

**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND
ITS SUBSIDIARIES**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023
(ORIGINALLY ISSUED IN TURKISH)**

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 AND 31 DECEMBER 2022

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

ASSETS	Notes	Unaudited Current Period 30 September 2023	Audited Prior Period 31 December 2022
Current Assets		31,285,963	25,174,269
Cash and Cash Equivalents	4	9,682,950	9,254,834
Financial Investments	5	3,565	210,497
Traded Receivables			
- Trade Receivables from Related Parties	7-21	5,937,903	4,100,552
- Trade Receivables from Third Parties	7	4,955,254	3,287,788
Other Receivables			
- Other Receivables from Related Parties	8-21	1,847,316	1,194,805
- Other Receivables from Third Parties	8	499,099	362,795
Derivative Instruments	9	352,928	745,842
Inventories	10	6,664,345	4,996,350
Prepaid Expenses			
- Prepaid Expenses to Third Parties		574,297	423,058
Current Income Tax Assets		102,605	13,507
Other Current Assets		665,701	584,241
Non-Current Assets		16,774,736	12,684,522
Financial Investments	5	3,917,624	2,687,204
Property, Plant and Equipment	11	7,676,919	6,817,011
Intangible Assets			
- Goodwill	12	1,670,732	1,122,211
- Other Intangible Assets	13	1,307,032	895,475
Prepaid Expenses		131,153	128,632
Deferred Tax Asset	19	2,071,276	1,033,989
TOTAL ASSETS		48,060,699	37,858,791

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 AND 31 DECEMBER 2022

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

	Notes	Unaudited Current Period 30 September 2023	Audited Prior Period 31 December 2022
LIABILITIES			
Current Liabilities		12,796,632	16,887,346
Short-Term Financial Liabilities	6	1,094,307	925,081
Short-Term Portion of Long-Term Financial Liabilities	6	3,887,715	10,476,406
Trade Payables			
- Trade Payables to Related Parties	7-21	1,262,274	1,079,457
- Trade Payables to Third Parties	7	4,216,418	3,081,810
Employee Benefit Related Liabilities		286,668	132,371
Other Payables			
- Other Payables to Third Parties	8	5,007	3,025
Derivative Instruments	9	5,244	22,724
Deferred Income		53,963	82,260
Current Income Tax Liabilities	19	341,965	261,953
Short-Term Provisions			
- Short-Term Provisions for Employee Benefits		366,178	259,014
- Other Short-Term Provisions		865,263	351,169
Other Current Liabilities		411,630	212,076
Non-Current Liabilities		24,755,025	13,288,953
Long-Term Financial Liabilities	6	23,592,388	12,349,131
Long-Term Provisions			
- Long-Term Provisions for Employee Benefits		1,081,973	763,769
Deferred Tax Liability	19	80,664	176,053
SHAREHOLDER'S EQUITY		10,509,042	7,682,492
Equity Attributable To Equity Holders' of the Parent		8,896,407	5,685,906
Share Capital		369,276	342,000
Share Capital Adjustment Differences		108,056	108,056
Share Premium		3,339,201	-
Effect of Business Combinations Under Common Control		(6,232,663)	(4,196,733)
Accumulated Other Comprehensive Income or Expenses			
Not to be Reclassified to Profit or Loss			
- Losses on Remeasurement of Defined Benefit Plans		(489,210)	(261,647)
- Increases on Revaluation of Plant, Property and Equipment		3,165,241	3,085,949
- Earnings from Investments in Equity Financial Instruments		3,159,149	2,020,802
Accumulated Other Comprehensive Income or Expenses to be			
Reclassified to Profit or Loss			
- Foreign Currency Translation Differences		1,590,682	832,293
- Cash Flow Hedging (Losses)/Gains		(512,913)	30,446
Restricted Reserves Appropriated from Profit		173,080	157,537
Retained Earnings		3,567,203	3,920,304
Net Profit/(Loss) for the Period		659,305	(353,101)
Non-Controlling Interests		1,612,635	1,996,586
TOTAL LIABILITIES AND EQUITY		48,060,699	37,858,791

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023 AND 2022

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

	Notes	Unaudited Current Period 1 January- 30 September 2023	Unaudited Current Period 1 July- 30 September 2023	Unaudited Previous Period 1 January- 30 September 2022	Unaudited Previous Period 1 July- 30 September 2022
Revenue	15	32,032,188	12,408,578	19,178,880	7,301,820
Cost of Sales (-)	15	(21,378,024)	(8,222,343)	(13,611,178)	(5,280,918)
GROSS PROFIT		10,654,164	4,186,235	5,567,702	2,020,902
General Administrative Expenses (-)	16	(862,802)	(403,850)	(473,180)	(194,805)
Marketing Expenses (-)	16	(3,088,807)	(1,190,363)	(1,661,640)	(640,371)
Research and Development Expenses (-)	16	(132,581)	(53,429)	(50,545)	(20,831)
Other Operating Income		1,682,270	359,176	1,045,410	365,348
Other Operating Expenses (-)		(720,920)	(441,924)	(262,162)	15,629
OPERATING PROFIT		7,531,324	2,455,845	4,165,585	1,545,872
Income from Investment Activities		4,677,538	987,608	3,694,542	1,307,218
Expenses from Investment Activities (-)		(302,421)	(126,715)	(1,903,434)	(404,992)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		11,906,441	3,316,738	5,956,693	2,448,098
Financial Income	17	122,118	(24,310)	108,781	102,225
Financial Expenses (-)	18	(10,854,893)	(1,709,954)	(7,019,178)	(2,581,142)
PROFIT/(LOSS) BEFORE TAX		1,173,666	1,582,474	(953,704)	(30,819)
Tax Income/(Expenses)		225,044	53,595	(32,089)	(69,283)
Current Tax Expense (-)	19	(844,741)	(317,871)	(568,168)	(203,894)
Deferred Tax Income	19	1,069,785	371,466	536,079	134,611
PROFIT/(LOSS) FOR THE PERIOD		1,398,710	1,636,069	(985,793)	(100,102)
Distribution of the Profit/(Loss) for the Period					
Non-Controlling Interest		739,405	180,013	350,625	116,976
Equity Holders of the Parent		659,305	1,456,056	(1,336,418)	(217,078)
Earnings/(Losses) Per Share	20	1.79	3.94	(3.62)	(0.59)

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023 AND 2022

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

	Unaudited Current Period 1 January- 30 September 2023	Unaudited Current Period 1 July- 30 September 2023	Unaudited Previous Period 1 January- 30 September 2022	Unaudited Previous Period 1 July- 30 September 2022
PROFIT/(LOSS) FOR THE PERIOD	1,398,710	1,636,069	(985,793)	(100,102)
OTHER COMPREHENSIVE INCOME				
Not to be Reclassified To Profit or Loss	949,963	146,473	723,011	248,659
(Losses)/Gains on Remeasurement of Defined Benefit Plans	(269,332)	(82,357)	(5,096)	25
Property, Plant and Equipment Revaluation Increases	26,865	26,865	-	-
Earnings from Investments in Equity Financial Instruments	1,230,420	221,436	731,315	261,725
Taxes on Other Comprehensive Income that will not be Reclassified to Profit or Loss				
(Losses)/Gains on Remeasurement of Defined Benefit Plans, Tax Effect	67,332	29,937	1,020	(5)
Property, Plant and Equipment Revaluation Increases, Tax Effect	(6,716)	(6,716)	-	-
Earnings from Investments in Equity Financial Instruments, Tax Effect	(98,606)	(42,692)	(4,228)	(13,086)
Items to be Reclassified To Profit or Loss	677,688	87,176	619,320	288,776
Foreign Currency Translation Differences	1,221,047	121,734	469,387	155,211
(Losses)/Gains on Cash Flow Hedges	(724,479)	(88,478)	187,416	166,956
Taxes on Other Comprehensive Income that will be Reclassified to Profit or Loss				
Cash Flow Hedges, Tax Effect	181,120	53,920	(37,483)	(33,391)
OTHER COMPREHENSIVE INCOME	1,627,651	233,649	1,342,331	537,435
TOTAL COMPREHENSIVE INCOME	3,026,361	1,869,718	356,538	437,333
Distribution of Total Comprehensive Income				
Non-Controlling Interests	1,204,490	270,209	608,977	219,931
Equity Holders of the Parent	1,821,871	1,599,509	(252,439)	217,402

