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

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
31 DECEMBER 2022
TOGETHER WITH INDEPENDENT AUDITORS' REPORT**

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITORS' REPORT AND THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Kerevitaş Gıda Sanayi ve Ticaret A.Ş.

## A. Audit of the consolidated financial statements

### 1. Our opinion

We have audited the accompanying consolidated financial statements of Kerevitaş Gıda Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

### 2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters | How the key audit matter was addressed in the audit |
|---|---|
| **Fair value of building, land and investment properties** | |
| As disclosed in the Notes 2.5, 9 and 10, the Group accounted its building, land and investment properties at their fair value as of 31 December 2022. The fair value of building, land and investment properties in consolidated financial statements is TRY 2.379.198.600 as of 31 December 2022, and TRY 1.074.763.262 was recognised under equity as a fixed assets revaluation surplus. Building, land and investment properties were valued at the fair value reflecting market conditions as of 31 December 2022 based on revaluation reports performed by independent licenced valuers. Fair values were determined based on a method comparing the existing price of comparable real estate which was leased out or sold and located near the real estate in question. Reasons why we focused on this topic are, significance of fair values in the consolidated financial statements and; their values were determined via estimations. | The technical competency and independence of the valuation companies that conducted the work was assessed by checking the relevant licenses, agreements and statements.<br><br>The valuation works prepared were obtained, and audit works listed below was performed.<br><br>The accuracy of the valuation method was checked against the usage purpose of relevant land, building and investment properties.<br><br>Various values used in average comparable value calculations of lands, buildings and and investment properties by the valuation company were selected using the sampling method and compared with market values. Sensitivity of the estimations on the total value were assessed.<br><br>Fair values in the valuation report were compared with the notes to assess if the values in notes and accounting records are consistent with the valuation report and the disclosure notes are sufficient in terms of TFRS. |

| Key Audit Matters | How the key audit matter was addressed in the audit |
|---|---|
| **Recoverability of trade receivables from third parties** | |
| Trade receivables from third parties amounting to TRY 765.836.652 as of 31 December 2022 constitute a significant portion of the assets. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Such estimation includes considering the following for each customer - the amount of guarantees/collateral held, past collection performance, creditworthiness and aging of receivables. Therefore, recoverability of trade receivables is a key matter for our audit.<br><br>Please refer to notes 2.5 and 5 to the consolidated financial statements for the Group's disclosures on trade receivables from third parties, including the related accounting policy. | Understanding the business process for collections from customers,<br><br>Inquiries with management in relation to any disputes with customers and written inquiries with the Group's legal counsels on outstanding litigation in relation to trade receivables,<br><br>Testing receivables from third parties, on a sample basis, by obtaining confirmation letters.<br><br>Testing collections, on a sample basis, in the subsequent period.<br><br>Assessing the adequacy of disclosures around recoverability of trade receivables from third parties in the consolidated financial statements. |

## 4. Other matters

The consolidated financial statements of the Group for the period 1 January - 31 December 2021 were audited by another audit firm whose audit report dated 10 March 2022 expressed an unqualified opinion on those statements.

## 5. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## 6. Auditor’s responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor’s report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 13 March 2023.

**Additional explanation for convenience translation into English**

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mert Tüten, SMMM
Partner

Istanbul, 13 March 2023

**CONTENTS** **PAGE**

**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**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021**
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

| | Notes | Audited Current Year 31 December 2022 | Audited Prior Year 31 December 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | **6,736,659,549** | **3,272,199,465** |
| Cash and cash equivalents | 29 | 275,032,600 | 64,962,641 |
| Trade receivables | 5 | 1,771,113,296 | 1,019,671,564 |
| *- Trade receivables from related parties* | *4* | *1,005,276,644* | *555,803,104* |
| *- Trade receivables from third parties* | *5* | *765,836,652* | *463,868,460* |
| Other receivables | 6 | 2,227,952,646 | 1,232,461,735 |
| *- Other receivables from related parties* | *4* | *2,180,727,211* | *1,226,875,218* |
| *- Other receivables from third parties* | *6* | *47,225,435* | *5,586,517* |
| Inventories | 7 | 1,852,959,875 | 858,990,826 |
| Prepaid expenses | 8 | 404,762,158 | 24,921,796 |
| Current income tax assets | 24 | 6,746,901 | 21,908,555 |
| Other current assets | 17 | 198,092,073 | 49,282,348 |
| **Non-Current Assets** | | **2,792,843,259** | **1,449,847,908** |
| Other receivables | 6 | 1,743,456 | 1,433,489 |
| *- Other receivables from third parties* | *6* | *1,743,456* | *1,433,489* |
| Financial investments | 26 | 31,017 | 21,340 |
| Investment properties | 9 | 504,921,210 | 233,906,133 |
| Property, plant and equipment | 10 | 2,183,455,634 | 1,105,361,494 |
| Right of use assets | 11 | 13,094,473 | 9,415,170 |
| Intangible assets | 12 | 43,166,115 | 27,521,904 |
| Prepaid expenses | 8 | 4,344,932 | 2,901,022 |
| Deferred tax assets | 24 | 42,086,422 | 69,287,356 |
| **TOTAL ASSETS** | | **9,529,502,808** | **4,722,047,373** |

The accompanying notes form an integral part of these 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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021

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

| | Notes | Audited Current Year 31 December 2022 | Audited Prior Year 31 December 2021 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current Liabilities** | | **4,763,075,366** | **2,455,866,002** |
| Short-term borrowings | 27 | 1,564,252,755 | 1,315,54,754 |
| *- Bank loans* | *27* | *1,558,635,604* | *1,310,955,005* |
| *- Lease liabilities* | *27* | *5,617,151* | *4,639,749* |
| Trade payables | 5 | 2,244,373,683 | 1,037,945,331 |
| *- Trade payables to related parties* | *4* | *19,166,059* | *9,945,664* |
| *- Trade payables to third parties* | *5* | *2,225,207,624* | *1,027,999,667* |
| Other payables | 6 | 672,413,528 | 7,409,089 |
| *- Other payables to related parties* | *4* | *672,338,735* | *7,357,179* |
| *- Other payables to third parties* | *6* | *74,793* | *51,910* |
| Payables related to employee benefits | 16 | 33,683,356 | 16,963,680 |
| Deferred income | 8 | 65,846,271 | 36,608,234 |
| Current income tax liabilities | 24 | 91,476,844 | 171,249 |
| Short-term provisions | | 63,154,847 | 28,513,620 |
| *- Short-term provisions for employee benefits* | *16* | *50,954,453* | *18,456,419* |
| *- Other short-term provisions* | *14* | *12,200,394* | *10,057,201* |
| Other current liabilities | 17 | 27,874,082 | 12,660,045 |
| **Non-Current Liabilities** | | **965,415,784** | **684,245,719** |
| Long-term borrowings | 27 | 45,108,424 | 46,923,281 |
| *-Lease liabilities* | *27* | *45,108,424* | *46,923,281* |
| Other payables | 6 | 541,896,132 | 551,261,040 |
| *- Other payables to related parties* | *4* | *541,896,132* | *551,261,040* |
| Long-term provisions | | 151,832,464 | 60,815,161 |
| *- Long-term provisions for employee benefits* | *16* | *151,832,464* | *60,815,161* |
| Deferred İncome | | 2,966,616 | - |
| Deferred tax liabilities | 24 | 223,612,148 | 25,246,237 |
| **Total Liabilities** | | **5,728,491,150** | **3,140,111,721** |
| **EQUITY** | | | |
| Paid in capital | 18 | 662,000,000 | 662,000,000 |
| Other comprehensive income or expenses not be reclassified to profit or loss | | 1,013,429,265 | 334,544,988 |
| *- Gains on revaluation of plant, property and equipment* | | *1,067,557,819* | *342,341,445* |
| *- Losses on remeasurement of defined benefit plans* | | *(61,333,997)* | *(15,001,900)* |
| *- Gains on revaluation of investment properties* | | *7,205,443* | *7,205,443* |
| Other comprehensive income or expenses to be reclassified to profit or loss | | 325,643,747 | 228,783,652 |
| *- Currency translation differences* | | *325,643,747* | *228,783,652* |
| Share premium | | 702,050 | 702,050 |
| Restricted reserves | 18 | 37,378,874 | 37,378,874 |
| Retained earnings | | 20,557,154 | 60,502,217 |
| Net profit / (loss) for the year | | 1,310,522,199 | (39,945,063) |
| Equity holders of the parent | | 3,370,233,289 | 1,283,966,718 |
| Non-controlling interests | | 430,778,369 | 297,968,934 |
| **Total Equity** | | **3,801,011,658** | **1,581,935,652** |
| **TOTAL LIABILITIES AND EQUITY** | | **9,529,502,808** | **4,722,047,373** |

The accompanying notes form an integral part of these 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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021

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

| | Notes | **Audited Current Year 1 January - 31 December 2022** | **Audited Prior Year 1 January - 31 December 2021** |
|---|---|---|---|
| Revenue | 19 | 12,331,352,913 | 4,865,330,171 |
| Cost of sales (-) | 19 | (9,618,522,239) | (3,888,437,097) |
| **Gross profit** | | **2,712,830,674** | **976,893,074** |
| General administrative expenses (-) | 20 | (169,969,359) | (86,136,059) |
| Marketing expenses (-) | 20 | (696,686,786) | (349,381,253) |
| Research and development expenses (-) | 20 | (7,994,673) | (5,647,807) |
| Other income from operating activities | 21 | 210,296,800 | 90,555,457 |
| Other expenses from operating activities (-) | 21 | (623,848,251) | (281,460,331) |
| **OPERATING PROFIT** | | **1,424,628,405** | **344,823,081** |
| Income from investment activities | 22 | 705,007,600 | 267,885,268 |
| **OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSE)** | | **2,129,636,005** | **612,708,349** |
| Financial income | 23 | 15,367,008 | 3,966,396 |
| Financial expenses (-) | 23 | (425,686,825) | (615,779,992) |
| **PROFIT BEFORE TAX FROM CONTINUING OPERATIONS** | | **1,719,316,188** | **894,753** |
| Tax expense from continuing operations | | (351,242,677) | (25,405,015) |
| *- Current tax expense (-)* | *24* | *(228,285,116)* | *(66,143,585)* |
| *- Deferred tax (expense) / income* | *24* | *(122,957,561)* | *40,738,570* |
| **PROFIT / (LOSS) FOR THE YEAR** | | **1,368,073,511** | **(24,510,262)** |
| **Profit / (loss) for the year attributable to:** | | | |
| Non-controlling interests | | 57,551,312 | 15,434,801 |
| **Equity holders of the parent** | | **1,310,522,199** | **(39,945,063)** |
| Earnings / (losses) per share (Kr) | 25 | 1.9796 | (0.0603) |
| **OTHER COMPREHENSIVE INCOME:** | | | |
| **Items to not be reclassified subsequently to profit or loss** | | **678,884,277** | **22,871,269** |
| - Gain on revaluation of property, plant and equipment | | 848,041,111 | - |
| - Actuarial loss on defined benefit plans | 16 | (57,271,328) | (4,149,630) |
| - Other comprehensive (loss) / income not to be reclassified to (loss) / profit, tax effect | 24 | (111,885,506) | 27,020,899 |
| **Items to be reclassified subsequently to profit or loss** | | **172,118,218** | **135,939,608** |
| - Currency translation differences | | 172,118,218 | 135,939,608 |
| **Other Comprehensive Income** | | **851,002,495** | **158,810,877** |
| **TOTAL COMPREHENSIVE INCOME** | | **2,219,076,006** | **134,300,615** |
| **Total comprehensive income for the year attributable to:** | | | |
| Non-controlling interests | | 132,809,435 | 56,588,764 |
| **Equity holders of the parent** | | **2,086,266,571** | **77,711,851** |

