

**KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

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

**KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

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CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2023 AND 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	Unaudited Current Period 31 March 2023	Audited Prior Period 31 December 2022
ASSETS			
Current Assets		7,618,663,973	6,736,659,549
Cash and cash equivalents	26	31,503,123	275,032,600
Trade receivables	5	1,888,301,555	1,771,113,296
- Trade receivables from related parties	4	1,107,462,295	1,005,276,644
- Trade receivables from third parties	5	780,839,260	765,836,652
Other receivables	6	3,312,274,778	2,227,952,646
- Other receivables from related parties	4	3,269,267,680	2,180,727,211
- Other receivables from third parties	6	43,007,098	47,225,435
Inventories	7	2,036,437,741	1,852,959,875
Prepaid expenses	8	102,941,188	404,762,158
Current income tax assets	21	22,509,938	6,746,901
Other current assets	15	224,695,650	198,092,073
Non-Current Assets		2,804,031,422	2,792,843,259
Other receivables	6	1,834,482	1,743,456
- Other receivables from third parties	6	1,834,482	1,743,456
Financial investments	23	31,017	31,017
Investment properties	9	504,921,210	504,921,210
Property, plant and equipment	10	2,181,713,426	2,183,455,634
Right of use assets		13,860,612	13,094,473
Intangible assets	11	51,025,145	43,166,115
Prepaid expenses	8	7,199,389	4,344,932
Deferred tax assets	21	43,446,141	42,086,422
TOTAL ASSETS		10,422,695,395	9,529,502,808

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2023 AND 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	Unaudited Current Period 31 March 2023	Audited Prior Period 31 December 2022
LIABILITIES			
Current Liabilities		5,557,151,692	4,763,075,366
Short-term borrowings	24	1,032,809,867	1,564,252,755
- Bank loans	24	1,012,788,090	1,558,635,604
- Lease liabilities	24	20,021,777	5,617,151
Trade payables	5	2,006,443,824	2,244,373,683
- Trade payables to related parties	4	33,887,713	19,166,059
- Trade payables to third parties	5	1,972,556,111	2,225,207,624
Other payables	6	2,077,293,551	672,413,528
- Other payables to related parties	4	2,077,181,971	672,338,735
- Other payables to third parties	6	111,580	74,793
Payables related to employee benefits		123,484,335	33,683,356
Deferred income	8	49,574,205	65,846,271
Current income tax liabilities	21	157,721,769	91,476,844
Short-term provisions		72,807,715	63,154,847
- Short-term provisions for employee benefits		40,184,033	50,954,453
- Other short-term provisions	13	32,623,682	12,200,394
Other current liabilities	15	37,016,426	27,874,082
Non-Current Liabilities		972,405,865	965,415,784
Long-term borrowings	24	28,193,449	45,108,424
- Lease liabilities	24	28,193,449	45,108,424
Other payables	6	545,610,000	541,896,132
- Other payables to related parties	4	545,610,000	541,896,132
Long-term provisions		171,810,864	151,832,464
- Long-term provisions for employee benefits		171,810,864	151,832,464
Deferred Income		4,243,909	2,966,616
Deferred tax liabilities	21	222,547,643	223,612,148
Total Liabilities		6,529,557,557	5,728,491,150
EQUITY			
Paid in capital	16	662,000,000	662,000,000
Other comprehensive income or expenses not be reclassified to profit or loss		1,013,429,265	1,013,429,265
- Gains on revaluation of plant, property and equipment		1,067,557,819	1,067,557,819
- Losses on remeasurement of defined benefit plans		(61,333,997)	(61,333,997)
- Gains on revaluation of investment properties		7,205,443	7,205,443
Other comprehensive income or expenses to be reclassified to profit or loss		335,290,551	325,643,747
- Currency translation differences		335,290,551	325,643,747
Share premium		702,050	702,050
Restricted reserves	16	37,378,874	37,378,874
Retained earnings		1,331,079,353	20,557,154
Net profit for the year		92,500,249	1,310,522,199
Equity holders of the parent		3,472,380,342	3,370,233,289
Non-controlling interests		420,757,496	430,778,369
Total Equity		3,893,137,838	3,801,011,658
TOTAL LIABILITIES AND EQUITY		10,422,695,395	9,529,502,808

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS OR COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS ENDED 31 MARCH 2023 AND 2022
(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	Unaudited Current Period 1 January - 31 March 2023	Unaudited Prior Period 1 January - 31 March 2022
Revenue	17	3,190,679,782	2,429,110,359
Cost of sales (-)	17	(2,608,907,618)	(1,697,047,176)
GROSS PROFIT		581,772,164	732,063,183
General administrative expenses (-)	18	(68,960,676)	(33,804,653)
Marketing, sales and distribution expenses (-)	18	(251,256,162)	(146,288,161)
Research and development expenses (-)	18	(1,381,400)	(2,316,510)
Other income from operating activities		17,959,288	1,717,194
Other expenses from operating activities (-)		(86,127,038)	(45,295,933)
OPERATING PROFIT		192,006,176	506,075,120
Income from investment activities	19	148,644,359	103,333,242
Expenses from investment activities (-)	19	(56,560,230)	-
OPERATING PROFIT BEFORE FINANCIAL INCOME		284,090,305	609,408,362
Financial income	20	26,547,411	1,039,192
Financial expenses (-)	20	(177,856,916)	(122,880,195)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		132,780,800	487,567,359
Tax expense from continuing operations		(54,415,324)	(94,826,393)
- Current tax expense (-)	21	(53,712,759)	(85,899,384)
- Deferred tax expense (-)	21	(702,565)	(8,927,009)
PROFIT FOR THE YEAR		78,365,476	392,740,966
Profit for the year attributable to:			
Non-controlling interests		(14,134,773)	22,987,365
Equity holders of the parent		92,500,249	369,753,601
Earnings per share (Kr)	22	0.1397	0.5585
OTHER COMPREHENSIVE INCOME:			
Items to not be reclassified subsequently to profit or loss		-	-
Items to be reclassified subsequently to profit or loss		13,760,704	43,175,791
- Currency translation differences		13,760,704	43,175,791
Other Comprehensive Income		13,760,704	43,175,791
TOTAL COMPREHENSIVE INCOME		92,126,180	435,916,757
Total comprehensive income for the year attributable to:			
Non-controlling interests		(10,020,873)	35,939,894
Equity holders of the parent		102,147,053	399,976,863

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS 31 MARCH 2023 AND 2022
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Accumulated other comprehensive income or expenses not to be reclassified to profit or lose				Accumulated other comprehensive income or expenses to be reclassified to profit or lose	Retained Earnings						
	Paid in capital	Gains on revaluation of plant, property and equipment	Losses on remeasurement of defined benefit plans	Gains on revaluation of investment properties		Currency translation differences	Share premium	Restricted reserves	Retained earnings	Net profit for the year	Equity holders of the parent	Non-controlling interests
Balances as of 1 January 2022	662,000,000	342,341,445	(15,001,900)	7,205,443	228,783,652	702,050	37,378,874	60,502,217	(39,945,063)	1,283,966,718	297,968,934	1,581,935,652
Transfers	-	-	-	-	-	-	-	(39,945,063)	39,945,063	-	-	-
Total comprehensive income	-	-	-	-	30,223,262	-	-	-	369,753,601	399,976,863	35,939,894	435,916,757
Balances as of 31 March 2022	662,000,000	342,341,445	(15,001,900)	7,205,443	259,006,914	702,050	37,378,874	20,557,154	369,753,601	1,683,943,581	333,908,828	2,017,852,409
Balances as of 1 January 2023	662,000,000	1,067,557,819	(61,333,997)	7,205,443	325,643,747	702,050	37,378,874	20,557,154	1,310,522,199	3,370,233,289	430,778,369	3,801,011,658
Transfers	-	-	-	-	-	-	-	1,310,522,199	(1,310,522,199)	-	-	-
Total comprehensive income	-	-	-	-	9,646,804	-	-	-	92,500,249	102,147,053	(10,020,873)	92,126,180
Balances as of 31 March 2023	662,000,000	1,067,557,819	(61,333,997)	7,205,443	335,290,551	702,050	37,378,874	1,331,079,353	92,500,249	3,472,380,342	420,757,496	3,893,137,838

