ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023 (ORIGINALLY ISSUED IN TURKISH)

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

ASSETS	Note	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
Current Assets		**36,987,249**	**41,773,214**
Cash and Cash Equivalents	4	11,657,222	15,249,460
Financial Investments	5	4,230	346,842
Trade Receivables			
- Trade Receivables from Related Parties	7,32	6,733,195	6,756,599
- Trade Receivables from Third Parties	7	5,333,616	5,417,384
Other Receivables			
- Other Receivables from Related Parties	8,32	1,995,328	1,968,715
- Other Receivables from Third Parties	8	168,841	597,788
Derivative Instruments	9	592,730	1,228,946
Inventories	10	8,391,268	8,516,384
Prepaid Expenses			
- Prepaid Expenses to Third Parties	18	747,905	706,164
Current Income Tax Assets		151,906	22,256
Other Current Assets	20	1,211,008	962,676
Non-Current Assets		**24,602,395**	**24,375,958**
Financial Investments	5	4,009,637	4,427,784
Property, Plant and Equipment	11	16,274,328	14,702,973
Intangible Assets			
- Goodwill	12	1,868,341	1,849,100
- Other Intangible Assets	13	1,419,551	1,480,106
Prepaid Expenses	18	221,474	212,396
Deferred Tax Asset	30	809,064	1,703,599
TOTAL ASSETS		**61,589,644**	**66,149,172**

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
Current Liabilities		**15,447,492**	**27,825,778**
Short-Term Borrowings	6	1,140,185	1,524,283
Short-Term Portion of Long-Term Financial Liabilities	6	4,320,464	17,262,280
Trade Payables			
- Trade Payables to Related Parties	7,32	2,290,127	1,778,653
- Trade Payables to Third Parties	7	5,344,931	5,077,988
Payables Related to Employee Benefits	19	284,938	218,112
Other Payables			
- Other Payables to Third Parties	8	5,328	4,984
Derivative Instruments	9	-	37,443
Deferred Income	21	80,875	135,542
Current Income Tax Liabilities	30	502,249	431,628
Short-Term Provisions			
- Short-Term Provisions for Employee Benefits	17	521,687	426,785
- Other Short-Term Provisions	15	538,574	578,631
Other Current Liabilities	20	418,134	349,449
Non-Current Liabilities		**26,340,179**	**22,680,279**
Long-Term Borrowings	6	25,102,592	20,348,024
Long-Term Provisions			
- Provisions for Employee Benefits	17	1,032,464	1,258,484
Deferred Tax Liability	30	205,123	1,073,771
SHAREHOLDERS' EQUITY	22	**19,801,973**	**15,643,115**
Equity Attributable To Equity Holders' of the Parent		**17,971,432**	**12,035,858**
Paid-in Capital		369,276	342,000
Share Capital Adjustment Differences		5,989,062	5,984,921
Share premium		3,335,060	-
Effect of Business Combinations Under Common Control		(16,462,461)	(15,270,139)
Accumulated Other Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss			
- Losses on Remeasurement of Defined Benefit Plans		(579,464)	(381,840)
- Increases on Revaluation of Plant, Property and Equipment		2,030,961	1,800,698
- Earnings from Investments in Equity Financial Instruments		2,022,718	1,939,191
Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss			
- Foreign Currency Translation Differences		(350)	(1,064,911)
- Cash Flow Hedging (Losses)/Gains		(859,763)	59,651
Restricted Reserves Appropriated from Profit		1,527,992	1,406,764
Prior Years' Profit		17,219,523	16,234,730
Net Profit for the Period		3,378,878	984,793
Non-Controlling Interests		1,830,541	3,607,257
TOTAL LIABILITIES AND EQUITY		**61,589,644**	**66,149,172**

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

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

	Note	Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
Revenue	23	55,836,141	51,981,208
Cost of Sales (-)	23	(39,659,581)	(40,653,018)
GROSS PROFIT		**16,176,560**	**11,328,190**
General Administrative Expenses (-)	24, 25	(1,388,277)	(1,238,763)
Marketing Expenses (-)	24, 25	(5,133,098)	(4,389,641)
Research and Development Expenses (-)	24, 25	(238,705)	(164,649)
Other Operating Income	26	2,745,639	2,401,751
Other Operating Expenses (-)	26	(1,169,204)	(878,881)
OPERATING PROFIT		**10,992,915**	**7,058,007**
Income from Investment Activities	27	7,623,622	7,811,620
Expenses from Investment Activities (-)	27	(418,788)	(3,247,512)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		**18,197,749**	**11,622,115**
Financial Income	28	318,356	339,665
Financial Expenses (-)	29	(18,214,120)	(16,430,234)
Net Monetary Gain		4,475,153	5,841,449
PROFIT BEFORE TAX FROM OPERATIONS		**4,777,138**	**1,372,995**
Tax (Expense)/Income		**(554,374)**	**56,511**
Current Tax Expense (-)	30	(1,297,001)	(1,300,719)
Deferred Tax Income	30	742,627	1,357,230
PROFIT FOR THE PERIOD		**4,222,764**	**1,429,506**
Distribution of the Profit for the Period			
Non-Controlling Interest		843,886	444,713
Equity Holders of the Parent		3,378,878	984,793
Earnings Per Share	32	9.15	2.67

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2023 AND 2022

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

	Audited Current Period 1 January- 31 December 2023	**Audited Prior Period 1 January- 31 December 2022**
PROFIT FOR THE PERIOD	**4,222,764**	**1,429,506**
OTHER COMPREHENSIVE INCOME		
Not to be Reclassified To Profit or Loss	**107,338**	**693,018**
Losses on Remeasurement of Defined Benefit Plans	(212,394)	(481,295)
Property, Plant and Equipment Revaluation Increases	1,903,232	1,928,655
Losses from Investments in Equity Financial Instruments	(285,291)	(691,837)
Taxes on Other Comprehensive Income That Will not be Reclassified to Profit or Loss		
Losses on Remeasurement of Defined Benefit Plans, Tax Effect	51,637	97,048
Property, Plant and Equipment Revaluation Increases Tax Effect	(1,707,900)	(194,145)
Losses from Investments in Equity Financial Instruments, Tax Effect	358,054	34,592
Items to be Reclassified to Profit or Loss	**28,567**	**(2,191,530)**
Foreign Currency Translation Differences	947,981	(2,250,384)
(Losses)/Gains on Cash Flow Hedges	(1,220,914)	73,569
Taxes on Other Comprehensive Income That Will be Reclassified to Profit or Loss		
(Losses)/Gains on Cash Flow Hedges, Tax Effect	301,500	(14,715)
OTHER COMPREHENSIVE INCOME	**135,905**	**(1,498,512)**
TOTAL COMPREHENSIVE INCOME	**4,358,669**	**(69,006)**
Distribution of Total Comprehensive Income		
Non-Controlling Interests	725,345	(66,728)
Equity Holders of the Parent	3,633,324	(2,278)

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

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

	Paid-in Capital	Share Capital Adjustment Differences	Share Premiums	Effect of Business Combinations Under Common Control	Foreign Currency Translation Differences	Cash Flow Hedge (Loss)/ Gain	Revaluation / Value Increase Funds of Property, Plant and Equipment	Loss on Remeasurement of Defined Benefit Plans	Earnings from Investments in Equity Financial Instruments	Restricted Reserves Appropriated from Profit	Net / (Loss)/Profit for the Period	Prior Periods' Profit	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total
As of 1 January 2022	**342,000**	**5,984,921**	**-**	**(15,270,139)**	**660,548**	**1,305**	**115,793**	**(34,219)**	**2,596,433**	**1,406,764**	**(112,559)**	**16,347,289**	**12,038,136**	**3,872,753**	**15,910,889**
Transfers	-	-	-	-	-	-	-	-	-	-	112,559	(112,559)	-	-	-
Total Comprehensive Income	-	-	-	-	(1,725,459)	58,346	1,684,905	(347,621)	(657,242)	-	984,793	-	(2,278)	(66,728)	(69,006)
Dividends Paid (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	(198,768)	(198,768)
As of 31 December 2022	**342,000**	**5,984,921**	**-**	**(15,270,139)**	**(1,064,911)**	**59,651**	**1,800,698**	**(381,840)**	**1,939,191**	**1,406,764**	**984,793**	**16,234,730**	**12,035,858**	**3,607,257**	**15,643,115**
As of 1 January 2023	**342,000**	**5,984,921**	**-**	**(15,270,139)**	**(1,064,911)**	**59,651**	**1,800,698**	**(381,840)**	**1,939,191**	**1,406,764**	**984,793**	**16,234,730**	**12,035,858**	**3,607,257**	**15,643,115**
Transfers	-	-	-	-	-	-	-	-	-	-	(984,793)	984,793	-	-	-
Total Comprehensive Income	-	-	-	-	1,064,561	(919,414)	195,331	(156,366)	70,334	-	3,378,878	-	3,633,324	725,345	4,358,669
Transactions Under Common Control (**)	27,276	4,141	3,335,060	(1,192,322)	-	-	34,932	(41,258)	13,193	121,228	-	-	2,302,250	(2,302,250)	-
Dividends Paid (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	(199,811)	(199,811)
As of 31 December 2023	**369,276**	**5,989,062**	**3,335,060**	**(16,462,461)**	**(350)**	**(859,763)**	**2,030,961**	**(579,464)**	**2,022,718**	**1,527,992**	**3,378,878**	**17,219,523**	**17,971,432**	**1,830,541**	**19,801,973**

(*) Food Manufacturers Company, a subsidiary of the Group, paid dividend amounting to TL 444,024 thousand on 19 April 2023 with the decision of the Board of Directors. TL 199,811 thousand of the related amount is recognised under non-controlling interests.(31 December 2022: TL 437,896 thousand, non-controlling interest: TL 198,768 thousand)

(**) On 31 August 2023, the Company merged with Ülker Çikolata Sanayi A,Ş., in which the Company has 91.7% shares, and Biskot Bisküvi Gıda Sanayi ve Ticaret A,Ş,, in which the Company has 73.9% shares, The effects of this merger are recognised as "Effect of Business Combinations Under Common Control" in the statement of changes in shareholders equity.