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023 AND 2022

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

				Accumulated Other Comprehensive Income and Expenses To Be Reclassified To Profit or Loss						Accumulated Other Comprehensive Income and Expenses Not To Be Reclassified To Profit or Loss				Retained Earnings			
	Share Capital	Adjustments to Share Capital	Share Premium	Effect of Business Combinations Under Common Control	Currency Translation Adjustments	Cash Flow Hedge Gain/(Loss)	Revaluation of Plant, Property 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 Interests	Total		
As of 1 January 2022	342,000	108,056	-	(4,196,733)	607,882	540	815,379	(44,479)	1,276,228	157,537	(464,332)	4,384,636	2,986,714	1,327,188	4,313,902		
Transfers	-	-	-	-	-	-	-	-	-	-	464,332	(464,332)	-	-	-		
Total Comprehensive Income	-	-	-	-	210,762	149,933	-	(3,802)	727,086	-	(1,336,418)	-	(252,439)	608,977	356,538		
Dividend Paid (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	(119,590)	(119,590)		
As of 30 September 2022	342,000	108,056	-	(4,196,733)	818,644	150,473	815,379	(48,281)	2,003,314	157,537	(1,336,418)	3,920,304	2,734,275	1,816,575	4,550,850		
As of 1 January 2023	342,000	108,056	-	(4,196,733)	832,293	30,446	3,085,949	(261,647)	2,020,802	157,537	(353,101)	3,920,304	5,685,906	1,996,586	7,682,492		
Transfers	-	-	-	-	-	-	-	-	-	-	353,101	(353,101)	-	-	-		
Total Comprehensive Income	-	-	-	-	758,389	(543,359)	20,149	(202,000)	1,129,387	-	659,305	-	1,821,871	1,204,490	3,026,361		
Transactions Under Common Control (**)	27,276	-	3,339,201	(2,035,930)	-	-	59,143	(25,563)	8,960	15,543	-	-	1,388,630	(1,388,630)	-		
Dividend Paid (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	(199,811)	(199,811)		
As of 30 September 2023	369,276	108,056	3,339,201	(6,232,663)	1,590,682	(512,913)	3,165,241	(489,210)	3,159,149	173,080	659,305	3,567,203	8,896,407	1,612,635	10,509,042		

(*) At the 2020 Ordinary General Assembly Meeting held on April 26, 2021, it was decided to distribute a gross amount of 276,600,000 TL which is to be covered entirely from the period profit, and it was also decided that the entire profit distributed will be given in cash. The distribution of dividends has been carried out as of May 25, 2021. At the Board of Directors Meeting of Food Manufacturers Company, one of the subsidiaries of the Group, dated January 5, 2021, it was decided to pay dividends of TL 146,722,501. TL 66,025,125 of the relevant amount has been accounted under non-controlling interests.

(**) On August 31, 2023, the Company merged with Ülker Çikolata Sanayi A.Ş., in which the Company holds 91.7% shares, and Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş., in which the Company holds 73.9% shares. The impact of this merger transaction is reflected in the "Transactions under common control" line of the statement of changes in equity.

(***) The Board of Directors of Food Manufacturers Company, a subsidiary of the Group, has decided to distribute a dividend of 444,024 thousand Turkish Lira on April 19, 2023. The portion of this amount, amounting to 199,811 thousand Turkish Lira, attributable to non-controlling interests, has been accounted for separately.

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2023 AND 2022

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

	<u>Notes</u>	Unaudited Current Period 1 January- 30 September 2023	Unaudited Prior Period 1 January- 30 September 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the period		1,398,710	(985,793)
Adjustments to Reconcile Net Profit/(Loss) for the Period			
Adjustments Related to Depreciation and Amortization			
Depreciation expenses of tangible assets	11	351,410	246,290
Amortization expenses of intangible assets	13	5,870	4,119
Adjustments Related to Impairment Loss (Reversal)			
Adjustments for impairment of receivables	7	(2,441)	1,195
Value (increase)/decrease in financial investments		(687)	1,749,904
Impairment loss of inventories	10	15,719	12,164
Adjustments Related to Provisions			
Adjustments for Provisions for Employee Benefits (Reversal)			
Provision for employment termination benefits		168,501	224,262
Unused vacation accrual		103,504	63,083
Performance premium accrual		212,333	57,510
Adjustments Related to Provisions (Reversal) for Lawsuits and/or Penalties			
		48	(434)
Adjustments Related to Other Provisions (Reversal)			
Other provisions (net)		514,046	245,067
Adjustments Related to Interest (Income) and Expenses			
Adjustments Related to Interest (Income) and Expenses			
Interest income		(669,402)	(275,960)
Interest expenses	18	2,195,640	1,551,995
Adjustments Related to Tax (Income)/Expenses	19	(225,044)	32,089
Adjustments Related to Losses/(Gains) on Disposals of Non-Current Assets			
Adjustments related to gains arising from sale of property, plant and equipment		(943)	(29,432)
Adjustments Related to Other Items That Cause Cash Flows Arising from Investment or Financing Activities			
Financial liabilities exchange rate change (net)		8,376,874	5,299,039
Change in foreign currency from investing activities (net)		(3,690,041)	(3,227,369)
Commission expenses and financial income (net)		160,260	59,363
Other Adjustments to Reconcile Profit/(Loss)			
Rent income		(14,044)	(8,251)
Net cash before changes in assets and liabilities		<u>8,900,313</u>	<u>5,018,841</u>

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2023 AND 2022

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

	<u>Notes</u>	Unaudited Current Period 1 January- 30 September 2023	Unaudited Prior Period 1 January- 30 September 2022
Changes In Working Capital			
(Increase) in trade receivables		(1,325,478)	(936,768)
(Increase) in receivables from related parties		(1,837,351)	(1,151,029)
(Increase) in inventories		(1,264,839)	(2,013,918)
(Increase) in other receivables and other assets		(308,573)	(926,239)
Increase in trade payables		598,792	760,923
Increase in payables to related parties		182,817	479,052
Increase/(decrease) in other payables and liabilities		158,595	(93,680)
Cash generated from activities		5,104,276	1,137,182
Employment termination benefit paid		(216,144)	(46,175)
Unused vacation paid		(74,359)	(32,104)
Performance premium paid		(187,929)	(65,027)
Taxes Paid		(853,827)	(431,037)
Cash generated from operating activities		3,772,017	562,839
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows from sales of property, plant and equipment and intangible assets		26,920	40,579
Cash outflows from purchase of property, plant and equipment		(607,853)	(364,429)
Cash outflows from purchase of intangible assets	13	(2,754)	(833)
Changes in non-trade receivables from related parties		(652,511)	(666,465)
Interest received		669,402	275,960
Other cash advances given and payables		(2,521)	(27,771)
Cash inflows from the purchase of share or debt instruments of other businesses or funds		203,680	1,051,370
Cash generated from leases		14,044	8,251
Net cash (used in)/generated from investing activities		(351,593)	316,662
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows from borrowings		93,946	1,678,740
Repayment of borrowings		(5,592,763)	(1,747,701)
Cash inflow from derivative instruments		540,991	-
Interest paid		(1,016,535)	(798,495)
Dividend paid		(199,811)	(119,590)
Commission paid		(160,260)	(59,363)
Net cash used in financing activities		(6,334,432)	(1,046,409)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(2,914,008)	(166,908)
EFFECT OF FOREIGN EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS		3,342,124	927,485
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	9,254,834	3,004,834
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	9,682,950	3,765,411

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2023

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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 İstanbul A.Ş. (“BİST”) (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/İstanbul.