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 MARCH 2023 AND 2022

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	Unaudited Current Period 1 January - 31 March 2023	Unaudited Prior Period 1 January - 31 March 2022
Cash flows from operating activities		5,621,614	88,300,707
Profit for the year		78,365,476	392,740,966
Adjustments to reconcile profit for the year		155,923,057	191,587,461
Adjustments related to depreciation and amortization expenses	11	32,155,941	17,764,458
Adjustments related to provision for/ (reversal) of impairment loss		5,595,868	1,816,457
- <i>Adjustments related to impairment loss on receivables</i>	5	3,989,737	1,850,520
- <i>Adjustments related to impairment (loss) / gain on inventories, net</i>	7	1,606,131	(34,063)
Adjustments related to provisions		65,377,722	28,218,367
- <i>Adjustments related to provisions employee benefit</i>		65,163,316	28,410,425
- <i>Adjustments related to lawsuit provisions</i>	13	(567,314)	(192,058)
- <i>Other adjustments related to operations</i>		781,720	-
Adjustments related to interest (income) and expenses, and commission expenses		8,116,560	(38,148,135)
- <i>Adjustments related to interest and commission expense</i>	20	151,733,118	25,759,640
- <i>Adjustments related to interest income</i>	19	(143,616,558)	(63,907,775)
Adjustments related to unrealized currency translation differences	20	(26,547,411)	88,348,921
Adjustments related to tax expense	21	54,415,324	94,826,393
Adjustments related to (gain)/loss on fair value		-	(717,463)
- <i>Adjustments for fair value (gains) / losses of derivative financial instruments</i>	20	-	(717,463)
Adjustments related to (gain)/loss on disposal of non-current assets	19	(331,767)	(199,808)
Adjustments for other items caused by cash flows arising from investment or financing activities	20	17,140,820	(321,729)
Changes in working capital		(169,480,712)	(418,977,208)
Changes in trade receivables	5	(121,177,996)	(537,640,631)
- <i>Increase in trade receivables from non-related parties</i>	5	(18,992,345)	(30,809,872)
- <i>Increase in trade receivables from related parties</i>	4	(102,185,651)	(506,830,759)
Changes in inventories	7	(185,083,997)	(143,489,279)
Changes in other receivables related to operations		271,012,494	(46,137,358)
Changes in trade payables	5	(237,929,859)	242,065,849
- <i>(Decrease) / increase in trade payables from non-related parties</i>	5	(252,651,513)	242,200,014
- <i>Increase / (decrease) in trade payables from related parties</i>	4	14,721,654	(134,165)
Changes in other payables related to operations		103,698,646	66,224,211
Cash generated from operations		64,807,821	165,351,219
Cash outflow from paid in employee benefit provisions		(55,955,336)	(14,454,353)
Taxes paid		(3,230,871)	(62,596,159)
Cash flows from investing activities		135,689,180	51,041,565
Payments for purchase of property, plant and equipment and intangible assets		(13,042,748)	(16,012,823)
- <i>Payments for purchase of property, plant and equipment</i>	10	(4,329,392)	(12,475,247)
- <i>Payments for purchase of intangible assets</i>	11	(8,713,356)	(3,537,576)
Proceeds from sale of property, plant and equipment and intangible assets	10,11,19	419,336	412,722
Rental income from investment properties	19	4,696,034	2,733,891
Interest income from investment activities	19	143,616,558	63,907,775
Cash flows from financing activities		(371,433,894)	97,464,541
Cash inflows from loans		129,106,687	838,609,893
Cash outflows from repayment of borrowings		(648,406,790)	(341,748,055)
Payments of lease liabilities		(3,276,488)	(2,148,522)
Interest and commission paid		(151,733,118)	(25,759,640)
Net increase / (decrease) in other payables to related parties		302,875,815	(371,489,135)
Net (decrease) / increase in cash and cash equivalents before the effect of exchange rate changes		(230,123,100)	236,806,813
Effects of exchange rate changes on cash and cash equivalents		(13,406,377)	(12,758,013)
Net change in cash and cash equivalents		(243,529,477)	224,048,800
Cash and cash equivalents at the beginning of the year	26	275,032,600	64,962,641
Cash and cash equivalents at the end of the year	26	31,503,123	289,011,441

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Main operations of Kerevitaş Gıda Sanayi ve Ticaret Anonim Şirketi (“Kerevitaş” or “the Company”) and its subsidiaries (“Group”) are production and trading of frozen and canned vegetables and fruits, frozen and canned sea food, frozen pastry products, croquettes, canned tuna fish, oil and margarine. Products in the frozen product category; bakery products, vegetables and fruit products, potatoes and croquettes, meat products and sea food. Canned product categories; canned tuna, vegetables and convenience foods. Kerevitaş was initially established in 1978, to export its sea food and has been one of the pioneer food companies since 1990 with “Superfresh” brand.

The Company distributes frozen and canned products that are produced in Bursa and Afyon facilities throughout Turkey through its dealers and own direct distribution channels, as well as exports its products. The Company has vegetables, fruits, seafood, tuna canned food, bakery products and pizza facilities in its Bursa factory, and has potato, vegetables and fruit production facilities in its Afyon factory.

Besler has two production plants of oil and margarine in Pendik/İstanbul and in Adana. The third production plant of Besler was established by the end of 2017 in Sultanate of Brunei.

The Company’s registered office is in Kısıklı Mah. Ferah Cad. Yıldız Holding Placid Blogu No:1/A Üsküdar İstanbul.

The ultimate shareholder of the Group is Yıldız Holding A.Ş.

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1994.

As of 31 March 2023 and 31 December 2022, the principal shareholders and their respective shareholding rates in the Company are as follows:

	31 March 2023	31 December 2022
	(%)	(%)
Yıldız Holding A.Ş.	54.27	54.27
Murat Ülker	9.98	9.98
Ufuk Yatırım Yönetim ve Gayrimenkul A.Ş.	6.26	6.26
Other	29.49	29.49
	100	100

As of 31 December 2022, the number of employees employed by the Group is 1,595 (31 December 2022: 1,584).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

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

The subsidiaries included in the scope of consolidation of the Group as of 31 March 2023 and 31 December 2022 and respective effective ownership rates are as follows:

Subsidiaries	Direct and Indirect Effective Ownership %		Countries of activity	Nature of business
	31 March 2023	31 December 2022		
Kerpe Gıda Sanayi ve Tic. A.Ş.	100	100	Turkey	Production and Trading of Agricultural and Animal Products
Besmar Gıda Sanayi ve Ticaret A.Ş.	100	-	Turkey	Production and Trading of Agricultural and Animal Products
Berk Enerji Üretimi A.Ş.	88.17	88.17	Turkey	Generation of Electricity
Marsa Yağ Sanayi ve Tic. A.Ş.	70	70	Turkey	Production and Trading of Oil and Oil Products
Western Foods and Packaging SDN BHD (*)	70	70	Brunei	Production and Trading of Oil and Oil Products

(*) The Group has indirect ownership.

Approval of the financial statements

The consolidated financial statements as of and for the interim period ended 31 March 2023 have been approved by the Board of Directors on 10 May 2023. General Assembly has authority to change the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 - Basis of Presentation

Basis of Preparation of Consolidated Financial Statements and Specific Accounting Policies

The Company and its subsidiaries keep and prepare their legal books and statutory financial statements in accordance with the accounting principles determined by the Turkish Commercial Code (“TCC”) and tax legislation.

The accompanying financial statements are prepared in accordance with the requirements of the Communiqué Serial II, no: 14.1 “Basis of Financial Reporting in Capital Markets” as issued by Capital Markets Board of Turkey (“CMB”) which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements have been prepared in accordance with the Turkish Accounting Standards (“TAS”) and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) under Article 5th of the Communiqué.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

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

2.1 Basis of Presentation (Continued)

With the 11/367 numbered decision taken on 17 March 2005, CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the listed companies operating in Turkey which are preparing their financial statements in accordance with Turkish Accounting Standards. Accordingly, the Group did not apply “Financial Reporting in High Inflation Economies” (“TAS 29”) since 1 January 2005.

The consolidated financial statements have been prepared on the historical cost basis except for land and building and financial assets and liabilities accounted with their fair values. Historical cost is generally based on the nominal or original cost of assets when acquired by the Company.

Consolidated financial statements are presented in accordance with the formats determined in the “Announcement on TAS Taxonomy” published by POA on 4 October 2022 and Financial Statement Examples and User Guide published by CMB.

Inflation Adjustment

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

Functional Currency

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

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

2.1 Basis of Presentation (Continued)

Going Concern Principle

The consolidated financial statements of the Group are prepared on a going concern basis.

Netting/Offset

Financial assets and liabilities are shown as offset in the balance sheet if there is a legal right and enforcement power to set off and there is an intention to collect/pay the said assets and liabilities on a net-off basis or to settle them simultaneously.

Basis of Consolidation

(a) Subsidiaries

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

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are 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 and attributed to owners of the Company.

(c) Losses control of subsidiaries

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. transfer to profit / loss or transfer to retained earnings in accordance with TFRSs). The fair value of any investment retained after the sales of a subsidiary at the date when control is lost, is regarded as the fair value on initial recognition accounting within the scope of TFRS 9 Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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

2.2 Changes in Accounting Policies

Significant changes in accounting policies and important accounting errors identified are applied retrospectively and the previous period financial statements are rearranged. Accounting policy changes arising from the first implementation of a new standard are applied backwards or forwards in accordance with the transition provisions. If the changes in accounting forecasts are only related to one period, in the current period in which the amendment is made, the future periods are applied both in the period of the change and the future in the future.