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2023 AND 2022

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

	Note	**Audited Current Period 1 January- 31 December 2023**	**Audited Prior Period 1 January- 31 December 2022**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		4,222,764	1,429,506
Adjustments to Reconcile Net Profit for the Period			
Adjustments Related to Depreciation and Amortization			
Depreciation of property, plant and equipment	11	1,174,464	1,154,835
Amortisation of intangible assets	13	9,644	12,932
Adjustments Related to Impairment Loss (Reversal)			
Adjustments for impairment of receivables	7	16,493	20,936
Financial investment value (increase)/decrease	27	(5,604)	3,056,696
Provision for inventory impairment	10	44,358	43,105
Adjustments Related to Provisions			
Adjustments Related to Provisions for Employee Benefits			
Provision for employment termination benefits	17	276,606	249,926
Unused vacation accrual	17	153,375	150,134
Performance premium accrual	17	423,224	246,322
Adjustments Related to Provisions (Reversal) for Lawsuits and/or Penalties	15	633	(1,048)
Adjustments Related to Other Provisions (net)		(34,969)	(188,360)
Adjustments Related to Interest (Income) and Expenses			
Interest income	27	(1,209,731)	(718,621)
Interest expenses	29	3,970,450	4,259,874
Adjustments Related to Tax Expenses/(Income)/	30	554,374	(56,511)
Adjustments Related to (Gains) on Disposals of Non-Current Assets			
Adjustments related to (gains) arising from sale of property, plant and equipment	27	(4,471)	(55,502)
Adjustments for Other Items Related to Investing or Financing Activities			
Financial liabilities exchange rate change (net)	28, 29	13,637,410	11,649,296
Foreign exchange differences from investing activities (net)	27	(5,960,498)	(6,825,090)
Commission expenses and financial income (net)		287,904	185,979
Derivative instruments transaction income (net)		-	(4,575)
Other Adjustments to Reconcile Profit/(Loss)			
Rent income	27	(24,530)	(21,591)
Adjustments related to monetary (gains)		(3,845,709)	(3,996,142)
Net cash before changes in assets and liabilities		**13,686,187**	**10,592,101**

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

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

	Note	Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
Changes in Working Capital			
(Increase) in trade receivables		(1,552,260)	(1,769,460)
(Increase) in receivables from related parties		(2,632,643)	(2,600,776)
(Increase) in inventories		(2,509,948)	(2,705,039)
(Increase) in other receivables and other assets		(669,683)	(1,001,210)
Increase in trade payables		1,569,607	1,669,235
Increase in payables to related parties		1,210,670	995,222
Increase in other payables and liabilities		303,000	417,085
Cash generated from activities		**9,404,930**	**5,597,158**
Payments Related to Provisions For Employee Benefits			
Employment termination benefit paid	17	(348,617)	(111,688)
Unused vacation paid	17	(106,639)	(78,592)
Performance premium paid	17	(242,600)	(128,354)
Lawsuits Provision Paid	15	-	(324)
Taxes Paid		(1,356,030)	(1,256,415)
Cash generated from operating activities		**7,351,044**	**4,021,785**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows from sales of property, plant and equipment and intangible assets		90,426	190,337
Cash outflows from purchase of property, plant and equipment		(1,198,117)	(1,325,690)
Cash outflows from purchase of intangible assets	13	(3,518)	(11,081)
Changes in non-trade receivables from related parties		(800,523)	(1,069,599)
Interest received		1,209,731	718,621
Other cash advances given and payables		(93,201)	(75,627)
Cash inflows from the sale of shares or debt instruments of other businesses or funds		350,625	11,888,145
Cash outflows from the purchase of shares or debt instruments of other businesses or funds		(8,820)	(8)
Cash generated from leases		24,530	21,592
Net cash (used in)/generated from investing activities		**(428,867)**	**10,336,690**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows from borrowings		1,168,555	3,945,711
Repayments of borrowings		(8,067,427)	(5,945,987)
Cash inflow from derivate instruments		695,576	4,576
Interest paid		(3,670,666)	(3,851,840)
Dividend paid		(199,811)	(198,768)
Commission paid		(287,904)	(185,979)
Net cash used in financing activities		**(10,361,677)**	**(6,232,287)**
INFLATION EFFECT ON CASH AND CASH EQUIVALENTS		**(5,994,627)**	**(3,182,079)**
THE EFFECT OF FOREIGN EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS		**5,841,889**	**2,172,112**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(3,592,238)**	**7,116,221**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	**15,249,460**	**8,133,239**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**11,657,222**	**15,249,460**

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

(Amounts expressed in thousands of 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") comprise of the parent Ülker Bisküvi Sanayi A.Ş. ("the Company") and thirteen subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2022: 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. went public by merging with Anadolu Gıda Sanayi A.Ş., which has been traded on Borsa Istanbul A.Ş. ("BIST") (Former Name: Istanbul Stock Exchange ("ISE") since 30 October 1996, under its own name 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 2023, the total number of people employed by the Group 9,794, which contain 2,172 employees who worked as subcontractors (31 December 2022: 9,489, subcontractor: 1,914).

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

As of 31 December 2023 and 31 December 2022, the names and percentages of the shareholders holding more than 5% of the Company's share capital are as follows:

	31 December 2023		**31 December 2022**	
Title of Shareholders	**Share**	**Percentage**	**Share**	**Percentage**
pladis Foods Limited	174,420	47.23%	174,420	51.00%
Other	194,856	52.77%	167,580	41.52%
	369,276	**100%**	**342,000**	**100%**

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

As of 31 December 2023 and 31 December 2022, the details of the subsidiaries ("Subsidiaries") under consolidation in terms of direct and effective share of ownership and principal business activities are as follows:

	31 December 2023		31 December 2022		
Subsidiaries	**Ratio of Direct Ownership**	**Ratio of Effective Ownership**	**Ratio of Direct Ownership**	**Ratio of Effective Ownership**	**Nature of Operation**
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. (*)	-	-	73.9%	73.9%	Manufacturing
Ülker Çikolata Sanayi A.Ş. (*)	-	-	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
pladis Gulf 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

(*) On 31 August 2023, the Company merged with Ülker Çikolata Sanayi A.Ş., in which the Company has 91.7% shares, and Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş., in which the Company has 73.9% shares. The effects of this merger are recognised as "Effect of Business Combinations Under Common Control" in the statement of changes in shareholders equity.

(**) On 11 December 2023, Amir Global Trading FZE changed its legal entity name to pladis Gulf FZE.

Approval of consolidated financial statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 11 March 2024. The General Assembly has the authority to amend the consolidated financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED 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, the financial statements have been prepared in accordance with the "Announcement on TFRS Taxonomy" published by POA and the resolution of CMB about the Illustrations of Financial Statements and Application Guidance published on 4 October 2022.

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of the Presentation (cont'd)

Principles for Preparation of Financial Statements and Significant Accounting Policies (cont'd)

The Company and Subsidiaries in Türkiye 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. The consolidated financial statements have been prepared under historical cost conventions except for land, buildings, derivatives, financial assets and financial liabilities which are carried at fair value.

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 each subsidiary are expressed in Turkish Lira, which is the presentation currency of the Company.

Financial Reporting in Hyperinflationary Economies

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

In accordance with the standard, financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the purchasing power of that currency at the balance sheet date. For comparative purposes, comparative information in the prior period financial statements is expressed in terms of the measuring unit current at the end of the reporting period. Therefore, the Group has presented its consolidated financial statements as at 31 December 2022 in terms of the purchasing power of the currency as at 31 December 2023.

In accordance with the CMB's resolution No: 81/1820 dated 28 December 2023, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 beginning with the annual financial statements for the accounting periods ending on 31 December 2023.

The restatement in accordance with TAS 29 has been made by using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As at 31 December 2023, the indices and adjustment factors used in the restatement of the consolidated financial statements are as follows

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31.12.2023	1,859.38	1.00000	268%
31.12.2022	1,128.45	1.64773	156%
31.12.2021	686.95	2.70672	74%

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of the Presentation (cont'd)

Financial Reporting in Hyperinflationary Economies (cont'd)

The main components of the Group's restatement for financial reporting purposes in hyperinflationary economies are as follows:

- The consolidated financial statements for the current period presented in TL are expressed in terms of the purchasing power of TL at the balance sheet date and the amounts for the previous reporting periods are adjusted and expressed in accordance with the purchasing power of TL at the end of the reporting period.

- Monetary assets and liabilities are not adjusted since they are currently expressed in terms of the purchasing power at the balance sheet date. Where the inflation-adjusted carrying amounts of non-monetary items exceed their recoverable amounts or net realisable values, the provisions of TAS 36 Impairment of Assets and TAS 2 Inventories are applied, respectively.

- Non-monetary assets, liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted by using the relevant adjustment factors.

- All items in the statement of comprehensive income, except for the effect of non-monetary items in the balance sheet on the statement of comprehensive income, have been adjusted by applying the coefficients calculated over the periods in which the income and expense accounts were initially recognised in the financial statements.

- The effect of inflation on the Group's net monetary asset position in the current period is recognised in the gain/(loss) on net monetary position in the consolidated income statement.

Basis of Consolidation

(a) Subsidiaries

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-Group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized 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) Loss of subsidiary control

When the Group loses control of a subsidiary, a gain or loss is recognized 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 recognized 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.

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 New and Amended Turkish Accounting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to TAS 12	*International Tax Reform — Pillar Two Model Rules*

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *International Tax Reform — Pillar Two Model Rules*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 New and Amended Turkish Accounting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

TFRS 17	*Insurance Contracts*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to TAS 1	*Non-current Liabilities with Covenants*
Amendments to TAS 7 and TFRS 7	*Supplier Finance Arrangements*
TSRS 1	*General Requirements for Disclosure of Sustainability-related Financial Information*
TSRS 2	*Climate-related Disclosures*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 Insurance Contracts on 1 January 2025.

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 — Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 New and Amended Turkish Accounting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

Amendments to TFRS 16 ***Lease Liability in a Sale and Leaseback***

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 ***Non-current Liabilities with Covenants***

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to TAS 7 and TFRS 7 ***Supplier Finance Arrangements***

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 ***General Requirements for Disclosure of Sustainability-related Financial Information***

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 ***Climate-related Disclosures***

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies

The basic accounting policies applied while preparing the consolidated financial statements are given below. These policies have been applied consistently for the years presented, unless stated otherwise:

Revenue

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

In accordance with TFRS 15 "Customer Contract Revenue Standard", the Group recognizes revenue in the financial statements in the five-step model below:

- Identification of contracts with customers,
- Identification of performance obligations in contracts,
- Determining the transaction price in contracts,
- Distribution of transaction fee to performance obligations,
- Revenue recognition.

In each contract with customers, the Group evaluates services committed and determines each commitment given for the transfer of relevant goods and services as another performance obligation. For each performance obligation, whether the performance obligation is performed as extended over time or in a particular time, is determined in the beginning of a contract. If the Group transfers the control of goods and services in time and accordingly fulfills its performance obligations as extended over time, the progress related to fulfillment of the relevant performance obligations is measured and recognized as extended over time. Revenue related to the performance obligations that are the transfers of goods and services by nature is recognized when the control of the goods and services is transferred to the customer. 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 the 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 recognized on an accrual basis as other operating income.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Revaluations are for a period of no longer than 5 years so as not to differ materially from the book value of the fair value to be determined at the reporting date. All other property, plant and equipment are shown at historical cost less accumulated depreciation. Cost includes the direct asset and attributable acquisition costs.

