:

Cost	**1 January 2021**	**Addition**	**Disposal**	**Transfer**	**Currency Translation Differences**	**31 December 2021**
Land	857.540	-	(49.750)	-	28.316	836.106
Buildings	1.227.958	6.493	(44.194)	27.299	232.809	1.450.365
Machinery, plant and equipment	2.668.920	64.285	(50.654)	326.015	804.866	3.813.432
Vehicles	13.622	248	(1.005)	(465)	5.766	18.166
Furniture and fixture	145.823	12.386	(11.032)	14.355	49.403	210.935
Leasehold improvements	54.170	2.392	(2.730)	215	175	54.222
Other tangible assets	32	-	-	-	-	32
Construction in progress	67.043	454.035	(864)	(367.419)	26.358	179.153
	5.035.108	**539.839**	**(160.229)**	**-**	**1.147.693**	**6.562.411**

Accumulated Depreciation	**1 January 2021**	**Charge for the period**	**Disposal**	**Transfer**	**Currency Translation Differences**	**31 December 2021**
Buildings	(635.450)	(29.161)	17.314	1.399	(100.833)	(748.130)
Machinery, plant and equipment	(1.405.321)	(176.368)	42.008	(1.399)	(440.865)	(1.980.546)
Vehicles	(10.593)	(1.215)	995	-	(5.637)	(16.450)
Furniture and fixture	(101.209)	(14.418)	9.934	-	(32.513)	(138.206)
Leasehold improvements	(35.681)	(4.628)	2.316	-	(161)	(38.154)
Other tangible assets	(28)	(4)	-	-	-	(32)
	(2.188.282)	**(225.794)**	**72.567**	**-**	**(580.009)**	**(2.921.518)**
Net Book Value	**2.846.826**					**3.640.893**

Depreciation and amortization expenses of tangible fixed assets and intangible assets amounted to TL 216,585 thousand (31 December 2020: TL 187.703 thousand) to cost of goods sold, TL 495 thousand (December 31, 2020: TL 365 thousand) to research and development expenses, TL 5.561 thousand (31 December 2020: TL 5.015 thousand) is included in marketing and sales expenses, TL 7.368 thousand (31 December 2020: TL 6.211 thousand) is included in general administrative expenses. The Group has not made any lease purchases during the twelve-month period ending as of 31 December 2021. As of 31 December 2021, there are no tangible assets subject to mortgage or pledge.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

13. TANGIBLE ASSETS (Continued)

Movement of tangible assets between 1 January 2020 and 31 December 2020 is as follows:

Cost	**1 January 2020**	**Addition**	**Disposal**	**Transfer**	**Revaluation increase**	**Currency Translation Differences**	**31 December 2020**
Land	768.817	-	-	-	82.191	6.532	857.540
Buildings	847.433	10.307	-	3.258	319.261	47.699	1.227.958
Machinery, plant and equipment	2.328.660	32.353	(4.616)	141.587	-	170.936	2.668.920
Vehicles	13.489	14	(1.968)	530	-	1.557	13.622
Furniture and fixture	119.425	9.875	(1.105)	7.559	-	10.069	145.823
Leasehold improvements	52.042	777	(115)	1.407	-	59	54.170
Other tangible assets	986	20	(358)	(791)	Cokonat2022-	175	32
Construction in progress	66.409	152.067	(991)	(155.062)		4.620	67.043
	4.197.261	**205.413**	**(9.153)**	**(1.512)**	**401.452**	**241.647**	**5.035.108**

Birikmiş Amortisman	**1 January 2020**	**Charge for the period**	**Disposal**	**Transfer**	**Revaluation increase**	**Currency Translation Differences**	**31 December 2020**
Buildings	(388.501)	(25.579)	-	-	(201.879)	(19.491)	(635.450)
Machinery, plant and equipment	(1.168.284)	(153.366)	2.904	-	-	(86.575)	(1.405.321)
Vehicles	(9.810)	(1.433)	1.968	-	-	(1.318)	(10.593)
Furniture and fixture	(84.303)	(10.568)	1.007	(205)	-	(7.140)	(101.209)
Leasehold improvements	(30.291)	(5.368)	3	-	-	(24)	(35.680)
Other tangible assets	(1.108)	(229)	358	497	-	453	(29)
	(1.682.297)	**(196.543)**	**6.240**	**292**	**(201.879)**	**(114.095)**	**(2.188.282)**
Net Book Value	**2.514.964**						**2.846.826**

As of 31 December 2020, the Group has not made any lease purchases in the twelve-month period.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

13. TANGIBLE ASSETS (Continued)

The estimated useful lives of property, plant and equipment are as follows:

	Useful Life
Buildings	25 – 50 years
Machinery, plant and equipment	4 – 20 years
Vehicles	4 – 10 years
Other tangible assets	4 – 10 years
Furniture and fixtures	3 – 10 years
Leasehold improvements	During rent period

The Group has chosen the revaluation model, one of the application methods in TMS 16, in order to present the lands and buildings at their fair values. The related assets were revalued using the "peer comparison method" on January 29, 2021, and the studies were carried out by the valuation company, Nova Tasarlime ve Danışmanlık A.Ş., authorized by the CMB. carried out by Land and buildings are reflected in the consolidated financial statements as of 31 December 2020, based on their fair values stated in the valuations. The frequency of revaluations depends on changes in the fair value of the subject asset. If the fair value of the revalued asset differs significantly from its carrying value, the asset is revalued. In the absence of such a situation, the relevant asset is revalued at certain periods. The Group has evaluated that there is no significant change in the fair value of the assets in the current period.

14. GOODWILL

	31 December 2021	31 December 2020
Opening Balance	496.196	388.047
Currency translation difference	400.342	108.149
Closing Balance	**896.538**	**496.196**

Breakdown of goodwill is as follows:

Şirket	31 December 2021	31 December 2020	1 January 2020
UI Mena B.V.	862.402	477.303	373.272
IBC	34.136	18.893	14.775
	896.538	**496.196**	**388.047**

UI Mena B.V.
Yıldız Holding A.Ş. As of November 3, 2014, it acquired the United Biscuits group. The goodwill amount carried by Yıldız Holding regarding UI MENA in its financial statements has been transferred to Ülker Bisküvi consolidated financial statements by restating the previous periods' consolidated financial statements.

International Biscuits Company

Yıldız Holding A.Ş. As of November 3, 2014, it acquired the United Biscuits group. The goodwill amount carried by Yıldız Holding regarding International Biscuits Company in its financial statements has been transferred to Ülker Biscuits consolidated financial statements by restating the previous periods' consolidated financial statements.

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

15. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2021 – 31 December 2021 are as follows:

Cost	**1 January 2021**	**Addition**	**Currency Translation Differences**	**31 December 2021**
Rights (*)	373.597	481	301.554	675.632
Other intangible assets	9.569	908	4.348	14.825
	383.166	**1.389**	**305.902**	**690.457**

Accumulated Amortization	**1 January 2021**	**Charge for the Period**	**Currency Translation Differences**	**31 December 2021**
Rights	(14.418)	(1.531)	(12.811)	(28.760)
Other intangible assets	(4.966)	(2.684)	(2.743)	(10.393)
	(19.384)	**(4.215)**	**(15.554)**	**(39.153)**
Net Book Value	**363.782**			**651.304**

Movements of intangible assets between 1 January 2020 – 31 December 2020 are as follows:

Cost	**1 January 2020**	**Addition**	**Transfer**	**Currency Translation Differences**	**31 December 2020**
Rights (*)	299.979	2.004	-	71.614	373.597
Other intangible assets	6.456	818	1.512	783	9.569
	306.435	**2.822**	**1.512**	**72.397**	**383.166**

Accumulated Amortization	**1 January 2020**	**Charge for the Period**	**Transfer**	**Currency Translation Differences**	**31 December 2020**
Rights	(11.130)	(1.023)	-	(2.265)	(14.418)
Other intangible assets	(2.804)	(1.728)	(292)	(142)	(4.966)
	(13.934)	**(2.751)**	**(292)**	**(2.407)**	**(19.384)**
Net Book Value	**292.501**				**363.782**

(*) As of 31 December 2021, TL 530.334 thousand (31 December 2020: TL 292.064 thousand) of Rights consists of distributorship agreements for the products within the Group in Saudi Arabia, and Rana brand rights amounting to TL 107.800 thousand (31 December 2020: TL 59.663 thousand). Reclaimed rights are not amortized and have an indefinite life, but are tested for impairment at more frequent intervals each year or when changes in circumstances indicate that their value may have decreased. As of 31 December 2021, there is no impairment.