As of 30 September 2023, the total number of people employed by the Group 9,555, which contain 2,169 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 Holding A.Ş.. pladis Foods Limited is subsidiary of Yıldız Holding A.Ş. with shares of 100%. Yıldız Holding A.Ş. is managed by Ülker Family.

As of 30 September 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:

Title of Shareholders	30 September 2023		31 December 2022	
	Share	Percentage	Share	Percentage
pladis Foods Limited	174,420	47.23%	174,420	51.00%
Other	194,856	52.77%	167,580	49.00%
	369,276	100.00%	342,000	100.00%

As of 30 September 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:

Subsidiaries	30 September 2023		31 December 2022		Nature of Operation
	Ratio of Direct Ownership	Ratio of Effective Ownership	Ratio of Direct Ownership	Ratio of Effective Ownership	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.(*).	-	-	73.90%	73.90%	Manufacturing
Ülker Çikolata Sanayi A.Ş.(*)	-	-	91.70%	91.70%	Manufacturing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	100.00%	100.00%	100.00%	100.00%	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	100.00%	100.00%	100.00%	100.00%	Trading
UI Egypt B.V.	51.00%	51.00%	51.00%	51.00%	Investing
Hi-Food for Advanced Food Industries	-	51.40%	-	51.40%	Manufacturing-Sales
Sabourne Investments Ltd	100.00%	100.00%	100.00%	100.00%	Investing
Food Manufacturers’ Company	-	55.00%	-	55.00%	Manufacturing-Sales
Hamle Company Ltd LLP	100.00%	100.00%	100.00%	100.00%	Manufacturing-Sales
Ulker Star LLC	-	99.00%	-	99.00%	Sales
UI Mena BV	100.00%	100.00%	100.00%	100.00%	Investing
Amir Global Trading FZE	-	100.00%	-	100.00%	Sales
Ulker for Trading and Marketing	-	99.80%	-	99.80%	Sales
International Biscuits Company	100.00%	100.00%	100.00%	100.00%	Manufacturing-Sales
Önem Gıda Sanayi ve Ticaret A.Ş.	100.00%	100.00%	100.00%	100.00%	Manufacturing-Sales

(*). On August 31, 2023, the Company merged with Ülker Çikolata Sanayi A.Ş., in which the Company holds 91.7% shares, and Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş., in which the Company holds 73.9% shares. The impact of this merger transaction is reflected in the "Transactions under common control" line of the statement of changes in equity.

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2023

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY (cont’d)

Approval of consolidated financial statements:

The Board of Directors has approved the consolidated financial statements and given authorization for the issuance on 9 November 2023. 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 Consolidated Financial Statements and Significant Accounting Policies

The consolidated financial statements of the Group 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.

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations.

In accordance with the CMB's decision dated March 17, 2005 and numbered 11/367, the application of inflation accounting was terminated, effective from 1 January 2005, for companies operating in Turkey and preparing financial statements in accordance with Turkish Accounting Standards. Accordingly, as of January 1, 2005, Standard No. 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) has not been applied.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 “Financial Reporting in Hyperinflationary Economies Under the Financial Reporting Standard for Large and Medium-sized Enterprises” (“TAS 29”) for entities adopting Turkish Financial Reporting Standards (“TFRS”). The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021.

As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying financial statements as of 30 September 2023 in accordance with TAS 29.

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

The Group’s interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2022 year-end financial statements.

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.

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.2 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

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 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 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.

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3. SEGMENT REPORTING

The Group’s core business activities are manufacturing and marketing of biscuit, chocolate coated biscuit, wafer, cake and chocolate. The reports reviewed routinely by the decision makers of the Group comprise consolidated financial information of Ülker Bisküvi Sanayi A.Ş. and its subsidiaries. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions. The Group management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The board of directors review segmental analysis on gross profit, operational profit and EBITDA.

The Group follows its operations with domestic (local operations of Turkish companies in Turkey) and international basis in accordance with TFRS 8. The information for 1 January – 30 September 2023 and 1 January – 30 September 2022 is as follows:

	<u>Domestic</u>	<u>Foreign</u>	<u>1 January-30 September 2023</u>
Revenue	20,920,052	11,112,136	32,032,188
Gross Profit	6,416,101	4,238,063	10,654,164
Operating Profit (*)	4,254,301	2,315,673	6,569,974
EBITDA (**)	4,404,468	2,522,786	6,927,254
EBITDA/Revenue	21.1%	22.7%	21.6%
Investment Expenses	440,463	162,448	602,911
	<u>Domestic</u>	<u>Foreign</u>	<u>1 January-30 September 2022</u>
Revenue	11,813,999	7,364,881	19,178,880
Gross Profit	2,874,552	2,693,150	5,567,702
Operating Profit (*)	1,976,135	1,406,202	3,382,337
EBITDA (**)	2,070,402	1,562,345	3,632,747
EBITDA/Revenue	17.5%	21.2%	18.9%
Investment Expenses	251,405	96,327	347,732

(*) Operating profit before other income and expense.

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

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4. CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Cash on hand	10,269	4,588
Demand deposits	1,994,758	1,299,382
Time deposits	7,705,268	7,968,329
Impairment provision	(27,345)	(17,465)
	9,682,950	9,254,834

The details of time deposits are as follows:

Currency Type	Annual Weighted Average Effective Interest Rate	Maturity	30 September 2023
TL	35.38%	October 2023	1,368,036
USD	3.96%	October 2023	4,889,399
EUR	2.27%	October 2023	1,134,325
EGP	14.18%	October 2023	169,549
SAR	4.75%	October 2023	111,443
KZT	11.00%	October 2023	32,516
			7,705,268

Currency Type	Annual Weighted Average Effective Interest Rate	Maturity	31 December 2022
TL	20.00%	January 2023	1,431,658
USD	3.73%	January 2023	6,251,869
EUR	0.01%	January 2023	65,785
EGP	8.25%	January 2023	77,232
SAR	4.75%	January 2023	75,729
KZT	13.00%	January 2023	66,056
			7,968,329

5. FINANCIAL INVESTMENTS

Short-Term Financial Investments:	30 September 2023	31 December 2022
Financial assets measured at fair value through profit/loss	3,565	210,497
	3,565	210,497

Long-Term Financial Investments:	30 September 2023	31 December 2022
Financial assets measured at fair value through other comprehensive income (*)	3,917,624	2,687,204
	3,917,624	2,687,204

(*) Equity investments in which the Group has no significant influence are classified as financial investments at fair value through other comprehensive income. As of 30 September 2023, the after-tax difference to the parent amounting to TL 3,159,149 thousand has been recognized for in equity (2022: TL 2,020,802 thousand)

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5. FINANCIAL INVESTMENTS (cont’d)

Financial Assets at Fair Value Through

Other Comprehensive Income

	<u>30 September 2023</u>	<u>31 December 2022</u>
G New, Inc	1,148,500	784,426
Godiva Belgium BVBA	2,588,483	1,767,935
Other	180,641	134,843
	<u>3,917,624</u>	<u>2,687,204</u>