Properties in the course of construction for production, leases or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees. Borrowing costs are capitalized for assets that necessarily takes a substantial period of time to get ready for its intended use or sale. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment 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.

Financial Leasing Transactions

Leases in which a significant portion of the risks and rewards of ownership belong to the lessee are classified as finance leases. Other leases are classified as operating leases.

Leases - The Group as lessor

Finance lease receivables are recorded up to the Group's net investment in the lease. Finance lease income is allocated to accounting periods to provide a constant periodic rate of return on the Group's finance lease net investment.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Financial Leasing Transactions (cont'd)

Leases - The Group as lessor (cont'd)

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.

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. Business 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 - 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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Impairment of Non-Financial Assets (cont'd)

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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

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.

Financial Liabilities

(c) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognised at fair value and remeasured at each reporting date at fair value at the balance sheet date. Changes in fair value are recognised in the statement of profit or loss. The net gain or loss recognised in the statement of profit or loss includes any interest paid on the financial liability.

Recognition and de-recognition of financial assets and liabilities

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 marketplace.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Financial Liabilities (cont'd)

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 borrowings

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 receivables

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.

Effects of Currency Change

In preparing the consolidated financial statements of the Group, transactions in currencies other than TL (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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.3 Summary of Significant Accounting Policies (cont’d)

Effects of Currency Change (cont’d)

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 recognized 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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

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 Parties

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 company 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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Government Grants and Incentives

Grants from the government are recognized 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 recognized as income on a consistent basis throughout the relevant periods when they match the costs they would cover.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are recognized to the income statement on a straight- line basis over the expected lives of the related assets, or alternatively netted off with the cost of related asset.

Corporate Taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax rates which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured 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. 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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Corporate Taxes (cont'd)

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 arising from the initial recognition of business combinations or 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. In business combinations, tax effects are considered when calculating goodwill or determining the portion of the purchaser's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary exceeding the acquisition cost.

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 Turkish Accounting Standard No. 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. The actuarial gains and losses are recognized in other comprehensive income.

Statement of Cash Flows

Cash flows during the period are classified and reported as operating, investing and financing activities in the statement of cash flows.

Cash flows from main activities represent the cash flows of Group companies arising from their operations related to their main activities.

Cash flows related to investing activities represent the cash flows that the Group uses and generates in its investment activities (fixed investments and financial investments).

Cash flows from financing activities show the resources used by the Group in financing activities and the repayments of these resources.

Capital and Dividends

Ordinary shares are classified as equity. Dividends distributed on ordinary shares are recorded by deducting from retained earnings in the period when the dividend decision is taken.

Equity Items

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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Derivatives and Hedging Activities

Derivatives are recorded at fair value at the initial contract date and are measured at fair value at the end of each reporting period after initial recognition. Accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, on the nature of the hedged item. The Group designates certain derivatives as either:

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

ii. Hedges of a particular risk associated with the cash flows of recognized 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).

At the beginning of the hedging transaction, the Group documents the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy that gives rise to the various hedging transactions. The Group also documents its assessment that the derivatives it uses in the hedge are, and will continue to be, highly effective at offsetting changes in the fair value or cash flows of the hedged asset, both at the start of the hedge and subsequently.

The fair values of various derivative financial instruments used for hedge accounting purposes are disclosed in Note 9. Movements in the hedge fund under equity are shown in Note 34. The overall fair value of a derivative used for hedge accounting is classified as a non-current asset or a non-current liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or current liability if it is less than 12 months. Derivatives for trading purposes are classified as current assets or current liabilities.

The effective portion of the fair value changes of the derivatives that meet the cash flow hedge conditions and are defined in this way are recognized in other comprehensive income and collected in the funds under equity. The gain and loss of the ineffective portion is recognized directly in profit or loss in other income or other expenses.

Amounts accumulated under 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 recognized in profit or loss within "finance expenses".

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit/loss on disposal.

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 12).

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Significant Accounting Judgement, Estimate and Assumptions

In the process of applying the entity's accounting policies, which are described in Note 2.3, management has made the following judgments that have the most significant effect 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 comprise from products distribution rights in Saudi Arabia. Discounted cash flow studies used to identify the fair value of repurchased rights, a discount rate of 9.9% and a final growth rate of 1.6% were used (2022: 9.9% discount rate and 1.6% final growth rate). A change in discount rate by 1% effects amount of goodwill by TL 118,647 thousand (2022 : TL 242,402 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 13). 2.6% royalty rate and 2.4% 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 an 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 2023, the Group has accounted for deferred tax asset amounting to TL 37,349 thousand in the consolidated financial statements based on the expansion and product diversification investment (2022: TL 64,387 thousand).

Based on available evidence, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future profit projection; cumulative losses in current year; carryforward losses and other tax assets expiring; and tax-planning strategies that would, if necessary, be implemented.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Significant Accounting Judgement, Estimate and Assumptions (cont'd)

Deferred taxes (cont'd)

As of 31 December 2023, the Group has accounted for deferred tax assets amounting to TL 1,686,415 thousand, calculated over the carry forward tax losses amounting to TL 6,745,658 thousand, in the consolidated financial statements. As of 31 December 2022, deferred tax asset amounting to TL 1,573,344 thousand, calculated over the carry forward tax losses amounting to TL 7,862,277 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 2023, was calculated by an independent management consultancy that is not affiliated with this Group, whose compliance with the valuation competency criteria determined by the CMB has been evaluated, using market data, using arm's-length similar transactions, taking the fair values of similar instruments as a reference, and discounted cash flow analysis. In the current period, discounted cash flow analysis has been made using a discount rate of 10.2% (2022: 10.3%) for G-New and 10.9% (2022: 10.8%) for Godiva Belgium and using Final growth rate of 2.4% (2022: 2.1%) for G-New, 2.4% (2022: 2.1%) for Godiva Belgium that are among the Group's financial investments.

The 0.3% change in the discount rate used affects the fair value of G-New and Godiva Belgium by TL 97,076 thousand and TL 182,129 thousand, respectively. (2022: G-New: TL 113,357 thousand and Godiva Belgium: 203,066 thousand TL).

Goodwill

The Group acquired business from its ultimate shareholder as under common control and accounted its book values as accounted at ultimate shareholder level including goodwill (Note 12). Discounted cash flow used to identify goodwill is applied with 9.3% discount rate and 2.4% long term growth rate. 1% change in the rates used does not cause a decrease in goodwill.

Determination of Fair Values of Lands and Buildings

It is calculated by deducting accumulated depreciation from fair value using the Lands and Buildings revaluation method. The fair values of Lands and Buildings are determined from evidence available in the market, normally by valuation by professional value appraisers. They used the "peer comparison" method for Lands and Buildings. Lands and Buildings are classified within level two of the fair value hierarchy. In determining the fair value of buildings, the cost approach reflecting the costs incurred by the market participant to construct similar assets and aging age is used. It is classified within the third level of the fair value hierarchy of buildings.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

ECL reflect the future loss that the management anticipates incurring from the trade receivables as of the balance sheet date which is subject to collection risk considering the current economic conditions. Details on expected loss provisions are included in Note 7.

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Financial Information Related to Subsidiaries

As of 31 December 2023 and 2022, the summarized financial information of the subsidiaries of the Group in which the Group has significant minority interest is as follows:

Food Manufacturers' Company

	2023	2022
Total assets	4,592,834	4,392,342
Total liabilities	1,709,815	1,529,498
Net assets	2,883,019	2,862,844
Accumulated funds on non-controlling interests	1,297,358	1,288,280
Revenue	5,806,032	5,814,988
Net profit for the year	549,956	482,631
Cash flow generated from operating activities	630,225	568,361
Cash flow used in investment activities	(101,344)	(155,801)
Cash flow used in financing activities	(363,523)	(456,617)

3. SEGMENT REPORTING

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 consolidated 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.

In its management reporting, the Group monitors its operations and investment expenditures as domestic (performed by companies in Türkiye) and international operations within the scope of TFRS 8. Accordingly, the information for the periods 1 January - 31 December 2023 and 1 January - 31 December 2022 is presented below.

	Domestic	International	1 January-31 December 2023
Revenue	38,076,576	17,759,565	55,836,141
Gross Profit	9,675,034	6,501,526	16,176,560
Operating Profit (*)	5,832,010	3,584,470	9,416,480
EBITDA (**)	6,602,587	3,998,001	10,600,588
EBITDA/Revenue	17.3%	22.5%	19.0%
Investment Expense	880,431	316,344	1,196,775

	Domestic	International	1 January-31 December 2022
Revenue	33,287,390	18,693,818	51,981,208
Gross Profit	5,515,117	5,813,073	11,328,190
Operating Profit (*)	2,785,651	2,749,486	5,535,137
EBITDA (**)	3,464,503	3,238,402	6,702,905
EBITDA/Revenue	10.4%	17.3%	12.9%
Investment Expense	821,027	475,168	1,296,195

(*) It is operating profit before other income and expenses from operating activities.

(**) 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 thousands of Turkish Lira ("TL") unless otherwise stated.)

4. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	727	7,560
Demand bank deposits	2,195,812	2,141,030
Time bank deposits	9,497,507	13,129,648
Provision for impairment	(36,824)	(28,778)
	11,657,222	**15,249,460**

Detail of time deposits are as follows:

Currency Type	Interest Rate (%)	Maturity	31 December 2023
TL	40.77%	January 2024	1,657,445
USD	4.21%	January 2024	6,044,091
EUR	2.69%	January 2024	1,280,093
EGP	15.21%	January 2024	189,960
SAR	5.83%	January 2024	301,370
KZT	11.00%	January 2024	24,548
			9,497,507

Currency Type	Interest Rate (%)	Maturity	31 December 2022
TL	20.00%	January 2023	2,358,985
USD	3.73%	January 2023	10,301,387
EUR	0.01%	January 2023	108,396
EGP	8.25%	January 2023	127,257
SAR	4.75%	January 2023	124,781
KZT	13.00%	January 2023	108,842
			13,129,648

5. FINANCIAL INVESTMENTS

Short-Term Financial Investments:	31 December 2023	31 December 2022
Financial assets measured at fair value through profit/loss	4,230	346,842
	4,230	**346,842**

Long-Term Financial Investments:	31 December 2023	31 December 2022
Financial assets measured at fair value through other comprehensive income (*)	4,009,637	4,427,784
	4,009,637	**4,427,784**

Financial Assets at Fair Value Through Other Comprehensive Income	31 December 2023	31 December 2022
G New, Inc	1,162,680	1,292,522
Godiva Belgium BVBA	2,640,125	2,913,078
Other	206,832	222,184
	4,009,637	**4,427,784**

(*) Equity investments in which the Group has no significant influence are classified as financial investments at fair value through other comprehensive income. As of 31 December 2023, the after-tax difference to the parent amounting to TL 2,022,718 thousand has been recognized for in equity (31 December 2022: TL 1,939,191 thousand).