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

15. INTANGIBLE ASSETS (Continued)

Items of intangible assets are amortized on a straight-line basis over their useful lives.

	Useful Life
Rights	2 years - Indefinite life
Other intangible assets	2 - 12 years

16. GOVERNMENT GRANTS AND INCENTIVES

Export transactions and other foreign exchange earning activities carried out in line with the procedures and principles determined by the Ministry of Finance and the Undersecretariat of Foreign Trade are exempt from stamp duty and fees. According to the decision of the Money Credit and Coordination Board, dated 16 December 2004 and numbered 2004/11, which was prepared on the basis of the Export-Oriented State Aid Decision, state aid is paid to support the participation in foreign fairs. The Group also receives tax refunds from the export of agricultural products in line with the communiqué numbered 2000/5 on the issue of "Export Refunds in Agricultural Products", pursuant to the decision of the Money Credit Coordination Board numbered 20/6.

The Group benefits from energy and employment incentives within the framework of the law" Law No. 5084 on Promoting Investments and Employment and Amending Some Laws) published in the Official Gazette dated 6 February 2004 and numbered 25365, which aims to increase investments and employment by applying tax and insurance premium incentives, providing energy support and providing free land and land for investments.

There are five investment incentive certificates received on January 11, 2010, June 20, 2011, October 4, 2012, December 8, 2015 and June 19, 2021, respectively, for a total investment of TL 249.395 thousand for the expansion and product diversification investments being made in the Biskot Biscuit Food Industry and Trade Inc.'s Karaman factory. With these documents, TL 75.889 thousand (2020: TL 62.655 thousand) tax deductions have been benefited from, and deferred tax assets have been recorded in the financial statements for the remaining TL 19.258 thousand (2020 : TL 13.993 thousand) (Note 32)

The Group received government incentives and aid amounting to TL 89.023 thousand in 2021. (2020: TL 47.957 thousand). Of the amount related to 2021, TL 36.722 thousand comes from employment incentives, TL 23.136 thousand from investment incentives, TL 10.386 thousand from R&D incentives and TL 18.779 thousand from other incentives. (2020: TL 25.124 thousand is from employment incentives, TL 2.052 thousand from agricultural products export incentives, TL 13.685 thousand from investment incentives, TL 7.067 thousand from R&D incentives, TL 29 thousand from other incentives.)

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

17. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short Term Debt Provisions	**31 December 2021**	**31 December 2020**	**1 January 2020**
Provisions for lawsuits	9.342	7.200	8.159
Provision for marketing activities	152.773	110.525	75.761
Other	125.334	48.933	20.954
	287.449	**166.658**	**104.874**

The movement table for litigation provisions for the years ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Opening balance	7.200	8.159
Charge for the period	4.246	483
Terminated provisions	(979)	(551)
Payment/relinquishment (-)	(1.125)	(891)
	9.342	**7.200**

a) Guarantees Given

(Balances denominated in foreign currencies have been presented in their original currencies)

	31 December 2021			**31 December 2020**		
	TL	**USD**	**EUR**	**TL**	**USD**	**EUR**
A) CPM's given in the name of own legal personality (*)	264.447	25.737	-	869.018	95.304	-
B) CPM's given on behalf of the fully consolidated companies	-	-	179.100	-	-	178.950
C) CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-	-
D) Total amount of other CPM's given						
i. Total amount of CPM's given on behalf of the majority shareholder (**)	-	-	-	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
Total	**264.447**	**25.737**	**179.100**	**869.018**	**95.304**	**178.950**

(*) 118 million Turkish Liras and 6.2 million USD of the balance are related to non-cash risks.
(**) The ratio of other CPMs given by the Group to the equity of the parent company is zero as of 31 December 2021 (31 December 2020: zero).

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

17. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

a) Guarantees Given (Continued)

The ultimate parent of the company, Yıldız Holding A.Ş. and some Yıldız Holding Group companies, including Ülker Bisküvi's subsidiaries, Yıldız Holding A.Ş. and Yıldız Holding Group companies have signed syndicated loan agreements with some of the "Lenders" of their creditors.

As of 8 June 2018, Ülker Bisküvi subsidiaries' cash amounting to TL 592.7 million, EUR 10.1 million and USD 19.5 million, non-cash bank loans amounting to TL 140.1 million, USD 57 million and EUR 383 thousand, syndication together with Yıldız Holding A.Ş. level has been raised. There was no increase in the total debt burden of Ülker Bisküvi's subsidiaries due to the syndication loan. Ülker Bisküvi's subsidiaries became the guarantors of Yıldız Holding A.Ş. as of the date of loan utilization, limited to the total amount of bank credit risk to their respective banks.

b) Lawsuits Filed by and Against to the Group

As of 31 December 2021;

Lawsuits filed by the Group:

	31 December 2021	31 December 2020	1 January 2020
Compensation litigations	-	61	61
Action of debts	-	173	170
Penal action cases	-	172	175
	-	**406**	**406**

Lawsuit filed against to the Group:

	31 December 2021	31 December 2020	1 January 2020
Action of debts	6.016	870	870
Foreclosure litigations	-	1.244	1.244
Compensation litigations	4.028	5.086	6.045
	10.044	**7.200**	**8.159**

Lease Agreements

The Group's lease agreements are made to cover one-year periods. All leases carry a statement regarding the revision of the conditions according to the market conditions, in case the lessee uses the right to renew. The lessee has no right to purchase the leased asset at the end of the lease term.

The rental income obtained from the lease agreements made by the Group regarding its tangible fixed assets and investment properties, as well as the use of common areas from its suppliers and customers, is TL 10.168 thousand (2020: TL 11.919 thousand). Direct operating expenses associated with fixed assets during the period amounted to TL 20.947 thousand (2020: TL 16.456 thousand). Within the framework of the non-cancellable lease, the minimum rent to be obtained in the future is TL 11.413 thousand (2020: TL 9.458 thousand), all of which will be realized within one year. The minimum rent to be paid in the future within the framework of the non-cancellable lease is TL 23.785 thousand (2020: TL 17.936 thousand) and will be fully paid within one year.

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

18. COMMITMENTS AND OBLIGATIONS

As of 31 December 2021, the Group has an export commitment of USD 331.441 thousand (2020: USD 305.240 thousand). The average duration of export commitments is 2 years. If the export commitments are not fulfilled, the Group losses the tax advantage. The Group has fulfilled the most of its commitments for the year 2021 and is expected to realize its commitments extending to 2022 (2020: almost all fulfilled).

19. PROVISION FOR EMPLOYEE BENEFITS

Short Term Liabilities for Employee Benefits	**31 December 2021**	**31 December 2020**	**1 January 2020**
Unused Vacation Accrual	64.175	41.842	35.770
Performance Premium Accrual	70.934	48.848	42.510
	135.109	**90.690**	**78.280**

Movement of Unused Vacation Provision	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Opening balance	41.842	35.770
Decrease in period	(21.955)	(25.270)
Increase in period	28.332	27.799
Currency translation differences	15.956	3.543
Closing balance	**64.175**	**41.842**

Movement of Performance Premium Provision	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Opening balance	48.848	42.510
Cash payments in period	(54.782)	(52.648)
Increase in period	59.451	54.772
Currency translation differences	17.417	4.214
Closing balance	**70.934**	**48.848**

Long Term Liabilities for Employee Benefits	**31 December 2021**	**31 December 2020**	**1 January 2020**
Provision for employee termination benefits	346.828	228.105	174.595
	346.828	**228.105**	**174.595**

Pursuant to the provisions of the Labor Law in force, employees whose employment contracts are terminated to qualify for severance pay are obliged to pay the legal severance pay they are entitled to. In addition, in accordance with the provision of Article 60 of the Social Security Law No. 506, which is still in effect, as amended by the Laws No. 2422 of 6 March 1981 and the Laws No. 4447 of 25 August 1999, those who receive the severance pay and have the right to leave the job are obliged to pay the legal severance pay. Some transitional provisions related to pre-retirement service conditions were removed from the Law with the amendment of the relevant law on 23 May 2002. Severance pay to be paid as of 31 December 2021 is subject to a monthly ceiling of TL 8.284,51 (2020: TL 7.117,17). The subsidiaries of the Group calculate their severance pay provisions in accordance with the laws of the country in which they are located.