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

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021

(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 / loss for the year** | **Equity holders of the parent** | **Non-controlling interests** | **Total Equity** |
| **Balances as of 1 January 2021** | **662,000,000** | **317,437,700** | **(11,682,196)** | **7,205,443** | **133,998,007** | **702,050** | **37,378,874** | **(356,511,215)** | **415,726,204** | **1,206,254,867** | **241,380,170** | **1,447,635,037** |
| Transfers | - | (1,287,228) | - | - | - | - | - | 417,013,432 | (415,726,204) | - | - | - |
| Total comprehensive income | - | 26,190,973 | (3,319,704) | - | 94,785,645 | - | - | - | (39,945,063) | 77,711,851 | 56,588,764 | 134,300,615 |
| **Balances as of 31 December 2021** | **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** |
| **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 | - | 725,216,374 | (46,332,097) | - | 96,860,095 | - | - | - | 1,310,522,199 | 2,086,266,571 | 132,809,435 | 2,219,076,006 |
| **Balances as of 31 December 2022** | **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** |

The accompanying notes form an integral part of these 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

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMCER 2022 AND 2021

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

| | Notes | Audited Current Year 1 January- 31 December 2022 | Audited Prior Year 1 January- 31 December 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | **394,379,068** | **132,182,416** |
| Profit / (Loss) for the year | | 1,368,073,511 | (24,510,262) |
| **Adjustments to reconcile profit/(loss) for the year** | | **252,032,110** | **517,560,748** |
| Adjustments related to depreciation and amortization expenses | 10,11,12 | 74,253,314 | 58,910,302 |
| Adjustments related to provision for/ (reversal) of impairment loss | | 15,147,854 | 5,748,287 |
| *- Adjustments related to impairment loss on receivables* | *5* | *13,119,477* | *6,367,048* |
| *- Adjustments related to impairment (loss) / gain on inventories, net* | *7* | *2,028,377* | *(618,761)* |
| Adjustments related to provisions | | 96,041,817 | 43,396,718 |
| *- Adjustments related to provisions employee benefit* | *16* | *93,898,624* | *38,611,424* |
| *- Adjustments related to lawsuit provisions* | *14* | *(1,488,669)* | *1,704,775* |
| *- Other adjustments related to operations* | *21* | *3,631,862* | *3,080,519* |
| Adjustments related to interest (income) and expenses, and commission expenses | | (233,927,477) | (67,706,372) |
| *- Adjustments related to interest and commission expense* | *23* | *182,903,973* | *118,813,279* |
| *- Adjustments related to interest income* | *22* | *(419,018,888)* | *(186,519,651)* |
| Adjustments related to unrealized currency translation differences | 23 | 239,765,293 | 427,258,978 |
| Adjustments related to tax expense | 24 | 351,242,677 | 25,405,015 |
| Adjustments related to (gain)/loss on fair value | | (271,015,077) | (40,124,529) |
| *- Adjustments related to fair value gains of investment properties* | *9* | *(271,015,077)* | *(36,158,133)* |
| *- Adjustments for fair value (gains) / losses of derivative financial instruments* | *23* | *-* | *(3,966,396)* |
| Adjustments related to (gain)/loss on disposal of non-current assets | 22 | (1,921,845) | (696,086) |
| Adjustments for other items caused by cash flows arising from investment or financing activities | 23 | (15,367,008) | 65,368,435 |
| **Changes in working capital** | | **(1,076,254,071)** | **(206,696,535)** |
| Changes in trade receivables | 5 | (764,561,209) | (409,911,469) |
| *- Increase in trade receivables from non-related parties* | *5* | *(315,087,669)* | *(209,126,280)* |
| *- Increase in trade receivables from related parties* | *4* | *(449,473,540)* | *(200,785,189)* |
| Changes in inventories | 7 | (995,997,426) | (245,491,129) |
| Changes in other receivables related to operations | | (586,950,283) | (57,684,124) |
| Changes in trade payables | 5 | 1,206,428,352 | 477,899,236 |
| *- Increase in trade payables from non-related parties* | *5* | *1,197,207,957* | *524,405,977* |
| *- Increase / (decrease) in trade payables from related parties* | *4* | *9,220,395* | *(46,506,741)* |
| Changes in other payables related to operations | | 64,826,495 | 28,490,951 |
| **Cash generated from operations** | | **543,851,550** | **286,353,951** |
| Cash outflow from paid in employee benefit provisions | 16 | (27,654,615) | (21,197,843) |
| Taxes paid | | (121,817,867) | (132,973,692) |
| **Cash flows from investing activities** | | **359,980,990** | **150,455,781** |
| Payments for purchase of property, plant and equipment and intangible assets | | (72,909,158) | (52,875,187) |
| *- Payments for purchase of property, plant and equipment* | *10* | *(52,336,228)* | *(41,864,369)* |
| *- Payments for purchase of intangible assets* | *12* | *(20,572,930)* | *(11,010,818)* |
| Proceeds from sale of property, plant and equipment and intangible assets | 10,12,22 | 2,605,397 | 6,241,027 |
| Cash inflows due to sale of participation shares | | (9,677) | 1,373,593 |
| Rental income from investment properties | 22 | 11,275,540 | 9,196,697 |
| Interest income from investment activities | 22 | 419,018,888 | 186,519,651 |
| **Cash flows from financing activities** | | **(445,861,171)** | **(223,773,988)** |
| Cash inflows from financial debts | 27 | 2,107,735,062 | 806,157,936 |
| Cash outflows from repayment of borrowings | 27 | (2,099,819,756) | (279,627,716) |
| Payments of lease liabilities | | 11,995,833 | (5,455,254) |
| Interest and commission paid | 23 | (182,903,973) | (118,813,279) |
| Changes in other payables to related parties | 6 | (282,868,337) | (626,035,675) |
| **Net increase in cash and cash equivalents before the effect of exchange rate changes** | | **308,498,887** | **58,864,209** |
| Effects of exchange rate changes on cash and cash equivalents | | (98,428,928) | (51,410,504) |
| **Net change in cash and cash equivalents** | | **210,069,959** | **7,453,705** |
| **Cash and cash equivalents at the beginning of the year** | 29 | **64,962,641** | **57,508,936** |
| **Cash and cash equivalents at the end of the year** | 29 | **275,032,600** | **64,962,641** |

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

(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 December 2022 and 2021, the principal shareholders and their respective shareholding rates in the Company are as follows:

| | **31 December 2022 (%)** | **31 December 2021 (%)** |
|---|---:|---:|
| 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 1,584 (31 December 2021: 1,565).

(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 December 2022 and 2021 and respective effective ownership rates are as follows:

| | Direct and Indirect Effective Ownership % | | | |
|---|---|---|---|---|
| **Subsidiaries** | **31 December 2022** | **31 December 2021** | **Countries of activity** | **Nature of business** |
| 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 | 88.07 | 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 |
| Besler Gıda ve Kimya San. Ve Tic. A.Ş. (**) | - | 100 | Turkey | Production and Trading of Oil and Oil Products |

(*) The Group has indirect ownership.

(**) Kerevitaş Gıda Sanayi ve Ticaret A.Ş. took over its subsidiary, Besler Gıda Kimya Sanayi ve Ticaret A.Ş., with the decision of the board of directors on 17 February 2022 and decided to merge the companies in a simplified manner and on 17 June 2022. has applied to the Istanbul Trade Registry Office for the merger. The application of the Company was approved by the Istanbul Trade Registry on 30 June 2022 and the merger was registered as of 30 June 2022.

*Approval of the financial statements*

The consolidated financial statements as of and for the year ended 31 December 2022 have been approved by the Board of Directors on 13 March 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.

## 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.

As of 31 December 2022 and 2021, the exchange rates announced by Central Bank of Turkey are as below:

EUR1 = TRY19.9349, USD1 = TRY18.6983
(31 December 2021: EUR1 = TRY15.0867, USD1 = TRY13.3290)

As of 31 December 2022, and 2021, the average of the exchange rates announced by Central Bank of Turkey are as below:

EUR1=TRY17.3642, USD1= TRY16.5512
(1 January - 31 December 2021: EUR1 = TRY10.4408, USD1 = TRY8.5557)

Going Concern Principle

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

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

### 2.1 Basis of Presentation (Continued)

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.

## 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 2021 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 December 2021, of the net interest expenses amounting to TRY33,689,876 reported in "Financial Expenses", TRY71,006,954 has been reclassified to "Other Operating Income" and TRY(37,317,078) 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 December 2022 have been applied in a consistent manner with those used in the previous year except for the new and amended Turkish Accounting Standards ("TAS")/TFRS and TMS-TFRS 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 December 2022:***

**Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

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

### 2.4 New and Amended Turkish Accounting Standards (Continued)

**A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3**, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

***ii) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:***

**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.

**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.
**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.

**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.

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

### 2.4 New and Amended Turkish Accounting Standards (Continued)

**IFRS 17, 'Insurance Contracts', as amended in December 2021;** 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.

### 2.5 Summary of Significant Accounting Policies

**Related Parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

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

The income from the sale of the goods is recognized as soon as all the following conditions are met.

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

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

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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

### 2.5 Summary of Significant Accounting Policies (Continued)

**Revenue recognition**

The revenue of the Group mainly consists of frozen food, canned food and oil sales.

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

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

The Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations. Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services: a) presence of Group's collection right of the consideration for the goods or services, b) customer's ownership of the legal title on goods or services, c) physical transfer of the goods or services, d) customer's ownership of significant risks and rewards related to the goods or services, e) customer's acceptance of goods or services. If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

*Dividend and interest income:*

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

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

### 2.5 Summary of Significant Accounting Policies (Continued)

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

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down. Inventories have been valued with weighted average cost method.

**Property, Plant and Equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties' revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

### 2.5 Summary of Significant Accounting Policies (Continued)

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. Unless the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is not transferred to retained earnings. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Estimated useful life of property, plants and equipment's are shown below:

**Useful Life (Year)**

| | |
|---|---|
| Buildings | 10-50 |
| Land improvements | 8-50 |
| Machinery and equipment's | 3-25 |
| Furniture and fixtures | 3-50 |
| Motor vehicles | 4-10 |
| Leasehold improvements | 3-5 |
| Other tangible assets | 10 |

**Intangible Assets**

*Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Estimated useful life of intangible assets are between 2 and 15 years.

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

### 2.5 Summary of Significant Accounting Policies (Continued)

*Internally generated intangible assets - research and development expenses*

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- The intention to complete the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount of intangible assets created within the enterprise is the total amount of expenditures incurred from the moment the intangible asset meets the above-mentioned accounting requirements. When intangible assets created within the business fail to meet the above-mentioned conditions, development expenses are recorded as expense in the period they occur.

After initial accounting, intangible assets created within the business are also shown over the amount after deducting accumulated amortization and accumulated depreciation from cost values such as separately purchased intangible assets.

Derecognition of intangible assets

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

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

### 2.5 Summary of Significant Accounting Policies (Continued)

**Impairment of Assets Other Than Goodwill**

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

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

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

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

**Right-of-use assets**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date (e.g. as of the date that the asset is available for use). Right-of-use assets are measured by deducting accumulated depreciation and impairment losses from their cost value. In case of revaluation of lease liabilities, this figure is also adjusted. Right-of-use assets are depreciated by separating into components if deemed necessary by asset class.

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

### 2.5 Summary of Significant Accounting Policies (Continued)

The cost of the right-of-use asset includes:

a) The initial measurement amount of the lease liability,
b) The amount obtained by deducting all lease incentives received from all lease payments made on or before the actual commencement date, and
c) All initial direct costs incurred by the Group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably certain, the Group depreciates the right-of-use asset from the actual commencement date to the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment assessment.

**Lease liabilities**

The Group measures the lease liability over the present value of the unpaid lease payments at the start of the lease.

The lease payments included in the measurement of the lease liability at the actual commencement date consist of the following payments to be made for the right to use the underlying asset during the lease term and not paid at the time the lease actually commences:

a) Fixed payments,
b) Variable lease payments based on an index or rate, whose first measurement is made using an index or rate on the actual commencement date,
c) Amounts expected to be paid by the Group within the scope of residual value commitments,
d) If the Group is reasonably sure that it will use the purchase option, the exercise price of this option and
e) If the lease term indicates that the Group will use an option to terminate the lease, penalty payments regarding the termination of the lease.

Variable lease payments that are not dependent on an index or rate are recorded as an expense in the period in which the event or condition triggering the payment occurs.

The Group uses the revised discount rate for the remaining part of the lease period, if the implied interest rate in the lease can be easily determined, as this rate; if it cannot be determined easily, the Group determines it as the alternative borrowing interest rate on the date of re-evaluation.