6. FINANCIAL LIABILITIES

	<u>30 September 2023</u>	<u>31 December 2022</u>
Short-term financial liabilities	1,094,307	925,081
Short-term portion of long-term financial liabilities	3,887,715	10,476,406
Long-term financial liabilities	23,592,388	12,349,131
	<u>28,574,410</u>	<u>23,750,618</u>

Other Current Liabilities

	<u>30 September 2023</u>	<u>31 December 2022</u>
Letter of credit borrowings	1,094,307	925,081
	<u>1,094,307</u>	<u>925,081</u>

Short-Term Portion of Long-Term Financial Liabilities

	<u>30 September 2023</u>	<u>31 December 2022</u>
Bank loans	2,679,303	9,655,778
Issued debt instruments (*)	1,207,277	812,749
Financial lease liabilities	1,135	7,879
	<u>3,887,715</u>	<u>10,476,406</u>

Long-Term Financial Liabilities

	<u>30 September 2023</u>	<u>31 December 2022</u>
Bank loans	8,512,677	1,315,059
Issued debt instruments (*)	15,077,990	11,031,399
Financial lease liabilities	1,721	2,673
	<u>23,592,388</u>	<u>12,349,131</u>

(*)The Group conducted a buyback transaction on July 19, 2023 for USD 50,069,000 of the USD 650,000,000 of bond issued on the Irish Stock Exchange (Euronext Dublin) on 30 October 2020, with a 5-year maturity, coupon payment every 6 months, principal and coupon payments at the end of the maturity, with an annual fixed interest rate of 6.95% .

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6. FINANCIAL LIABILITIES (cont’d)

In order to refinance the syndication and EBRD loans, the Group utilized a syndicated and EBRD loan with a 3 years maturity and the participation of 6 international banks on 20 April 2023. The utilized loan consists of tranches of Murabaha amounting to EUR 25 million and USD 10 million, conventional loans amounting to USD 25 million and EUR 171 million, and a conventional loan with EBRD amounting to EUR 75 million. This loan is the Group's first sustainability-linked loan and has been used to repay the syndication and EBRD loans with a total amount of USD 457 million, which matured in April 2023.

The covenants which belong to syndicated loan are as follows:

- a) **Leverage:** The ratio of the consolidated net debt at balance sheet date to the last twelve months consolidated EBITDA (Earnings before interest, tax, depreciation and amortization) in the valid period should not be over 3.50 to 1.
- b) **Interest Coverage:** Consolidated interest coverage ratio of the Group should be at least 2 to 1.

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

Financial Liabilities:

30 September 2023

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short-Term</u>	<u>Long-Term</u>
TL	October 2023-October 2025	28.00%	1,135	1,721
USD	October 2023-April 2026	8.46%	1,324,422	15,967,270
EUR	October 2023-April 2026	10.82%	3,423,619	7,319,628
EGP	October 2023-December 2023	10.95%	19,246	-
KZT	October 2023-January 2026	11.98%	213,600	303,769
			4,982,022	23,592,388

31 December 2022

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short-Term</u>	<u>Long-Term</u>
TL	January 2023-October 2025	27.22%	7,879	2,673
USD	April 2023-October 2025	6.75%	2,883,061	11,031,397
EUR	April 2023-April 2024	3.97%	8,312,771	1,015,858
EGP	March 2023-September 2023	8.00%	5,438	-
KZT	January 2023-January 2026	11.97%	192,338	299,203
			11,401,487	12,349,131

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6. FINANCIAL LIABILITIES (cont’d)

Financial Liabilities: (cont’d)

Repayment terms of bank loans and issued debt are as follows:

	30 September 2023	31 December 2022
To be paid within 1 year	3,886,580	10,468,527
To be paid within 1-2 years	1,043,796	1,520,137
To be paid within 2-3 years	22,546,871	10,800,835
To be paid within 3-4 years	-	25,486
	27,477,247	22,814,985

Short-Term Portion of Long-Term Financial Lease Liabilities

	30 September 2023	31 December 2022
Financial lease liabilities	2,235	9,511
Deferred leasing borrowing costs (-)	(1,100)	(1,632)
	1,135	7,879

Long-Term Financial Lease Liabilities

	30 September 2023	31 December 2022
Financial lease liabilities	2,158	3,957
Deferred leasing borrowing costs (-)	(437)	(1,284)
	1,721	2,673

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

	30 September 2023	31 December 2022
To be paid within 1 year	1,135	7,879
To be paid within 1-2 years	1,642	1,239
To be paid within 2-3 years	79	1,434
	2,856	10,552

7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables from Related Parties

	30 September 2023	31 December 2022
Trade receivables from related parties (Note 21)	5,937,903	4,100,552
	5,937,903	4,100,552

Other Trade Receivables

	30 September 2023	31 December 2022
Trade receivables	4,991,983	3,320,713
Provision for expected credit loss	(36,729)	(32,925)
	4,955,254	3,287,788

Total Short-Term Trade Receivables

10,893,157	7,388,340
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7. TRADE RECEIVABLES AND PAYABLES (cont’d)

The movement of the allowance for expected credit loss as of 30 September 2023 and 2022 is as follows:

	1 January – 30 September 2023	1 January – 30 September 2022
Opening balance	(32,925)	(19,855)
Charge for the period	(2,578)	(1,239)
Cancelled provision amount	5,019	44
Foreign currency translation differences	(6,245)	(3,237)
Closing balance	(36,729)	(24,287)

	30 September 2023	31 December 2022
Short-Term Trade Payables		
Trade payables to related parties (Note 21)	1,262,274	1,079,457
Trade payables	4,216,418	3,081,810
	5,478,692	4,161,267

8. OTHER RECEIVABLES AND PAYABLES

	30 September 2023	31 December 2022
Other Receivables		
Non-trade receivables from related parties (Note 21)	1,847,316	1,194,805
Short-term other receivables	499,099	362,795
	2,346,415	1,557,600

	30 September 2023	31 December 2022
Other Short-Term Receivables		
VAT receivables	427,575	315,646
Deposits and guarantees given	51,725	35,352
Receivables from personnel	7,339	4,713
Other	12,460	7,084
	499,099	362,795

	30 September 2023	31 December 2022
Other Payables		
Other short-term payables	5,007	3,025
	5,007	3,025

	30 September 2023	31 December 2022
Other Short-Term Payables		
Deposits and guarantees received	822	22
Other payables	4,185	3,003
	5,007	3,025

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9. DERIVATIVE INSTRUMENTS

The Group, in order to hedge currency risk, in line with the payment schedule of the syndicated loan of EUR 196,219,265 and the EBRD loan of EUR 75,000,000 used on 20 April 2023, a total of EUR 150,000,000 Cross Currency Fixed Interest Rate Swap has executed on 23 March 2023, 4 April 2023, 15 June 2023 and 10 July 2023. On 22 March and 5 April 2023, the Company has executed a Cross Currency Fixed Rate Swap transaction in the amount of USD 100,000,000 to hedge against currency risks, in parallel with the payment plan of its USD 650,000,000 bond (5-year maturity, pays semi-annual coupons, and has a fixed annual interest rate of 6.95% to be paid at maturity together with the principal) issued on October 30, 2020. These transactions are associated with cash flow hedging purposes in the accompanying consolidated financial statements.