Severance pay liability is not legally subject to any funding. The provision for severance pay is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TMS 19 ("Employee Benefits") requires the company's liabilities to be developed using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are given below.

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

19. PROVISION FOR EMPLOYEE BENEFITS (Continued)

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, as of 31 December 2021, provisions in the financial statements are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The provisions on the relevant balance sheet dates are approximately 3.72% (2020: 3.85%) based on the assumptions of an annual inflation of 16.90% (2020: 9.03%) and an interest rate of 21.25% (2020: 13.23%). Calculated using the real discount rate obtained. In the current period, pursuant to the Law No. 4447, the probability of employees who were insured before 8 September 1999 and who completed 15 years and 3600 premium days, has been taken into account in the liability calculation as 100%, since they have the right to receive severance pay even if they quit the job voluntarily. The severance pay ceiling is revised semi-annually, and the amount of TL 10.848,59 (1 January 2020: TL 7.638,96) effective from 1 January 2022 has been taken into account in the calculation of the severance pay provision of the Group. As of the end of 2021, the probability of employees leaving the Group is 3.9% (2020: 3.9%).

Movement of provision for employee termination benefits is as below:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Opening balance	228.105	174.595
Service cost	102.268	42.536
Interest cost	5.973	14.893
Actuarial loss	10.821	12.592
Cash payments in period	(58.899)	(27.251)
Currency translation differences	58.560	10.740
Closing balance	**346.828**	**228.105**

20. PREPAID EXPENSES

Short Term Prepaid Expenses	**31 December 2021**	**31 December 2020**	**1 January 2020**
Advances given for purchase orders to third parties	368.875	87.760	113.980
	368.875	**87.760**	**113.980**

Long Term Prepaid Expenses	**31 December 2021**	**31 December 2020**	**1 January 2020**
Advances given to third parties	83.633	48.664	7.650
	83.633	**48.664**	**7.650**

21. EMPLOYEE BENEFITS RELATED LIABILITIES

	31 December 2021	**31 December 2020**	**1 January 2020**
Payables to personnel	49.838	34.308	32.927
Social security premiums payable	27.119	20.720	16.644
	76.957	**55.028**	**49.571**

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

22. OTHER ASSET AND LIABILITIES

Other Current Asset	31 December 2021	31 December 2020	1 January 2020
VAT carried forward	284.975	88.835	74.619
Other	2.683	1.240	1.513
	287.658	**90.075**	**76.132**

Other Current Liabilities	31 December 2021	31 December 2020	1 January 2020
Taxes and fund payable	52.387	32.574	37.168
Other liabilities	50.889	16.680	1.804
	103.276	**49.254**	**38.972**

23. DEFERRED REVENUE

Deferred revenue	31 December 2021	31 December 2020	1 January 2020
Advances received	82.376	72.750	10.371
Short term deferred revenue	1.378	4.634	5.136
	83.754	**77.384**	**15.507**

24. SHAREHOLDERS' EQUITY

a) Capital Structure

The composition of the Company's issued and paid-in share capital as of 31 December 2021 and 2020 is as follows:

	31 December 2021		31 December 2020	
Shareholders	**Amount**	**Share**	**Amount**	**Share**
pladis Foods Limited	174.420	%51,00	174.420	%51,00
Ülker Family and Yıldız Holding A.Ş.	25.580	%7,48	25.580	%7,48
Other	142.000	%41,52	142.000	%41,52
	342.000	**%100**	**342.000**	**%100**

According to the provisions of the Capital Market Law, the registered capital ceiling of the Company is TL 500.000 thousand as of December 31, 2020, and it is divided into 50.000.000.000 (fifty billion) shares, each with a nominal value of 1 (one) kuruş. The issued capital of the company is TL 342.000 thousand fully paid. There is no privilege or group distinction between the shares.

b) Valuation Funds

Financial Asset Valuation Fund:

Financial Asset Revaluation Fund arises as a result of valuation of available-for-sale financial assets at their fair values. In case of disposal of a financial instrument that is valued at fair value, the portion of the revaluation fund associated with the sold financial asset is transferred to retained earnings.

As of 31 December 2021, the Group's financial asset valuation fund after tax is TL 1.276.228 thousand. (2020: TL 459.069 thousand)

Investment Property Valuation Fund:

Real estates that were previously accounted for as property, plant and equipment may be transferred to investment properties due to changes in their use. The Group classified some of its properties as investment property in this way in 2012 and preferred to account for them using the fair value method. Accordingly, the fair value increase of TL 22.082 thousand before tax, which occurred during the first transfer, was accounted for as tangible assets value increase fund in equity, and the value increase of TL 4.990 thousand in 2020, due to the increase in the fair value of real estates in the following period, was accounted for in the consolidated statement of profit or loss.

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

24. SHAREHOLDERS' EQUITY (Continued)

Land and Buildings Revaluation Fund

The increase in the book value of land and buildings as a result of revaluation is recognized in other comprehensive income after tax and collected in funds under equity. However, it is recognized as income to the extent that the revaluation reverses the impairment. Decreases are recognized in other comprehensive income to the extent of any credit balance in the revaluation surplus relating to this asset; all other decreases are recorded in profit or loss. Each year, the difference between the depreciation recorded in profit or loss on the revalued carrying amount of the asset and the depreciation on the original cost is reclassified, after tax, from the revaluation reserve for the item of property, plant and equipment to retained earnings.

As of 31 December 2021, together with the tangible asset valuation fund resulting from the land and land revaluation of the Group and the value increase fund arising from the first transfer of investment properties, it is TL 815.379 thousand after tax. (31 December 20: TL 850.738 thousand)

c) Other Gains

	31 December 2021	31 December 2020	1 January 2020
Other Gains	-	-	817.879
	-	**-**	**817.879**

The Group management accounted for the dividend income from Godiva Belgium BVBA, one of its financial investments, in other comprehensive income within the scope of IFRS. The Group reclassified the amount of 31 December 2020 to retained earnings with the decision of the general assembly.

d) Restricted Reserves

Restricted reserves appropriated from profit are composed of legal reserves. Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, legal reserves can be only used to offset losses unless they exceed the 50% of paid-in capital. Other than that, legal reserves must not be used whatsoever.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from the first-time application of inflation adjustments on financial statements, and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital"," Premium on capital stock","Capital" issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss deduction.

However, in accordance with the CMB's Decree Volume: XI; No: 29 issued on 1 January 2008 and other related CMB's announcements, "Paid-in capital", "Restricted reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

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

24. SHAREHOLDERS' EQUITY (Continued)

d) Restricted Reserves (Continued)

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital;

- "Retained earnings/Accumulated loss", if such differences are arising from "Restricted reserves" and "Premium in excess of par" and has not been subject to profit distribution or capital increase.

Capital restatement differences can only be included in capital.

Profit Distribution:

Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below: In accordance with the Capital Markets Board's (the "Board") Decree issued on 23 January 2014, in relation to the profit distribution of earnings derived from the operations, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial:II, No: 19.1 "Principles of Dividend Advance Distribution of Companies That Are Subject To The CMB Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

Differences arising in the evaluations made within the framework of TFRS and arising from inflation adjustments that are not subject to profit distribution or capital increase as of the report date have been associated with previous years' profit / loss.