The Group measures the lease liability as follows, after the date the lease actually commences:

a) Increases the book value to reflect the interest on the lease liability, and
b) Reduces the book value to reflect the lease payments made.

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

### 2.5 Summary of Significant Accounting Policies (Continued)

In addition, the value of the lease liabilities is remeasured in the event of a change in the lease term, in substance a change in fixed lease payments, or in the assessment of the option to purchase the underlying asset.

**Short-term leases and leases where the underlying asset is of low value**

The Group applies the short-term lease registration exemption to short-term machinery and equipment lease contracts (e.g assets with a lease term of 12 months or less from the start date and without a call option). It also applies the exemption from accounting for low value assets to office equipment whose rental is considered to be of low value. Short-term lease contracts and lease contracts of low value assets are recorded as expense according to the linear method throughout the lease term.

**Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

**Financial Assets**

**Classification and Measurement**

The Group classifies its financial assets in three categories, as being financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

**(a) Financial assets measured at amortized cost**

Financial assets measured at amortized cost, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets with a maturity date shorter than 12 months are classified as current assets and with a maturity date longer than 12 months are classified as non-current assets. Financial assets of the Group measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "other receivables".

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

### 2.5 Summary of Significant Accounting Policies (Continued)

The related assets which are initially measured at their fair values are in subsequent records recognized in the income statements at their discounted values using the effective interest rate method. Gains and losses resulting from valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

*Impairment*

Impairment of the financial and contractual assets measured by using "Expected credit loss model". The impairment model applies for amortized financial and contractual assets.

The Group has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortized cost and that do not comprise of any significant finance component. In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to lifetime expected credit losses except incurred credit losses in which trade receivables are already impaired for a specific reason. In calculation of the expected credit losses, the future estimations of the Group are taken into account together with past credit loss experiences.

In all other cases of impairment on financial assets, 12-month expected credit loss calculation is applied. 12-month expected credit loss is the expected credit loss due to defaults within 12 months after the reporting period.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the provision related to impairment is released and the release of the provision is credited to profit or loss.

### (b) Financial assets measured at fair value

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

i) "Financial assets carried at fair value through profit or loss" are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

ii) Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. The Group measures these assets with their fair values. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

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

### 2.5 Summary of Significant Accounting Policies (Continued)

*Trade receivables*

Trade receivables that are created by way of providing services directly to a debtor are measured at amortized cost, using the effective interest rate method, Short-term trade receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Recognition and derecognition of financial assets*

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. An entity shall remove a financial liability from its statement of financial position when, and only, the obligation specified in the contract is discharged or cancelled or expires.

**Financial liabilities**

The Group's financial liabilities and equity instruments are classified based on contractual arrangements and the definition of a financial liability and an equity instrument. A financial liability is measured at fair value during its initial recognition. During the initial recognition of financial liabilities whose fair value difference is not reflected in profit or loss, transaction costs that can be directly associated with the undertaking of the relevant financial liability are added to the fair value in question. Financial liabilities are accounted over the amortized cost value by using the effective interest method together with the interest expense calculated over the effective interest rate in the following periods.

Fair values, as much as possible, are derived from current market prices in active markets, if not available, are determined through the appropriate way of discounted cash flows and option pricing models.

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

### 2.5 Summary of Significant Accounting Policies (Continued)

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are stated at fair values at each reporting periods, with any gains or losses arising on remeasurement recognized in profit or loss. Change in fair values are recognised in statement of profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

*Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other payables, are immediately measured at fair value at inital recognition, net of transactions costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

In the event that the Group fulfills its contractual obligations, or the obligations specified are cancelled oor expired, the Group derecognises the financial liability from its statement of financial position. The difference between the book value of the financial liability derecognised and the amount paid or the fair value of the new financial liability recognised is recognised in the statement of profit or loss.

*Amendments to debt instruments*

The exchange of debt instruments with "significantly" different terms between an existing debtor and a creditor indicates that the old financial liability is eliminated, and a new financial liability should be included in the financial statements. Similarly, a significant change in the terms of an existing financial liability, in whole or in part, indicates that the old financial liability has disappeared, and a new financial liability should be included in the financial statements.

An amendment agreement was signed with all the lending banks in August 2020 regarding the syndicated loan of the Group to Yıldız Holding A.Ş. In this context, changes in original maturities and interest rate risk have been accepted as a significant change. In loans where there is no change in the original currency and interest rate, the cash flows that are discounted with the original effective interest rate by at least 10% from the net present value of the new terms are considered as significant changes. These loans are evaluated as the removal of the old financial liability and the recognition of a new financial liability in the financial statements and the difference is recognized in the income statement.

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

### 2.5 Summary of Significant Accounting Policies (Continued)

The amortized cost of financial liabilities, which are not considered as the extinguishing of the old financial liability, is recalculated by calculating the present value of future flows discounted at the original effective interest rate ("EIR") of the financial instrument. Any adjustments resulting from this have been recognized in profit or loss.

**Derivative Financial Instruments and Hedge Accounting**

Derivative financial instruments are recognised with the market value on the date the derivative contract is signed at the first registration and subsequently re-evaluated with the market value. Gains or losses arising from the increase or decrease in the fair values of derivative instruments that do not provide sufficient conditions for hedge accounting are directly associated with the profit or loss statement. Fair values are determined, as far as possible, with the applicable market prices in active markets, otherwise discounted cash flows and option pricing models. Derivatives with positive fair value are carried as assets and derivatives with negative fair values are carried in the balance sheet as liability.

Hedge accounting is terminated when the term of use of the financial risk protection instrument is expired, sold or used, or when it fails to meet the requirements for hedge accounting. The cumulative gain or loss arising from the hedging instrument recorded in equity at the relevant date continues to be included in the equity until the date when the transaction is expected to take place. If the hedged transaction is not realized, the cumulative net gain or loss in equity is recorded in the profit or loss statement of the period.

**Effect of Exchange Differences**

The individual financial statements of each Group entity are presented 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.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and

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

### 2.5 Summary of Significant Accounting Policies (Continued)

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

Assets and liabilities of the Group's foreign operations are presented in TRY considering exchange rates prevailing at the reporting date. Income and expenses are translated by using the average rates calculated for the year when the transaction occurred, unless significant fluctuation has happened in exchange rates. In case of any significant fluctuation in exchange rates, the transaction is translated by using the exchange rate at the transaction date. The translation difference is accounted under comprehensive income as a component of equity.

**Earnings Per Share / (Loss)**

Earnings per share / (loss) disclosed in the consolidated statement of comprehensive income are determined by dividing net profit / (loss) by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

**Events After the Reporting Period**

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

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date. The events that do not require correction after the reporting period are disclosed in the footnotes of the consolidated financial statements, in case they are the issues affecting the economic decisions of the users of the financial statements.

**Provisions, Contingent Assets and Liabilities**

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

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

### 2.5 Summary of Significant Accounting Policies (Continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

**Reporting of Financial Information According to Department**

The Group's main operations are producing and trading frozen and canned vegetables and fruits, frozen and canned sea food, frozen pastry products, croquettes, canned tuna fish, oil and margarine. 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 Group's management has separated its operations two segments which are canned products and margarine. Segment reporting is disclosed in Note 3.

**Government Grants and Incentives**

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position (balance sheet) and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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

### 2.5 Summary of Significant Accounting Policies (Continued)

**Investment Properties**

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

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

Fair value of investment properties is determined by valuation companies which have enough experience in valuation of investment property and have CMB valuation certificate. Investment properties are classified in level 2 of the fair value hierarchy table.

**Corporate taxes**

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

Income tax expense represents the sum of the current income tax and deferred tax.

*Current income tax*

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

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

### 2.5 Summary of Significant Accounting Policies (Continued)

*Deferred tax*

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The management reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the management has determined that the 'sale' presumption set out in the amendments to TAS 12 is not rebutted.

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

### 2.5 Summary of Significant Accounting Policies (Continued)

*Current and deferred tax for the period*

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

**Employee Benefits**

*Termination benefits:*

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

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

**Statement of Cash Flows**

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

Cash flows from operating activities indicate cash flows due to the Group entities' operations.

Cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

Cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

**Share Capital and Dividends**

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

## 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.

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.

## 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.

## 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".

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

## NOTE 3 - SEGMENT REPORTING (Continued)

The segment assets and liabilities for the periods 31 December 2022 and 31 December 2021 are as follows:

| | 31 December 2022 | | | |
|---|---|---|---|---|
| | **Frozen and Canned** | **Edible Oil** | **Consolidation Adjustment** | **Total Assets / Liabilities According to Consolidated Financial Statements** |
| 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 |

| | 31 December 2021 | | | |
|---|---|---|---|---|
| | **Frozen and Canned** | **Edible Oil** | **Consolidation Adjustment** | **Total Assets / Liabilities According to Consolidated Financial Statements** |
| Segment assets | 1,866,879,733 | 3,947,028,386 | (1,091,860,746) | 4,722,047,373 |
| Segment liabilities | 1,286,315,423 | 2,041,157,044 | (187,360,746) | 3,140,111,721 |

The segment revenues and expenses for the periods 1 January - 31 December 2022 and 2021 are as follows:

| | 1 January-31 December 2022 | | | |
|---|---|---|---|---|
| | **Frozen and Canned** | **Edible Oil** | **Consolidation Adjustment** | **Total** |
| Revenue (Note 19) | 2,525,623,078 | 9,805,729,835 | - | 12,331,352,913 |
| Intersegment revenue | 48,728,151 | 141,705,266 | (190,433,417) | - |
| **Revenue** | **2,574,351,229** | **9,947,435,101** | **(190,433,417)** | **12,331,352,913** |
| **Operating Profit (*)** | **536,960,966** | **1,298,211,187** | **3,007,703** | **1,838,179,856** |
| Other income from operating activities (Note 21) | 13,092,150 | 200,212,353 | (3,007,703) | 210,296,800 |
| Other expenses from operating activities (-) (Note 21) | (42,257,065) | (581,591,186) | - | (623,848,251) |
| **Operating Profit** | **507,796,051** | **916,832,354** | **-** | **1,424,628,405** |
| Depreciation and amortization expense (Note 10-11-12) | 31,869,216 | 42,384,098 | - | 74,253,314 |
| **EBITDA (**)** | **568,830,182** | **1,340,595,285** | **3,007,703** | **1,912,433,170** |
| Investment (Note 10-12) | 36,022,585 | 36,886,573 | - | 72,909,158 |

(*) 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.

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

## NOTE 3 - SEGMENT REPORTING (Continued)

| | 1 January - 31 December 2021 | | | |
|---|---|---|---|---|
| | **Frozen and Canned** | **Edible Oil** | **Consolidation Adjustment** | **Total** |
| Revenue (Note 19) | 1,146,120,457 | 3,719,209,714 | - | 4,865,330,171 |
| Intersegment revenue | - | 66,452,278 | (66,452,278) | - |
| **Revenue** | **1,146,120,457** | **3,785,661,992** | **(66,452,278)** | **4,865,330,171** |
| **Operating Profit (*)** | **43,969,530** | **485,582,724** | **6,175,701** | **535,727,955** |
| Other income from operating activities (Note 21) | 11,925,657 | 84,805,501 | (6,175,701) | 90,555,457 |
| Other expenses from operating activities (-) (Note 21) | (31,764,153) | (249,696,178) | - | (281,460,331) |
| **Operating Profit** | **24,131,034** | **320,692,047** | **-** | **344,823,081** |
| Depreciation and amortization expense (Note 10-11-12) | 27,643,260 | 31,267,042 | - | 58,910,302 |
| **EBITDA (**)** | **71,612,790** | **516,849,766** | **6,175,701** | **594,638,257** |
| Investment (Note 10-12) | 38,143,382 | 14,731,805 | - | 52,875,187 |

(*) 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.

## NOTE 4 - RELATED PARTY DISCLOSURES

Due to related parties, due from related parties and summary of significant transactions with related parties as of 31 December 2022 and 2021 are as follows.