2.3 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

In order to allow the determination of financial position and performance trends, the Group's consolidated financial statements are prepared in comparison with the previous period. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented.

The Group has made following reclassifications in financial statements as of 31 December 2022 in order to conform with the presentation of current year consolidated financial statements.

In the consolidated statement of profit or loss and other comprehensive income as of 31 March 2022, TRY27,620,581 reported in “Financial Expenses” has been reclassified to “Other Operating Expenses”. This reclassification has no effect on the net profit for the period.

2.4 New and Amended Turkish Accounting Standards

The accounting policies taken as basis in the preparation of the consolidated financial statements for the accounting period ending as of 31 March 2023 have been applied in a consistent manner with those used in the previous year except for the new and amended Turkish Accounting Standards (“TAS”)/IFRS and TMS-IFRS interpretations valid as of 1 January 2022, which are summarized below. The effects of these standards and interpretations on the financial position and performance of the Group are explained in the relevant paragraphs.

i) Standards, amendments, and interpretations applicable as of 31 March 2023:

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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

2.4 New and Amended Turkish Accounting Standards (Continued)

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

IFRS 17, ‘Insurance Contracts’; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

ii) Standards, amendments, and interpretations that are issued but not effective as of 31 March 2023:

Amendment to IAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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

2.5 Summary of Significant Accounting Policies

Condensed consolidated financial statements for the interim period ended 31 March 2023 have been prepared in accordance with TAS 34 for the preparation of interim financial statements of TFRS. In addition, the interim condensed consolidated financial statements for the year ended 31 March 2022 have been prepared by applying the accounting policies consistent with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 December 2022. Therefore, these interim condensed consolidated financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2022.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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

2.6 Significant Accounting Judgements, Estimates and Assumptions

During the implementation of accounting policies specified in Note 2.5, the management made the following comments (except for the estimates below), which have a significant impact on the amounts recognized in the financial statements:

Provisions Related to Employee Benefits

Provisions related to defined benefit plans of the employees are determined by actuarial assumptions including discount rates, future salary increases and employee turnover rates. As these plans are long term, these assumptions contain significant uncertainties. Details on provisions for employee benefits are provided in Note 16.

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets recognised on tax loss carry-forwards and deductible temporary differences, all of which could be utilized in the taxable income in the future. Partial or fully recoverable amount of deferred tax assets are evaluated under current conditions. During the evaluation, future projected income, current year losses, due date of tax loss carry forwards and other deductible temporary differences and tax-planning strategies that would, if necessary, be implemented are taken into consideration.

With the decision of our board of directors dated 17 February 2022, our subsidiary Besler, whose capital is 100%; to be taken over with all its assets and liabilities pursuant to the simplified merger provisions regulated in Article 13 of the Merger and Division Communiqué of the Capital Markets Board No. II-23.2, Article 155 of the Turkish Commercial Code No. 6102 and Articles 19 to 20 of the Corporate Tax Law. Based on the financial statements dated 31 December 2021, it was decided to carry out the Merger transaction. With this merger, there is no obstacle in terms of deducting the existing losses after the merger within the scope of Article 9 of the Corporate Tax Law, and it is foreseen that the related losses can be used.

Expected Credit Loss

The Group has preferred to apply “simplified approach” the recognition of expected credit losses on trade receivables. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, the Group measures expected credit loss from these receivables by the life-time expected credit loss by using an impairment matrix. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications.

Fair value and postponed tax on investment real estates

Real estates for investment purposes are transported in consolidated tables with their fair values. The comparison of precedent sales, substitution cost and income capitalization methods were used in the real value calculation of investment real estates.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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

2.6 Significant Accounting Judgements, Estimates and Assumptions

In the calculation of the postponed tax liability arising from the investment purposes of the Group, it is concluded that the economic benefits to be obtained from investment purposes are not obtained within the framework of a business model aimed at the use of completely over time rather than the sales path. Over the temporary differences between the real value of the real estates for investment purposes and the tax value, the postponed tax was calculated by using the valid of 10 %or 20 %tax rates, taking into account the subject matter of the activity of the company to which they belong.

Real value and postponed tax on materially standing assets

Land, land, buildings, underground and surface arrangements are transported in consolidated tables with fair values. In the calculation of the real value of materials, the comparison of precedent sales, substitution cost and income capitalization methods were used.

In the calculation of the postponed tax liability arising from land, land, buildings, underground and surface regulations of the Group, it is concluded that the economic benefits to be obtained from these assets are not available within the framework of a operating model aimed at the use of completely in time rather than the sales path. Over the temporary differences between the real value of these assets and the tax value, the postponed tax was calculated using the valid of 10 %or 20 %tax rates, taking into account the subject of the activity of the company to which they belong.

2.7 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 3 - SEGMENT REPORTING

The main operations of the Group are production and distributing frozen and canned vegetables and fruits, frozen and canned sea food, frozen pastry products, croquettes, canned tuna fish and edible oil. Operating segments are determined and reported in a manner consistent with the reporting provided to the Board of Directors and their strategic decision-making processes.

The Board of Directors and top management monitor the operations of the Group on the basis of the different business units, which are “frozen and canned food” and “edible oil”.

The segment assets and liabilities for the periods 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023			Total Assets / Liabilities According to Consolidated Financial Statements
	Frozen and Canned	Edible Oil	Consolidation Adjustment	
Segment assets	3,472,114,043	8,397,243,226	(1,446,661,874)	10,422,695,395
Segment liabilities	2,288,674,406	4,783,045,025	(542,161,874)	6,529,557,557

	31 December 2022			Total Assets / Liabilities According to Consolidated Financial Statements
	Frozen and Canned	Edible Oil	Consolidation Adjustment	
Segment assets	3,246,813,244	7,536,949,916	(1,254,260,352)	9,529,502,808
Segment liabilities	2,076,658,073	4,001,593,429	(349,760,352)	5,728,491,150

The segment revenues and expenses for the periods 1 January - 31 March 2023 and 2022 are as follows:

	1 January-31 March 2023			Total
	Frozen and Canned	Edible Oil	Consolidation Adjustment	
Revenue (Note 17)	881,851,780	2,308,828,002	-	3,190,679,782
Intersegment revenue	-	34,032,757	(34,032,757)	-
Revenue	881,851,780	2,342,860,759	(34,032,757)	3,190,679,782
Operating Profit (*)	82,495,140	177,653,701	25,085	260,173,926
Other income from operating activities	2,361,495	15,622,878	(25,085)	17,959,288
Other expenses from operating activities (-)	(20,230,330)	(65,896,708)	-	(86,127,038)
Operating Profit	64,626,305	127,379,871	-	192,006,176
Depreciation and amortization expense (Note 10-11)	9,905,134	22,250,807	-	32,155,941
EBITDA (**)	92,400,274	199,904,508	25,085	292,329,867
Investment (Note 10-11)	7,556,824	5,485,924	-	13,042,748

(*) Represents profit before other income / expense from operating activities.

(**) EBITDA has calculated by adding depreciation and amortization expenses to the operating profit before other income / expenses from operating activities.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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NOTE 3 - SEGMENT REPORTING (Continued)

	1 January - 31 March 2022			
	Frozen and Canned	Edible Oil	Consolidation Adjustment	Total
Revenue (Note 17)	435,665,781	1,993,444,578	-	2,429,110,359
Intersegment revenue	-	19,766,622	(19,766,622)	-
Revenue	435,665,781	2,013,211,200	(19,766,622)	2,429,110,359
Operating Profit (*)	75,308,950	472,611,696	1,733,213	549,653,859
Other income from operating activities	4,257,318	(806,911)	(1,733,213)	1,717,194
Other expenses from operating activities (-)	(4,199,408)	(41,096,525)	-	(45,295,933)
Operating Profit	75,366,860	430,708,260	-	506,075,120
Depreciation and amortization expense (Note 10-11)	7,134,793	10,629,665	-	17,764,458
EBITDA (**)	82,443,743	483,241,361	1,733,213	567,418,317
Investment (Note 10-11)	8,720,578	7,292,245	-	16,012,823

(*) Represents profit before other income / expense from operating activities.

(**) EBITDA has calculated by adding depreciation and amortization expenses to the operating profit before other income / expenses from operating activities.

EBITDA is not a measurement instrument that is prescribed in TAS and it cannot be comparable other entities calculations.

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NOTE 4 - RELATED PARTY DISCLOSURES

Due to related parties, due from related parties and summary of significant transactions with related parties as of 31 March 2023 and 31 December 2022 are as follows.

The related parties listed below are composed of Yıldız Holding group companies.