Resources Available for Profit Distribution:

As of the balance sheet date, the total amount of resources that can be subject to profit distribution of the Company is TL 1.451.955 thousand (2020: TL 3.132.987 thousand).

e) Retained Earnings

Details of retained earnings are as follows:

	31 December 2021	31 December 2020
Retained earnings	3.093.283	2.571.834
Extraordinary reserves	1.235.471	913.401
Inflation restatement differences of shareholders' equity accounts other than capital and legal reserves	(18.214)	(18.214)
Other reserves	74.096	74.160
	4.384.636	**3.541.181**

f) Non-Controlling Interest/ Non-Controlling Interest Profit or Loss

As of 31 December 2021, non-controlling interests amounted to TL 1.327.188 thousand (2020: TL 779.913 thousand). The profit of minority interests amounting to TL 301.913 thousand, which occurred between 1 January - 31 December 2021, is presented separately from the net profit for the period in the consolidated financial statements (2020: TL 187.171 thousand).

g) Effect of Business Combinations Under Common Control

The Company purchased 100% shares of Önem Gıda Sanayi ve Ticaret A.Ş.(Önem Gıda), 100% owned by Yıldız Holding A.Ş., on 27 August 2021 for a consideration of TL 3.736.314 thousand. The transaction was considered as "Transactions under Common Control" and the difference between the amount paid and the capital amount of Önem Gıda was accounted in the shareholder's equity. (Not 3)

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

25. REVENUE AND COST OF SALES

a) Revenue

The detail of operating income is as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Domestic sales(*)	13.361.997	10.502.249
Export sales	2.837.277	2.079.909
Sales returns and discounts (-)	(3.662.194)	(2.866.528)
Sales Income (net)	**12.537.080**	**9.715.630**
Cost of merchandises sold	(8.709.568)	(6.587.146)
Cost of trade goods sold	(215.097)	(191.226)
Cost of sales	**(8.924.665)**	**(6.778.372)**
Gross Profit	**3.612.415**	**2.937.258**

(*) Denotes domestic sales in Turkey and in countries where abroad subsidiaries are located.

b) Cost of Sales

	1 January - 31 December 2021	**1 January - 31 December 2020**
Raw materials	(6.567.438)	(4.888.859)
Personnel expenses	(1.112.545)	(801.558)
Production overheads	(719.633)	(553.184)
Depreciation and amortization expenses	(216.585)	(187.703)
Change in work-in-progress inventories	27.015	2.616
Change in finished goods inventories	205.461	88.689
Cost of goods sold	**(8.363.719)**	**(6.374.795)**
Cost of trade goods sold	(215.097)	(191.226)
Cost of sales	**(8.924.665)**	**(6.778.372)**

26. RESEARCH AND DEVELOPLEMENT EXPENSES, MARKETING EXPENSES, AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2021	**1 January - 31 December 2020**
General administrative expenses	(353.681)	(267.314)
Marketing expenses	(1.120.598)	(923.064)
Research and development expenses	(39.786)	(24.114)
	(1.514.065)	**(1.214.492)**

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

27. EXPENSES BY NATURE

The detail of operating expenses is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
General Administrative Expenses		
Personnel expenses	(168.054)	(129.377)
Operating expenses	(107.575)	(85.446)
Consultancy expenses	(37.719)	(19.460)
Depreciation and amortization expenses	(7.368)	(6.211)
Other	(32.965)	(26.820)
	(353.681)	**(267.314)**
Marketing Expenses		
Marketing operating expenses	(852.572)	(703.881)
Personnel expenses	(194.422)	(158.074)
Rent expenses	(28.232)	(22.958)
Depreciation and amortization expenses	(5.561)	(5.015)
Other	(39.811)	(33.136)
	(1.120.598)	**(923.064)**
Research Expenses		
Personnel expenses	(20.203)	(13.937)
Materials used	(7.686)	(3.267)
Depreciation and amortization expenses	(495)	(365)
Other	(11.402)	(6.545)
	(39.786)	**(24.114)**

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

The Group's explanation regarding the fees for the services rendered by independent audit firms, which is based on the KGK's letter dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Independent audit fee for the reporting period	3.273	3.088
Fees for tax advisory services	1.822	909
Fee for other assurance services	125	36
Fees for services other than independent audit	28	16
Total (*)	**5.248**	**4.049**

The fees above have been determined by including the independent audit and other related service fees of all subsidiaries, and the foreign currency fees of foreign subsidiaries have been converted into TL using the average exchange rates of the relevant years.

(*) In the twelve month period ending on December 31, 2021, TL 4.539 thousand of service received consists of Güney Bağımsız Denetim ve SMMM A.Ş.

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

28. OTHER INCOME AND EXPENSES FROM MAIN ACTIVITIES

a) The details of other income from main activities are as follows;

	1 January - 31 December 2021	**1 January - 31 December 2020**
Foreign exchange gains	869.145	234.889
Provisions no longer required	1.399	1.012
Other income	25.443	53.654
	895.987	**289.555**

b) The detail of other operating expense is as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Foreign exchange loss	(437.763)	(196.599)
Donation expense	(30.149)	(31.039)
Provision expenses	(36.607)	(19.887)
Other expenses	(59.828)	(26.280)
	(564.347)	**(273.805)**

29. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

a) The detail of investment income is as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Foreign exchange gains	5.559.384	1.997.133
Fair value gains of financial assets	123.330	316.724
Interest income	392.815	251.238
Rent income	12.217	8.819
Income on sales of tangible assets	8.354	1.826
Dividend income	45	64
Real estate value increase in investment property	-	4.990
	6.096.145	**2.580.794**

b) The detail of investment expenses is as follow:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Foreign exchange losses	(129.639)	(684.798)
Loss on sales of tangible assets	(1.295)	(436)
	(130.934)	**(685.234)**

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

30. FINANCIAL INCOME

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange gain	438.592	553.182
Other	6.046	59.871
	444.638	**613.053**

31. FINANCIAL EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange losses from financing	(8.047.820)	(2.157.786)
Interest expenses	(802.144)	(467.236)
Other	(60.409)	(45.938)
	(8.910.373)	**(2.670.960)**

32. TAX ASSET AND LIABILITIES

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with IFRS. These differences are generally due to the fact that some income and expense items are included in different periods in tax base financial statements and financial statements prepared in accordance with IFRS, and these differences are stated below.

The Law No. 7316 on the Collection of Public Claims and Amending Some Laws in Turkey was published in the Official Gazette dated April 22, 2021 and numbered 31462. With this law amendment, 25% tax rate will be taken into account for the period of 1 January-31 December 2021. Although the temporary tax periods are quarterly, since three, six, nine and twelve-month financial statements are taken as basis in the calculation of the income to be declared, taxation will be made by considering the 25% rate over the cumulative corporate tax base of the entire year for 2021. For the year 2022; Taxation will be made by considering the rate of 23% over the corporate tax base.

The tax rates used in the calculation of the Group's deferred tax assets and liabilities are 25% in Turkey (2020: 22%), 20% for its subsidiaries in Saudi Arabia and Kazakhstan (2020: 20%), subsidiaries in Egypt. 22.5% for its subsidiaries (2020: 22.5%), 10% for its subsidiary located in Kyrgyzstan (2020: 10%), zero for its subsidiary located in the United Arab Emirates (2020: zero)

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

32. TAX ASSET AND LIABILITIES(Continued)

Deferred tax bases:

	31 December 2021	31 December 2020	1 January 2020	31 December 2021	31 December 2020	1 January 2020
Indexation and useful life differences of tangible and intangible assets	-	-	-	216.369	1.383.247	1.143.780
Marketable securities valuation differences	-	-	-	1.381.188	480.816	448.738
Investment properties valuation differences	-	-	-	-	22.164	17.174
Allowance of employee termination benefits	(220.998)	(168.215)	(137.312)	-	-	-
Previous year losses	(1.073.388)	(83.719)	(75.059)	-	-	-
Provision of doubtful receivables	(35.655)	(32.842)	(18.492)	-	-	-
Provision for unused vacation	(26.527)	(25.285)	(20.994)	-	-	-
Impairment on inventories	(21.605)	(15.927)	(15.224)	-	-	-
Profit elimination on inventories	(24.713)	(22.545)	(19.275)	-	-	-
Provision for lawsuits	(8.594)	(7.200)	(8.158)	-	-	-
Derivative instruments	-	-	-	1.499	32.226	364.291
Other	(287.802)	(20.718)	(17.758)	83.709	120.165	21.151
	(1.699.282)	**(376.451)**	**(312.272)**	**1.682.765**	**2.038.618**	**1.995.134**