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

| **Trade receivables from related parties** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Pasifik Tük.Ürün. San.ve Tic. A.Ş. | 245,802,454 | 133,619,685 |
| Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş. | 156,887,456 | 132,245,734 |
| Ülker Bisküvi San. A.Ş. | 141,427,206 | 16,218,314 |
| G2mEksper Satış ve Dağıtım Hizmetleri A.Ş. | 130,095,630 | 102,398,391 |
| Biskot Bisküvi Gıda San. Tic. A.Ş. | 79,974,404 | 9,171,906 |
| Horizon Hızlı Tüketim Ürünleri Paz. ve Tic. A.Ş. | 79,320,478 | 58,223,119 |
| Önem Gıda San. ve Tic. A.Ş. | 68,718,085 | 34,640,239 |
| Ülker Çikolata San. A.Ş. | 34,078,011 | 4,072,372 |
| Bizim Toptan Satış Magazaları A.Ş. | 30,679,519 | 27,389,859 |
| E Star Global E Tic. Satış Ve Paz. | 13,017,190 | 9,918,541 |
| Şok Marketler Tic. A.Ş. | 12,277,906 | 19,936,150 |
| CCC Gıda San. ve Tic. A.Ş. | 4,581,294 | 1,410,292 |
| Donuk Fırın. Ür. San. ve Tic. A.Ş. | 4,527,161 | 889,117 |
| Duru G2M Gıda Tarım ve Tem. Ürün. Dağ. Paz. San. A.Ş. | 3,446,782 | - |
| United Biscuits (UK) Ltd. | - | 2,774,041 |
| Other | 443,068 | 2,895,344 |
| | **1,005,276,644** | **555,803,104** |

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

## NOTE 4 - RELATED PARTY DISCLOSURES (Continued)

| Trade payables to related parties | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Donuk Fırıncılık Ürn. San. Tic. A.Ş | 5,643,987 | 1,460,788 |
| Aytaç Gıda Yatırım A.Ş. | 5,585,310 | 3,840,563 |
| İzsal Gayrimenkul Geliştirme A.Ş. | 3,016,668 | 2,441,442 |
| Penta Teknoloji Ürünleri Dağıtım Tic. A.Ş. | 1,522,031 | 437,471 |
| Sağlam İnşaat Taahhüt Tic. A.Ş. | 524,628 | 502,427 |
| Adapazarı Şeker Fabrikası A.Ş. | 523,800 | - |
| Northstar Innovation A.Ş. | 422,291 | - |
| Önem Gıda San. ve Tic. A.Ş. | 230,973 | 307,878 |
| G2M Eksper Satış ve Dağıtım Hizm. A. | 10,503 | 722,675 |
| Other | 1,685,868 | 232,420 |
| | **19,166,059** | **9,945,664** |

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.

| Other receivables from related parties | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Yıldız Holding A.Ş.(*) | 2,180,727,211 | 1,226,875,218 |
| | **2,180,727,211** | **1,226,875,218** |

(*) 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 December 2022, the average interest rates of TRY-based receivables are 17.64% (31 December 2021: 17.47%).

| Other payables to related parties | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Yıldız Holding A.Ş. | 672,338,735 | 7,272,348 |
| Other | - | 84,831 |
| | **672,338,735** | **7,357,179** |

| Other non-current payables to related parties | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Yıldız Holding A.Ş. (*) | 541,896,132 | 551,261,040 |
| | **541,896,132** | **551,261,040** |

(*) 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 colleteral given as guarantorship and mortgage within the scope of the syndication debts is TRY4,549,751,297 (31 December 2021: TRY3,040,745,690).

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

## NOTE 4 - RELATED PARTY DISCLOSURES (Continued)

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 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Ülker Bisküvi San. A.Ş. | 1,111,424,301 | 334,976,982 |
| Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş. | 1,110,711,186 | 481,034,233 |
| Pasifik Tük. Ürün. San. ve Tic. A.Ş. | 929,800,160 | 385,291,025 |
| Biskot Bisküvi Gıda San. Tic. A.Ş. | 624,888,827 | 189,577,250 |
| G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş. | 467,114,668 | 225,779,649 |
| Horizon Hızlı Tüketim Ürünleri A.Ş. | 417,054,827 | 237,662,496 |
| Ülker Çikolata San. A.Ş. | 319,341,109 | 100,612,995 |
| Önem Gıda San. ve Tic. A.Ş. | 249,802,666 | 109,501,557 |
| Bizim Toptan Satış Mağazaları A.Ş. | 193,862,446 | 115,616,959 |
| Şok Marketler Ticaret A.Ş. | 127,923,512 | 50,808,688 |
| E Star Global E-Ticaret Satış ve Pazarlama A.Ş. | 53,950,747 | 12,596,572 |
| CCC Gıda San. ve Tic. A.Ş. | 21,220,714 | 5,093,994 |
| Donuk Fırın. Ür. San. ve Tic. A.Ş. | 865,331 | 558,711 |
| PNS Pendik Nişasta San. A.Ş. (*) | - | 9,401,771 |
| Other | 15,890,578 | 23,048,443 |
| | **5,643,851,072** | **2,281,561,325** |

(*) As of August 4, 2021, the company remained out of the group.

| Purchase of goods and services | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Maia International B.V. | 1,755,407,334 | - |
| Yıldız Holding A.Ş. | 113,697,491 | 44,467,911 |
| Aytaç Gıda Yatırım San. Tic. A.Ş. | 44,190,665 | 25,020,720 |
| Pasifik Tük. Ürün. San. ve Tic. A.Ş. | 30,657,732 | 10,110,576 |
| İzsal Gayrimenkul Geliştirme A.Ş. | 19,448,483 | 16,727,246 |
| Donuk Fırın. Ür. San. ve Tic. A.Ş. | 18,573,576 | 23,772,275 |
| Sağlam İnşaat Taahhüt Tic. A.Ş. | 8,144,624 | 4,780,755 |
| Horizon Hızlı Tük.az. Sat.Tic. A.Ş. | 6,579,537 | - |
| Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş. | 5,158,327 | - |
| Önem Gıda San. ve Tic. A.Ş. | 3,131,169 | 1,486,992 |
| Adapazarı Şeker Fabrikası A.Ş. | 2,387,228 | - |
| Penta Teknoloji Ürün.Dağ.Tic. A.Ş. | 1,901,610 | |
| Polinas Plastik San. Tic. A.Ş. | 1,387,892 | 5,287,160 |
| G2mEksper Satış ve Dağıtım Hizmetleri A.Ş. | 817,640 | 58,459,115 |
| United Biscuits (UK) Ltd. | - | 152,160,608 |
| Other | 4,723,947 | 7,539,513 |
| | **2,016,207,255** | **349,812,871** |

| Service, rent and other income | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Sağlam İnşaat Taahhüt Tic. A.Ş. | 355,526 | 297,262 |
| Bizim Toptan Satış Mağazaları A.Ş. | 337,369 | 282,081 |
| Future Teknoloji Ticaret A.Ş. | 48,147 | - |
| PNS Pendik Nişasta San. A.Ş. (*) | - | 188,360 |
| Other | 11,607 | 23,383 |
| | **752,649** | **791,086** |

(*) As of August 4, 2021, the company remained out of the group.

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

## NOTE 4 - RELATED PARTY DISCLOSURES (Continued)

| Commission and financial expense | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Yıldız Holding A.Ş. | 47,137,589 | 191,762,001 |
| Pervin Finansal Kiralama A.Ş. | 1,659,998 | 222,858 |
| Other | 1,208,478 | 104,325 |
| | **50,006,065** | **192,089,184** |

| Investment Income | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Yıldız Holding A.Ş. (*) | 357,772,626 | 161,951,773 |
| Other | 1,011,403 | 11,144,977 |
| | **358,784,029** | **173,096,750** |

(*) 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 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Salaries and other benefits | 32,946,310 | 17,188,984 |
| | **32,946,310** | **17,188,984** |

## NOTE 5 - TRADE RECEIVABLES AND PAYABLES

As of 31 December 2022 and 2021 trade receivables of the Group are as follows:

| Current trade receivables | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Trade receivables (*) | 768,791,077 | 445,850,010 |
| Notes receivable | 44,371,065 | 52,224,463 |
| Provision for doubtful receivables (-) | (47,325,490) | (34,206,013) |
| **Trade receivables, net** | **765,836,652** | **463,868,460** |
| Trade receivables from related parties (Note 4) (**) | 1,005,276,644 | 555,803,104 |
| | **1,771,113,296** | **1,019,671,564** |

(*) 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.

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

## NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

Average maturity for trade receivables is 41 days (31 December 2021: 61 days).

Movements of provision for doubtful receivables as of 1 January - 31 December 2022 and 2021 are as follows:

| **Movement of Provision for Doubtful Receivables** | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---|---|
| Opening balance | (34,206,013) | (27,838,965) |
| Charge for the year (-) | (14,212,038) | (9,089,213) |
| Reversals of provisions | 1,092,561 | 2,722,165 |
| **End of the period** | **(47,325,490)** | **(34,206,013)** |

| **Short-term trade payables** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Trade payables | 2,225,207,624 | 1,027,999,667 |
| **Trade payables, net** | **2,225,207,624** | **1,027,999,667** |
| Trade payables to related parties (Note 4) (*) | 19,166,059 | 9,945,664 |
| | **2,244,373,683** | **1,037,945,331** |

(*) 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 61 days (31 December 2021: 74 days).

## NOTE 6 - OTHER RECEIVABLES AND PAYABLES

### Other Receivables

| **Other Current Receivables** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Receivables from related parties (Note 4) | 2,180,727,211 | 1,226,875,218 |
| Receivables from tax administration | 39,308,077 | 4,101,307 |
| Receivables from personnel | 51,514 | 41,662 |
| Other miscellaneous receivables | 7,865,844 | 1,443,548 |
| | **2,227,952,646** | **1,232,461,735** |

| **Other Non-Current Receivables** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Deposits and guarantees given | 1,743,456 | 1,433,489 |
| | **1,743,456** | **1,433,489** |

### Other Payables

| **Other Current Liabilities** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Payables to related parties (Note 4) | 672,338,735 | 7,357,179 |
| Other miscellaneous liabilities | 74,793 | 51,910 |
| | **672,413,528** | **7,409,089** |

| **Other Non-Current Liabilities** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Non-current liabilities to related parties (Note 4) | 541,896,132 | 551,261,040 |
| | **541,896,132** | **551,261,040** |

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

## NOTE 7 - INVENTORIES

| | 31 December 2022 | 31 December 2021 |
|---|---:|---:|
| Raw materials | 871,319,213 | 407,258,071 |
| Work in process | 436,662,038 | 191,626,597 |
| Finished goods | 385,164,219 | 228,965,499 |
| Trade goods | 35,792,721 | 12,209,312 |
| Other inventory (*) | 126,084,124 | 18,965,410 |
| Provision for impairment of inventory (-) | (2,062,440) | (34,063) |
| | **1,852,959,875** | **858,990,826** |

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

Movements of provision for impairment of inventories as of 1 January - 31 December 2022 and 2021 are as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---:|---:|
| Opening balance | (34,063) | (652,824) |
| Charge for the year | (2,062,440) | (34,063) |
| Reversals of provisions during the period | 34,063 | 652,824 |
| **Closing balance** | **(2,062,440)** | **(34,063)** |

## NOTE 8 - PREPAID EXPENSES AND DEFERRED REVENUE

| **Short-Term Prepaid Expenses** | 31 December 2022 | 31 December 2021 |
|---|---:|---:|
| Advances given for inventory purchases | 372,648,647 | 16,134,301 |
| Prepaid expenses | 32,087,287 | 8,767,295 |
| Business advances | 26,224 | 20,200 |
| | **404,762,158** | **24,921,796** |

| **Long-Term Prepaid Expenses** | 31 December 2022 | 31 December 2021 |
|---|---:|---:|
| Advances given for fixed asset purchases | 2,982,567 | 2,364,505 |
| Prepaid expenses | 1,362,365 | 536,517 |
| | **4,344,932** | **2,901,022** |

| **Short-Term Deferred Income** | 31 December 2022 | 31 December 2021 |
|---|---:|---:|
| Advances received | 62,152,399 | 34,707,919 |
| Deferred income | 3,693,872 | 1,900,315 |
| | **65,846,271** | **36,608,234** |

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

## NOTE 9 - INVESTMENT PROPERTIES

| Cost Value | 1 January 2022 | Disposals | Change in fair value | 31 December 2022 |
|---|---|---|---|---|
| Land, Building, Plant Machinery and Devices | 233,906,133 | - | 271,015,077 | 504,921,210 |
| | **233,906,133** | **-** | **271,015,077** | **504,921,210** |

| Cost Value | 1 January 2021 | Disposals | Change in fair value | 31 December 2021 |
|---|---|---|---|---|
| Land, Building, Plant Machinery and Devices | 197,748,000 | - | 36,158,133 | 233,906,133 |
| | **197,748,000** | **-** | **36,158,133** | **233,906,133** |

The Group has earned rent income from its investment properties amounting to TRY11,275,540 in the current period. (1 January - 31 December 2021: TRY9,196,697) (Note 22).