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

6. FINANCIAL LIABILITIES

	31 December 2023	31 December 2022
Short-term liabilities	1,140,185	1,524,283
Short-term portion of long-term liabilities	4,320,464	17,262,280
Long-term liabilities	25,102,592	20,348,024
	30,563,241	**39,134,587**

Other Short-Term Liabilities:	31 December 2023	31 December 2022
Letters of credit	1,140,185	1,524,283
	1,140,185	**1,524,283**

Short-Term Portion of Long-Term Liabilities	31 December 2023	31 December 2022
Bank loans	3,046,205	15,910,107
Issued debt instruments (*)	1,273,041	1,339,190
Financial lease payables	1,218	12,983
	4,320,464	**17,262,280**

Long-Term Liabilities	31 December 2023	31 December 2022
Bank loans	9,188,165	2,166,861
Issued debt instruments (*)	15,913,031	18,176,758
Financial lease payables	1,396	4,405
	25,102,592	**20,348,024**

(*) On 19 July 2023, the Group has repurchased USD 50,069,000 of USD 650,000,000 bonds issued on the Irish Stock Exchange (Euronext Dublin) on 30 October 2020 with a maturity of 5 years, coupon payments every 6 months, principal and coupon payments at maturity, fixed annual interest rate of 6.95%.

In order to refinance the syndicated and EBRD loans maturing on April 20, 2023, the Group has obtained a 3-year syndicated and EBRD loan with the participation of 6 international banks. The tranches of the loan utilized consist of a murabaha loan amounting to EUR 25 million and USD 10 million, a conventional loan amounting to USD 25 million and EUR 171 million and a conventional loan signed with EBRD amounting to EUR 75 million. This loan is the Group's first sustainability related loan and was used to close the syndicated and EBRD loan amounting to USD 457 million which matured in April 2023.
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 3.5:1

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.

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

6. FINANCIAL LIABILITIES (cont'd)

Borrowings:

31 December 2023

Currency Type	Maturity	Effective Weighted Average Interest Rate (%)	Short-Term	Long-Term
TL	January 2024-October 2025	28.00%	1,219	1,396
USD	April 2024-April 2026	8.48%	1,397,934	16,840,513
EUR	April 2024-April 2026	11.54%	3,735,409	8,005,001
EGP	February 2024-December 2024	10.92%	60,832	-
KZT	January 2024-January 2026	11.01%	265,255	255,682
			5,460,649	**25,102,592**

31 December 2022

Currency Type	Maturity	Effective Weighted Average Interest Rate (%)	Short-Term	Long-Term
TL	January 2023-October 2025	27.22%	12,982	4,404
USD	April 2023-October 2025	6.75%	4,750,504	18,176,755
EUR	April 2023-April 2024	3.97%	13,697,195	1,673,859
EGP	March 2023-September 2023	8.00%	8,960	-
KZT	January 2023-January 2026	11.97%	316,922	493,006
			18,786,563	**20,348,024**

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

	31 December 2023	31 December 2022
To be paid within 1 year	4,319,246	17,249,297
To be paid within 1-2 years	17,072,187	2,504,774
To be paid within 2-3 years	8,029,009	17,796,851
To be paid within 3-4 years	-	41,995
	29,420,442	**37,592,917**

Short-Term Portion of Long-Term Financial Lease Liabilities	31 December 2023	31 December 2022
Financial lease liabilities	2,168	15,673
Costs of deferred lease liabilities (-)	(950)	(2,690)
	1,218	**12,983**

Long-Term Financial Lease Liabilities	31 December 2023	31 December 2022
Financial lease liabilities	1,676	6,521
Costs of deferred lease liabilities (-)	(280)	(2,116)
	1,396	**4,405**

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

6. FINANCIAL LIABILITIES (cont'd)

The maturity detail of the financial lease liabilities is as follows**:**

	31 December 2023	31 December 2022
To be paid within 1 year	1,218	12,983
To be paid within 1-2 years	1,396	2,042
To be paid within 2-3 years	-	2,363
	2,614	**17,388**

The movement table of loan for the periods 31 December 2023 and 2022 is as follows:

	2023	2022
Opening Balance - 1 January	**39,134,587**	**49,199,541**
Additions	1,168,555	3,952,357
Principal payments	(8,077,340)	(5,993,211)
Foreign exchange differences	14,841,621	12,468,551
Interest accrual differences	299,784	188,187
Inflation effect	(17,057,961)	(20,898,825)
Foreign currency translation differences	253,995	217,987
Closing Balance - 31 December	**30,563,241**	**39,134,587**

7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables from Related Parties	**31 December 2023**	**31 December 2022**
Trade receivables from related parties (Note 32)	6,733,195	6,756,599
	6,733,195	**6,756,599**

Other Trade Receivables	**31 December 2023**	**31 December 2022**
Trade receivables	5,394,538	5,471,635
Provision for expected credit losses	(60,922)	(54,251)
	5,333,616	**5,417,384**
Total Short-Term Trade Receivables	**12,066,811**	**12,173,983**

The movement table of provisions for doubtful trade receivables for the periods 31 December 2023 and 2022 is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	(54,251)	(53,742)
Charge for the period	(16,512)	(34,456)
Cancelled provision amount	19	13,520
Inflation effect	20,423	25,615
Foreign currency translation differences	(10,601)	(5,188)
Closing balance	**(60,922)**	**(54,251)**

Short-Term Trade Payables	**31 December 2023**	**31 December 2022**
Trade payables to related parties (Note 32)	2,290,127	1,778,653
Trade payables	5,344,931	5,077,988
	7,635,058	**6,856,641**

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

8. OTHER RECEIVABLES AND PAYABLES

Other Receivables	**31 December 2023**	**31 December 2022**
Non-trade receivables from related parties (Note 32)	1,995,328	1,968,715
Short-term other receivables	168,841	597,788
	2,164,169	**2,566,503**

Other Short-Term Receivables	**31 December 2023**	**31 December 2022**
VAT Receivables	132,379	520,099
Deposits and guarantees given	22,830	58,251
Receivables from personnel	7,861	7,766
Other	5,771	11,672
	168,841	**597,788**

Other Payables	**31 December 2023**	**31 December 2022**
Other short-term payables	5,328	4,984
	5,328	**4,984**

Other Short-Term Payables	**31 December 2023**	**31 December 2022**
Deposits and guarantees received	812	36
Other short-term payables	4,516	4,948
	5,328	**4,984**

9. DERIVATIVE INSTRUMENTS

In order to hedge the currency risk in parallel with the repayment schedule of the syndicated loan amounting to EUR 196,219.265 and the EBRD loan amounting to EUR 75,000,000 used on 20 April 2023, the Group carried out a Cross Currency Fixed Interest Swap transaction worth a total of EUR 150,000,000 on 23 March 2023, 4 April 2023, 15 June 2023 and 10 July 2023. In order to hedge against exchange rate risk in line with the payment plan of the USD 650,000,000 bond issued on 30 October 2020, with a maturity of 5 years, coupon payment every 6 months, principal and coupon payment at the end of maturity, and a fixed annual interest rate of 6.95%, the Group carried out a Cross Currency Fixed Interest Swap transaction worth a total of USD 100,000,000 on 22 March 2023 and 5 April 2023. These transactions are associated with cash flow hedging purposes in the accompanying consolidated financial statements.

As of 31 December 2023 and 31 December 2022, derivative instruments are as follows:

	31 December 2023		**31 December 2022**	
	Contract Amount	**Fair Value Asset/(Liability)**	**Contract Amount**	**Fair Value Asset/(Liability)**
For hedging purposes				
Cross Currency Fixed Rate Swaps	7,829,905	583,866	8,211,829	1,207,855
Fixed Interest Rate Swap	-	-	1,016,721	21,091
For trading purposes				
Forward Transactions	1,938,597	8,864	921,295	(37,443)
Total Asset / (Liability)	**9,768,502**	**592,730**	**10,149,845**	**1,191,503**

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

10. INVENTORIES

Details of inventory are as follows:

	31 December 2023	31 December 2022
Raw materials	5,191,699	5,967,423
Work in progress	276,909	247,939
Finished goods	2,374,183	1,938,629
Trade goods	310,109	143,745
Other inventories	369,877	325,827
Allowance for impairment on inventory (-)	(131,509)	(107,179)
	8,391,268	**8,516,384**

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

The movement of allowance for impairment on inventory for the periods ended on 31 December 2023 and 2022 are below:

	1 January-31 December 2023	1 January-31 December 2022
Opening balance	(107,179)	(100,652)
Charge for the period	(44,358)	(43,105)
Write-offs	1,109	4,907
Foreign currency translation differences	18,919	31,671)
Closing balance	**(131,509)**	**(107,179)**

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

11. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment assets between 1 January 2023 – 31 December 2023 is as follows:

Cost	1 January 2023	Additions	Disposal	Transfer	Valuation Increase	Foreign Currency Translation Differences	31 December 2023
Land	4,589,104	-	-	-	1,009,205	(31,950)	5,566,359
Buildings	5,498,572	14,651	(55,505)	27,027	3,187,837	(110,009)	8,562,573
Machinery, plant and equipment	18,536,668	194,275	(60,474)	624,049	-	(227,564)	19,066,954
Vehicles	61,381	3,164	(2,833)	-	-	(1,468)	60,244
Furniture and fixture	828,567	58,764	(4,327)	6,180	-	(19,413)	869,771
Leasehold improvements	351,300	2,937	-	1,033	-	(3,171)	352,099
Other property, plant and equipment	370	38,846	(38,770)	-	-	-	446
Construction in progress	371,560	880,620	(2,866)	(658,289)	-	(41,743)	549,282
	30,237,522	**1,193,257**	**(164,775)**	**-**	**4,197,042**	**(435,318)**	**35,027,728**

Accumulated depreciation	1 January 2023	Charge for the Period	Disposal	Transfer	Valuation Increase	Foreign Currency Translation Differences	31 December 2023
Buildings	(3,140,741)	(135,591)	49,755	(5,928)	(2,293,810)	35,109	(5,491,206)
Machinery, plant and equipment	(11,476,790)	(951,024)	22,678	5,926	-	120,949	(12,278,261)
Vehicles	(53,705)	(3,588)	2,833	3,268	-	2,421	(48,771)
Furniture and fixture	(582,099)	(66,233)	3,554	(3,266)	-	12,084	(635,960)
Leasehold improvements	(280,915)	(18,013)	-	-	-	40	(298,888)
Other property, plant and equipment	(299)	(15)	-	-	-	-	(314)
	(15,534,549)	**(1,174,464)**	**78,820**	**-**	**(2,293,810)**	**170,603**	**(18,753,400)**
Net Value	**14,702,973**						**16,274,328**

From depreciation and amortization expenses of property, plant and equipment and intangible assets, TL 1,133,941 thousand (31 December 2022: TL 1,114,353 thousand) is included in cost of goods sold, TL 3,994 thousand (31 December 2022: TL 4,956 thousand) in research and development expenses, TL 20,901 thousand (31 December 2022: TL 14,510 thousand) in marketing and selling expenses, TL 25,272 thousand (31 December 2022: TL 33,948 thousand) in general administrative expenses. In the twelve-month period ending as of 31 December 2023, there is no fixed asset acquired through financial leasing by the Group. There is not any mortgage or collateral on tangible assets as of 31 December 2023.