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

32. TAX ASSET AND LIABILITIES(Continued)

Deferred tax calculated over the tax bases

	31 December 2021	31 December 2020	1 January 2020	31 December 2021	31 December 2020	1 January 2020
Indexation and useful life differences of tangible and intangible asets	-	-	-	82.259	183.077	154.765
Marketable securities valuation differences	-	-	-	83.504	245	4.493
Investment properties valuation differences	-	-	-	-	2.216	1.717
Allowance of employee termination benefits	(44.200)	(33.643)	(27.462)	-	-	-
Previous year losses	(215.284)	(16.744)	(15.348)	-	-	-
Investment incentive	(19.258)	(13.993)	(21.115)	-	-	-
Provision of doubtful receivables	(8.914)	(6.568)	(4.068)	-	-	-
Provision for unused vacation	(6.632)	(5.057)	(4.619)	-	-	-
Impairment on inventories	(5.401)	(3.185)	(3.349)	-	-	-
Profit elimination on inventories	(6.178)	(4.509)	(4.240)	-	-	-
Provision for lawsuits	(2.149)	(1.440)	(1.795)	-	-	-
Derivative instruments	-	-	-	334	7.090	80.144
Other	(71.950)	(4.144)	(3.906)	20.927	24.033	4.653
	(379.966)	**(89.283)**	**(85.902)**	**187.024**	**216.661**	**245.772**

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

32. TAX ASSET AND LIABILITIES(Continued)

Movement of Deferred Tax Liabilities:

	1 January - 31 December 2021	1 January - 31 December 2020
Openning Balance	**127.378**	**159.870**
Netted tax from funds reflected in equity	43.639	12.582
Currency translation differences	(5.133)	1.637
Deferred tax income	(358.826)	(46.711)
	(192.942)	**127.378**

In the consolidated financial statements for the period ended 31 December 2021, the Group accounted deferred tax assets of TL 1.073.388 thousand for deductible financial losses. (31 December 2020: TL 83.719 thousand and 1 January 2020: TL 75.059 thousand).

The maturities of these financial losses are as follows:

	31 December 2021	31 December 2020	1 January 202
2025	136.141	83.719	75.059
2026	937.247	-	-
Total	**1.073.388**	**83.719**	**75.059**

Corporate tax

The company and its subsidiaries located in Turkey are subject to corporate tax valid in Turkey. Necessary provisions have been made in the accompanying consolidated financial statements for the estimated tax liabilities of the Group regarding the current period operating results.

The corporate tax rate to be accrued on taxable corporate income is calculated over the remaining tax base after adding the non-deductible expenses from the tax base in the determination of the commercial profit and deducting the tax-exempt earnings, non-taxable incomes and other deductions (previous year losses, if any, and investment discounts used if preferred). The tax rate applied on 31 December 2021 is 25% (2020: 22%).

In Turkey, provisional tax is calculated and accrued on a quarterly basis. During the taxation of the corporate earnings for the year of 2021, as of the temporary tax periods, the provisional tax rate to be calculated over the corporate earnings is 25% (2020: 22%).

Losses can be carried forward for a maximum of 5 years, to be deducted from taxable profits in future years. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

There is no definitive and definitive agreement procedure regarding tax assessment in Turkey. Companies prepare their tax returns between 1-25 April of the year following the closing period of the relevant year (between 1-25 of the fourth month following the closing of the period for those with a special accounting period). These declarations and the accounting records based on them can be reviewed and changed by the Tax Office within 5 years.

The tax legislation in Turkey does not allow to file a consolidated tax return. Therefore, the tax provision in the consolidated financial statements has been calculated separately for each company.

The corporate tax in Egypt, where Hi Food for Advanced Food Industries and Ulker for Trading and Marketing, subsidiaries of the Group is 22.5% (2020: 22.5%). The corporate tax rate in Saudi Arabia, where Food Manufacturers' Company and International Biscuits Company, subsidiaries of the Group, is 20% (2020: 20%). The corporate tax rate in Kazakhstan, where Hamle Company Ltd LLP, a subsidiary of the Group, is 20% (2020: 20%)

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

32. TAX ASSET AND LIABILITIES (Continued)

The corporate tax rate in Kyrgyzstan, where Ülker Star LLC, a subsidiary of the Group, is 10% (2020: 10%). In United Arab Emirates, where Amir Global Trading FZE, a subsidiary of the Group, is exempt from corporate tax earnings(2020: Exempt).

Income withholding tax

In addition to corporate tax, income tax withholding should be calculated separately on dividends, excluding those distributed to full-fledged corporations and foreign companies' branches in Turkey, which receive dividends in case of distribution and declare these dividends by including them in corporate income. Income tax withholding was applied as 10% in all companies between April 24, 2003 and July 22, 2006. This rate has been applied as 15% as of 22 July 2006, with the Council of Ministers Decision No. 2006/10731. Dividends that are not distributed and added to the capital are not subject to income tax withholding.

As of 31 December 2021, 31 December 2020 and 1 January 2020, the tax provisions are as follows:

	31 December 2021	31 December 2020	1 January 2020
Total tax provision	(450.711)	(354.315)	(284.328)
Prepaid taxes and legal obligations	149.176	268.427	213.030
Taxation in the balance sheet	**(301.535)**	**(85.888)**	**(71.298)**

	1 January - 31 December 2021	1 January - 31 December 2020
Current year corporate tax expense	450.711	354.315
Deferred tax income	(358.826)	(46.711)
Tax Expense in the income statement	**91.885**	**307.604**

	1 January - 31 December 2021	1 January - 31 December 2020
Reconciliation of taxation:		
Profit before taxation and non-controlling interest	(70.534)	1.576.169
Effective tax rate	25%	22%
Calculated tax	(17.634)	346.757
Reconciliation of the tax provision calculated with the reserved:		
- Non-deductible expenses	195.627	14.485
- Other non-taxable income	(10.580)	(7.949)
-Investment incentive	(16.825)	(16.039)
- Tax rate difference	(38.745)	(29.226)
- Other	(19.958)	(424)
Taxation in the income statement	**91.885**	**307.604**

33. EARNINGS PER SHARE

The weighted average of company shares and profit per unit share calculations for the periods of 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Weighted average number of common stock outstanding	34.200.000	34.200.000
Net (Loss)/Profit	(464.332)	1.081.394
Earnings per Share(1 TL worth of shares)	**(1,36)**	**3,16**

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

34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The detail of receivables from related parties is as follows:

	31 December 2021	31 December 2020	1 January 2020
Trade receivables	2.522.152	2.040.146	2.160.033
Non-trade receivables	545.670	2.163.423	401.969
	3.067.822	**4.203.569**	**2.562.002**

The detail of trade and non-trade receivables is as follows:

	31 December 2021		31 December 2020		1 January 2020	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder						
Yıldız Holding A.Ş.	-	545.670	-	2.163.423	-	286.350
Other Companies Controlled by the Principle Shareholder						
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	1.186.689	-	1.021.940	-	903.178	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	894.081	-	742.654	-	586.179	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	199.933	-	121.684	-	159.475	-
G2M Eksper Satış ve Dağıtım Hizmetleri A.Ş.	132.837	-	100.643	-	88.545	-
United Biscuits (UK) Ltd.	1.971	-	5.607	-	2.850	-
Other	106.641	-	47.618	-	46.617	115.619
Other Related Parties						
İstanbul Gıda Dış Ticaret A.Ş.	-	-	-	-	373.189	-
	2.522.152	**545.670**	**2.040.146**	**2.163.423**	**2.160.033**	**401.969**

The Groups trade receivables from related parties mainly arise from Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Tic A.Ş those make the sale and distrubition of products throughout Turkey.

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

34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The detail of payables to related parties is as follows:

	31 December 2021	**31 December 2020**	**1 January 2020**
Trade payables	475.461	276.004	240.165
Non-trade payables	-	120	104
	475.461	**276.124**	**240.269**

The detail of trade and non-trade receivables is as follows:

	31 December 2021		**31 December 2020**		**1 January 2020**	
	Trade	**Non- Trade**	**Trade**	**Non- Trade**	**Trade**	**Non- Trade**
Principle Shareholder						
Yıldız Holding A.Ş.	202.863	-	113.313	-	96.125	-
Other Companies Controlled by the Principle Shareholder						
United Biscuits (UK) Ltd.	85.303	-	41.889	120	7.925	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	59.609	-	50.866	-	23.813	-
pladis Foods Limited	30.622	-	866	-	4.491	-
Adapazarı Şeker Fabrikası A.Ş.	19.655	-	37.163	-	8.268	-
Marsa Yağ San. ve Tic. A.Ş.	5.995	-	5.190	-	2.409	-
CCC Gıda San. ve Tic. A.Ş.	107	-	283	-	564	-
Other	71.307	-	26.434	-	23.512	-
Other Related Parties						
İstanbul Gıda Dış Ticaret A.Ş.	-	-	-	-	73.058	104
	475.461	**-**	**276.004**	**120**	**240.165**	**104**