*Fair value of investment properties*

| | 31 December 2022 | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| Investment properties | - | 504,921,210 | - |
| **Total** | **-** | **504,921,210** | **-** |

| | 31 December 2021 | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| Investment properties | - | 233,906,133 | - |
| **Total** | **-** | **233,906,133** | **-** |

As of 31 December 2022, 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 December 2022 and 31 December 2021. 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.

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

## NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

| **Cost Value** | **1 January 2022** | **Additions** | **Disposals** | **Transfers** | **Revaluation** | **Currency translation differences** | **31 December 2022** |
|---|---|---|---|---|---|---|---|
| Land and land improvements | 367,200,148 | 42,000 | - | - | 521,093,566 | 71,198 | 888,406,912 |
| Buildings | 547,614,603 | - | - | 4,866,710 | 536,589,761 | 178,118,692 | 1,267,189,766 |
| Machinery and equipment | 573,067,940 | 17,244,512 | (803,912) | 966,089 | - | 43,133,091 | 633,607,720 |
| Motor vehicles | 1,994,915 | - | (575,843) | 1,570,620 | - | 446,155 | 3,435,847 |
| Furniture and fixtures | 45,875,064 | 6,907,342 | (383,789) | 550,702 | - | 3,805,723 | 56,755,042 |
| Leasehold improvements | 2,570,398 | 283,342 | (143,224) | - | - | 21,660 | 2,732,176 |
| Other tangibles (*) | 52,773,889 | 9,588,159 | (3,268,575) | - | - | - | 59,093,473 |
| Construction in progress | 142,240 | 18,270,873 | (3,040) | (7,954,121) | - | - | 10,455,952 |
| | **1,591,239,197** | **52,336,228** | **(5,178,383)** | **-** | **1,057,683,327** | **225,596,519** | **2,921,676,888** |

| **Accumulated Depreciation** | **1 January 2022** | **Additions** | **Disposals** | **Transfers** | **Revaluation** | **Currency translation differences** | **31 December 2022** |
|---|---|---|---|---|---|---|---|
| Land improvements | (1,657,802) | (456,469) | - | - | (4,139,370) | (18,274) | (6,271,915) |
| Buildings | (79,402,908) | (16,659,291) | - | - | (164,673,207) | (14,311,967) | (275,047,373) |
| Machinery and equipment | (349,108,787) | (35,365,582) | 483,656 | - | - | (11,709,933) | (395,700,646) |
| Motor vehicles | (1,994,915) | 118,460 | 575,843 | - | - | (521,849) | (1,822,461) |
| Furniture and fixtures | (26,233,595) | (3,655,775) | 293,656 | - | - | (1,263,553) | (30,859,267) |
| Leasehold improvements | (2,570,398) | (101,152) | 143,224 | - | - | - | (2,528,326) |
| Other tangibles (*) | (24,909,298) | (4,080,420) | 2,998,452 | - | - | - | (25,991,266) |
| | **(485,877,703)** | **(60,200,229)** | **4,494,831** | **-** | **(168,812,577)** | **(27,825,576)** | **(738,221,254)** |
| | | | | | | | |
| **Net Book Value** | **1,105,361,494** | | | | | | **2,183,455,634** |

(*) Other tangibles comprised of refrigerators.

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

## NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

| Cost Value | 1 January 2021 | Additions | Disposals | Transfers | Currency translation differences | 31 December 2021 |
|---|---|---|---|---|---|---|
| Land and land improvements | 368,311,086 | - | (1,315,016) | 136,963 | 67,115 | 367,200,148 |
| Buildings | 376,750,575 | 963,718 | (31,182) | - | 169,931,492 | 547,614,603 |
| Machinery and equipment | 526,811,632 | 15,111,091 | (20,750,201) | 12,914,605 | 38,980,813 | 573,067,940 |
| Motor vehicles | 2,481,707 | - | (645,067) | - | 158,275 | 1,994,915 |
| Furniture and fixtures | 49,754,629 | 2,941,825 | (10,311,556) | - | 3,490,166 | 45,875,064 |
| Leasehold improvements | 3,348,569 | - | (778,171) | - | - | 2,570,398 |
| Other tangibles (*) | 46,199,395 | 19,121,851 | (12,547,357) | - | - | 52,773,889 |
| Construction in progress | 11,968,571 | 3,725,884 | (2,500,647) | (13,051,568) | - | 142,240 |
| | **1,385,626,164** | **41,864,369** | **(48,879,197)** | **-** | **212,627,861** | **1,591,239,197** |

| Accumulated Depreciation | 1 January 2021 | Additions | Disposals | Transfers | Currency translation differences | 31 December 2021 |
|---|---|---|---|---|---|---|
| Land improvements | (1,175,638) | (468,483) | - | - | (13,681) | (1,657,802) |
| Buildings | (57,000,915) | (11,628,755) | 31,182 | - | (10,804,420) | (79,402,908) |
| Machinery and equipment | (328,832,377) | (30,567,771) | 19,523,510 | - | (9,232,149) | (349,108,787) |
| Motor vehicles | (2,481,707) | (123,570) | 645,067 | - | (34,705) | (1,994,915) |
| Furniture and fixtures | (32,548,921) | (2,964,603) | 10,264,589 | - | (984,660) | (26,233,595) |
| Leasehold improvements | (3,133,047) | (202,430) | 765,079 | - | - | (2,570,398) |
| Other tangibles (*) | (33,892,128) | (3,141,514) | 12,124,344 | - | - | (24,909,298) |
| | **(459,064,733)** | **(49,097,126)** | **43,353,771** | **-** | **(21,069,615)** | **(485,877,703)** |
| **Net Book Value** | **926,561,431** | | | | | **1,105,361,494** |

(*) Other tangible assets consist of refrigerated cabinets.

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

## NOTE 11 - RIGHT OF USE ASSETS

| Cost Value- Effect of IFRS 16 | 1 January 2022 | Additions | Disposals | Current Year Depreciation | 31 December 2022 |
|---|---|---|---|---|---|
| Buildings | 1,743,773 | 2,302,781 | - | (2,781,203) | 1,265,351 |
| Motor Vehicles | 7,671,397 | 10,800,478 | (1,944,882) | (4,697,871) | 11,829,122 |
| | **9,415,170** | **13,103,259** | **(1,944,882)** | **(7,479,074)** | **13,094,473** |

| Cost Value- Effect of IFRS 16 | 1 January 2021 | Additions | Disposals | Current Year Depreciation | 31 December 2021 |
|---|---|---|---|---|---|
| Buildings | 2,203,970 | 407,890 | - | (868,087) | 1,743,773 |
| Motor Vehicles | 6,539,292 | 4,861,212 | (166,343) | (3,562,764) | 7,671,397 |
| | **8,743,262** | **5,269,102** | **(166,343)** | **(4,430,851)** | **9,415,170** |

The interest rate used for the lease obligations is 21,00% for 31 December 2022 and 19,00% for 31 December 2021. Interest expenses are TRY2,878,586 (31 December 2021: TRY1,893,549).

## NOTE 12 - INTANGIBLE ASSETS

| Cost Value | 1 January 2022 | Additions | Disposals | Transfers | Currency translation differences | 31 December 2022 |
|---|---|---|---|---|---|---|
| Rights | 17,686,584 | 2,619,872 | - | - | 2,055,684 | 22,362,140 |
| Development expenses | 34,424,022 | 17,953,058 | - | - | - | 52,377,080 |
| Other intangible assets | 694,962 | - | - | - | - | 694,962 |
| | **52,805,568** | **20,572,930** | **-** | **-** | **2,055,684** | **75,434,182** |

| Accumulated Amortization | 1 January 2022 | Additions | Disposals | Transfers | Currency translation differences | 31 December 2022 |
|---|---|---|---|---|---|---|
| Rights | (13,616,960) | (808,151) | - | - | (410,393) | (14,835,504) |
| Development expenses | (10,971,741) | (5,765,859) | - | - | - | (16,737,600) |
| Other intangible assets | (694,963) | - | - | - | - | (694,963) |
| | **(25,283,664)** | **(6,574,010)** | **-** | **-** | **(410,393)** | **(32,268,067)** |
| **Net Book Value** | **27,521,904** | | | | | **43,166,115** |

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

## NOTE 12 - INTANGIBLE ASSETS (Continued)

| Cost Value | 1 January 2021 | Additions | Disposals | Transfers | Currency translation differences | 31 December 2021 |
|---|---|---|---|---|---|---|
| Rights | 14,378,836 | 1,355,856 | (19,515) | - | 1,971,407 | 17,686,584 |
| Development expenses | 24,769,060 | 9,654,962 | - | - | - | 34,424,022 |
| Other intangible assets | 694,962 | - | - | - | - | 694,962 |
| | **39,842,858** | **11,010,818** | **(19,515)** | **-** | **1,971,407** | **52,805,568** |

| Accumulated Amortization | 1 January 2021 | Additions | Disposals | Transfers | Currency translation differences | 31 December 2021 |
|---|---|---|---|---|---|---|
| Rights | (12,518,158) | (817,543) | - | - | (281,259) | (13,616,960) |
| Development expenses | (6,406,958) | (4,564,783) | - | - | - | (10,971,741) |
| Other intangible assets | (694,963) | - | - | - | - | (694,963) |
| | **(19,620,079)** | **(5,382,326)** | **-** | **-** | **(281,259)** | **(25,283,664)** |
| **Net Book Value** | **20,222,779** | | | | | **27,521,904** |

Allocation of depreciation and amortization expenses of property, plant and equipments, intangible assets, and right-of-use assets as of 1 January - 31 December 2022 and 2021 are as follows:

| | 1 January- 31 December 2022 | 1January- 31 December 2021 |
|---|---|---|
| Cost of sales (Note 19) | (58,600,010) | (44,854,573) |
| Marketing expense (Note 20) | (7,901,631) | (8,168,406) |
| Research and development expenses (Note 20) | (4,633,092) | (4,081,134) |
| General administration expenses (Note 20) | (3,118,581) | (1,806,189) |
| | **(74,253,314)** | **(58,910,302)** |

## NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES

The Group received the Investment Incentive Certificate numbered 133479 on 1 November 2017 from the General Directorate of Incentive, Implementation and Foreign Capital of the Ministry of Economy of the Republic of Turkey. The validity period of the mentioned Incentive Certificate is 3 years and ended on 21 January 2022. 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 TRY10,500,000. The investment amount realized within the scope of the incentive certificate is TRY7,762,036 (31 December 2021: TRY7,762,036). Since the validity period of the certificate has expired, a closure application was made to the Ministry of Industry and Technology on March 21, 2022 and the document was closed after the investment completion appraisal on July 1, 2022.

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

## NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES(Continued)

Investment Incentive Certificate numbered 535745 was received 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 December 31, 2022, 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.

## NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

### Contingent Assets and Liabilities

Contingent assets and liabilities as of 31 December 2022 and 2021 are as follows:

| Contingent assets | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Letters of guarantees received | 600,654,847 | 328,059,607 |
| Pledges and mortgages received | 1,736,669 | 6,538,670 |
| | **602,391,516** | **334,598,277** |

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

| Contingent liabilities | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Guarantorship given (*) | 3,150,796,973 | 2,514,898,940 |
| Mortgages given (*) | 1,398,954,324 | 477,700,000 |
| Guarantees given | 279,182,240 | 60,225,000 |
| Letters of guarantees given | 113,240,023 | 258,987,411 |
| | **4,942,173,560** | **3,311,811,351** |

(*) 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.