	31 March 2023	31 December 2022
Trade receivables from related parties		
Pasifik Tük.Ürün. San.ve Tic. A.Ş.	283,044,099	245,802,454
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	174,785,206	156,887,456
Ülker Bisküvi San. A.Ş.	136,082,443	141,427,206
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	94,958,363	79,974,404
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	92,576,866	79,320,478
G2mEkspert Satış ve Dağıtım Hizmetleri A.Ş.	91,895,637	130,095,630
Önem Gıda San. ve Tic. A.Ş.	77,829,429	68,718,085
Ülker Çikolata Sanayi A.Ş.	50,999,785	34,078,011
Bizim Toptan Satış Mağazaları A.Ş.	42,312,933	30,679,519
Şok Marketler Ticaret A.Ş.	41,048,649	12,277,906
E Star Global E-Ticaret Satış ve Pazarlama A.Ş.	15,952,527	13,017,190
Duru G2M Gıda Tarım ve Tem. Ürün. Dağ. Paz. San. A.Ş.	2,242,781	3,446,782
Donuk Fırın. Ür. San. ve Tic. A.Ş.	1,340,078	4,527,161
CCC Gıda San. ve Tic. A.Ş.	89,229	4,581,294
Other	2,304,270	443,068
	1,107,462,295	1,005,276,644

	31 March 2023	31 December 2022
Trade payables to related parties		
Aytaç Gıda Yatırım San. Tic. A.Ş.	16,003,391	5,585,310
Donuk Fırın. Ür. San. ve Tic. A.Ş.	7,397,276	5,643,987
İzsal Gayrimenkul Geliştirme A.Ş.	5,340,131	3,016,668
Önem Gıda San. ve Tic. A.Ş.	919,712	230,973
Adapazarı Şeker Fabrikası A.Ş.	529,200	523,800
Sağlam İnşaat Taahhüt Tic. A.Ş.	468,219	524,628
Bizim Toptan Satış Mağazaları A.Ş.	453,336	-
Dank Gıda San. ve Tic. A.Ş.	431,894	-
Northstar Innovation A.Ş.	422,291	422,291
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	256,637	-
Şok Marketler Ticaret A.Ş.	186,009	-
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	113,111	1,522,031
Other	1,366,506	1,696,371
	33,887,713	19,166,059

Due from related parties and due to related parties balances comprised of purchasing and selling goods and services. Supply of goods comprise of mainly purchases of raw materials.

	31 March 2023	31 December 2022
Other receivables from related parties		
Yıldız Holding A.Ş.(*)	2,688,530,373	2,180,727,211
Maia International B.V.	580,737,307	-
	3,269,267,680	2,180,727,211

(*) The relevant amount consists of balances made available to Yıldız Holding for financing purposes, and these balances do not have a certain maturity. Interest rates are re-determined on a monthly basis, taking into account market conditions, and as of 31 March 2023, the average interest rates of TRY-based receivables are 18.70% (31 December 2022: 17.64%).

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NOTE 4 - RELATED PARTY DISCLOSURES (Continued)

Other payables to related parties	31 March 2023	31 December 2022
Yıldız Holding A.Ş. (*)	2,077,181,971	672,338,735
	2,077,181,971	672,338,735
Other non-current payables to related parties	31 March 2023	31 December 2022
Yıldız Holding A.Ş. (**)	545,610,000	541,896,132
	545,610,000	541,896,132

(*) The relevant amount consists of balances made available from Yıldız Holding for financing purposes, and these balances do not have a certain maturity. Interest rates are re-determined on a monthly basis, taking into account market conditions, and as of 31 March 2023, the average interest rates of TRY-based payables are 18.70% (31 December 2022: 17,64%).

(**) As of 12 April 2018, Yıldız Holding A.Ş and some Yıldız Holding Group entities including Group, signed a syndicated loan agreement with creditors. Thus, the Group's borrowings to banks were transferred to Yıldız Holding. Total of the long-term payables of the Group to Yıldız Holding is composed of syndicated debts.

The amount of collateral given as guarantorship and mortgage within the scope of the syndication debts is TRY4,603,626,107 (31 December 2022: TRY4,549,751,297).

Transactions with related parties comprised of purchasing and selling goods and services. Purchases are mainly comprised of purchases of raw materials.

Sale of goods and services	1 January - 31 March 2023	1 January - 31 March 2022
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	305,066,948	206,859,799
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	279,763,506	304,116,136
Ülker Bisküvi San. A.Ş.	278,197,045	270,005,583
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	174,719,253	156,904,115
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	150,322,998	110,995,266
Ülker Çikolata Sanayi A.Ş.	106,468,326	80,444,379
Önem Gıda San. ve Tic. A.Ş.	90,280,220	56,122,343
G2mEkspres Satış ve Dağıtım Hizmetleri A.Ş.	82,698,025	102,478,905
Bizim Toptan Satış Mağazaları A.Ş.	65,169,456	29,072,128
Şok Marketler Ticaret A.Ş.	45,143,795	34,170,183
E Star Global E-Ticaret Satış ve Pazarlama A.Ş.	21,180,999	12,259,528
Donuk Fırın. Ür. San. ve Tic. A.Ş.	325,737	1,851,067
CCC Gıda San. ve Tic. A.Ş.	-	7,511,522
Other	5,893,676	6,951,946
	1,605,229,984	1,379,742,900

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NOTE 4 - RELATED PARTY DISCLOSURES (Continued)

Purchase of goods and services	1 January - 31 March 2023	1 January - 31 March 2022
Maia International B.V.	1,165,456,475	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	26,375,926	8,222,730
Donuk Fırın. Ür. San. ve Tic. A.Ş.	9,006,677	3,644,522
İzsal Gayrimenkul Geliştirme A.Ş.	8,312,557	5,620,895
Yıldız Holding A.Ş.	7,912,236	18,954,766
Sağlam İnşaat Taahhüt Tic. A.Ş.	2,181,375	1,694,009
Adapazarı Şeker Fabrikası A.Ş.	1,571,881	-
Önem Gıda San. ve Tic. A.Ş.	899,921	495,255
UCZ Mağazacılık Tic. A.Ş.	739,335	-
G2mEksper Satış ve Dağıtım Hizmetleri A.Ş.	213,024	212,175
Şok Marketler Ticaret A.Ş.	139,716	1,000
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	131,912	-
Bizim Toptan Satış Mağazaları A.Ş.	115,083	286,211
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	95,857	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	7,183,596
Polinas Plastik San. Tic. A.Ş.	-	604,549
Other	843,536	2,019,852
	1,223,995,511	48,939,560

Service, rent and other income	1 January - 31 March 2023	1 January - 31 March 2022
Yıldız Holding A.Ş.	824,948	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	153,152	88,881
Bizim Toptan Satış Mağazaları A.Ş.	151,879	84,342
Future Teknoloji Ticaret A.Ş.	82,963	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	5,000	2,902
	1,217,942	176,125

Commission and financial expense	1 January - 31 March 2023	1 January - 31 March 2022
Yıldız Holding A.Ş.	78,328,466	20,265,858
Pervin Finansal Kiralama A.Ş.	673,424	162,846
Other	1,810,131	760,483
	80,812,021	21,189,187

Investment Income	1 January - 31 March 2023	1 January - 31 March 2022
Yıldız Holding A.Ş. (*)	125,694,035	63,193,950
Other	246,162	69,890
	125,940,197	63,263,840

(*) Income from investment activities obtained from Yıldız Holding comprised of interest and exchange differences.

Key management compensation:

Key management personnel of the Company consist of the members of Board of Directors and members of Executive Board. The compensation of key management personnel comprises salaries, bonus, health insurance and transportation. The compensation of key management during the years are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Salaries and other benefits	25,624,246	10,874,407
	25,624,246	10,874,407

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES

As of 31 March 2023 and 31 December 2022 trade receivables of the Group are as follows:

Current trade receivables	31 March 2023	31 December 2022
Trade receivables (*)	787,830,229	768,791,077
Notes receivable	44,324,258	44,371,065
Provision for doubtful receivables (-)	(51,315,227)	(47,325,490)
Trade receivables, net	780,839,260	765,836,652
Trade receivables from related parties (Note 4) (**)	1,107,462,295	1,005,276,644
	1,888,301,555	1,771,113,296

(*) Progress accruals arising from sales to customers are netted off with trade receivables.

(**) Trade receivables from related parties mainly comprised from sales of goods. Purchases are mainly comprised of purchases of raw materials.

Average maturity for trade receivables is 52 days (31 December 2022: 41 days).