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

34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The detail of purchases from and sales to related parties is as follows:

	1 January - 31 December 2021		**1 January - 31 December 2020**	
	Purchases	**Sales**	**Purchases**	**Sales**
Other Companies Controlled by the Principle Shareholder				
Besler Gıda ve Kimya San. ve Tic. A.Ş.	623.999	817	434.591	229
G2M Eksper Satış ve Dağıtım Hizmetleri A.Ş.	1.590	316.695	-	34.980
United Biscuits (UK) Ltd.	127.954	8.707	104.386	8.546
Marsa Yağ San. ve Tic. A.Ş.	117.346	533	100.305	437
Pendik Nişasta San. A.Ş.	21.755	-	35.690	-
Adapazarı Şeker Fabrikası A.Ş.	282.884	-	45.626	-
CCC Gıda San. ve Tic. A.Ş.	565	9.861	606	12.166
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	3.846.213	4	3.220.686
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	2.490.336	-	1.938.043
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	397.114	-	271.282
Other	34.767	163.117	88.332	232.805
Other Related Parties				
İstanbul Gıda Dış Ticaret A.Ş.	-	-	115.401	634.605
	1.210.860	**7.233.393**	**924.941**	**6.353.779**

The Group mainly acquires raw materials from Besler Gıda ve Kimya Sanayi ve Ticaret A.Ş, which produces vegetable oil and margarine, and acquires from Pendik Nişasta which produces other various raw materials. The major part of the Group's sales are made to Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş. companies that carry out sales and distribution throughout Turkey.

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

34. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The details of interest, rent and similar balances paid to and received from related parties are as follows:

For the year ended 31 December 2021:

	Rent Income/ (Expense) Net	Service Income/ (Expense) Net	Interest and Foreign Exhchange Income/(Expense)Net
Principle Shareholder			
Yıldız Holding A.Ş.	(405)	(298.977)	516.893
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(132.031)	3.169
United Biscuits (UK) Ltd.	5	(30.377)	(1.524)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(29.797)	111.971
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	70	(27.596)	53.420
İzsal Gayrimenkul Geliştirme A.Ş.	(3.769)	(6.189)	-
Other	1.704	(32.416)	(7.333)
	(2.395)	**(557.383)**	**676.596**

For the year ended 31 December 2020:

	Rent Income/ (Expense) Net	Service Income/ (Expense) Net	Interest and Foreign Exhchange Income/(Expense)Net
Principle Shareholder			
Yıldız Holding A.Ş.	(478)	(237.195)	290.966
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(83.061)	(941)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(27.168)	59.528
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	67	(21.344)	26.853
United Biscuits (UK) Ltd.	3	(11.620)	969
İzsal Gayrimenkul Geliştirme A.Ş.	(2.934)	(5.148)	-
Other	561	(18.424)	(13.890)
Other Related Parties			
İstanbul Gıda Dış Ticaret A.Ş.	-	950	85.758
	(2.781)	**(403.010)**	**449.243**

Benefits provided to members of BOD and key management personnel:

	31 December 2021	31 December 2020
Fees and other short-term benefits	61.432	55.363
	61.432	**55.363**

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Additional Information on Financial Instruments

Capital risk management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profitability by using the debt and equity balance in the most efficient way.

The Group's capital structure includes borrowings disclosed in footnote 7 and payables to related parties including non-trade receivables and payables disclosed in footnote 34, cash and cash equivalents disclosed in footnote 5, short-term financial investments disclosed in footnote 6 and derivative instruments disclosed in footnote 10. and equity items shown in the consolidated statement of financial position.

The risks associated with each capital class, together with the Group's cost of capital, are evaluated by senior management. Based on senior management assessments, it is aimed to keep the capital structure in balance through the acquisition of new debt or repayment of existing debt, as well as through dividend payments.

The group monitors its capital using the debt/total capital ratio. This ratio is found by dividing net debt by total capital. Net debt is calculated by deducting cash and cash equivalents,non-trade receivables from related parties and derivative financial assets from total liabilities (including financial liabilities and liabilities, non-trade payables to related parties and derivative financial liabilities as presented in the balance sheet). Total capital is calculated as equity plus net debt as shown in the balance sheet.

As of 31 December 2021 and 2020, the net liability/total capital ratio is as follows:

	31 December 2021	**31 December 2020**
Total financial liabilities and non-trade related parties payables / (receivables) (net)	17.631.155	8.317.993
Negative: Cash & cash equivalent	(9.397.098)	(7.461.803)
Positive/(negative): Financial derivatives instruments	(1.499)	(35.448)
Net debt	8.232.558	820.742
Total shareholders' equity	4.313.902	6.816.693
Total capital	12.546.460	7.637.435
Net debt/Total Capital Ratio	66%	11%

Financial Risk Factors

The Group's activities expose it to market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program generally focuses on minimizing the potential adverse effects of uncertainty in financial markets on the Group's financial performance.

Risk management is carried out by a central finance department in line with policies approved by the Board of Directors. With regard to risk policies, financial risk is defined and evaluated by the Group's finance department and tools are used to reduce risk by working with the Group's operating units. A written general legislation regarding risk management and written procedures covering various risk types such as exchange rate risk, interest risk, credit risk, use of derivative products and other non-derivative financial instruments and how to evaluate excess liquidity are established by the Board of Directors.

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Credit Risk Management

Credit Risk of Financial Instruments	**Receivables**					
	Trade Receivables		**Other Receivables**			
31 December 2021	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposit in Bank**	**Derivative instruments**
Maximum net credit risk as of balance sheet date (*)	2.522.152	2.165.759	545.670	68.732	3.003.076	1.499
- The part of maximum risk under guarantee with collateral etc (**)	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	2.432.169	2.165.759	545.670	68.732	-	1.499
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	89.983	-	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	3.003.076	-
- Past due (gross carrying amount)	-	19.855	-	14.458	-	-
- Impairment (-)	-	(19.855)	-	(14.458)	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	3.018.569	-
- Impairment (-)	-	-	-	-	(15.493)	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.
(**) Guarantees include letter of guarantees, guarantee notes and mortgages.

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Credit Risk Management (continued)

Credit Risk of Financial Instruments	**Receivables**					
	Trade Receivables		**Other Receivables**			
31 December 2020	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Third Party**
Maximum net credit risk as of balance sheet date (*)	2.040.146	1.051.854	2.163.423	51.682	3.835.082	37.340
- The part of maximum risk under guarantee with collateral etc (**)	-	1.171	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	1.970.772	1.051.758	2.163.423	51.682	-	37.340
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	69.374	96	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	3.835.082	-
- Past due (gross carrying amount)	-	12.341	-	8.536	-	-
- Impairment (-)	-	(12.341)	-	(8.536)	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	3.851.812	-
- Impairment (-)	-	-	-	-	(16.730)	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.
(**) Guarantees include letter of guarantees, guarantee notes and mortgages.

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Credit Risk Management (continued)

Credit Risk of Financial Instruments	**Receivables**					
	Trade Receivables		**Other Receivables**			
1 Ocak 2020	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Third Party**
Maximum net credit risk as of balance sheet date (*)	2.160.033	279.799	401.969	38.541	2.044.893	364.291
- The part of maximum risk under guarantee with collateral etc (**)	-	192.651	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	2.055.228	274.464	401.969	38.541	-	364.291
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	104.805	5.335	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	2.044.893	-
- Past due (gross carrying amount)	-	10.904	-	6.493	-	-
- Impairment (-)	-	(10.904)	-	(6.493)	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	2.051.914	-
- Impairment (-)	-	-	-	-	(7.021)	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.
(**) Guarantees include letter of guarantees, guarantee notes and mortgages.