As of 30 September 2023 and 31 December 2022, derivative instruments are as follows:

	30 September 2023		31 December 2022	
	Contract Amount	Fair Value Asset	Contract Amount	Fair Value Asset/(Liability)
For hedging purposes				
Cross Currency Fixed Rate Swaps	7,092,245	315,944	4,983,725	733,042
Fixed Interest Rate Swap	-	-	617,044	12,800
Buy-sell purposes				
Forward Transactions	2,821,996	31,740	559,130	(22,724)
Total Asset	9,914,241	347,684	6,159,899	723,118

10. INVENTORIES

Details of inventory are as follows:

	30 September 2023	31 December 2022
Raw materials	4,249,245	3,491,225
Work in progress	256,074	144,682
Finished goods	1,709,695	1,155,578
Trade goods	225,515	87,087
Other inventories	320,842	179,664
Allowance for impairment on inventory (-)	(97,026)	(61,886)
	6,664,345	4,996,350

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

Inventory impairment movements for the nine months ended period of 30 September 2023 and 2022 are as follows;

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance	(61,886)	(33,953)
Charge for the period	(15,719)	(12,164)
Write-offs	888	3,185
Foreign currency translation differences	(20,309)	(8,504)
Closing balance	(97,026)	(51,436)

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11. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment assets between 1 January - 30 September 2023 is as follows:

Cost	1 January 2023	Additions	Disposal	Transfer	Foreign currency translation differences	30 September 2023
Land	2,785,109	-	-	-	22,964	2,808,073
Buildings	3,205,239	9,197	(142)	-	280,556	3,494,850
Machinery, plant and equipment	4,891,083	107,207	(42,849)	103,003	1,035,709	6,094,153
Vehicles	20,215	2,280	(2,644)	-	6,011	25,862
Furniture and fixture	279,190	35,534	(1,644)	-	59,461	372,541
Leasehold improvements	59,613	1,515	-	-	1,236	62,364
Other property, plant and equipment	55	38,908	-	-	-	38,963
Construction in progress	216,837	405,516	(109)	(102,806)	66,304	585,742
	11,457,341	600,157	(47,388)	197	1,472,241	13,482,548

Accumulated depreciation	1 January 2023	Charge for the period	Disposal	Transfer	Foreign currency translation differences	30 September 2023
Buildings	(1,895,522)	(55,085)	114	-	(160,036)	(2,110,529)
Machinery, plant and equipment	(2,512,841)	(257,938)	17,198	-	(627,576)	(3,381,157)
Vehicles	(18,137)	(1,578)	2,644	-	(1,537)	(18,608)
Furniture and fixture	(171,546)	(27,838)	1,455	-	(45,895)	(243,824)
Leasehold improvements	(42,249)	(3,742)	-	-	(256)	(46,247)
Other property, plant and equipment	(35)	(5,229)	-	-	-	(5,264)
	(4,640,330)	(351,410)	21,411	-	(835,300)	(5,805,629)
Net Book Value	6,817,011					7,676,919

From depreciation and amortization expenses of property, plant and equipment and intangible assets, TL 336,250 thousand (30 September 2022: TL 236,773 thousand) is included in cost of goods sold, TL 954 thousand (30 September 2022: TL 611 thousand) in research and development expenses, TL 7,065 thousand (30 September 2022: TL 5,160 thousand) in marketing and selling expenses, TL 13,011 thousand (30 September 2022: TL 7,865 thousand) in general administrative expenses. In the nine-month period ending as of 30 September 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 30 September 2023.

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

Movement of property, plant and equipment between 1 January and 30 September 2022 is as follows:

Cost	1 January 2022	Additions	Disposal	Transfer	Foreign currency translation differences	30 September 2022
Land	836,106	-	-	-	9,302	845,408
Buildings	1,450,365	1,690	(1,180)	5,762	149,740	1,606,377
Machinery, plant and equipment	3,813,432	75,640	(14,585)	104,425	590,311	4,569,223
Vehicles	18,166	63	(2,397)	-	3,511	19,343
Furniture and fixture	210,935	13,885	(10,044)	9,887	33,772	258,435
Leasehold improvements	54,222	1,090	(38)	-	164	55,438
Other property, plant and equipment	32	23	-	-	-	55
Construction in progress	179,153	254,508	(697)	(120,074)	17,110	330,000
	6,562,411	346,899	(28,941)	-	803,910	7,684,279

Accumulated Depreciation	1 January 2022	Charge for the period	Disposal	Transfer	Foreign currency translation differences	30 September 2022
Buildings	(748,130)	(32,586)	23	(1,518)	(78,621)	(860,832)
Machinery, plant and equipment	(1,980,546)	(192,532)	6,376	1,518	(345,650)	(2,510,834)
Vehicles	(16,450)	(888)	2,397	-	(3,384)	(18,325)
Furniture and fixture	(138,206)	(17,508)	9,826	-	(22,419)	(168,307)
Leasehold improvements	(38,154)	(2,774)	24	-	(150)	(41,054)
Other property, plant and equipment	(32)	(2)	-	-	-	(34)
	(2,921,518)	(246,290)	18,646	-	(450,224)	(3,599,386)

Net Book Value	3,640,893					4,084,893
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In the nine-month period ending as of 30 September 2022, there is no fixed asset acquired through financial leasing by the Group. As of 30 September 2022, there are no property, plant and equipment subject to mortgages or pledges.

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

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

	<u>Useful Life</u>
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 “compare with similar” technique on 3 February 2023. The revaluation was performed by Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. authorized by Capital Markets Board. Properties were accounted on 31 December 2022 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

	<u>1 January – 30 September 2023</u>	<u>1 January – 30 September 2022</u>
Opening balance	1,122,211	896,538
Foreign currency translation difference	548,521	130,484
Closing balance	<u>1,670,732</u>	<u>1,027,022</u>

The distribution of goodwill is as follows:

Company	<u>30 September 2023</u>	<u>31 December 2022</u>
UI Mena B.V.	1,607,117	1,079,482
IBC	63,615	42,729
	<u>1,670,732</u>	<u>1,122,211</u>

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.

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13. INTANGIBLE ASSETS

Movements of intangible assets between 1 January - 30 September 2023 are as follows:

	1 January 2023	Addition	Disposal	Transfer	Foreign currency translation differences	30 September 2023
Cost						
Rights (*)	923,383	1,612	-	(383)	423,237	1,347,849
Other	21,275	1,142	-	186	6,542	29,145
	944,658	2,754	-	(197)	429,779	1,376,994
Accumulated Amortization		Charge for the period	Disposal	Transfer	Foreign currency translation differences	30 September 2023
Rights	(31,726)	(3,447)	-	-	(8,585)	(43,758)
Other	(17,457)	(2,423)	-	-	(6,324)	(26,204)
	(49,183)	(5,870)	-	-	(14,909)	(69,962)
Net Book Value	895,475					1,307,032

Movements of intangible assets between 1 January - 30 September 2022 are as follows:

	1 January 2022	Addition	Disposal	Transfer	Foreign currency translation differences	30 September 2022
Cost						
Rights (*)	675,632	315	(856)	-	227,829	902,920
Other	14,825	518	(4)	-	3,792	19,131
	690,457	833	(860)	-	231,621	922,051
Accumulated Amortization		Charge for the period	Disposal	Transfer	Foreign currency translation differences	30 September 2022
Rights	(28,760)	(537)	4	-	(4,120)	(33,413)
Other	(10,393)	(3,582)	4	-	(3,154)	(17,125)
	(39,153)	(4,119)	8	-	(7,274)	(50,538)
Net Book Value	651,304					871,513

(*) As of 30 September 2023, rights contain reacquired rights related with Saudi distribution agreements of Groups products in Saudi Arabia amounting to TL 1,089,264 thousand (30 September 2022: TL 736,822 thousand), the remaining amount of TL 200,890 thousand (30 September 2022: TL 123,490 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. The group has not identified any indicators of impairment in the carrying amounts as a result of analyses of other intangible assets. Therefore, as of September 30, 2023, no impairment test has been performed.