Movements of provision for doubtful receivables as of 1 January - 31 March 2023 and 2022 are as follows:

Movement of Provision for Doubtful Receivables	1 January - 31 March 2023	1 January - 31 March 2022
Opening balance	(47,325,490)	(34,206,013)
Charge for the year (-)	(4,040,293)	(2,350,069)
Reversals of provisions	50,556	499,549
End of the period	(51,315,227)	(36,056,533)

Short-term trade payables	31 March 2023	31 December 2022
Trade payables	1,964,795,448	2,225,207,624
Expense accruals	7,760,663	-
Trade payables, net	1,972,556,111	2,225,207,624
Trade payables to related parties (Note 4) (*)	33,887,713	19,166,059
	2,006,443,824	2,244,373,683

(*) Trade payables to related parties mainly comprised from purchases of goods and services. Purchases are mainly comprised of purchases of raw materials.

Average maturity for trade payables is 73 days (31 December 2022: 61 days).

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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

	31 March 2023	31 December 2022
Other Current Receivables		
Receivables from related parties (Note 4)	3,269,267,680	2,180,727,211
Receivables from tax administration	17,402,325	39,308,077
Receivables from personnel	775	51,514
Other miscellaneous receivables	25,603,998	7,865,844
	3,312,274,778	2,227,952,646

	31 March 2023	31 December 2022
Other Non-Current Receivables		
Deposits and guarantees given	1,834,482	1,743,456
	1,834,482	1,743,456

Other Payables

	31 March 2023	31 December 2022
Other Current Liabilities		
Payables to related parties (Note 4)	2,077,181,971	672,338,735
Other miscellaneous liabilities	111,580	74,793
	2,077,293,551	672,413,528

	31 March 2023	31 December 2022
Other Non-Current Liabilities		
Non-current liabilities to related parties (Note 4)	545,610,000	541,896,132
	545,610,000	541,896,132

NOTE 7 - INVENTORIES

	31 March 2023	31 December 2022
Raw materials	1,060,707,713	871,319,213
Work in process	506,932,320	436,662,038
Finished goods	353,147,301	385,164,219
Trade goods	65,717,495	35,792,721
Other inventory (*)	53,601,483	126,084,124
Provision for impairment of inventory (-)	(3,668,571)	(2,062,440)
	2,036,437,741	1,852,959,875

(*) Other inventory consist of packaging and technical operating materials.

Movements of provision for impairment of inventories as of 1 January - 31 March 2023 and 2022 are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Opening balance	(2,062,440)	(34,063)
Charge for the year	(3,668,571)	-
Reversals of provisions during the period	2,062,440	34,063
Closing balance	(3,668,571)	-

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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NOTE 8 - PREPAID EXPENSES AND DEFERRED REVENUE

	31 March 2023	31 December 2022
Short-Term Prepaid Expenses		
Advances given for inventory purchases	62,013,713	372,648,647
Prepaid expenses	40,908,045	32,087,287
Business advances	19,430	26,224
	102,941,188	404,762,158

	31 March 2023	31 December 2022
Long-Term Prepaid Expenses		
Advances given for fixed asset purchases	7,195,051	2,982,567
Prepaid expenses	4,338	1,362,365
	7,199,389	4,344,932

	31 March 2023	31 December 2022
Short-Term Deferred Income		
Advances received	47,753,495	62,152,399
Deferred income	1,820,710	3,693,872
	49,574,205	65,846,271

NOTE 9 - INVESTMENT PROPERTIES

Cost Value	1 January 2023	Disposals	Change in fair value	31 March 2023
Land, Building, Plant Machinery and Devices	504,921,210	-	-	504,921,210
	504,921,210	-	-	504,921,210
Cost Value	1 January 2022	Disposals	Change in fair value	31 March 2022
Land, Building, Plant Machinery and Devices	233,906,133	-	-	233,906,133
	233,906,133	-	-	233,906,133

The Group has earned rent income from its investment properties amounting to TRY4,696,034 in the current period. (1 January - 31 March 2022: TRY2,733,891) (Note 19).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 9 - INVESTMENT PROPERTIES (Continued)

Fair value of investment properties

31 March 2023			
	Level 1	Level 2	Level 3
Investment properties	-	504,921,210	-
Total	-	504,921,210	-

31 March 2022			
	Level 1	Level 2	Level 3
Investment properties	-	233,906,133	-
Total	-	233,906,133	-

As of 31 March 2023, the Group's investment properties are carried with their fair values determined by the revaluation carried out on 31 December 2022, and these fair values have been determined by an independent valuation firm holding a CMB License. The change between the fair value and cost value of the investment properties at initial recognition is included under equity. Gains or losses arising from changes in fair value in subsequent measurement periods are included in the consolidated statement of profit or loss.

The table above present the fair value hierarchy of investment properties of the Group as of 31 March 2023 and 31 March 2022. The levels of hierarchies of fair values are detailed below.

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly,

Level 3: Inputs for the asset or liability that are not based on observable market data

Valuation techniques used to derive level 2 fair values.

Level 2 fair values of investment properties have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	1 January				Currency translation differences	31 March
Cost Value	2023	Additions	Disposals	Transfers		2023
Land and land improvements	888,406,912	-	-	-	8,033	888,414,945
Buildings	1,267,189,766	-	-	-	19,947,530	1,287,137,296
Machinery and equipment	633,607,720	696,616	-	(1,568,689)	4,822,995	637,558,642
Motor vehicles	3,435,847	-	-	1,568,689	215,346	5,219,882
Furniture and fixtures	56,755,042	1,071,842	(163,181)	-	441,847	58,105,550
Leasehold improvements	2,732,176	-	-	-	21,660	2,753,836
Other tangibles (*)	59,093,473	1,260,107	(425,077)	-	-	59,928,503
Construction in progress	10,455,952	1,300,827	-	-	-	11,756,779
	2,921,676,888	4,329,392	(588,258)	-	25,457,411	2,950,875,433
	1 January				Currency translation differences	31 March
Accumulated Depreciation	2023	Additions	Disposals	Transfers		2023
Land improvements	(6,271,915)	(536,003)	-	-	(1,807)	(6,809,725)
Buildings	(275,047,373)	(7,829,793)	-	-	(1,396,825)	(284,273,991)
Machinery and equipment	(395,700,646)	(17,468,757)	-	-	(1,152,825)	(414,322,228)
Motor vehicles	(1,822,461)	(636,068)	-	-	(34,769)	(2,493,298)
Furniture and fixtures	(30,859,267)	(1,120,595)	93,953	-	(119,329)	(32,005,238)
Leasehold improvements	(2,528,326)	(14,167)	-	-	-	(2,542,493)
Other tangibles (*)	(25,991,266)	(1,130,504)	406,736	-	-	(26,715,034)
	(738,221,254)	(28,735,887)	500,689	-	(2,705,555)	(769,162,007)
Net Book Value	2,183,455,634					2,181,713,426

(*) Other tangibles comprised of refrigerators.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost Value	1 January 2022	Additions	Disposals	Transfers	Currency translation differences	31 March 2022
Land and land improvements	367,200,148	-	-	-	20,027	367,220,175
Buildings	547,614,603	-	-	4,866,710	49,746,351	602,227,664
Machinery and equipment	573,067,940	50,298	(136,963)	62,949	12,619,603	585,663,827
Motor vehicles	1,994,915	-	-	-	47,266	2,042,181
Furniture and fixtures	45,875,064	262,982	(98,449)	-	1,089,877	47,129,474
Leasehold improvements	2,570,398	-	-	-	-	2,570,398
Other tangibles (*)	52,773,889	6,252,231	(486,608)	-	-	58,539,512
Construction in progress	142,240	5,909,736	(3,040)	(4,929,659)	-	1,119,277
	1,591,239,197	12,475,247	(725,060)	-	63,523,124	1,666,512,508
Accumulated Depreciation	1 January 2022	Additions	Disposals	Transfers	Currency translation differences	31 March 2022
Land improvements	(1,657,802)	(106,658)	-	-	(5,380)	(1,769,840)
Buildings	(79,402,908)	(3,141,879)	-	-	(4,227,991)	(86,772,778)
Machinery and equipment	(349,108,787)	(9,920,574)	-	-	(3,382,917)	(362,412,278)
Motor vehicles	(1,994,915)	(12,455)	-	-	(34,811)	(2,042,181)
Furniture and fixtures	(26,233,595)	(749,953)	74,460	-	(361,719)	(27,270,807)
Leasehold improvements	(2,570,398)	1,518	-	-	-	(2,568,880)
Other tangibles (*)	(24,909,298)	(981,466)	437,686	-	-	(25,453,078)
	(485,877,703)	(14,911,467)	512,146	-	(8,012,818)	(508,289,842)
Net Book Value	1,105,361,494					1,158,222,666

(*) Other tangible assets consist of refrigerated cabinets.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 11 - INTANGIBLE ASSETS

Cost Value	1 January 2023	Additions	Currency translation differences	31 March 2023
Rights	22,362,140	-	326,413	22,688,553
Development expenses	52,377,079	8,713,356	-	61,090,435
Other intangible assets	694,963	-	-	694,963
	75,434,182	8,713,356	326,413	84,473,951