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Credit Risk Management (continued)

Aging of overdue receivables as of 31 December 2021, of 31 December 2020, of 1 January 2020 is as follows:

	Receivables		
31 December 2021	**Trade Receivables**	**Other Receivables**	**Total Receivables**
Overdue between 1-30 days	54.542	-	54.542
Overdue between 1-3 months	33.771	-	33.771
Overdue between 3-12 months	1.670	-	1.670
Overdue between 1-5 years	-	-	-
Overdue more than 5 years	-	-	-
Total overdue receivables	**89.983**	**-**	**89.983**
The portion of under guarantee with collateral etc	**-**	**-**	**-**

	Receivables		
31 December 2020	**Trade Receivables**	**Other Receivables**	**Total Receivables**
Overdue between 1-30 days	31.978	-	31.978
Overdue between 1-3 months	36.176	-	36.176
Overdue between 3-12 months	1.316	-	1.316
Overdue between 1-5 years	-	-	-
Overdue more than 5 years	-	-	-
Total overdue receivables	**69.470**	**-**	**69.470**
The portion of under guarantee with collateral etc	**-**	**-**	**-**

	Receivables		
1 January 2020	**Trade Receivables**	**Other Receivables**	**Total Receivables**
Overdue between 1-30 days	21.622	-	21.622
Overdue between 1-3 months	46.182	-	46.182
Overdue between 3-12 months	42.336	-	42.336
Overdue between 1-5 years	-	-	-
Overdue more than 5 years	-	-	-
Total overdue receivables	**110.140**	**-**	**110.140**
The portion of under guarantee with collateral etc	**-**	**-**	**-**

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management

Prudent liquidity risk management means keeping sufficient cash, availability of sufficient credit transactions and fund resources, and the power to close market positions. The funding risk of current and prospective debt requirements is managed by maintaining the availability of sufficient number of high-quality lenders.

Liquidity risk charts

The table below shows the cash outflows that the Group will pay for its on-balance sheet financial liabilities as of 31 December 2021, 31 December 2020 and 1 January 2020, according to their remaining maturities.

Contractual maturity analysis 2021	**Carrying value**	**Total cash outflow according to contract (I +II+ III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**
Non-derivative financial liabilities					
Bank borrowing	8.648.478	8.831.098	47.502	1.414.862	7.368.734
Letter of credit borrowings	759.909	776.889	251.883	475.618	49.388
Issued Debt Instruments	8.737.087	10.780.410	-	586.259	10.194.151
Financial lease liabilities	31.351	36.614	7.321	21.962	7.331
Trade payables	2.270.421	2.270.421	2.258.325	12.096	-
Other payables	12.672	12.679	12.679	-	-
Total liabilities	**20.459.918**	**22.708.111**	**2.577.710**	**2.510.797**	**17.619.604**
Derivative instruments (Net)	**1.499**	**2.820**	**1.152**	**-**	**1.668**
Cash inflow regarding derivative instruments	1.935	102.652	79.205	-	23.447
Cash outflow regarding derivative instruments	(436)	(99.832)	(78.053)	-	(21.779)

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management(Continued)

Liquidity risk charts(Continued)

Contractual maturity analysis 2020	**Carrying value**	**Total cash outflow according to contract (I +II+ III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**
Non-derivative financial liabilities					
Bank borrowing	5.356.531	5.769.493	33.267	807.102	4.929.124
Letter of credit borrowings	276.545	287.607	150.089	137.518	-
Issued Debt Instruments	4.798.389	6.429.360	-	331.607	6.097.753
Financial lease liabilities	49.831	66.898	7.321	22.964	36.613
Trade payables	1.275.410	1.275.410	1.201.933	73.477	-
Other payables	5.531	5.531	5.531	-	-
Total liabilities	**11.762.237**	**13.834.299**	**1.398.141**	**1.372.668**	**11.063.490**
Derivative instruments (Net)	**35.448**	**33.057**	**201**	**670**	**32.186**
Cash inflow regarding derivative instruments	157.223	159.250	2.413	8.044	148.793
Cash outflow regarding derivative instruments	(121.775)	(126.193)	(2.212)	(7.374)	(116.607)

Contractual maturity analysis 2019	**Carrying value**	**Total cash outflow according to contract (I +II+ III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities						
Bank borrowing	6.396.105	6.623.001	151.857	5.535.196	870.943	65.005
Letter of credit borrowings	282.276	292.156	149.367	142.789	-	-
Financial lease liabilities	62.653	95.177	7.320	21.962	65.895	-
Trade payables	985.030	985.031	981.151	3.880	-	-
Other payables	5.107	5.401	5.401	-	-	-
Total liabilities	**7.731.465**	**8.000.766**	**1.295.096**	**5.703.827**	**936.838**	**65.005**
Derivative instruments (Net)	**364.291**	**333.571**	**(4.073)**	**339.496**	**(1.852)**	**-**
Cash inflow regarding derivative instruments	1.121.352	908.337	-	908.337	-	-
Cash outflow regarding derivative instruments	(757.061)	(574.766)	(4.073)	(568.841)	(1.852)	-

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

The expected maturities are same as the maturities per contracts.

Market Risk Management

Due to its activities, the Group is exposed to financial risks related to changes in foreign exchange rates and interest rates.

Market risks encountered at the group level are measured on the basis of sensitivity analysis.

In the current year, there has been no change in the market risk the Group is exposed to or the method of handling the risks encountered or the method used to measure these risks compared to the previous year.

Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk.

The Group is exposed to exchange rate risk due to changes in the exchange rates used in the conversion of foreign currency assets and liabilities into Turkish Lira. Currency risk arises due to future commercial transactions and the difference between recorded assets and liabilities. In this framework, the Group controls this risk with a natural method that occurs by netting foreign currency assets and liabilities. The management analyzes and monitors the Group's foreign currency position and ensures that measures are taken when necessary.

The group mainly faces USD, EUR, GBP, and CHF currency risks.

Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk.

The Group is exposed to exchange rate risk due to changes in the exchange rates used in the conversion of foreign currency assets and liabilities into Turkish Lira. Currency risk arises due to future commercial transactions and the difference between recorded assets and liabilities. In this framework, the Group controls this risk with a natural method that occurs by netting foreign currency assets and liabilities. The management analyzes and monitors the Group's foreign currency position and ensures that measures are taken when necessary. The Group is exposed to currency risk mainly in USD, EUR, GBP and CHF.

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

The distribution of the Group's monetary and non-monetary assets in foreign currency and monetary and non-monetary iabilities as of the balance sheet date is as follows:

	31 December 2021				
	TL	**USD**	**EUR**	**GBP**	**CHF**
1. Trade Receivables	1.457.685	95.147	11.512	879	-
2a. Monetary Financial Assets	9.502.941	707.152	2.916	1.801	66
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	221.518	732	13.923	6	110
4. CURRENT ASSETS	**11.182.144**	**803.031**	**28.351**	**2.686**	**176**
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	**11.182.144**	**803.031**	**28.351**	**2.686**	**176**
10. Trade Payables	561.364	11.701	21.082	3.970	1.100
11. Financial Liabilities	2.680.036	47.117	136.014	-	-
12a. Other Monetary Financial Liabilities	1.436	50	51	-	-
12b. Other Non-monetary Financial Liabilities	23.007	1.691	31	-	-
13. CURRENT LIABILITIES	**3.265.843**	**60.559**	**157.178**	**3.970**	**1.100**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	14.978.806	718.408	358.140	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**14.978.806**	**718.408**	**358.140**	-	-
18. TOTAL LIABILITIES	**18.244.649**	**778.967**	**515.318**	**3.970**	**1.100**
19. Net Assets of Off Statement of Financial Position (19a-19b)	-	-	-	-	-
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(7.062.505)**	**24.064**	**(486.967)**	**(1.284)**	**(924)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**(7.261.016)**	**25.023**	**(500.859)**	**(1.290)**	**(1.034)**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	79.205	-	5.250	-	-

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk management(Continued)

	31 December 2020				
	TL	**USD**	**EUR**	**GBP**	**CHF**
1. Trade Receivables	678.224	63.163	21.474	2.126	-
2a. Monetary Financial Assets	8.977.614	1.143.477	64.569	172	70
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	15.941	1.206	591	25	183
4. CURRENT ASSETS	**9.671.779**	**1.207.846**	**86.634**	**2.323**	**253**
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	**-**	**-**	**-**	**-**	**-**
9. TOTAL ASSETS	**9.671.779**	**1.207.846**	**86.634**	**2.323**	**253**
10. Trade Payables	197.536	13.124	9.408	1.448	248
11. Financial Liabilities	1.306.065	47.038	106.660	-	-
12a. Other Monetary Financial Liabilities	1.980	120	122	-	-
12b. Other Non-monetary Financial Liabilities	3.737	395	93	-	-
13. CURRENT LIABILITIES	**1.509.318**	**60.677**	**116.283**	**1.448**	**248**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	8.783.738	715.819	391.797	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**8.783.738**	**715.819**	**391.797**	**-**	**-**
18. TOTAL LIABILITIES	**10.293.056**	**776.496**	**508.080**	**1.448**	**248**
19. Net Assets of Off Statement of Financial Position (19a-19b)	**135.119**	**-**	**15.000**	**-**	**-**
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(135.119)	-	(15.000)	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(486.158)**	**431.350**	**(406.446)**	**875**	**5**
(1+2a+5+6a-10-11-12a-14-15-16a)	**(633.481)**	**430.539**	**(421.944)**	**850**	**(178)**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	37.340	-	4.145	-	-