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

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Movement of property, plant and equipment between 1 January 2022 and 31 December 2022 is as follows:

Cost	**1 January 2022**	**Additions**	**Disposal**	**Transfer**	**Valuation Increase**	**Foreign Currency Translation Differences**	**31 December 2022**
Land	3,017,739	-	(7,095)	-	1,654,386	(75,926)	4,589,104
Buildings	4,875,526	53,950	(39,979)	20,176	890,219	(301,320)	5,498,572
Machinery, plant and equipment	18,643,019	286,141	(254,561)	868,808	-	(1,006,739)	18,536,668
Vehicles	71,371	3,900	(6,347)	-	-	(7,543)	61,381
Furniture and fixture	830,264	51,470	(19,064)	34,980	-	(69,083)	828,567
Leasehold improvements	347,286	7,316	(222)	1,827	-	(4,907)	351,300
Other property, plant and equipment	332	38	-	-	-	-	370
Construction in progress	561,111	882,298	(14,847)	(925,791)	-	(131,211)	371,560
	28,346,648	**1,285,113**	**(342,115)**	**-**	**2,544,605**	**(1,596,729)**	**30,237,522**

Accumulated depreciation	**1 January 2022**	**Charge for the Period**	**Disposal**	**Transfer**	**Valuation Increase**	**Foreign Currency Translation Differences**	**31 December 2022**
Buildings	(2,525,008)	(137,686)	15,841	1,109	(615,949)	120,952	(3,140,741)
Machinery, plant and equipment	(11,232,084)	(927,678)	167,877	(1,109)	-	516,204	(11,476,790)
Vehicles	(62,061)	(4,223)	5,207	-	-	7,372	(53,705)
Furniture and fixture	(588,611)	(64,029)	18,214	-	-	52,327	(582,099)
Leasehold improvements	(264,169)	(21,207)	140	-	-	4,321	(280,915)
Other property, plant and equipment	(287)	(12)	-	-	-	-	(299)
	(14,672,220)	**(1,154,835)**	**207,279**	**-**	**(615,949)**	**701,176**	**(15,534,549)**
Net Value	**13,674,428**						**14,702,973**

In the twelve-month period ending as of 31 December 2022, there is no fixed asset acquired through financial leasing by the Group. There is not any mortgage or collateral on tangible assets as of 31 December 2022.

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

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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 property, plant and equipment	4 – 10 years
Furniture and fixtures	3 – 10 years
Leasehold improvements	During rent period

The Group has chosen the revaluation model from the application methods in TMS 16 regarding the representation of the lands and buildings with their fair values. Land and buildings were revalued with "peer comparision" and the most appropriate one from" the cost approach" technique on 22 January 2024. The revaluation was performed by Denge Gayrimenkul Değerleme ve Danışmanlık A,Ş. authorized by Capital Markets Board. Properties were accounted on 31 December 2023 financial statements based on their fair values. The frequency of revaluations is related with the changes on the market values of the properties. If there is significant change at the fair value, revaluation is performed. If not, properties are only subject to periodical revaluation.

12. GOODWILL

	31 December 2023	31 December 2022
Opening balance	1,849,100	2,426,676
Foreign currency translation difference	19,241	(577,576)
Closing balance	**1,868,341**	**1,849,100**

The distribution of goodwill is as follows:

Company	**31 December 2023**	**31 December 2022**
UI Mena B.V.	1,797,202	1,778,694
IBC	71,139	70,406
	1,868,341	**1,849,100**

UI Mena B.V.
Yıldız Holding A.Ş. acquired United Biscuit Group as of 3 November 2014. Goodwill accounted at Yıldız Holding's financial statement related with UI MENA operations is accounted in Ülker Bisküvi's consolidated financial statement by restating prior years.

International Biscuits Company

Yıldız Holding A.Ş. acquired United Biscuit Group as of 3 November 2014. Goodwill accounted at Yıldız Holding's financial statement related with IBC acquisition is accounted in Ülker Bisküvi's consolidated financial statement by restating prior years.

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

13. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2023 – 31 December 2023 are as follows:

Cost	1 January 2023	Addition	Disposal	Transfer	Foreign currency translation differences	31 December 2023
Rights (*)	1,536,375	1,360	-	-	(60,112)	1,477,623
Other	59,548	2,158	-	-	(1,346)	60,360
	1,595,923	**3,518**	**-**	**-**	**(61,458)**	**1,537,983**

Accumulated amortization	1 January 2023	Charge for the period	Disposal	Transfer	Foreign currency translation differences	31 December 2023
Rights	(65,802)	(5,436)	-	-	6,340	(64,898)
Other	(50,015)	(4,208)	-	-	689	(53,534)
	(115,817)	**(9,644)**	**-**	**-**	**7,029**	**(118,432)**
Net Book Value	**1,480,106**					**1,419,551**

Movements of intangible assets between 1 January 2022 – 31 December 2022 are as follows:

Cost	1 January 2022	Addition	Disposal	Transfer	Foreign currency translation differences	31 December 2022
Rights (*)	1,840,002	6,945	-	-	(310,572)	1,536,375
Other	59,868	4,136	-	-	(4,456)	59,548
	1,899,870	**11,081**	**-**	**-**	**(315,028)**	**1,595,923**

Accumulated amortization	1 January 2022	Charge for the period	Disposal	Transfer	Foreign currency translation differences	31 December 2022
Rights	(88,458)	(4,880)	-	-	27,536	(65,802)
Other	(44,136)	(8,052)	-	-	2,173	(50,015)
	(132,594)	**(12,932)**	**-**	**-**	**29,709**	**(115,817)**
Net Book Value	**1,767,276**					**1,480,106**

(*) As of 31 December 2023, rights contain reacquired rights related with Saudi distribution agreements of Groups products in Saudi Arabia amounting to TL 1,171,287 thousand (31 December 2022: TL 1,225,858 thousand), the remaining amount of TL 224,650 thousand (31 December 2022: TL 222,337 thousand) contains the rights of Rana brand. Reacquired rights are not subject to depreciation and has indefinite useful life. Impairment test is applied every year or more frequently when there is any indicator that impairment may occur. As of 31 December 2023, there is no impairment.

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

13. INTANGIBLE ASSETS (cont'd)

The intangible assets are amortized on a straight-line basis over their estimated useful lives.

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

14. 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.

Ülker Bisküvi Sanayi A.Ş. has five investment incentive certificates received on 11 January 2010, 20 June 2011, 14 October 2012, 8 December 2015 and 19 June 2020, respectively, for a total investment of TL 543,601 thousand based on the expansion and product diversification investments being made in the Karaman factory. With these documents, TL 158,552 thousand (2022: TL 158,552 thousand) tax deductions have been benefited, and deferred tax assets have been recorded in the financial statements for the remaining TL 37,349 thousand (2022: TL 64,387 thousand) (Note 30).

The Group received government incentives and grants amounting to TL 210,286 thousand in 2023 (2022: TL 181,540 thousand). Of the amount related to the year 2023, TL 199,418 thousand arises from employment incentives, TL 10,627 thousand from R&D incentives and TL 242 thousand from other incentives (2022: TL 77,690 thousand is from employment incentives, TL 7,164 thousand is from investment incentives, TL 30,799 thousand is from R&D incentives, and TL 64,901 thousand is from other incentives.)

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-Term Debt Provisions	**31 December 2023**	**31 December 2022**
Provision for marketing expense	291,631	344,532
Provisions for lawsuits	9,146	14,235
Other	237,797	219,864
	538,574	**578,631**

The movement table for litigation provisions for the years ended 31 December 2023 and 2022 is as follows:

	1 January-31 December 2023	**1 January-31 December 2022**
Opening balance	14,235	25,286
Charge for the period	828	431
Provision released	(195)	(1,479)
Inflation effect	(5,722)	(9,679)
Payment/Release (-)	-	(324)
	9,146	**14,235**

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

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Guarantees Given

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

	31 December 2023			31 December 2022		
	TL	**USD**	**EUR**	**TL**	**USD**	**EUR**
A) CPM's given in the name of own legal personality	199,460	25,354	337	454,063	25,354	337
B) CPM's given on behalf of the fully consolidated companies	-	-	100,000	-	-	174,750
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	**199,460**	**25,354**	**100,337**	**454,063**	**25,354**	**175,087**

(*) 53 million Turkish Liras and 5.8 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 2023 (31 December 2022: zero).

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 loan 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,have been transferred to Yıldız Holding under the syndication agreement. 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.

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 Group's rental income from lease agreements made for its property, plant and equipment and investment properties, as well as from its suppliers and customers, as the use of common areas is amounting to TL 36,021 thousand (2022: TL 20,448 thousand). Direct operating expenses associated with fixed assets during the period amounted to TL 36,746 thousand (2022: TL 70,343 thousand). Within the framework of the non-cancellable lease, minimum rent to be obtained in future is TL 39,476 thousand (2022: TL 34,970 thousand). Within the framework of the non-cancellable lease, minimum rent to be obtained in future is TL 53,283 thousand (2022: TL 115,417 thousand).

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

16. COMMITMENTS AND OBLIGATIONS

As of 31 December 2023, the Group has an export commitment of USD 511,605 thousand (2022: USD 302,273 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 USD 501,479 thousand of its commitments for the year 2023 and is expected to realize its commitments extending to 2024 (2022: USD 292,479 thousand).