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

## NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

| **Other short-term provisions** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Provisions for lawsuits | 4,933,400 | 6,422,069 |
| Price difference and activity provisions | 3,397,380 | 1,364,269 |
| Turnover / Premium Provisions | 379,307 | - |
| Related party accruals arising from financing | - | 1,747,003 |
| Expense accruals related to the incentive adjustment | - | 31,394 |
| Other provisions | 3,490,307 | 492,466 |
| | **12,200,394** | **10,057,201** |

The movements of provisions for lawsuits as of 1 January - 31 December 2022 and 2021 are as follows:

| **Movement of provision for lawsuits** | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---|---|
| Opening | 6,422,069 | 4,717,294 |
| Charge for the period | (1,488,669) | 1,704,775 |
| **End of the period** | **4,933,400** | **6,422,069** |

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

## NOTE 15 - 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 years ended 31 December 2022 and 31 December 2021 are as follows:

| | 31 December 2022 | | | 31 December 2021 | | |
|---|---|---|---|---|---|---|
| | **Original Currency** | **Amount** | **TRY Equivalent** | **Original Currency** | **Amount** | **TRY equivalent** |
| A. CPMs given for Company's own legal personality (*) | TRY | 2.727.692.680 | 2.727.692.680 | TRY | 1,733,228,504 | 1,733,228,504 |
| | USD | 118.432.204 | 2.214.480.880 | USD | 118,432,204 | 1,578,582,847 |
| 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 | | - | - | | - | - |
| | | | **4.942.173.560** | | | **3,311,811,351** |

As of 31 December 2022, the Group has export commitments of TRY160,000,000 and EUR15,781,625 (31 December 2021: USD16,848,968 EUR72,008,797). 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.

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

## NOTE 16 - PAYABLES RELATED TO EMPLOYEE BENEFITS

| **Payables related to employee benefits** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Due to personnel | 19,311,735 | 10,479,448 |
| Social security premiums payable | 14,371,621 | 6,484,232 |
| | **33,683,356** | **16,963,680** |

| **Short-term provisions for employee benefits** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Provisions for performance premium | 34,375,169 | 10,875,580 |
| Provisions for unused vacations | 15,892,663 | 7,205,803 |
| Other provisions | 686,621 | 375,036 |
| | **50,954,453** | **18,456,419** |

The movements of provisions for performance premium as of 1 January - 31 December 2022 and 2021 are as follows:

| | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---|---|
| Opening balance | 10,875,580 | 8,473,508 |
| Charge for the year | 34,375,169 | 10,875,580 |
| Cash payments during the year | (10,875,580) | (8,473,508) |
| **End of the period** | **34,375,169** | **10,875,580** |

The movement of provisions for unused vacations as of 1 January - 31 December 2022 and 2021 are as follows:

| | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---|---|
| Opening balance | 7,205,803 | 5,722,588 |
| Charge for the year | 11,001,919 | 3,718,082 |
| Reversals of provisions during the period | (2,315,059) | (2,234,867) |
| **End of the period** | **15,892,663** | **7,205,803** |

| **Non-current provisions for employee benefits** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Provisions for employee termination benefits | 151,832,464 | 60,815,161 |
| | **151,832,464** | **60,815,161** |

### Provision for Employee Termination Benefit

In accordance with the existing labour law in Turkey, the Group is required to make up lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire (age of 58 for women, age of 60 for men) or completed service years of 20 for women or 25 for men, are called up for military service or die.

Such payments are calculated on the basis of 30 days' pay maximum TRY15,371.40 as at 31 December 2022 (31 December 2021: TRY8,284.51) per year of employment at the of pay applicable at the date of retirement or termination.

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

## NOTE 16 - PAYABLES RELATED TO EMPLOYEE BENEFITS (Continued)

Employee termination benefit is not funded and does not require any legal funding requirement. The reserve employee termination benefit has been calculated by estimating the present value of future probable obligation of Group from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the Government. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 December 2022 has been calculated assuming an annual inflation rate of 17.64% and a interest rate of 19.40% resulting in a real discount rate of approximately 1.50% (31 December 2021: 3.72%). Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 3.82% for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling amount of TRY19,982.83 which is in effect since 1 January 2023 is used in the calculation of Groups' provision for retirement pay liability (1 January 2022: TRY10,848.59).

The movement of provisions of employee termination benefit as of 1 January - 31 December 2022 and 2021 are as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---|---|
| Opening balance | 60,815,161 | 43,512,273 |
| Service cost | 47,819,036 | 24,696,583 |
| Interest cost | 3,017,559 | 1,556,047 |
| Actuarial loss | 57,271,328 | 4,149,630 |
| Termination benefits paid | (17,090,620) | (13,099,372) |
| **End of the period** | **151,832,464** | **60,815,161** |

## NOTE 17 - OTHER ASSETS AND LIABILITIES

| Other Current Assets | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Deferred VAT | 191,402,764 | 48,681,809 |
| Other | 6,689,309 | 600,539 |
| | **198,092,073** | **49,282,348** |

| Other Current Liabilities | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Taxes and funds payables | 12,782,849 | 5,216,633 |
| Other current liabilities | 15,091,233 | 7,443,412 |
| | **27,874,082** | **12,660,045** |

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

## NOTE 18 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

As of 31 December 2022, the Company's capital was issued and consisted of 66,200,000,000 shares, each with a nominal value of TRY0.01. (31 December 2021: 66,200,000,000 shares).

The Group's shareholders and their share in the capital as of 31 December 2022 and 2021 are as follows:

| | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| **Shareholders** | **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 December 2022, restricted reverses are amounting to TRY37,378,874 (31 December 2021: 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 December 2022** | **31 December 2021** |
|---|---|---|
| Legal reserves | 37,378,874 | 37,378,874 |
| | **37,378,874** | **37,378,874** |

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

## NOTE 19 - REVENUE AND COST OF SALES

| | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---|---|
| Domestic sales | 12,520,508,771 | 4,873,889,263 |
| Export sales | 1,649,701,702 | 783,152,783 |
| Other income | 112,462,544 | 49,900,620 |
| **Gross sales** | **14,282,673,017** | **5,706,942,666** |
| Sales returns and discounts (-) | (1,951,320,104) | (841,612,495) |
| **Net sales** | **12,331,352,913** | **4,865,330,171** |
| Cost of sales (-) | | |
| - Raw materials | (8,721,050,065) | (3,311,810,268) |
| - Labour costs | (231,017,710) | (119,422,624) |
| - Depreciation and Amortization Expense (Note 10-11-12) | (58,600,010) | (44,854,573) |
| - Manufacturing overhead costs | (607,854,454) | (412,349,632) |
| **Cost of sales (-)** | **(9,618,522,239)** | **(3,888,437,097)** |
| **Gross profit** | **2,712,830,674** | **976,893,074** |

## NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

| **Selling and marketing expenses** | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---|---|
| Transportation expenses | (249,301,329) | (106,082,622) |
| Personnel expenses | (130,485,890) | (75,027,725) |
| Advertisement expenses | (119,186,440) | (55,225,860) |
| Outsourced benefits and services expenses | (51,789,788) | (24,703,155) |
| Tax duties and fees (*) | (32,429,961) | (24,838,566) |
| Energy expenses | (29,055,677) | (8,423,619) |
| Rent expenses | (16,877,539) | (18,018,581) |
| Depreciation and amortization expense (Note 10-11-12) | (7,901,631) | (8,168,406) |
| Export expenses | (7,871,436) | (6,005,726) |
| Maintenance and repair expenses | (5,384,220) | (3,733,478) |
| Consultancy expenses | (3,361,639) | (1,734,191) |
| Other | (43,041,236) | (17,419,324) |
| | **(696,686,786)** | **(349,381,253)** |

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

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

## NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Continued)

| **General administrative expenses** | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---|---|
| Personnel expenses | (65,942,989) | (31,613,080) |
| Consultancy expenses | (38,340,650) | (21,021,352) |
| Outsourced benefits and services expenses | (37,243,745) | (20,186,896) |
| Depreciation and amortization expense (Note 10-11-12) | (3,118,581) | (1,806,189) |
| Rent expenses | (2,756,044) | (2,106,619) |
| Energy expenses | (1,336,277) | (634,113) |
| Communication expenses | (1,012,735) | (629,134) |
| Other | (20,218,338) | (8,138,676) |
| | **(169,969,359)** | **(86,136,059)** |

| **Research and development expenses** | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---|---|
| Depreciation and amortization expense (Note 10-11-12) | (4,633,092) | (4,081,134) |
| Personnel expenses | (3,131,663) | (1,501,344) |
| Other | (229,918) | (65,329) |
| | **(7,994,673)** | **(5,647,807)** |

***Fees for Services Obtained from Independent Auditor/Independent Audit Firms***

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

| **Fees for Services Obtained from Independent Audit Firms** | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---|---|
| Independent audit fee for the reporting period | 1,138,326 | 661,619 |
| Fees for other assurance services | 50,000 | 36,000 |
| | **1,188,326** | **697,619** |

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

## NOTE 21 - OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

| Other Income from Operating Activities | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---:|---:|
| Interest income from forward sales | 136,141,050 | 71,006,954 |
| Service income | 61,009,633 | 10,987,046 |
| Provisions no longer required of lawsuits (Note 14) | 1,488,669 | - |
| Provisions no longer required of doubtful receivables (Note 5) | 1,092,561 | 2,722,165 |
| Provisions no longer required for impairment of inventory (Note 7) | 34,063 | 652,824 |
| Other | 10,530,824 | 5,186,468 |
| | **210,296,800** | **90,555,457** |

| Other Expense from Operating Activities | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---:|---:|
| Foreign exchange losses from operating activities | (326,010,275) | (210,589,362) |
| Interest expense from forward purchases | (201,967,039) | (37,317,078) |
| Provision expenses for doubtful receivables (Note 5) | (14,212,038) | (9,089,213) |
| Restructuring and one-off expenses | (12,345,003) | (7,028,537) |
| Product disposal expenses | (8,145,837) | (4,464,466) |
| Other provision expenses | (3,631,862) | (3,080,519) |
| Provision expenses for impairment of inventories (Note 7) | (2,062,440) | (34,063) |
| Litigation provision expenses (Note 14) | - | (1,704,775) |
| Other | (55,473,757) | (8,152,318) |
| | **(623,848,251)** | **(281,460,331)** |

## NOTE 22 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

| Income from Investment Activities | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---:|---:|
| Interest income | 419,018,888 | 186,519,651 |
| Gain on fair value of investment property (Note 9) | 271,015,077 | 36,158,133 |
| Rent income | 11,275,540 | 9,196,697 |
| Foreign exchange gain | 1,776,250 | 34,493,685 |
| Gain on sale of fixed assets | 1,921,845 | 696,086 |
| Other | - | 821,016 |
| | **705,007,600** | **267,885,268** |

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

## NOTE 23 - FINANCIAL INCOME AND EXPENSES

| **Financial income** | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---:|---:|
| Discount income from financing (*) | 15,367,008 | - |
| Income from derivative transactions | - | 3,966,396 |
| | **15,367,008** | **3,966,396** |

| **Financial expense** | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---:|---:|
| Foreign exchange losses on loans | (239,765,293) | (427,258,978) |
| Interest expense | (113,727,071) | (115,876,219) |
| Commission expenses | (69,176,902) | (2,937,060) |
| Financial expense on employee termination benefit | (3,017,559) | (1,556,047) |
| Discount expenses from financing (*) | - | (65,368,435) |
| Other | - | (2,783,253) |
| | **(425,686,825)** | **(615,779,992)** |

(*) 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.

## NOTE 24 - 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.

With Law No. 7316 on Collection Procedure of Public Receivables, which was published in the Official Gazette dated 22 April 2021 and numbered 31462 and Article 11 of the Law on Amending Certain Laws and Provisional Article 13 added to the Corporate Tax Law No. 5520, the Corporate Tax rate will be applied as 25% for the corporate earnings of the 2021 taxation period and 23% for the corporate earnings of the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021.

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.