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk management(Continued)

	1 January 2020				
	TL	**USD**	**EUR**	**GBP**	**CHF**
1. Trade Receivables	423.270	55.995	10.286	2.860	-
2a. Monetary Financial Assets	5.402.240	902.474	5.276	796	14
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	67.077	276	9.815	20	1
4. CURRENT ASSETS	**5.892.587**	**958.745**	**25.377**	**3.676**	**15**
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	**-**	**-**	**-**	**-**	**-**
9. TOTAL ASSETS	**5.892.587**	**958.745**	**25.377**	**3.676**	**15**
10. Trade Payables	121.571	11.259	6.835	917	345
11. Financial Liabilities	5.743.781	259.148	632.182	-	-
12a. Other Monetary Financial Liabilities	7.871	1.186	123	1	-
12b. Other Non-monetary Financial Liabilities	2.867	393	80	-	-
13. CURRENT LIABILITIES	**5.876.090**	**271.986**	**639.220**	**918**	**345**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	645.494	-	97.058	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**645.494**	**-**	**97.058**	**-**	**-**
18. TOTAL LIABILITIES	**6.521.584**	**271.986**	**736.278**	**918**	**345**
19. Net Assets of Off Statement of Financial Position (19a-19b)	**1.499.055**	**116.000**	**65.000**	**-**	**-**
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(1.499.055)	(116.000)	(65.000)	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**870.058**	**802.759**	**(645.901)**	**2.758**	**(330)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**(693.207)**	**686.876**	**(720.636)**	**2.738**	**(331)**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	481.526	46.403	13.060	-	-

The export and import amounts realized by the Group as of 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	**1 January – 31 December 2020**
Total exports	2.837.277	2.079.909
Total imports	3.589.007	1.898.941

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Sensitivity to currency risk

The Group is exposed to currency risk mainly in USD and EURO. The table below shows the Group's sensitivity to 10% change in USD and EURO. The 10% rate used constitutes a logical bar for the company as it is limited to the 10% capital commitment limit. Sensitivity analyzes regarding the exchange rate risk that the Company is exposed to at the reporting date are determined according to the change at the beginning of the financial year and are kept constant throughout the reporting period. Negative amount represents the decrease effect of 10% increase in value of USD and EUR against TL on profit before tax.

	31 December 2021		**31 December 2020**	
	Income / Expense		Income / Expense	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of %10 appreciation of USD against TL				
1 - US Dollar net asset / liability	33.353	(33.353)	316.037	(316.037)
2- Part of hedged from US Dollar risk (-)				
3- US Dollar net effect (1 +2)	**33.353**	**(33.353)**	**316.037**	**(316.037)**
In case of %10 appreciation of EUR against TL				
4 -Euro net asset / liability	(755.631)	755.631	(366.571)	366.571
5 - Part of hedged from Euro risk (-)				
6- Euro net effect (4+5)	**(755.631)**	**755.631**	**(366.571)**	**366.571**
Total (3 + 6)	**(722.278)**	**722.278**	**(50.534)**	**50.534**

Interest risk management

The Group's borrowing at fixed and floating interest rates exposes the Group to interest rate risk. This risk is managed by the Group by making an appropriate distribution between fixed and floating rate debts through interest rate swap agreements. Hedging strategies are evaluated regularly to ensure that they are consistent with the interest rate expectation and defined risk. Thus, it is aimed to establish an optimal hedging strategy, to review the position of the balance sheet and to keep interest expenditures under control at different interest rates.

Interest rate sensitivity

The sensitivity analyzes below are determined according to the interest rate risk exposed at the reporting date and the anticipated interest rate change at the beginning of the financial year and are kept constant throughout the reporting period. The Group management expects a 1% fluctuation in the Euribor/Libor interest rate, which is the interest on floating rate bank debt. The said amount is also used in the reporting made to the senior management within the Group.

If there is a 1% change in the Euribor/libor interest rate and all other variables are kept constant, the Group's net profit for the accounting period will decrease by TL 2.677 thousand (net profit for the period 31 December 2020 will decrease by TL 2.200 thousand). This is due to the risks that the Company is exposed to due to its variable rate financial debts; If the Libor/Euribor interest rate decreases by 1%, the Group's net profit will increase by TL 2.677 thousand in the accounting period (Net profit for the period 31 December 2020 will increase by TL 2.200 thousand.)

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

35. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

The financial instruments that are sensitive to interest rate are as follows:

Fixed interest rate financial instruments		**31 December 2021**	**31 December 2020**	**1 January 2020**
Financial Assets	Cash and Cash Equivalents	1.434.427	3.183.073	1.706.413
	Non-trade receivables from related parties	545.670	2.163.423	401.969
	Other Receivables	68.732	51.682	38.541
Financial Liabilities	Borrowings	11.460.710	6.272.680	1.676.678
	Other payables to Related Parties	-	120	104
	Financial lease liabilities	31.351	49.831	62.653
	Other Payables	12.672	5.411	5.297
Floating interest rate financial instruments				
Financial Liabilities	Borrowings	6.684.764	4.158.785	4.917.375

Other price risk

The Group's operations are primarily exposed to financial risks related to changes in foreign exchange rates and interest rates. Price risk is closely monitored by the Group through the review of market information and appropriate valuation methods. There has been no change in the market risk that the Group is exposed to in the current year, or in the management and measurement methods of the risks it is exposed to, compared to the previous year.

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

36. FINANCIAL INSTRUMENTS

Classes and fair values of financial instruments

The fair value of financial assets and liabilities is determined as follows:

- First level: Financial assets and liabilities are valued at stock prices traded in active markets for identical assets and liabilities.
- Second level: Financial assets and liabilities are valued from the inputs used to find the directly or indirectly observable market price of the related asset or liability other than the market price specified at the first level.
- Third level: Financial assets and liabilities are valued from inputs that are not based on market observable data used to determine the fair value of the asset or liability.

The level classifications of financial assets and liabilities shown at their fair values are as follows:

Financial assets	31 December 2021	Fair value hierarchy as of reporting date Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at fair value through profit and loss				
- Available for sale	6.415.069	1.843	6.392.264	20.962
Financial assets at fair value through comprehensive income statement				
- Derivative instruments	1.499	-	1.499	-
- Shares	1.878.278	-	-	1.878.278
Total	**8.294.846**	**1.843**	**6.393.763**	**1.899.240**

Financial assets	31 December 2020	Fair value hierarchy as of reporting date Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at fair value through profit and loss				
- Available for sale	3.639.674	49.044	3.585.948	4.682
Financial assets at fair value through comprehensive income statement				
- Derivative instruments	37.340	-	37.340	-
- Shares	977.906	-	-	977.906
Total	**4.654.920**	**49.044**	**3.623.288**	**982.588**
Financial liabilities				
Financial assets at fair value through comprehensive income statement				
- Derivative instruments	1.892	-	1.892	-
Total	**1.892**	**-**	**1.892**	**-**

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

36. FINANCIAL INSTRUMENTS(Continued)

		Fair value hierarchy as of reporting date		
Financial assets	**31 December 2019**	**Level 1 TL**	**Level 2 TL**	**Level 3 TL**
Financial assets at fair value through comprehensive income statement				
- Available for sale	3.057.659	806	3.053.379	3.474
Financial assets at fair value through comprehensive income statement				
- Derivative instruments	364.291	-	364.291	-
- Shares	945.829	-	-	945.829
Total	**4.367.779**	**806**	**3.417.670**	**949.303**

It is anticipated that the book values of trade payables, other payables and loan payables reflect their fair values.

The carrying value of the fixed-rate Eurobonds (Note 6) issued by the Company to be traded on Dublin Euronext, with a nominal value of USD 650.000.000, is TL 366.c501 thousand below their fair value based on the quoted prices in active markets (Level 1).

37. EVENTS AFTER THE BALANCE SHEET DATE

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.