Accumulated Amortization	1 January 2023	Additions	Currency translation differences	31 March 2023
Rights	(14,835,504)	(180,962)	49,606	(14,966,860)
Development expenses	(16,737,600)	(1,049,383)	-	(17,786,983)
Other intangible assets	(694,963)	-	-	(694,963)
	(32,268,067)	(1,230,345)	49,606	(33,448,806)
Net Book Value	43,166,115			51,025,145

Cost Value	1 January 2022	Additions	Currency translation differences	31 March 2022
Rights	17,686,584	-	2,597,552	20,284,136
Development expenses	34,424,022	3,537,576	-	37,961,598
Other intangible assets	694,962	-	-	694,962
	52,805,568	3,537,576	2,597,552	58,940,696

Accumulated Amortization	1 January 2022	Additions	Currency translation differences	31 March 2022
Rights	(13,616,960)	(261,630)	(119,677)	(13,998,267)
Development expenses	(10,971,741)	(1,395,138)	-	(12,366,879)
Other intangible assets	(694,963)	-	-	(694,963)
	(25,283,664)	(1,656,768)	(119,677)	(27,060,109)
Net Book Value	27,521,904			31,880,587

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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NOTE 11 - INTANGIBLE ASSETS (Continued)

Allocation of depreciation and amortization expenses of property, plant and equipments, intangible assets, and right-of-use assets as of 1 January - 31 March 2023 and 2022 are as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
Cost of sales	(28,219,759)	(14,539,235)
Marketing, sales and distribution expense (Note 18)	(2,601,474)	(1,294,598)
General administration expenses (Note 18)	(850,493)	(670,189)
Research and development expenses (Note 218)	(484,215)	(1,260,436)
	(32,155,941)	(17,764,458)

NOTE 12 - GOVERNMENT GRANTS AND INCENTIVES

The Group received the Investment Incentive Certificate numbered 535745 on April 21, 2022 from the General Directorate of Incentive, Implementation and Foreign Capital of the Republic of Turkey Ministry of Economy. The validity period of the mentioned Incentive Certificate is 3 years and ends on 13 April 2025. The support elements foreseen in the Investment Incentive Certificate are 100% customs exemption and Value Added Tax exemption, 2 years insurance premium employer's share support and 50% Tax Reduction. The total amount of the investment foreseen in the Investment Incentive Certificate is TRY29,113,930. As of 31 March 2023, the amount of investment realized within the scope of the incentive certificate is TRY3,940,743.

The Group's rights that can be used by all companies that meet the criteria required by the legislation, regardless of sector: incentives within the scope of research and development law (100% corporate tax, VAT exemption, etc.), inward processing permits, social security institution incentives and insurance premium is employer share support.

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Contingent Assets and Liabilities

Contingent assets and liabilities as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 December 2022
Contingent assets		
Letters of guarantees received	705,887,164	600,654,847
Pledges and mortgages received	1,713,670	1,736,669
	707,600,834	602,391,516

Letter of guarantees received and pledged and mortgages received are comprised of the guarantees received from customers within the scope of credit risk.

	31 March 2023	31 December 2022
Contingent liabilities		
Guarantorship given (*)	3,204,671,783	3,150,796,973
Mortgages given (*)	1,398,954,324	1,398,954,324
Guarantees given	279,182,240	279,182,240
Letters of guarantees given	115,939,236	113,240,023
	4,998,747,583	4,942,173,560

(*) Mortgages and guarantees given are given as Yıldız Holding syndication loan guarantees, Letter of guarantees given comprised of guarantees given to public institutions for various reasons.

	31 March 2023	31 December 2022
Other short-term provisions		
Price difference and activity provisions	13,517,806	3,397,380
Turnover / premium provisions	10,467,763	379,307
Provisions for lawsuits	4,366,086	4,933,400
Provisions for other cost expenses	4,272,027	3,490,307
	32,623,682	12,200,394

The movements of provisions for lawsuits as of 1 January - 31 March 2023 and 2022 are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Movement of provision for lawsuits		
Opening	4,933,400	6,422,069
Charge for the period	(567,314)	(192,058)
End of the period	4,366,086	6,230,011

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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NOTE 14 - COMMITMENTS AND CONTINGENCIES

Guarantee, pledge and mortgages given by the Group

Guarantee, pledge and mortgages (“GPM”) in respect of commitment and contingencies realized in the ordinary course of business given for the interim periods ended 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023			31 December 2022		
	Original Currency	Amount	TRY Equivalent	Original Currency	Amount	TRY equivalent
A. CPMs given for Company’s own legal personality (*)	TRY	2,730,391,893	2,730,391,893	TRY	2,727,692,680	2,727,692,680
	USD	118,432,204	2,268,355,690	USD	118,432,204	2,214,480,880
B. CPMs given on behalf of fully consolidated companies		-	-		-	-
C. CPMs given in the normal course of business activities on behalf of third parties		-	-		-	-
D. Total amount of other CPMs		-	-		-	-
i) Total amount of CPMs given on behalf of the parent		-	-		-	-
ii) Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C		-	-		-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C		-	-		-	-
			4,998,747,583			4,942,173,560

As of 31 December 2023, the Group has export commitments of TRY90,000,000 and EUR7,000,000 (31 December 2022: TRY160,000,000 and EUR15,781,625). The fulfillment period of export commitments is two years.

(*) On February 2018, Yıldız Holding A.Ş. started negotiations with the creditors in order to refinance the loan payables for which no guarantee was provided and the balances which are used by the itself and by various Yıldız Holding group entities in connection with the miscellaneous loan agreements the Holding company entered into with Turkish banks. The purpose of these negotiations is to move all loan payable balances to the level of Yıldız Holding A.Ş. within the framework of a single maturity, interest rate and payment plan.

The bank loans of the Company and it’s subsidiaries which in total TRY745 million in cash and TRY202 million non-cash contingencies were moved to the level of Yıldız Holding A.Ş. through syndication. The Company’s total debt has not increased as a result of the syndicated loan but cash and non-cash loans are moved to Yıldız Holding A.Ş. level. In addition the Group provided guarantee to Yıldız Holding A.Ş. within the scope and limited to cash and non-cash loans belonging to the Group that are moved to Yıldız Holding A.Ş. level. Some real estates of the Group which have a market value of TRY1,398 million have been provided as a mortgage.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other Current Assets	31 March 2023	31 December 2022
Deferred VAT	224,222,958	191,402,764
Other	472,692	6,689,309
	224,695,650	198,092,073

Other Current Liabilities	31 March 2023	31 December 2022
Taxes and funds payables	20,314,170	12,782,849
Other current liabilities	16,702,256	15,091,233
	37,016,426	27,874,082

NOTE 16 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

As of 31 March 2023, the Company's capital was issued and consisted of 66,200,000,000 shares, each with a nominal value of TRY0.01. (31 December 2022: 66,200,000,000 shares).

The Group's shareholders and their share in the capital as of 31 March 2023 and 31 December 2022 are as follows:

Shareholders	31 March 2023		31 December 2022	
	Share %	Amount	Share %	Amount
Yıldız Holding A.Ş.	54.27	359,245,941	54.27	359,245,941
Murat Ülker	9.98	66,079,898	9.98	66,079,898
Ufuk Yatırım Yönetim ve Gayr. A.Ş.	6.26	41,429,804	6.26	41,429,804
Other	29.49	195,244,357	29.49	195,244,357
Total	100	662,000,000	100	662,000,000

Restricted Reserves and Retained Earnings

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserves 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 reserves is appropriated after the first legal reserves and dividends, at the rate of 10% per annum of all cash dividend distributions. These reserves can only be used to cover losses, to maintain the company in times when things are not going well, or to prevent unemployment and to mitigate the effects of such losses, unless they exceed half of the paid-in capital of the company.

As of 31 March 2023, restricted reverses are amounting to TRY37,378,874 (31 December 2022: TRY37,378,874). There are no remaining period profit and other sources subject to profit distribution after deducting previous year's losses recorded in statutory records of the Company.