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

## NOTE 24 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

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.

| **Current income tax liabilities** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Current income tax expense | 228,285,116 | 66,143,585 |
| Less: prepaid taxes | (143,555,173) | (87,880,891) |
| **Current income tax liability / (Current income tax assets)** | **84,729,943** | **(21,737,306)** |

Income tax expense for the years ended 31 December 2022 and 31 December 2021 comprised of the following items:

| | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Current income tax expense | (228,285,116) | (66,143,585) |
| Deferred tax income / (expense) | (122,957,561) | 40,738,570 |
| **Total tax income / (expense)** | **(351,242,677)** | **(25,405,015)** |

*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.

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

## NOTE 24 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

As of 31 December 2022 and 2021, 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 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Provisions for employee termination benefits | 151,832,464 | 60,815,161 | 30,366,492 | 12,163,032 |
| Provisions for doubtful receivables | 20,935,171 | 18,033,539 | 4,815,089 | 4,508,385 |
| Provisions for lawsuits | 4,933,400 | 6,422,069 | 1,134,682 | 1,605,517 |
| Provision for unused vacations | 15,892,663 | 7,205,803 | 3,655,312 | 1,736,830 |
| Provision for impairment on inventories | 2,062,440 | 34,063 | 474,361 | 8,516 |
| Carry-forward tax losses (*) | 252,433,407 | 460,988,458 | 34,204,370 | 84,019,078 |
| Discount income from financing | (183,326,193) | (167,959,184) | (34,977,737) | (32,045,791) |
| Provision of performance premium | 8,150,947 | 10,875,580 | 1,874,718 | 2,647,536 |
| 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) | (210,560,585) | (59,375,704) | (26,368,188) |
| Revaluation differences on property, plant and equipment | (1,219,068,890) | (189,500,842) | (176,859,774) | (16,147,050) |
| Other | 64,919,259 | 57,267,373 | 12,977,036 | 11,727,825 |
| **Deferred tax assets, net** | **(1,361,883,850)** | **54,548,579** | **(181,525,726)** | **44,041,119** |

(*) As of 31 December 2022, based on the projections and future estimations, there is no previous year loss for which deferred tax is not recognised. (31 December 2021: None).

The effects of the net presentation style of the Group's consolidated balance sheet were reflected on the group's consolidated balance sheet because they have clearly demonstrated the postponed tax assets and obligations in the financial statements of subsidiaries with separate taxpayers. The temporary differences in the table above and the postponed tax assets and obligations are prepared on the basis of gross values.

Details of carry-forward tax losses are as below:

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| 2022 | - | 101,551,853 |
| 2023 | 45,170,493 | 106,012,242 |
| 2024 | 40,394,835 | 65,068,387 |
| 2025 | 50,586,755 | 36,060,543 |
| 2026 | 58,283,087 | 152,295,433 |
| 2027 | 57,998,237 | - |
| | **252,433,407** | **460,988,458** |

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

## NOTE 24 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Movements of deferred tax assets / (liabilities) as of 1 January - 31 December 2022 and 1 January - 31 December 2021 are as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---:|---:|
| Opening | 44,041,119 | (28,730,574) |
| Charged to profit or loss | (122,957,561) | 40,738,570 |
| Actuarial gain charged to equity | 10,939,231 | 829,926 |
| Revaluation differences charged to equity | (122,824,737) | 26,190,973 |
| Currency translation differences | 9,276,222 | 5,012,224 |
| **End of the period** | **(181,525,726)** | **44,041,119** |

The reconciliation of the current tax income and current profit before tax are as follows:

| **Total charge for the year can be reconciled to the accounting profit as follows:** | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---:|---:|
| Profit / (loss) from before tax | 1,719,316,188 | 894,753 |
| Domestic income tax rate | 23% | 25% |
| Tax expense at the domestic income tax rate | (395,442,723) | (223,688) |
| Expenses that are not deductible in determining taxable profit | (7,612,135) | (9,154,870) |
| Revenue that is exempt from taxation | 2,779,283 | 1,828,325 |
| Carry-forward losses, net | 15,854,907 | (12,198,152) |
| Investment property revaluation tax impact | 52,093,000 | - |
| Effect of different tax rates | (5,649,481) | (6,054,656) |
| Other tax expenses | (13,265,528) | 398,026 |
| **Income tax provision recognised in profit or loss** | **(351,242,677)** | **(25,405,015)** |

## NOTE 25 - EARNING / (LOSS) PER SHARE

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---:|---:|
| Net gain / (loss) for the year attributable to equity holders of the parent | 1,310,522,199 | (39,945,063) |
| Weighted average number of shares | 662,000,000 | 662,000,000 |
| **Earning / (Losses) per share (Kr)** | **1.9796** | **(0.0603)** |

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

## NOTE 26 - FINANCIAL INVESTMENTS

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Associates | 3,087,001 | 3,087,001 |
| Impairment on associate shares (-) | (3,055,984) | (3,065,661) |
| | **31,017** | **21,340** |

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 27 - BORROWINGS

| **Short term borrowings** | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Short term foreign currency loans | 1,398,635,604 | 1,310,955,005 |
| Short term local currency loans | 160,000,000 | - |
| Short term lease labilities | 5,617,151 | 4,639,749 |
| | **1,564,252,755** | **1,315,594,754** |

| **Long term borrowings** | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Long term lease labilities | 45,108,424 | 46,923,281 |
| | **45,108,424** | **46,923,281** |

As of 31 December 2022 and 2021 details of short-term borrowings are as follows:

| 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** |

| 31 December 2021 | | | | |
|---|---|---|---|---|
| **Original Currency** | **Maturity** | **(%)** | **Original Amount** | **TRY Equivalent** |
| EUR | Feb. 2022-Oct. 2022 | 3.28 - 5.50 | 72,008,797 | 1,086,375,117 |
| USD | Apr. 2022-May 2022 | 0.93 | 16,848,968 | 224,579,888 |
| | | | | **1,310,955,005** |

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

## NOTE 27 - BORROWINGS (Continued)

| **Movement of borrowings** | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---:|---:|
| Opening | 1,310,955,005 | 357,165,807 |
| Foreign exchange differences | 239,765,293 | 427,258,978 |
| Interest Paid | (38,721,052) | - |
| Interest Accrual | 38,721,052 | - |
| Borrowing received in current year | 2,107,735,062 | 806,157,936 |
| Payments in current year | (2,099,819,756) | (279,627,716) |
| **Closing** | **1,558,635,604** | **1,310,955,005** |

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

| | | **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** |

| | | **31 December 2021** | | |
|---|---|---:|---:|---:|
| **Currency** | **Maturity** | **(%)** | **Amount** | **TRY** |
| TRY | Oct. 2025 | 19.00 - 34.11 | 51,563,030 | 51,563,030 |
| | | | | **51,563,030** |

## NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

### a) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using net financial debt / capital ratio, which calculated by dividing net debt to total capital. Net debt is calculated by deducting cash and cash equivalents and other receivables from related parties from total financial liabilities which is calculated by summing total short-term and total long-term liabilities, total short-term and total long-term other payables to related parties. Total capital (in other words total equity) is the difference between total assets and total liabilities.

Net financial debt / total capital ratios as of 31 December 2022 and 2021, are as follows:

| | **31 December 2022** | **31 December 2021** |
|---|---:|---:|
| Total financial liabilities | 2,823,596,046 | 1,921,136,254 |
| Less: Other receivables from related parties | 2,180,727,211 | 1,226,875,218 |
| Less: Cash and cash equivalents (Note 29) | 275,032,600 | 64,962,641 |
| Net financial debt | 367,836,235 | 629,298,395 |
| Total equity | 3,801,011,658 | 1,581,935,652 |
| **Total capital** | **4,168,847,893** | **2,211,234,047** |
| **Net debt / total capital ratio** | **0.09** | **0.28** |

## NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

### b) Financial Risk Factors

The Group has exposure to the market risk, credit risk, liquidity risk arising from its operations. Risk management activities of the Group are focused minimizing the negative effects of uncertainties in market conditions on the Group’s financial performance.

Risk management is conducted by a centralized finance department in accordance with the policies approved by Board of Directors. The risks are identified, evaluated by the finance department of the Group and instruments to reduce the impacts of the risk are utilized with the cooperation with operation units of the Group.

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

## NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

### b.1) Credit Risk

Credit Risks Exposed According to Types of Financial Instruments

| | **Receivables** | | | | |
|---|---|---|---|---|---|
| | **Trade Receivables** | | **Other Receivables** | | |
| **31 December 2022** | **Related Parties** | **Third Parties** | **Related Parties** | **Third Parties** | **Deposits at Banks** |
| Maximum credit risk exposed as of balance sheet date (*) | 1,005,276,644 | 765,836,652 | 2,180,727,211 | 48,968,891 | 275,032,600 |
| - Secured portion of the maximum credit risk by guarantees (**) | - | 685,078,205 | - | - | - |
| A. Net book value of financial assets that are neither past due nor impaired | 963,029,844 | 644,366,624 | 2,180,727,211 | 48,968,891 | 275,032,600 |
| B. Net book value of financial assets that are past due but not impaired | 42,246,800 | 121,470,028 | - | - | - |
| - Secured portion of the net book value by guarantees, etc. | - | 84,775,404 | - | - | - |
| C. Net book value of the impaired assets | - | - | - | - | - |
| - Past due (gross amount) | - | 47,325,490 | - | - | - |
| - Impairment | - | (47,325,490) | - | - | - |
| - Secured portion of the net book value by guarantees | - | - | - | - | - |
| - Not past due (gross amount) | - | - | - | - | - |
| - Impairment | - | - | - | - | - |
| - Secured portion of the net book value by guarantees | - | - | - | - | - |
| - Not past due (gross amount) | - | - | - | - | - |
| D. Off-balance sheet items include credit risk | - | - | - | - | - |

(*) On the determination of the amount, factors that increase credit reliability, such as collaterals received, are not considered.
(**) Guarantees are comprised of *letter of guarantees, mortgages and cheques of cheques received from customers.*

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

## NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

| | **Receivables** | | | | |
|---|---|---|---|---|---|
| | **Trade Receivables** | | **Other Receivables** | | |
| **31 December 2021** | **Related Parties** | **Third Parties** | **Related Parties** | **Third Parties** | **Deposits at Banks** |
| Maximum credit risk exposed as of balance sheet date (*) | 555,803,104 | 463,868,460 | 1,226,875,218 | 7,020,006 | 64,962,641 |
| - Secured portion of the maximum credit risk by guarantees (**) | - | 47,286,023 | - | - | - |
| A. Net book value of financial assets that are neither past due nor impaired | 520,644,839 | 392,695,845 | 1,226,875,218 | 7,020,006 | 64,962,641 |
| B. Net book value of financial assets that are past due but not impaired | 35,158,265 | 71,172,615 | - | - | - |
| - Secured portion of the net book value by guarantees, etc. | - | 43,951,241 | - | - | - |
| C. Net book value of the impaired assets | - | - | - | - | - |
| - Past due (gross amount) | - | 34,206,013 | - | - | - |
| - Impairment | - | (34,206,013) | - | - | - |
| - Secured portion of the net book value by guarantees | - | - | - | - | - |
| - Not past due (gross amount) | - | - | - | - | - |
| - Impairment | - | - | - | - | - |
| - Secured portion of the net book value by guarantees | - | - | - | - | - |
| - Not past due (gross amount) | - | - | - | - | - |
| D. Off-balance sheet items include credit risk | - | - | - | - | - |

(*) On the determination of the amount, factors that increase credit reliability, such as collaterals received, are not considered.
(**) Guarantees are comprised of *letter of guarantees, mortgages and cheques of cheques received from customers.*

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

## NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2022 and 2021, the aging of trade receivables that are past due but not impaired are as below:

| | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Past due up to 30 days | 120,068,207 | 55,904,830 |
| Past due 1 - 3 months | 1,132,314 | 14,538,312 |
| Past due 3 - 12 months | 269,507 | 729,473 |
| **Total past due receivables** | **121,470,028** | **71,172,615** |
| **Secured portion of receivables by guarantees** | **84,775,404** | **43,951,241** |

### b.2) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Funding risk of current and future requirement of liquidity is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities.

The followings presents, contractual maturities of non-derivative financial liabilities of the Group.