17. PROVISIONS FOR EMPLOYEE BENEFITS

Short-Term Provisions for Employee Benefits	**31 December 2023**	**31 December 2022**
Unused vacation accruals	192,612	190,693
Performance premium accrual	329,075	236,092
	521,687	**426,785**

The movement table of unused leave provisions for the years ending 31 December 2023 and 2022 is as follows:

	1 January-31 December 2023	**1 January-31 December 2022**
Opening balance	190,693	173,704
Decreases during the period	(106,639)	(78,592)
Increases during the period	153,375	150,134
Inflation effect	(84,274)	(79,079)
Foreign currency translation differences	39,457	24,526
Closing balance	**192,612**	**190,693**

The movement table of performance bonus provisions for the years ending 31 December 2023 and 2022 is as follows:

	1 January-31 December 2023	**1 January-31 December 2022**
Opening balance	236,092	191,998
Decreases during the period	(242,600)	(128,354)
Increases during the period	423,224	246,322
Inflation effect	(128,796)	(93,453)
Foreign currency translation differences	41,155	19,579
Closing balance	**329,075**	**236,092**

Long-Term Provisions for Employee Benefits	**31 December 2023**	**31 December 2022**
Provision for employment termination benefits	1,032,464	1,258,484
	1,032,464	**1,258,484**

Pursuant to the provisions of the current Labor Law, 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 2023 is subject to a monthly ceiling of TL 23,489.83 (31 December 2022: TL 15,371.40). The subsidiaries of the Group calculate their severance pay provisions in accordance with the laws of the country in which they are located.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

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

17. PROVISIONS FOR EMPLOYEE BENEFITS (cont'd)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for future inflation effects. Consequently, in the accompanying financial statements as of 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3.67% real discount rate (2022: 1.50%) calculated by using 20.95% (2022: 17.64%) annual inflation rate and 25.39% (2022: 19.40%) interest rate. 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 35,058.58 (1 January 2023: TL 19,982.83) effective from 1 January 2024 has been taken into account in the calculation of the severance pay provision of the Group. As of the end of 2023, the probability of employees leaving the Company is 0.5% (2022: 2.1%).

Movement of provision for employment termination benefits is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	1,258,484	938,766
Service cost	153,666	164,628
Interest cost	122,940	85,298
Actuarial loss	212,394	481,295
Employment termination benefits paid in the current period	(348,617)	(111,688)
Inflation effect	(480,368)	(236,533)
Foreign currency translation differences	113,965	(63,282)
Closing balance	**1,032,464**	**1,258,484**

18. PREPAID EXPENSES

Prepaid Expenses	**31 December 2023**	**31 December 2022**
Advances Given	649,453	575,290
Prepaid Expenses	98,452	130,874
	747,905	**706,164**

Short-Term Prepaid Expenses	**31 December 2023**	**31 December 2022**
Prepaid Expenses to Third Parties	747,905	706,164
	747,905	**706,164**

Long-Term Prepaid Expenses	**31 December 2023**	**31 December 2022**
Advances Given	221,204	211,951
Prepaid Expenses	270	445
	221,474	**212,396**

19. PAYABLES RELATED TO EMPLOYEE BENEFITS

	31 December 2023	**31 December 2022**
Payables to Personnel	178,879	135,063
Social Security Deductions Payable	106,059	83,049
	284,938	**218,112**

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

20. OTHER ASSETS AND LIABILITIES

Other Current Assets	**31 December 2023**	**31 December 2022**
Deferred VAT	1,193,511	955,561
Other	17,497	7,115
	1,211,008	**962,676**

Other Current Liabilities	**31 December 2023**	**31 December 2022**
Taxes and funds payable	321,912	157,520
Other liabilities	96,222	191,929
	418,134	**349,449**

21. DEFERRED INCOME

Deferred Income	**31 December 2023**	**31 December 2022**
Order Advances Received	43,765	68,091
Deferred Income	37,110	67,451
	80,875	**135,542**

22. SHAREHOLDERS' EQUITY

a) Capital Structure

The composition of the Company's issued and paid-in share capital as of 31 December 2023 and 2022 is as follows.

	31 December 2023		**31 December 2022**	
Shareholders	**Amount**	**Share**	**Amount**	**Share**
pladis Foods Limited	174,420	47.23%	174,420	51.00%
Other	194,856	52.77%	167,580	41.52%
	369,276	**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 31 December 2023, and it is divided into 50,000,000,000 (fifty billion) shares, each with a nominal value of 1 (one) kr. The issued capital of the company is TL 369,276 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 2023, the Group's financial asset valuation fund after tax is TL 2,022,718 thousand (2022: TL 1,939,191 thousand).

22. SHAREHOLDERS' EQUITY (cont'd)

b) Valuation Funds (cont'd)

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.

As of 31 December 2023, the Group's revaluation of tangible assets arising from the revaluation of land is TL 2,030,961 thousand after tax (31 December 2022: TL 1,800,698 thousand).

c) 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:

- "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;
- The difference arising from "Restricted reserves" and "Share Premium" and not yet subject to profit distribution or capital increase should be recognised under "Retained earnings". Other equity items are recognised in accordance with CMB Financial Reporting Standards.

Capital adjustment differences have no use other than being added to capital.

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

22. SHAREHOLDERS' EQUITY (cont'd)

c) Restricted Reserves (cont'd)

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 2013 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.

d) Retained Earnings

Details of retained earnings are as follows:

	31 December 2023	31 December 2022
Retained earnings	19,283,581	16,348,699
Extraordinary reserves	1,344,204	2,035,722
Inflation restatement differences of shareholders' equity accounts other than capital and legal reserves	(435,355)	(2,325,423)
Share Premiums	(3,335,060)	-
Other reserves	362,153	175,732
	17,219,523	**16,234,730**

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

As of 31 December 2023, non-controlling interests amounted to TL 1,830,541 thousand (2022: TL 3,607,257 thousand), The profit of minority interests amounting to TL 843,886 thousand, which occurred between 1 January - 31 December 2023, is presented separately from the net profit for the period in the consolidated financial statements (2022: TL 444,713 thousand)

f) Additional Information for Capital, Legal Reserves and Other Equity Items

A comparison of the Group's equity items restated for inflation in the consolidated financial statements as of 31 December 2023 and the restated amounts in the financial statements prepared in accordance with statutory accounting are as follows:

31 December 2023	Inflation adjusted amounts in the financial statements prepared in accordance with statutory accounting	Inflation adjusted amounts in the financial statements prepared in accordance with TAS/TFRS	Differences recognized in retained earnings
Share Capital Adjustment Differences	7,042,011	5,989,062	1,052,949
Share premium	4,808,144	3,335,060	1,473,084
Restricted Reserves Appropriated from Profit	4,070,002	1,527,992	2,542,010

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

23. REVENUE AND COST OF SALES

a) Sales

The detail of operating income is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales (*)	63,855,102	57,369,966
Export sales	11,065,211	11,136,504
Sales returns and discounts (-)	(19,084,172)	(16,525,262)
Revenue	**55,836,141**	**51,981,208**
Cost of merchandises sold	(38,686,442)	(40,298,597)
Cost of trade goods sold	(973,139)	(354,421)
Cost of sales	**(39,659,581)**	**(40,653,018)**
Gross Profit	**16,176,560**	**11,328,190**

(*) Represents domestic sales in Türkiye and in countries where abroad subsidiaries are located.

b) Cost of Sales

	1 January - 31 December 2023	1 January - 31 December 2022
Raw materials	(32,687,331)	(33,646,391)
Personnel expenses	(3,505,527)	(3,080,252)
General production expenses	(2,690,921)	(3,191,983)
Depreciation and amortization expenses	(1,133,941)	(1,114,353)
Change in work-in-progress inventories	123,639	114,247
Change in finished goods inventories	1,207,639	620,135
Cost of goods sold	**(38,686,442)**	**(40,298,597)**
Cost of trade goods sold	(973,139)	(354,421)
Cost of sales	**(39,659,581)**	**(40,653,018)**

24. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
General Administrative Expenses	(1,388,277)	(1,238,763)
Marketing Expenses	(5,133,098)	(4,389,641)
Research and Development Expenses	(238,705)	(164,649)
	(6,760,080)	**(5,793,053)**

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

25. EXPENSES BY NATURE

The detail of operating expenses is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
General Administrative Expenses		
Personnel expenses	(484,109)	(509,702)
Operating expenses	(560,618)	(435,928)
Consultancy expenses	(108,403)	(116,216)
Depreciation and amortization expenses	(25,272)	(33,948)
Other	(209,875)	(142,969)
	(1,388,277)	**(1,238,763)**
Marketing Expenses		
Marketing operating expenses	(3,954,791)	(3,307,772)
Personnel expenses	(784,927)	(704,854)
Rent expenses	(159,150)	(57,383)
Depreciation and amortization expenses	(20,901)	(14,510)
Other	(213,329)	(305,122)
	(5,133,098)	**(4,389,641)**
Research and Development Expenses		
Personnel expenses	(120,985)	(83,576)
Materials used	(50,385)	(27,464)
Depreciation and amortization expenses	(3,994)	(4,956)
Other	(63,341)	(48,653)
	(238,705)	**(164,649)**

26. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

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

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gains	2,549,336	2,163,739
Provisions released	81	4,114
Other income	196,222	233,898
	2,745,639	**2,401,751**

b) The details of other expenses from operating activities are as follows;

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange losses	(849,788)	(640,838)
Provision expenses	(83,921)	(102,049)
Donation expenses	(62,344)	(30,149)
Other expenses	(173,151)	(105,845)
	(1,169,204)	**(878,881)**

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

27. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

a) The detail of investment income is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gains	6,377,892	7,012,442
Interest income	1,209,731	718,621
Income on sales of property, plant and equipment	5,865	56,926
Rent income	24,530	21,591
Fair value gains of financial assets	5,604	2,040
	7,623,622	**7,811,620**

b) The detail of investment expenses is as follow:

	1 January - 31 December 2023	1 January - 31 December 2022
Fair value losses of financial assets	-	(3,058,736)
Foreign exchange losses	(417,394)	(187,352)
Loss on sales of property, plant and equipment	(1,394)	(1,424)
	(418,788)	**(3,247,512)**

28. FINANCE INCOME

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gains	314,045	329,956
Other	4,311	9,709
	318,356	**339,665**

29. FINANCE EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange losses from financing	(13,951,455)	(11,979,252)
Interest expenses	(3,970,450)	(4,259,874)
Other	(292,215)	(191,108)
	(18,214,120)	**(16,430,234)**

30. 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 TFRS. 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 TFRS, and these differences are stated below.

Taxation will be made by considering the 23% rate over the cumulative corporate tax base of the entire year for 2022. For the year 2023; taxation will be made by considering the rate of 25% over the corporate tax base.