Restricted reserves	31 March 2023	31 December 2022
Legal reserves	37,378,874	37,378,874
	37,378,874	37,378,874

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

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NOTE 17 - REVENUE AND COST OF SALES

	1 January - 31 March 2023	1 January - 31 March 2022
Domestic sales	3,461,463,985	2,435,627,257
Export sales	379,994,345	287,972,286
Other income	11,011,984	51,956,410
Gross sales	3,852,470,314	2,775,555,953
Sales returns and discounts (-)	(661,790,532)	(346,445,594)
Net sales	3,190,679,782	2,429,110,359
Cost of sales (-)	(2,608,907,618)	(1,697,047,176)
Gross profit	581,772,164	732,063,183

NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 31 March 2023	1 January - 31 March 2022
Marketing, sales and distribution expenses		
Transportation expenses	(70,320,968)	(46,199,318)
Personnel expenses	(58,395,897)	(25,312,242)
Advertisement expenses	(51,270,324)	(34,628,019)
Tax duties and fees (*)	(17,370,000)	(8,177,000)
Outsourced benefits and services expenses	(16,318,557)	(10,651,788)
Rent expenses	(9,031,312)	(4,684,111)
Energy expenses	(6,984,569)	(4,011,517)
Depreciation and amortization expense (Note 10-11)	(2,601,474)	(1,294,598)
Export expenses	(1,935,604)	(2,072,097)
Consultancy expenses	(1,314,169)	(538,990)
Maintenance and repair expenses	(915,139)	(859,392)
Other	(14,798,149)	(7,859,089)
	(251,256,162)	(146,288,161)

(*) These are expenses incurred regarding the recycling contribution fee (RCF).

	1 January - 31 March 2023	1 January - 31 March 2022
General administrative expenses		
Personnel expenses	(26,477,554)	(13,245,879)
Outsourced benefits and services expenses	(17,095,602)	(7,581,788)
Consultancy expenses	(14,417,693)	(7,897,108)
Service expenses	(2,338,823)	(1,022,919)
Rent expenses	(1,564,003)	(628,996)
Depreciation and amortization expense (Note 10-11)	(850,493)	(670,189)
Other	(6,216,508)	(2,757,774)
	(68,960,676)	(33,804,653)

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Continued)

	1 January - 31 March 2023	1 January - 31 March 2022
Research and development expenses		
Personnel expenses	(818,757)	(1,038,278)
Depreciation and amortization expense (Note 10-11)	(484,215)	(1,260,436)
Other	(78,428)	(17,796)
	(1,381,400)	(2,316,510)

NOTE 22 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 March 2023	1 January - 31 March 2022
Income from Investment Activities		
Interest income	143,616,558	63,907,775
Rent income	4,696,034	2,733,891
Gain on sale of fixed assets	331,767	199,808
Exchange difference income	-	36,491,768
	148,644,359	103,333,242

	1 January - 31 March 2023	1 January - 31 March 2022
Income from Investment Activities		
Exchange difference expenses	(56,560,230)	-
	(56,560,230)	-

NOTE 23 - FINANCIAL INCOME AND EXPENSES

	1 January - 31 March 2023	1 January - 31 March 2022
Financial income		
Exchange difference income on loans	26,547,411	-
Income from derivative transactions	-	717,463
Discount income from financing (*)	-	321,729
	26,547,411	1,039,192

	1 January - 31 March 2023	1 January - 31 March 2022
Financial expense		
Interest expense	(141,059,150)	(20,369,925)
Discount expenses from financing (*)	(17,140,820)	-
Commission expenses	(10,673,968)	(5,389,715)
Financial expense on employee termination benefit	(4,056,547)	(1,239,611)
Exchange difference expenses on loans	-	(88,348,921)
Other	(4,926,431)	(7,532,023)
	(177,856,916)	(122,880,195)

(*) The positive/negative difference between the interest rate which is understood within the framework of the renovation agreement within the framework of the unionized loan in other long -term commercial debts of Group to Yıldız Holding A.Ş. and the interest rates valid in the market were accountable in accordance with TFRS 9.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 21 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

The Group is 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 years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, current income taxes recognised in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, the corporate tax rate is 20% as of 31 March 2023 (31 December 2022: 23%). The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions and deductions in the tax laws.

The Corporate tax rate is applied to the corporate income of the corporations, which is the result of the addition of expenses that are not allowed to be deducted in accordance with the tax laws and the exemptions and discounts included in the tax laws. Losses can be carried forward for a maximum of 5 years, to be deducted from the taxable profits that will arise in future years. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

The 7061 numbered law on the Amendment of Some Tax Laws was entered into force by being published in the Official Gazette dated 5 December 2017 and numbered 30261. With the 89th article of this Law, amendments are made in the 5th article titled “Exceptions” of the Corporate Tax Law. The first paragraph of the article; With paragraph (a), the 75% exemption applied to the earnings arising from the sale of real estates which were stated in the assets of the institutions for two full years has been reduced to 50%. This amendment was entered into force on 5 December 2017.

	31 March	31 December
	2023	2022
Current income tax liabilities		
Current income tax expense	53,712,759	228,285,116
Less: prepaid taxes	81,499,072	(143,555,173)
Current income tax liability	135,211,831	84,729,943

Income tax expense for the interim periods ended 31 March 2023 and 31 March 2022 comprised of the following items:

	31 March 2023	31 March 2022
Current income tax expense	(53,712,759)	(85,899,384)
Deferred tax income	(702,565)	(8,927,009)
Total tax expense	(54,415,324)	(94,826,393)

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 21 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)**

Deferred Tax

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 TAS. 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 TAS, and these differences are stated below.

The tax rate used in the calculation of deferred tax assets and liabilities will be 23% for the 2022 and 20% for 2023 taxation period.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

As of 31 March 2023 and 31 December 2022, the breakdown of the accumulated temporary differences related to the Group and the deferred tax assets and liabilities using the applicable tax rates are as follows:

	Total temporary differences		Deferred tax assets / (liabilities)	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Provisions for employee termination benefits	171,810,864	151,832,464	34,362,173	30,366,492
Provisions for doubtful receivables	24,771,844	20,935,171	4,954,369	4,815,089
Provisions for lawsuits	4,366,086	4,933,400	873,217	1,134,682
Provision for unused vacations	19,600,956	15,892,663	3,920,191	3,655,312
Provision for impairment on inventories	3,668,571	2,062,440	733,714	474,361
Carry-forward tax losses (*)	224,254,150	252,433,407	35,023,337	34,204,370
Discount income from financing	(166,185,373)	(183,326,193)	(33,237,074)	(34,977,737)
Provision of performance premium	6,192,536	8,150,947	1,238,507	1,874,718
Foundation and organization expenses	927,144	927,144	185,429	185,429
Net differences between the carrying values and tax bases of investment properties	(481,575,662)	(481,575,662)	(59,375,704)	(59,375,704)
Revaluation differences on property, plant and equipment	(1,238,838,863)	(1,219,068,890)	(177,800,536)	(176,859,774)
Other	56,798,969	64,919,259	10,020,875	12,977,036
Deferred tax assets, net	(1,374,208,778)	(1,361,883,850)	(179,101,502)	(181,525,726)

(*) As of 31 March 2023, based on the projections and future estimations, there is no previous year loss for which deferred tax is not recognised, (31 December 2022: None).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 21 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)**

Movements of deferred tax assets / (liabilities) as of 1 January - 31 March 2023 and 1 January - 31 March 2022 are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Opening	(181,525,726)	44,041,119
Charged to profit or loss	(702,565)	(8,927,009)
Currency translation differences	3,126,789	2,242,665
End of the period	(179,101,502)	37,356,775

NOTE 22 - EARNING PER SHARE

	1 January - 31 March 2023	1 January - 31 March 2022
Net gain for the year attributable to equity holders of the parent	92,500,249	369,753,601
Weighted average number of shares	662,000,000	662,000,000
Earning per share (Kr)	0.1397	0.5585

NOTE 23 - FINANCIAL INVESTMENTS

	31 March 2023	31 December 2022
Associates	3,087,001	3,087,001
Impairment on associate shares (-)	(3,055,984)	(3,055,984)
	31,017	31,017

The Group has been accounting financial investments of Pakyağ Endüstriyel Ürünler Sanayi ve Ticaret A,Ş, and Baytom Makine Sanayi ve Ticaret A,Ş, with their cost values less impairment, The Group is in the opinion that the fair values of the shares converge to the cost less impairment values.