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

	Useful Life
Rights	2 years – Infinite life
Other intangible assets	2 – 12 years

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14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Guarantees Given

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

	30 September 2023			31 December 2022		
	TL	USD	EUR	TL	USD	EUR
A) CPM's given in the name of own legal personality (*)	198,918	25,354	337	275,569	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	-	-	-	-	-	-
	198,918	25,354	100,337	275,569	25,354	175,087

(*) Non-cash risk amounting to TL 53 million and USD 5.8 million.

(**) The ratio of other collaterals, pledges and mortgages given by the group to the Group's parent company's equity is zero as of 30 September 2023 (31 December 2022: zero).

The Company's ultimate parent company Yıldız Holding A.Ş. and some Yıldız Holding Group entities including Ülker Bisküvi's associates entered into syndicated loan agreement with some of the “creditors” of Yıldız Holding A.Ş. and Yıldız Holding Group entities.

The cash balance of Ülker Bisküvi's associates with an amount of TL 592.7 million, EUR 10.1 million and USD 19.5 million and non-cash bank guarantees amounting to TL 140.1 million, USD 57 million and EUR 383 thousand were transferred to the level of Yıldız Holding A.Ş. with syndication as of 8 June 2018. The Group's total debt has not increased as a result of the syndicated loan. Ülker Bisküvi's associates became guarantors of Yıldız Holding A.Ş. as of the date of using the loan limited to their existing total bank loan risk exposure.

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15. REVENUE AND COST OF SALES

The detail of operating income is as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Domestic sales (*)	36,213,556	14,095,175	21,036,729	8,266,838
Export sales	6,292,834	2,515,207	4,105,800	1,394,126
Sales returns and discounts (-)	(10,474,202)	(4,201,804)	(5,963,649)	(2,359,144)
Revenue	32,032,188	12,408,578	19,178,880	7,301,820
Cost of goods sold	(20,734,103)	(7,995,965)	(13,412,500)	(5,220,243)
Cost of trade goods sold	(643,921)	(226,378)	(198,678)	(60,675)
Cost of sales	(21,378,024)	(8,222,343)	(13,611,178)	(5,280,918)
Gross Profit	10,654,164	4,186,235	5,567,702	2,020,902

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

16. EXPENSES BY NATURE

The detail of operating expenses is as follow:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
General Administrative Expenses				
Personnel expenses	(301,969)	(119,900)	(198,436)	(73,448)
Operating expenses	(356,856)	(180,052)	(162,251)	(69,395)
Consultancy expenses	(63,705)	(42,184)	(60,322)	(31,153)
Depreciation and amortization	(13,011)	(5,239)	(7,865)	(2,866)
Other	(127,261)	(56,475)	(44,306)	(17,943)
	(862,802)	(403,850)	(473,180)	(194,805)
Marketing Expenses				
Marketing operating expenses	(2,392,008)	(915,420)	(1,232,969)	(455,706)
Personnel expenses	(500,651)	(196,465)	(322,253)	(139,492)
Rent expenses	(51,259)	(22,032)	(33,842)	(12,514)
Depreciation and amortization	(7,065)	(2,722)	(5,160)	(1,817)
Other	(137,824)	(53,724)	(67,416)	(30,842)
	(3,088,807)	(1,190,363)	(1,661,640)	(640,371)
Research and Development Expenses				
Personnel expenses	(67,659)	(29,924)	(28,726)	(12,001)
Materials used	(26,411)	(8,900)	(9,687)	(3,805)
Depreciation and amortization	(954)	(350)	(611)	(211)
Other	(37,557)	(14,255)	(11,521)	(4,814)
	(132,581)	(53,429)	(50,545)	(20,831)

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17. FINANCE INCOME

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Foreign exchange gain	119,686	(25,250)	106,859	101,522
Other	2,432	940	1,922	703
	122,118	(24,310)	108,781	102,225

18. FINANCE EXPENSES

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Foreign exchange losses from financing	(8,496,560)	(730,899)	(5,405,898)	(1,921,962)
Interest expenses	(2,195,640)	(913,194)	(1,551,995)	(630,568)
Other	(162,693)	(65,861)	(61,285)	(28,612)
	(10,854,893)	(1,709,954)	(7,019,178)	(2,581,142)

19. TAX ASSET AND LIABILITIES

The Group accounts deferred tax assets and liabilities for temporary timing differences rooted from differences between legal financial statements and financial statements prepared in accordance with TFRS. The differences in question are caused generally by the fact that some profit and loss accounts come up in different periods in legal financial statements and financial statements prepared in accordance with TFRS. These differences are specified below.

The Law No. 7316 on the Law on Collection Procedure of Public Claims and Amending Some Laws in Turkey was published in the Official Gazette dated 22 April 2021 and numbered 31462. With this law amendment, 23% tax rate will be taken into account for the period of 1 January – 31 December 2022. Although the provisional tax periods are quarterly, since three, six, nine and twelve-month financial statements are taken as basis in the calculation of the income to be declared, taxation will be made by considering the 23% rate over the cumulative corporate tax base of 2022 for the whole year. For the year 2023, taxation will be made by considering the rate of 25% over the corporate tax base.

The rate applied in the calculation of deferred tax assets and liabilities for entities in Turkey is 25% (2022: 20%), for entities in Saudi Arabia and Kazakhstan is 20% (2022: 20%), for entities in Egypt is 22.5% (2022: 22.5%), for the entity in Kyrgyzstan 10% (2022: 10%), and for the entity in the United Arab Emirates is zero (2022: Zero).

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19. TAX ASSET AND LIABILITIES (cont’d)

Timing differences forming the basis of deferred tax:

	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Amortization of property, plant and equipment and intangible assets	-	-	558,114	1,195,251
Financial investments valuation differences	-	-	3,374,860	2,153,260
Prior years' losses	(7,262,596)	(4,771,583)	-	-
Provision for employment termination benefits	(787,556)	(611,798)	-	-
Profit elimination on inventories	(116,970)	(48,541)	-	-
Provision for unused vacation	(72,320)	(56,741)	-	-
Provision for expected credit losses	(51,466)	(31,045)	-	-
Impairment on inventories	(41,866)	(62,535)	-	-
Provision for lawsuits	(8,729)	(8,639)	-	-
Derivative instruments	-	-	277,097	723,116
Other	(323,519)	(79,940)	263,140	157,775
	(8,665,022)	(5,670,822)	4,473,211	4,229,402

Deferred tax calculated over timing differences that form the basis of deferred tax:

	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Amortization of property, plant and equipment and intangible assets	(130,853)	-	-	35,143
Financial investments valuation differences	-	-	194,822	104,521
Prior years' losses	(1,809,766)	(954,856)	-	-
Provision for employment termination benefits	(196,889)	(122,360)	-	-
Investment incentive	(29,269)	(39,076)	-	-
Profit elimination on inventories	(29,243)	(9,708)	-	-
Provision for unused vacation	(18,080)	(11,348)	-	-
Provision for expected credit losses	(12,866)	(6,209)	-	-
Impairment on inventories	(10,466)	(12,507)	-	-
Provision for lawsuits	(2,182)	(1,728)	-	-
Derivative instruments	-	-	69,275	144,624
Other	(80,880)	(15,987)	65,785	31,555
	(2,320,494)	(1,173,779)	329,882	315,843

Movements of Deferred Tax Liability:

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance	(857,936)	(192,942)
Taxes netted from funds recognized under equity	(143,131)	40,691
Foreign currency translation differences	80,240	1,812
Deferred tax income	(1,069,785)	(536,079)
	(1,990,612)	(686,518)

As at 30 September 2023, the Group calculated deferred tax assets of TL 7,262,596 thousand for deductible tax losses in the consolidated financial statements for the current year (31 December 2022: TL 4,771,583 thousand).