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

30. TAX ASSET AND LIABILITIES (cont'd)

The tax rates used in the calculation of the Group's deferred tax assets and liabilities are 25% in Türkiye (2022: 20%), 20% for its subsidiaries in Saudi Arabia and Kazakhstan (2022: 20%), subsidiaries in Egypt. 22.5% for its subsidiaries (2022: 22.5%), 10% for its subsidiary located in Kyrgyzstan (2022: 10%), zero for its subsidiary located in the United Arab Emirates (2022: zero)

Timing differences that form the basis for deferred tax:

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Amortization differences of property, plant and equipment and intangible assets	-	-	8,575,745	7,424,225
Financial investments valuation differences	-	-	826,471	6,112,752
Profit elimination on inventories	(64,306)	(79,982)	-	-
Provision for severance pay	(888,586)	(1,008,078)	-	-
Provision for expected credit losses	(73,893)	(51,153)	-	-
Prior year's losses	(6,745,658)	(7,862,277)	-	-
Provision for lawsuits	(8,729)	(14,234)	-	-
Inventory impairment	-	-	-	182,659
Derivative instruments	-	-	590,957	1,191,500
Provision for accumulated vacation	(82,535)	(93,493)	-	-
Other	(1,343,020)	(131,719)	240,193	268,222
	(9,206,727)	**(9,240,936)**	**10,233,366**	**15,179,358**

Deferred tax calculated on timing differences that form the basis of deferred tax;

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Amortization differences of property, plant and equipment and intangible assets	-	-	1,782,648	941,311
Financial investments valuation differences	(308,391)	-	-	13,844
Profit elimination on inventories	(16,076)	(15,996)	-	-
Provision for severance pay	(222,146)	(201,616)	-	-
Provision for expected credit losses	(18,473)	(10,231)	-	-
Prior year's losses	(1,686,415)	(1,573,344)	-	-
Provision for lawsuits	(2,182)	(2,847)	-	-
Inventory impairment	-	-	53,045	36,532
Derivative instruments	-	-	147,739	238,301
Provision for accumulated vacation	(20,634)	(18,698)	-	-
Investment incentive	(37,349)	(64,387)	-	-
Other	(335,755)	(26,343)	60,048	53,646
	(2,647,421)	**(1,913,462)**	**2,043,480**	**1,283,634**

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

30. TAX ASSET AND LIABILITIES (cont'd)

Movement of Deferred Tax Liabilities:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening Balance	**(629,828)**	**406,882**
Netted tax from funds reflected in equity	996,709	77,220
Foreign currency translation differences	(228,195)	243,300
Deferred tax (income)/expense	(742,627)	(1,357,230)
	(603,941)	**(629,828)**

In the consolidated financial statements for the period ended 31 December 2023, the Group accounted deferred tax assets of TL 6,745,658 thousand for deductible financial losses (31 December 2022: TL 7,862,277 thousand).

The maturities of these financial losses are as follows:

	31 December 2023	31 December 2022
2025	-	486,083
2026	750,465	1,272,118
2027	3,704,538	6,104,075
2028	2,290,655	-
	6,745,658	**7,862,277**

Corporate tax

The company and its subsidiaries located in Türkiye are subject to corporate tax valid in Türkiye. 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 2023 is 25% (2022: 23%).

In Türkiye, provisional tax is calculated and accrued on a quarterly basis. During the taxation of the corporate earnings for the year of 2023, as of the temporary tax periods, the provisional tax rate to be calculated over the corporate earnings is 25% (2022: 23%).

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 Türkiye. 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 Türkiye 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.

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

30. TAX ASSET AND LIABILITIES (cont'd)

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% (2022: 22.5%). The corporate tax rate in Saudi Arabia, where Food Manufacturers' Company and International Biscuits Company, subsidiaries of the Group, is 20% (2022: 20%). The corporate tax rate in Kazakhstan, where Hamle Company Ltd LLP, a subsidiary of the Group, is 20% (2022: 20%). The corporate tax rate in Kyrgyzstan, where Ülker Star LLC, a subsidiary of the Group, is 10% (2022: 10%). In United Arab Emirates, where pladis Gulf FZE, a subsidiary of the Group, is exempt from corporate tax earnings (2022: 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 Türkiye, 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 24 April 2003 and 22 July 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 2023 and 31 December 2022, the tax provisions are as follows:

	31 December 2023	**31 December 2022**
Total tax provision	(1,297,001)	(1,300,719)
Prepaid taxes and legal obligations	794,752	869,091
Taxation in the balance sheet	**(502,249)**	**(431,628)**

	1 January - 31 December 2023	**1 January - 31 December 2022**
Current year corporate tax expense	1,297,001	1,300,719
Deferred tax income	(742,627)	(1,357,230)
Tax expense in the income statement	**554,374**	**(56,511)**

Reconciliation of taxation:	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Profit before taxation and non-controlling interest	4,777,138	1,372,995
Effective tax rate	25%	23%
Calculated tax	1,194,285	315,789
Reconciliation of the tax provision calculated with the reserved:		
-Non-deductible expenses	611,448	417,928
-Other non-taxable income	(120,628)	(92,761)
-Investment incentive	(46,642)	(76,235)
-Revaluation of assets for tax purposes	(986,489)	(551,627)
-Effect of change in statutory tax rate on deferred tax	(335,184)	-
-The effect of different tax rates of shareholders	(122,782)	124,454
-Inflation effect	676,767	35,983
-Other	(316,401)	(230,042)
Taxation in the income statement	**554,374**	**(56,511)**

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

31. EARNINGS PER SHARE

The weighted average of company shares and profit per unit share calculations for the periods of 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Weighted average number of common stock outstanding	36,927,600	36,927,600
Net profit for the period attributable to equity holders of the parent	3,378,878	984,793
Earnings per Share (TL 1 worth of shares)	**9.15**	**2.67**

32. RELATED PARTY DISCLOSURES

The detail of receivables from related parties is as follows:

	31 December 2023	**31 December 2022**
Trade receivables	6,733,195	6,756,599
Non-trade receivables	1,995,328	1,968,715
	8,728,523	**8,725,314**

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

	31 December 2023		**31 December 2022**	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**
Principle Shareholder				
Yıldız Holding A.Ş.	-	1,995,328	-	1,968,715
Other Companies Controlled by the Principle Shareholder				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	2,272,810	-	2,777,594	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	3,213,993	-	2,577,666	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	489,858	-	512,157	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	367,258	-	550,058	-
Other	389,276	-	339,124	-
	6,733,195	**1,995,328**	**6,756,599**	**1,968,715**

The Group's 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 distribution of products throughout Türkiye.

The detail of payables to related parties is as follows:

	31 December 2023	**31 December 2022**
Trade payables	2,290,127	1,778,653
	2,290,127	**1,778,653**

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

32. RELATED PARTY DISCLOSURES (cont'd)

The details of trade and non-trade payables are as follows:

	31 December 2023	31 December 2022
	Trade	**Trade**
Principal Shareholder		
Yıldız Holding A.Ş.	865,979	833,639
Other Companies Controlled by the Principle Shareholder		
Kerevitaş Gıda San. ve Tic. A.Ş.	471,683	451,608
United Biscuits (UK) Ltd.	207,303	186,910
Marsa Yağ San. ve Tic. A.Ş.	81,239	83,889
Adapazarı Şeker Fabrikası A.Ş.	557,466	159,934
Other	106,457	62,673
	2,290,127	**1,778,653**

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

	1 January - 31 December 2023		1 January - 31 December 2022	
	Purchases	**Sales**	**Purchases**	**Sales**
Other Companies Controlled by the Principal Shareholder				
Kerevitaş Gıda San. ve Tic. A.Ş.	3,084,522	3,318	3,734,642	4,649
Adapazarı Şeker Fabrikası A.Ş.	2,155,815	-	1,720,613	16,959
Marsa Yağ San. ve Tic. A.Ş.	782,780	2,083	811,612	1,785
United Biscuits (UK) Ltd.	533,734	19,759	561,259	55,738
İzsal Gayrimenkul Geliştirme A.Ş.	29,597	-	90,742	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	11,743	1,495,278	16,967	1,388,036
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	17,305,329	-	16,218,374
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	15,039,432	-	12,863,764
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	2,084,362	-	2,124,059
Other	179,102	842,032	163,146	748,128
	6,777,293	**36,791,593**	**7,098,981**	**33,421,492**

The Group mainly acquires raw materials from Kerevitaş Gıda San, ve Tic, A.Ş., which produces vegetable oil and margarine, and acquires from Adapazarı Şeker Fabrikası A.Ş. which produces sugar. A major part of the Group's sales is 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 Türkiye.

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

32. RELATED PARTY DISCLOSURES (cont'd)

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

For the year ended 31 December 2023:

	Rent Income/ (Expense) Net	Service Income/ (Expense) Net	Interest and Foreign Exchange Income/(Expense)Net
Principal Shareholder			
Yıldız Holding A.Ş.	(311)	(1,425,195)	947,146
Other Companies Controlled by the Principal Shareholder			
pladis Foods Limited	-	(664,228)	(17,186)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	129	(210,726)	39,846
United Biscuits (UK) Ltd.	-	(111,251)	(3,457)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(186,648)	96,248
İzsal Gayrimenkul Geliştirme A.Ş.	(5,763)	(124,799)	(805)
Other	(313)	(91,777)	331
	(6,258)	**(2,814,624)**	**1,062,123**

For the year ended 31 December 2022:

	Rent Income/ (Expense) Net	Service Income/ (Expense) Net	Interest and Foreign Exchange Income/(Expense)Net
Principle Shareholder			
Yıldız Holding A.Ş.	(1,403)	(1,281,572)	535,140
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(614,863)	(4,148)
United Biscuits (UK) Ltd.	-	(95,557)	(5,578)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(94,759)	203,164
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	162	(136,313)	16,468
İzsal Gayrimenkul Geliştirme A.Ş.	(8,161)	(61,228)	(115)
Other	3,592	(117,771)	(7,638)
	(5,810)	**(2,402,063)**	**737,293**

Benefits provided to members of BOD and key management personnel:

	31 December 2023	31 December 2022
Salaries and other short-term benefits	251,869	222,681
	251,869	**222,681**

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

33. NATURE AND LEVEL OF RISKS ARISING 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 6 and payables to related parties including non-trade receivables and payables disclosed in footnote 32, cash and cash equivalents disclosed in footnote 4, short-term financial investments disclosed in footnote 5 and derivative instruments disclosed in footnote 9 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 2023 and 2022, the net liability/total capital ratio is as follows:

	31 December 2023	**31 December 2022**
Total financial liabilities and non-trade related parties payables / (receivables) (net)	28,567,913	37,165,872
Less: Cash and cash equivalents	(11,657,222)	(15,591,286)
Less: Financial derivatives instruments	(592,730)	(1,191,504)
Net debt	16,317,961	20,383,083
Total shareholders' equity	19,801,973	15,643,115
Total capital	36,119,934	36,026,198
Net debt/Total Capital Ratio	45%	57%

Financial Risk Factors

The Group's activities are exposed 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.)

33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit Risk Management

Credit risk of financial instruments	Receivables					
	Trade Receivables		Other Receivables			
31.12.2023	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposit in Bank**	**Derivative instruments**
Maximum net credit risk as of balance sheet date (*)	6,733,195	5,333,616	1,995,328	168,841	11,656,495	592,730
- The part of maximum risk under guarantee with collateral etc. (**)	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	6,721,586	5,333,616	1,995,328	168,841	11,656,495	592,730
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	11,609	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	60,922	-	28,659	-	-
- Impairment (-)	-	(60,922)	-	(28,659)	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	36,824	-
- Impairment (-)	-	-	-	-	(36,824)	-
- 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.)