NOTE 24 - BORROWINGS

	31 March 2023	31 December 2022
Short term borrowings		
Short term foreign currency loans	762,788,090	1,398,635,604
Short term local currency loans	250,000,000	160,000,000
Short term lease liabilities	20,021,777	5,617,151
	1,032,809,867	1,564,252,755
Long term borrowings		
Long term lease liabilities	28,193,449	45,108,424
	28,193,449	45,108,424

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 24 - BORROWINGS (Continued)

As of 31 March 2023 and 31 December 2022 details of short-term borrowings are as follows:

31 March 2023				
Original Currency	Maturity	(%)	Original Amount	TRY Equivalent
USD	May, 2023	4.90	376,962	7,220,029
EUR	May, 2023-Aug, 2023	4.45 – 6.06	36,181,878	755,568,061
TRY	Oct, 2023-Feb,2024	10.5 - 12	250,000,000	250,000,000
				1,012,788,090
31 December 2022				
Original Currency	Maturity	(%)	Original Amount	TRY Equivalent
USD	Feb, 2023	4.90	374,020	6,993,538
EUR	Jan, 2023-Nov, 2023	4.1 – 6.57	69,683,842	1,391,642,066
TRY	Oct, 2023-Nov,2023	10.5 - 12	160,000,000	160,000,000
				1,558,635,604

Details of short and long-term borrowings are as follows:

31 March 2023				
Currency	Maturity	(%)	Amount	TRY
TRY	Apr, 2023 - Oct, 2026	19.50 – 45.36	34,306,999	34,306,999
EUR	Sep, 2024	3.66	667,221	13,908,227
				48,215,226
31 December 2022				
Currency	Maturity	(%)	Amount	TRY
TRY	Jan, 2023 - Oct, 2026	19.00 – 45.36	35,276,648	35,276,648
EUR	Sep, 2024	3.66	774,969	15,448,927
				50,725,575

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 25 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Currency Risk Management

The Group is exposed to currency risk on its operations that are denominated in other currencies,

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

31 March 2023	TRY Amount	US Dollar	Euro	Other
1. Trade Receivables	164,690,857	7,067,200	1,401,389	5,080
2a. Monetary Financial Assets	7,550,990	322,679	65,750	5
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	29,592,578	181,417	1,252,956	-
4.CURRENT ASSETS (1+2+3)	201,834,425	7,571,296	2,720,095	5,085
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	6,846,325	-	328,440	-
8. NON-CURRENT ASSETS (5+6+7)	6,846,325	-	328,440	-
9. TOTAL ASSETS (4+8)	208,680,750	7,571,296	3,048,535	5,085
10. Trade Payables	577,811,511	5,366,479	22,498,179	236,511
11. Financial Liabilities	769,660,811	376,962	36,510,992	-
12a. Monetary Other Liabilities	17,573,102	306,925	559,506	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	1,365,045,424	6,050,366	59,568,677	236,511
14. Trade Payables	-	-	-	-
15. Financial Liabilities	7,060,527	-	338,107	-
16a. Monetary Other Liabilities	22,439,225	1,169,453	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	29,499,752	1,169,453	338,107	-
18. TOTAL LIABILITIES (13+17)	1,394,545,176	7,219,819	59,906,784	236,511
19 Off-balance Sheet Derivative Instruments				
Net Asset/Liability Position (19a - 19b)	-	-	-	-
19.a Amount of active foreign derivative currency off-balance sheet	-	-	-	-
19.b. Amount of passive foreign derivative currency off-balance sheet	-	-	-	-
20.Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(1,185,864,426)	351,477	(56,858,249)	(231,426)
21.Monetary Items Net Foreign Currency Assets / (Liabilities)(1+2a+3+5+6a-10-11-12a-14-15-16a)	(1,185,864,426)	351,477	(56,858,249)	(231,426)
22. Fair value of financial instruments used for currency hedge	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	376,651,764	17,404,922	2,402,729	-
24. Import	(1,125,544,639)	(1,049,294)	(54,642,344)	(51,207)

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 25 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022	TRYAmount	USDollar	Euro	Other
1. Trade Receivables	225,749,534	10,997,492	1,006,332	2,431
2a. Monetary Financial Assets	5,000,925	210,758	53,179	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	3,741,143	130,168	65,574	-
4.CURRENT ASSETS (1+2+3)	234,491,602	11,338,418	1,125,085	2,431
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	2,633,842	19,083	114,223	-
8. NON-CURRENT ASSETS (5+6+7)	2,633,842	19,083	114,223	-
9. TOTAL ASSETS (4+8)	237,125,444	11,357,501	1,239,308	2,431
10. Trade Payables	997,015,407	20,868,841	30,100,266	242,869
11. Financial Liabilities	1,398,635,604	374,020	69,683,841	-
12a. Monetary Other Liabilities	12,241,677	84,861	533,382	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	2,407,892,688	21,327,722	100,317,489	242,869
14. Trade Payables	-	-	-	-
15. Financial Liabilities	15,476,749	-	774,969	-
16a. Monetary Other Liabilities	21,907,320	1,169,513	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	37,384,069	1,169,513	774,969	-
18. TOTAL LIABILITIES (13+17)	2,445,276,757	22,497,235	101,092,458	242,869
19 Off-balance Sheet Derivative Instruments				
Net Asset/Liability Position (19a - 19b)	-	-	-	-
19.a Amount of active foreign derivative currency off-balance sheet	-	-	-	-
19.b. Amount of passive foreign derivative currency off-balance sheet	-	-	-	-
20.Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(2,208,151,313)	(11,139,734)	(99,853,150)	(240,438)
21.Monetary Items Net Foreign Currency Assets / (Liabilities)(1+2a+3+5+6a-10-11-12a-14-15-16a)	(2,208,151,313)	(11,139,734)	(99,853,150)	(240,438)
22. Fair value of financial instruments used for currency hedge	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	1,604,889,747	90,134,420	6,347,646	69,960
24.Import	(3,630,552,985)	(2,816,628)	(205,734,897)	(429,461)

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 25 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Sensitivity Analysis to Currency Risk

The Group is mainly exposed to foreign currency risks in US Dollars and Euro. The following table shows the Group’s sensitivity to a 10% increase and decrease in USD and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis comprises the borrowings used for foreign operations within the Group outside the functional currency. A positive number indicates an increase in profit / loss and other equity.

	Profit/Loss	
	Appreciation foreign currency	Depreciation foreign currency
31 March 2023		
In case of US Dollar increases in 10% against TRY		
1- US Dollar net asset/liability	648,211	(648,211)
2- US Dollar hedged portion (-)	-	-
3- Net effect of US Dollar (1 +2)	648,211	(648,211)
In case of Euro increases in 10% against TRY		
4- Euro net asset/liability	(118,745,671)	118,745,671
5- Euro hedged portion (-)	-	-
6- Net effect of Euro (4+5)	(118,745,671)	118,745,671
In case of other currencies increases in 10% against TRY		
7- Euro net asset/liability	(488,982)	488,982
8- Euro hedged portion (-)	-	-
9- Net effect of other currencies (4+5)	(488,982)	488,982
TOTAL (3+6+9)	(118,586,442)	118,586,442

	Profit/Loss	
	Appreciation foreign currency	Depreciation foreign currency
31 December 2022		
In case of US Dollar increases in 10% against TRY		
1- US Dollar net asset/liability	(20,905,225)	20,905,225
2- US Dollar hedged portion (-)	-	-
3- Net effect of US Dollar (1 +2)	(20,905,225)	20,905,225
In case of Euro increases in 10% against TRY		
4- Euro net asset/liability	(199,419,178)	199,419,178
5- Euro hedged portion (-)	-	-
6- Net effect of Euro (4+5)	(199,419,178)	199,419,178
In case of other currencies increases in 10% against TRY		
7- Euro net asset/liability	(490,729)	490,729
8- Euro hedged portion (-)	-	-
9- Net effect of other currencies (4+5)	(490,729)	490,729
TOTAL (3+6+9)	(220,815,132)	220,815,132

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 25 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Interest Rate Risk Management

The Group’s borrowings with fixed and variable interest rates exposes the Group to interest rate risk.

As at 31 March 2023 and 31 December 2022, the interest rate profile of the Group’s interest-bearing financial instruments are as follows:

Interest Position	31 March 2023	31 December 2022
Fixed interest rate instruments		
Borrowings	1,061,003,316	1,609,361,179
Cash and cash equivalents (term deposits)	17,822,980	257,271,231
Trade receivables	1,888,301,555	1,771,113,296
Other receivables	3,314,109,260	2,229,696,102
Trade payables	2,006,443,824	2,244,373,683
Other payables	2,622,903,551	1,214,309,660

The Group does not have a variable interest financial instrument (December 31, 2022: None).

NOTE 26 - CASH AND CASH EQUIVALENTS

	31 March 2023	31 December 2022
Cash at banks	31,098,651	271,017,565
- Demand deposits	13,275,671	13,746,334
- Time deposits (*)	17,822,980	257,271,231
Credit card receivables	404,472	4,015,035
	31,503,123	275,032,600

(*) The maturity of time deposit balances at banks is 3 April 2023 and the average interest rates are in the range between 16% and 25% for TRY and 0.05% for USD. (31 December 2022: in the range between 19.50% and 22% in Turkish Lira).

NOTE 27 - SUBSEQUENT EVENTS

In order to add value to the strategic and profitable growth of our company, within the framework of the decision taken unanimously by our Independent Board Members at the meeting of our Company's Board of Directors dated May 5, 2023 and numbered 14, all of the shares representing the capital of Donuk Fırıncılık Ürünleri Sanayi ve Tic. A.Ş., which is in the portfolio of Yıldız Holding which is the direct main shareholder of Our company, has been decided to be purchased in cash from Yıldız Holding and paid for a total of TRY901,301,000 over the value found in the valuation report dated March 31, 2023 prepared by KPMG Yönetim Danışmanlığı A.Ş. licensed by the Capital Markets Board and the purchase contract was signed.

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