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19. TAX ASSET AND LIABILITIES (cont’d)

The maturities of these losses are as follows:

	30 September 2023	31 December 2022
2025	117,669	295,002
2026	750,465	772,043
2027	3,704,538	3,704,538
2028	2,689,924	-
	7,262,596	4,771,583

Corporate tax

The Company and its Turkish subsidiaries are subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the period.

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 30 September 2023 is 25% (2022: 23%).

In Turkey, 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 Turkey. Companies prepare their tax returns between 1-25 April of the year following the closing period of the relevant year (between 1-25 of the fourth month following the closing of the period for those with a special accounting period). These declarations and the accounting records based on them can be reviewed and changed by the Tax Office within 5 years.

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

The corporate tax in Egypt, where Hi Food for Advanced Food Industries and Ulker for Trading and Marketing, subsidiaries of the Group is 22.5% (2022: 22.5%). The corporate tax rate in Saudi Arabia, where Food Manufacturers' Company and International Biscuits Company, subsidiaries of the Group, operate is 20% (2022: 20%). The corporate tax rate in Kazakhstan, where Hamle Company Ltd LLP, a subsidiary of the Group, operates is 20% (2022: 20%). The corporate tax rate in Kyrgyzstan, where Ülker Star LLC, a subsidiary of the Group, operates is 10% (2022: 10%). In United Arab Emirates, where Amir Global Trading FZE, a subsidiary of the Group, operates is exempt from corporate tax earnings (2022: Exempt).

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19. TAX ASSET AND LIABILITIES (cont’d)

Tax Advantages Obtained Under the Investment Incentive System

Earnings from the Group's investments tied to the incentive certificate are subject to corporate tax at reduced rates from the accounting period in which the investment is started to be partially or fully operated until the investment contribution amount is reached. In this context, as of 30 September 2023, the tax advantage amounting to TL 29,269 thousand (31 December 2022: TL 39,076 thousand) that the Group will benefit from in the foreseeable future is reflected in the consolidated financial statements as a deferred tax asset. As a result of the recognition of the said tax advantage as of 30 September 2023, a deferred tax expense amounting to TL 9,807 thousand has occurred in the consolidated statement of profit or loss for the period 1 January - 30 September 2023. Deferred tax assets are recognized in case it is determined that taxable income is likely to occur in the future. In cases where taxable income is likely to occur, deferred tax assets are calculated over deductible temporary differences, tax losses and tax advantages vested in indefinite-life investment incentives that allow reduced corporate tax payments. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans and evaluates the recoverability of deferred tax assets related to these investment incentives as of each balance sheet date, based on business models containing taxable profit estimations. The deferred tax assets are expected to be recovered within 5 years from the balance sheet date. In the sensitivity analysis carried out as of 30 September 2023, when the inputs in the basic macroeconomic and sectoral assumptions that make up the business plans are increased/decreased by 10%, the recovery period of deferred tax assets related to investment incentives, which is foreseen as 5 years, has not changed.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Ministers’ Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Provision for taxation as of 30 September 2023 and 31 December 2022 is as follows:

	30 September 2023	31 December 2022
Total tax provision	(844,741)	(680,294)
Prepaid taxes and legal obligations	502,776	418,341
Taxation in the balance sheet	(341,965)	(261,953)
	1 January - 30 September 2023	1 January - 30 September 2022
Current year corporate tax expense	844,741	568,168
Deferred tax income	(1,069,785)	(536,079)
Tax expense in the income statement	(225,044)	32,089

20. EARNINGS PER SHARE

A summary of the Group’s weighted average number of shares outstanding as of 30 September 2023 and 2022 and computation of earnings per share set out here are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Weighted average number of common stock outstanding	36,927,600	36,927,600
Net profit/(loss)for the period attributable to equity holders of the parent	659,305	(1,336,418)
Earnings per Share (TL 1 worth of shares)	1.79	(3.62)

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21. RELATED PARTY DISCLOSURES

The detail of receivables from related parties is as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Trade receivables	5,937,903	4,100,552
Non-trade receivables	1,847,316	1,194,805
	<u>7,785,219</u>	<u>5,295,357</u>

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

	<u>30 September 2023</u>		<u>31 December 2022</u>	
	<u>Trade</u>	<u>Non-Trade</u>	<u>Trade</u>	<u>Non-Trade</u>
<i>Principle Shareholder</i>				
Yıldız Holding A.Ş.	-	1,847,316	-	1,194,805
<i>Other Companies Controlled by the Principle Shareholder</i>				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	2,572,906	-	1,685,710	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	2,267,820	-	1,564,375	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	418,497	-	310,826	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	368,726	-	333,828	-
Other	309,954	-	205,813	-
	<u>5,937,903</u>	<u>1,847,316</u>	<u>4,100,552</u>	<u>1,194,805</u>

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

The details of payables to related parties are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Trade payables	1,262,274	1,079,457
	<u>1,262,274</u>	<u>1,079,457</u>

The details of trade payables are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
	<u>Trade</u>	<u>Trade</u>
<i>Principle Shareholder</i>		
Yıldız Holding A.Ş.	431,702	505,932
<i>Other Companies Controlled by the Principle Shareholder</i>		
Kerevitaş Gıda San. ve Tic. A.Ş.	389,387	274,079
United Biscuits (UK) Ltd.	172,446	113,435
Marsa Yağ San. ve Tic. A.Ş.	111,032	50,912
pladis Foods Limited	85,320	-
Adapazarı Şeker Fabrikası A.Ş.	1,579	97,063
Other	70,808	38,036
	<u>1,262,274</u>	<u>1,079,457</u>

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21. RELATED PARTY DISCLOSURES (cont’d)

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

	1 January - 30 September 2023		1 July - 30 September 2023		1 January - 30 September 2022		1 July - 30 September 2022	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
<i>Other Companies Controlled by the Principle Shareholder</i>								
Kerevitaş Gıda San. Ve Tic. A.Ş.	1,522,792	-	581,106	-	1,396,252	-	627,788	-
Marsa Yağ San. ve Tic. A.Ş.	456,044	-	230,896	-	315,188	-	116,353	-
United Biscuits (UK) Ltd.	292,064	41,297	126,248	26,091	198,678	19,336	77,428	8,714
Adapazarı Şeker Fabrikası A.Ş.	182,974	-	10,725	-	181,822	-	106,001	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	5,511	791,233	1,749	313,561	4,250	434,646	1,678	164,199
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	9,793,261	-	3,951,992	-	5,786,130	-	2,414,769
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	8,053,708	-	2,954,037	-	4,397,864	-	1,667,796
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	1,189,746	-	390,948	-	717,878	-	299,598
Other	105,043	413,746	27,418	145,564	87,048	258,029	32,733	81,647
	2,564,428	20,282,991	978,142	7,782,193	2,183,238	11,613,883	961,981	4,636,723

The Group mainly acquires raw materials from Kerevitaş Gıda San. ve Tic. A.Ş, which produces vegetable oil and margarine, ve Marsa Yağ San. ve Tic. A.Ş. The major part of selling is made to Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Ticaret A.Ş. who performs sales and distribution operations in Turkey.

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21. RELATED PARTY DISCLOSURES (cont’d)

The detail of income and expenses pertaining to interest, rent and services arising from transactions with related parties is as follows.