33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management (cont'd)

Credit risk of financial instruments	**Trade Receivables**		**Other Receivables**			
31.12.2022	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposit in Bank**	**Derivative instruments**
Maximum net credit risk as of balance sheet date (*)	6,756,599	5,417,384	1,968,715	597,788	15,241,900	1,228,946
- The part of maximum risk under guarantee with collateral etc. (**)	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	6,700,507	5,417,384	1,968,715	597,788	15,241,900	1,228,946
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	56,092	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	54,251	-	31,341	-	-
- Impairment (-)	-	(54,251)	-	(31,341)	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	28,778	-
- Impairment (-)	-	-	-	-	(28,778)	-
- 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.)

33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management (cont'd)

Aging of overdue receivables as of 31 December 2023 and 31 December 2022 are as follows.

	Receivables		
31 December 2023	**Trade Receivables**	**Other Receivables**	**Total Receivables**
Overdue between 1-30 days	-	-	-
Overdue between 1-3 months	11,609	-	11,609
Overdue between 3-12 months	-	-	-
Overdue between 1-5 years	-	-	-
Overdue more than 5 years	-	-	-
Total overdue receivables	**11,609**	**-**	**11,609**
The portion of under guarantee with collateral etc.	**-**	**-**	**-**

	Receivables		
31 December 2022	**Trade Receivables**	**Other Receivables**	**Total Receivables**
Overdue between 1-30 days	41,948	-	41,948
Overdue between 1-3 months	13,497	-	13,497
Overdue between 3-12 months	402	-	402
Overdue between 1-5 years	245	-	245
Overdue more than 5 years	-	-	-
Total overdue receivables	**56,092**	**-**	**56,092**
The portion of under guarantee with collateral etc.	**-**	**-**	**-**

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 2023, 31 December 2022, according to their remaining maturities.

31.12.2023	**Carrying value**	**Total cash outflow according to contract (I +II+ III)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**
Non-derivative financial liabilities					
Bank borrowing	12,234,370	14,963,290	131,152	2,993,451	11,838,687
Letter of credit borrowings	1,140,185	1,140,185	445,320	694,865	-
Issued Debt Instruments	17,186,072	19,643,552	-	1,329,871	18,313,681
Financial lease liabilities	2,614	3,834	482	1,618	1,734
Trade payables	7,635,058	7,635,058	7,622,962	12,096	-
Other payables	5,328	5,328	5,328	-	-
Total liabilities	**38,203,627**	**43,391,247**	**8,205,244**	**5,031,901**	**30,154,102**
Derivative instruments (Net)	**592,730**	**3,043,614**	**17,105**	**(796,745)**	**3,823,254**
Cash inflow regarding derivative instruments	608,628	23,741,094	904,886	2,887,172	19,949,036
Cash outflow regarding derivative instruments	(15,898)	(20,697,480)	(887,781)	(3,683,918)	(16,125,782)

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

33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk management (cont'd)

Liquidity risk charts (cont'd)

31.12.2022	Carrying value	Total cash outflow according to contract (I +II+ III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Non-derivative financial liabilities					
Bank borrowing	18,076,968	18,321,356	95,150	15,947,171	2,279,035
Letter of credit borrowings	1,524,283	1,584,959	299,712	1,222,043	63,204
Issued debt instruments	19,515,948	23,345,446	-	1,342,581	22,002,865
Financial lease liabilities	17,388	21,642	888	14,437	6,317
Trade payables	6,856,641	6,856,641	6,836,710	19,931	-
Other payables	4,984	4,984	4,984	-	-
Total liabilities	**45,996,212**	**50,135,028**	**7,237,444**	**18,546,163**	**24,351,421**
Derivative instruments (Net)	**1,191,503**	**231,850**	**(42,162)**	**274,011**	**-**
Cash inflow regarding derivative instruments	1,230,298	8,858,133	921,295	7,936,836	-
Cash outflow regarding derivative instruments	(38,795)	(8,626,283)	(963,457)	(7,662,825)	-

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 is mainly exposed to USD, EUR, GBP, and CHF currency risks.

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

33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

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

	31 December 2023				
	TL Equivalent	**USD**	**EUR**	**GBP**	**CHF**
1. Trade Receivables	3,581,436	73,450	40,687	2,507	-
2a. Monetary Financial Assets	13,373,226	340,487	102,508	259	32
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	240,677	5,055	2,763	33	18
4. CURRENT ASSETS	**17,195,339**	**418,992**	**145,958**	**2,799**	**50**
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	**-**	**-**	**-**	**-**	**-**
9. TOTAL ASSETS	**17,195,339**	**418,992**	**145,958**	**2,799**	**50**
10. Trade Payables	1,233,193	25,201	12,544	2,070	149
11. Financial Liabilities	5,133,343	47,487	114,675	-	-
12a. Other Monetary Financial Liabilities	4,072	-	125	-	-
12b. Other Non-monetary Financial Liabilities	5,888	179	19	-	-
13. CURRENT LIABILITIES	**6,376,496**	**72,867**	**127,363**	**2,070**	**149**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	24,845,514	572,063	245,749	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**24,845,514**	**572,063**	**245,749**	**-**	**-**
18. TOTAL LIABILITIES	**31,222,005**	**644,930**	**373,112**	**2,070**	**149**
19. Net Assets of Off Statement of Financial Position (19a-19b)	**9,768,502**	**124,000**	**186,100**	**1,500**	**-**
19a. Net Assets of Off Statement of Financial Position	9,768,502	124,000	186,100	1,500	-
19b. Net Liabilities of Off Statement of Financial Position	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(4,258,164)**	**(101,938)**	**(41,054)**	**2,229**	**(99)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**(14,261,460)**	**(230,814)**	**(229,898)**	**696**	**(117)**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	592,730	923	17,329	29	-

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

33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

	31 December 2022				
	TL Equivalent	**USD**	**EUR**	**GBP**	**CHF**
1. Trade Receivables	4,345,345	117,053	21,025	1,305	-
2a. Monetary Financial Assets	14,487,067	465,415	4,177	256	32
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	817,022	7,389	17,837	20	82
4. CURRENT ASSETS	**19,649,434**	**589,857**	**43,039**	**1,581**	**114**
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	**-**	**-**	**-**	**-**	**-**
9. TOTAL ASSETS	**19,649,434**	**589,857**	**43,039**	**1,581**	**114**
10. Trade Payables	1,407,337	23,474	18,592	1,876	117
11. Financial Liabilities	18,447,699	154,189	416,995	-	-
12a. Other Monetary Financial Liabilities	5,615	49	125	-	-
12b. Other Non-monetary Financial Liabilities	34,648	920	175	15	-
13. CURRENT LIABILITIES	**19,895,299**	**178,632**	**435,887**	**1,891**	**117**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	19,850,614	589,968	50,959	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**19,850,614**	**589,968**	**50,959**	**-**	**-**
18. TOTAL LIABILITIES	**39,745,913**	**768,600**	**486,846**	**1,891**	**117**
19. Net Assets of Off Statement of Financial Position (19a-19b)	**9,133,124**	**6,000**	**272,420**	**-**	**-**
19a. Net Assets of Off Statement of Financial Position	9,133,124	6,000	272,420	-	-
19b. Net Liabilities of Off Statement of Financial Position	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(10,963,355)**	**(172,743)**	**(171,387)**	**(310)**	**(3)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**(20,878,853)**	**(185,212)**	**(461,469)**	**(315)**	**(85)**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	1,170,412	(590)	36,185	-	-

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

33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

The export and import amounts realized by the Group as of 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	**1 January-31 December 2022**
Total exports	11,065,211	11,136,504
Total imports	7,276,575	8,226,691

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 2023		**31 December 2022**	
	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	(679,475)	679,475	(570,633)	570,633
2- Part of hedged from US risk (-)	365,034	(365,034)	18,486	(18,486)
3- US Dollar net effect (1+2)	**(314,441)**	**314,441**	**(552,147)**	**552,147**
In case of %10 appreciation of EUR against TL				
4 - Euro net asset / liability	(748,867)	748,867	(1,515,802)	1,515,802
5 - Part of hedged from Euro risk (-)	606,200	(606,200)	894,827	(894,827)
6- Euro net effect (4+5)	**(142,667)**	**142,667**	**(620,975)**	**620,975**
Total (3 +6)	**(457,108)**	**457,108**	**(1,173,122)**	**1,173,122**

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.

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

33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

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 27,907 thousand (net profit for the period 31 December 2022 will decrease by TL 38,541 thousand).

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

Fixed Rate Instruments		**31 December 2023**	**31 December 2022**
Financial Assets	Cash and Cash Equivalents	9,497,507	13,129,648
	Non-trade receivables from related parties	1,995,328	1,968,715
	Other Receivables	168,841	597,788
Financial Liabilities	Borrowings	18,326,257	21,040,231
	Financial lease liabilities	2,614	17,388
	Other Payables	5,328	4,984
Floating interest rate financial instruments			
Financial Liabilities	Borrowings	12,234,370	18,076,968

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.)

34. 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:

		Fair value hierarchy as of reporting date		
Financial assets	**31 December 2023**	**Level 1 TL**	**Level 2 TL**	**Level 3 TL**
Financial assets at fair value through profit/loss				
- Available for sale	4,230	4,230	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	4,009,637	-	-	4,009,637
- Derivative instruments	592,730	-	592,730	-
Total	**4,606,597**	**4,230**	**592,730**	**4,009,637**

		Fair value hierarchy as of reporting date		
Financial assets	**31 December 2022**	**Level 1 TL**	**Level 2 TL**	**Level 3 TL**
Financial assets at fair value through profit/loss				
- Available for sale	346,842	4,741	341,826	275
- Shares	4,427,784	-		4,427,784
- Derivative instruments	1,228,946	-	1,228,946	-
Total	**6,003,572**	**4,741**	**1,570,772**	**4,428,059**
Financial liabilities				
Financial liabilities at fair value through profit/loss				
Derivative instruments	(37,443)	-	(37,443)	-
Total	**(37,443)**	**-**	**(37,443)**	**-**

It is assumed 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 600,000,000, is TL 310,501 thousand above their fair value based on the quoted prices in active markets (Level 1).

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

35. FEES FOR SERVICES OBTAINED FROM INDEPENDENT AUDIT FIRM

The Group's explanation regarding the fees for the services rendered by independent audit firms, which is based on the POA's letter dated 19 August 2021 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Independent audit fee for the reporting period	8,612	6,858
Fee for other assurance services	25	33
Total	**8,637**	**6,891**

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,

36. EVENTS AFTER THE REPORTING PERIOD

None.