For the nine months period ended 30 September 2023:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
<i>Principle Shareholder</i>			
Yıldız Holding A.Ş.	(206)	(780,289)	619,309
<i>Other Companies Controlled by the Principle Shareholder</i>			
pladis Foods Limited	-	(376,605)	(14,761)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(89,509)	56,288
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	77	(81,426)	22,644
İzsal Bilgi Sistemleri ve Gayrimenkul Geliş. A.Ş.	(3,461)	(71,500)	(561)
United Biscuits (UK) Ltd.	-	(54,652)	(926)
Other	360	(51,236)	1,241
	(3,230)	(1,505,217)	683,234

For the three months between 1 July - 30 September 2023 periods:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
<i>Principle Shareholder</i>			
Yıldız Holding A.Ş.	(44)	(294,131)	103,302
<i>Other Companies Controlled by the Principle Shareholder</i>			
pladis Foods Limited	-	(193,442)	(1,035)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(35,792)	19,778
United Biscuits (UK) Ltd.	-	(34,916)	45
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	26	(26,994)	9,898
İzsal Bilgi Sistemleri ve Gayrimenkul Geliş. A.Ş.	(1,154)	(24,322)	(561)
Other	156	(24,678)	885
	(1,016)	(634,275)	132,312

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21. RELATED PARTY DISCLOSURES (cont’d)

For the nine months period ended 30 September 2022:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
<i>Principle Shareholder</i>			
Yıldız Holding A.Ş.	(555)	(446,924)	183,426
<i>Other Companies Controlled by the Principle Shareholder</i>			
pladis Foods Limited	-	(191,778)	752
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	62	(40,206)	8,124
İzsal Bilgi Sistemleri ve Gayrimenkul Geliş. A.Ş.	(2,000)	(30,103)	(35)
United Biscuits (UK) Ltd.	-	(24,140)	(1,744)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(23,829)	89,835
Other	246	(30,054)	(2,990)
	(2,247)	(787,034)	277,368

For the three months between 1 July - 30 September 2022 periods:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
<i>Principle Shareholder</i>			
Yıldız Holding A.Ş.	(128)	(170,582)	28,745
<i>Other Companies Controlled by the Principle Shareholder</i>			
pladis Foods Limited	-	(80,557)	(716)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	21	(27,090)	589
İzsal Bilgi Sistemleri ve Gayrimenkul Geliş. A.Ş.	(669)	(24,806)	(35)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(10,273)	33,569
United Biscuits (UK) Ltd.	-	(5,991)	130
Other	89	965	(441)
	(687)	(318,334)	61,841

Benefits provided to members of BOD and key management personnel:

	30 September 2023	30 September 2022
Fees and other short-term benefits	201,641	72,438
	201,641	72,438

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22. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

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

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

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:

	30 September 2023				
	TL Equivalent	USD	EUR	GBP	CHF
1. Trade Receivables	3,391,035	89,494	29,881	2,170	29
2a. Monetary Financial Assets	11,657,596	316,834	102,414	278	43
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	253,823	7,804	1,362	19	-
4. CURRENT ASSETS	15,302,454	414,132	133,657	2,467	72
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	15,302,454	414,132	133,657	2,467	72
10. Trade Payables	1,260,802	29,845	10,426	4,157	63
11. Financial Liabilities	4,748,055	48,378	117,932	-	-
12a. Other Monetary Financial Liabilities	4,123	17	126	-	-
12b. Other Non-Monetary Financial Liabilities	10,766	389	4	-	-
13. CURRENT LIABILITIES	6,023,746	78,629	128,488	4,157	63
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	23,286,903	583,243	252,136	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	23,286,903	583,243	252,136	-	-
18. TOTAL LIABILITIES	29,310,649	661,872	380,624	4,157	63
19. Net Assets of Off Statement of Financial Position (19a-19b)	9,914,241	145,500	204,300	-	-
19a. Net Assets of Off Statement of Financial Position	9,914,241	145,500	204,300	-	-
19b. Net Liabilities of Off Statement of Financial Position	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(4,093,954)	(102,240)	(42,667)	(1,690)	9
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(14,251,252)	(255,155)	(248,325)	(1,709)	9
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	347,667	2,260	9,845	-	-

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

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Foreign currency risk management (cont'd)

	31 December 2022				
	TL Equivalent	USD	EUR	GBP	CHF
1. Trade Receivables	2,637,172	117,053	21,025	1,305	-
2a. Monetary Financial Assets	8,792,141	465,415	4,177	256	32
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	495,847	7,389	17,837	20	82
4. CURRENT ASSETS	11,925,160	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	11,925,160	589,857	43,039	1,581	114
10. Trade Payables	854,107	23,474	18,592	1,876	117
11. Financial Liabilities	11,195,832	154,189	416,995	-	-
12a. Other Monetary Financial Liabilities	3,408	49	125	-	-
12b. Other Non-Monetary Financial Liabilities	21,028	920	175	15	-
13. CURRENT LIABILITIES	12,074,375	178,632	435,887	1,891	117
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	12,047,255	589,968	50,959	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	12,047,255	589,968	50,959	-	-
18. TOTAL LIABILITIES	24,121,630	768,600	486,846	1,891	117
19. Net Assets of Off Statement of Financial Position (19a-19b)	5,542,855	6,000	272,420	-	-
19a. Net Assets of Off Statement of Financial Position	5,542,855	6,000	272,420	-	-
19b. Net Liabilities of Off Statement of Financial Position	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(6,653,615)	(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)	(12,671,289)	(185,212)	(461,469)	(315)	(85)
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	710,318	(590)	36,185	-	-

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22. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

The export and import amounts realized by the Group as of 30 September 2023 and 2022 are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Total export amount	6,292,834	4,105,800
Total import amount	5,038,701	3,465,067

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.

	30 September 2023		30 September 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	(698,530)	698,530	(285,636)	285,636
2- Part of hedged from US Dollar risk (-)	398,331	(398,331)	47,386	(47,386)
3- US Dollar net effect (1 +2)	(300,199)	300,199	(238,250)	238,250
In case of 10% appreciation of EUR against TL				
4 - Euro net asset / liability	(720,900)	720,900	(922,277)	922,277
5- Part of hedged from Euro risk (-)	593,093	(593,093)	486,846	(486,846)
6- Euro net effect (4+5)	(127,807)	127,807	(435,431)	435,431
Total(3 + 6)	(428,006)	428,006	(673,681)	673,681

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23. 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:

	30 September 2023	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Held for trading	3,565	3,565	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	3,917,624	-	-	3,917,624
- Derivative instruments	352,928	-	352,928	-
Total	4,274,117	3,565	352,928	3,917,624
Financial liabilities				
Financial liabilities at fair value through comprehensive income statement				
Derivative instruments	(5,244)	-	(5,244)	-
Total	(5,244)	-	(5,244)	-

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23. FINANCIAL INSTRUMENTS (cont’d)

	31 December 2022	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Held for trading	210,497	2,877	207,453	167
Financial assets at fair value through comprehensive income statement				
- Shares	2,687,204	-	-	2,687,204
- Derivative instruments	745,842	-	745,842	-
Total	3,643,543	2,877	953,295	2,687,371
Financial liabilities				
Financial liabilities at fair value through profit/loss				
- Derivative instruments	(22,724)	-	(22,724)	-
Total	(22,724)	-	(22,724)	-

The carrying value of the fixed-rate Eurobonds (Note 6) issued by the Company to be traded on Dublin Euronext, with a nominal value of USD 650,000,000, is TL 975,584 thousand above their fair value based on the quoted prices in active markets (Level 1).

24. EVENTS AFTER THE REPORTING PERIOD

None.