**Contractual Maturities**

| | **Non-Derivative Financial Liabilities** | | | | |
|---|---|---|---|---|---|
| **31 December 2022** | **Carrying value** | **Total Contractual Cash Outflows (I+II+III)** | **Less than 3 months (I)** | **3 to 12 months (II)** | **1 to 5 years (III)** |
| Borrowings | 1,558,635,604 | 1,558,635,603 | 1,111,398,304 | 447,237,299 | - |
| Lease Liabilities | 50,725,575 | 63,107,115 | 8,613,228 | 22,717,568 | 31,776,319 |
| Trade payables to third parties | 2,225,207,624 | 2,225,207,624 | 1,398,399,200 | 826,808,424 | - |
| Trade payables to related parties | 19,166,059 | 19,166,059 | 19,166,059 | - | - |
| Other payables | 74,793 | 74,793 | 74,793 | - | - |
| Other payables to related parties | 1,214,234,867 | 1,397,561,060 | - | - | 1,397,561,060 |
| Payables to employees | 33,683,356 | 33,683,356 | 33,683,356 | - | - |
| | **5,101,727,878** | **5,297,435,610** | **2,571,334,940** | **1,296,763,291** | **1,429,337,379** |

The maturities that the Group estimated is the same with the contractual maturities.

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

## NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

**Contractual Maturities**

| | Non-Derivative Financial Liabilities | | | | |
|---|---|---|---|---|---|
| **31 December 2021** | **Carrying value** | **Total Contractual Cash Outflows (I+II+III)** | **Less than 3 months (I)** | **3 to 12 months (II)** | **1 to 5 years (III)** |
| Borrowings | 1,310,955,005 | 1,310,955,006 | 137,340,632 | 1,173,614,374 | - |
| Lease Liabilities | 51,563,030 | 69,693,646 | 5,552,334 | 17,218,031 | 46,923,281 |
| Trade payables to third parties | 1,027,999,667 | 1,027,999,667 | 552,257,590 | 475,742,077 | - |
| Trade payables to related parties | 9,945,664 | 9,945,664 | 9,945,664 | - | - |
| Other payables | 51,910 | 51,910 | 51,910 | - | - |
| Other payables to related parties | 558,618,219 | 726,577,403 | - | - | 726,577,403 |
| Payables to employees | 16,963,680 | 16,963,680 | 16,963,680 | - | - |
| | **2,976,097,175** | **3,162,186,976** | **722,111,810** | **1,666,574,482** | **773,500,684** |

The maturities that the Group estimated is the same with the contractual maturities.

### b.3) Market Risk Management

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

The Group evaluates market risk with sensitivity analysis.

The Group's market risk management policies have not changed during the period compared to previous period.

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

## NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

*b.3.1) 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 December 2022** | **TRY Amount** | **US Dollar** | **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 Payable | 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 Payable | - | - | - | - |
| 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) |

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

## NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

| **31 December 2021** | **TRY Amount** | **US Dollar** | **Euro** | **Other** |
|---|---|---|---|---|
| 1. Trade Receivables | 141,048,089 | 9,474,593 | 716,418 | 220,064 |
| 2a. Monetary Financial Assets | 58,090,494 | 3,943,888 | 366,045 | - |
| 2b. Non-monetary Financial Assets | - | - | - | - |
| 3. Other | 1,339,719 | 99,983 | 467 | - |
| **4.CURRENT ASSETS (1+2+3)** | **200,478,302** | **13,518,464** | **1,082,930** | **220,064** |
| 5. Trade Receivables | - | - | - | - |
| 6a. Monetary Financial Assets | - | - | - | - |
| 6b. Non-monetary Financial Assets | - | - | - | - |
| 7. Other | 4,199,665 | 483 | 277,942 | - |
| **8. NON-CURRENT ASSETS (5+6+7)** | **4,199,665** | **483** | **277,942** | **-** |
| **9. TOTAL ASSETS (4+8)** | **204,677,967** | **13,518,947** | **1,360,872** | **220,064** |
| 10. Trade Payable | 675,101,355 | 1,513,393 | 43,295,722 | 113,662 |
| 11. Financial Liabilities | 1,310,955,005 | 16,848,968 | 72,008,797 | - |
| 12a. Monetary Other Liabilities | 4,821,121 | 40,622 | 283,672 | - |
| 12b. Non-Monetary Other Liabilities | - | - | - | - |
| **13. CURRENT LIABILITIES (10+11+12)** | **1,990,877,481** | **18,402,983** | **115,588,191** | **113,662** |
| 14. Trade Payable | - | - | - | - |
| 15. Financial Liabilities | 16,056,138 | 1,204,602 | - | - |
| 16a. Monetary Other Liabilities | 16,035,174 | 1,203,029 | - | - |
| 16b. Non-Monetary Other Liabilities | - | - | - | - |
| **17. NON-CURRENT LIABILITIES (14+15+16)** | **32,091,312** | **2,407,631** | **-** | **-** |
| **18. TOTAL LIABILITIES (13+17)** | **2,022,968,793** | **20,810,614** | **115,588,191** | **113,662** |
| 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)** | **(1,818,290,826)** | **(7,291,667)** | **(114,227,319)** | **106,402** |
| **21.Monetary Items Net Foreign Currency Assets / (Liabilities)(1+2a+3+5+6a-10-11-12a-14-15-16a)** | **(1,818,290,826)** | **(7,291,667)** | **(114,227,319)** | **106,402** |
| 22. Fair value of financial instruments used for currency hedge | - | - | - | - |
| 23. Hedged foreign currency assets | - | - | - | - |
| 24. Export | 728,608,180 | 73,219,172 | 7,030,652 | 559,897 |
| 24. Import | (1,457,515,826) | (75,113,652) | (75,403,211) | - |

## NOTE 28 - 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 | |
|---|---|---|
| **31 December 2022** | **Appreciation foreign currency** | **Depreciation foreign currency** |
| 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** |

| | Profit/Loss | |
|---|---|---|
| **31 December 2021** | **Appreciation foreign currency** | **Depreciation foreign currency** |
| In case of US Dollar increases in 10% against TRY | | |
| 1- US Dollar net asset/liability | (9,719,063) | 9,719,063 |
| 2- US Dollar hedged portion (-) | - | - |
| 3- Net effect of US Dollar (1 +2) | (9,719,063) | 9,719,063 |
| In case of Euro increases in 10% against TRY | | |
| 4- Euro net asset/liability | (172,331,329) | 172,331,329 |
| 5- Euro hedged portion (-) | - | - |
| 6- Net effect of Euro (4+5) | (172,331,329) | 172,331,329 |
| In case of other currencies increases in 10% against TRY | | |
| 7- Euro net asset/liability | 221,308 | (221,308) |
| 8- Euro hedged portion (-) | - | - |
| 9- Net effect of other currencies (4+5) | 221,308 | (221,308) |
| **TOTAL (3+6+9)** | **(181,829,084)** | **181,829,084** |

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

## NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

*b.3.1) Interest Rate Risk Management*

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

As at 31 December, the interest rate profile of the Group's interest-bearing financial instruments are as follows:

| Interest Position | 31 December 2022 | 31 December 2021 |
|---|---|---|
| **Fixed interest rate instruments** | | |
| Borrowings | 1,609,361,179 | 1,362,518,035 |
| Cash and cash equivalents (term deposits) | 257,271,231 | 50,591,768 |
| Trade receivables | 1,771,113,296 | 1,019,671,564 |
| Other receivables | 2,229,696,102 | 1,233,895,224 |
| Trade payables | 2,244,373,683 | 1,037,945,331 |
| Other payables | 1,214,309,660 | 558,670,129 |

The Group does not have a variable interest financial instrument. (December 31, 2021: None).

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, there would be no impact on Group's net profit for the year ended 31 December 2022 (31 December 2021: None).

### b.4) Categories of financial instruments and fair values

| 31 December 2022 | Financial liabilities at amortized cost | Financial instruments at fair value recognised in the profit and loss statement | Carrying value | Fair value | Note |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 275,032,600 | - | 275,032,600 | 275,032,600 | 29 |
| Trade receivables from third parties | 765,836,652 | - | 765,836,652 | 765,836,652 | 5 |
| Trade receivables from related parties | 1,005,276,644 | - | 1,005,276,644 | 1,005,276,644 | 4 |
| Other receivables from third parties | 48,968,891 | - | 48,968,891 | 48,968,891 | 6 |
| Other receivables from related parties | 2,180,727,211 | - | 2,180,727,211 | 2,180,727,211 | 4 |
| Financial investments | 31,017 | - | 31,017 | 31,017 | 26 |
| **Financial liabilities** | | | | | |
| Borrowings | 1,609,361,179 | 1,609,361,179 | 1,609,361,179 | 1,621,742,718 | 27 |
| Trade payables to third parties | 2,225,207,624 | 2,225,207,624 | 2,225,207,624 | 2,225,207,624 | 5 |
| Trade payables to related parties | 19,166,059 | 19,166,059 | 19,166,059 | 19,166,059 | 4 |
| Other payables to third parties | 74,793 | 74,793 | 74,793 | 74,793 | 6 |
| Other payables to related parties | 1,214,234,867 | 1,214,234,867 | 1,214,234,867 | 1,397,561,060 | 4 |

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

## NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

| 31 December 2021 | Financial liabilities at amortized cost | Financial instruments at fair value recognised in the profit and loss statement | Carrying value | Fair value | Note |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 64,962,641 | - | 64,962,641 | 64,962,641 | 29 |
| Trade receivables from third parties | 463,868,460 | - | 463,868,460 | 463,868,460 | 5 |
| Trade receivables from related parties | 555,803,104 | - | 555,803,104 | 555,803,104 | 4 |
| Other receivables from third parties | 7,020,006 | - | 7,020,006 | 7,020,006 | 6 |
| Other receivables from related parties | 1,226,875,218 | - | 1,226,875,218 | 1,226,875,218 | 4 |
| Financial investments | 21,340 | - | 21,340 | 21,340 | 26 |
| **Financial liabilities** | | | | | |
| Borrowings | 1,362,518,035 | 1,362,518,035 | 1,362,518,035 | 1,380,648,650 | 27 |
| Trade payables to third parties | 1,027,999,667 | 1,027,999,667 | 1,027,999,667 | 1,027,999,667 | 5 |
| Trade payables to related parties | 9,945,664 | 9,945,664 | 9,945,664 | 9,945,664 | 4 |
| Other payables to third parties | 51,910 | 51,910 | 51,910 | 51,910 | 6 |
| Other payables to related parties | 558,618,219 | 558,618,219 | 558,618,219 | 726,577,403 | 4 |

The Group management is in the opinion that, carrying values of financial assets reflects their fair values.

## NOTE 29 - CASH AND CASH EQUIVALENTS

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| **Cash at banks** | **271,017,565** | **59,871,701** |
| - Demand deposits | 13,746,334 | 9,279,933 |
| - Time deposits (*) | 257,271,231 | 50,591,768 |
| Credit card receivables | 4,015,035 | 5,090,940 |
| | **275,032,600** | **64,962,641** |

(*) The maturity of time deposit balances at banks is 2 January 2023 and in TRY, the average interest rates are in the range between 19.50% and 22.00% Turkish Lira. (31 December 2021: in the range between 15.50% and 19.00% for Turkish Lira, in the range between 0.05% and 0.90% for US Dollar, 0.05% for Euro).

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

## NOTE 30 - DISCLOSURE OF INTERESTS IN OTHER ENTITIES

Condensed financial information of the subsidiaries that the Company does not has significant effective interest rate as of 31 December 2022 and 2021 are as follows:

| **Marsa Yağ Sanayi ve Tic. A.Ş.** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Total assets | 3,457,188,892 | 2,015,817,076 |
| Total liabilities | 2,029,323,206 | 1,026,256,405 |
| **Net assets** | **1,427,865,686** | **989,560,671** |

| | **1 January - 31 December 2022** | **1 January - 31 December 2021** |
|---|---|---|
| Revenue | 5,650,152,245 | 2,029,654,034 |
| Profit for the year | 187,439,403 | 50,809,536 |
| | | |
| Cash flows from operating activities | (141,521,790) | (152,703,778) |
| Cash flows from investing activities | (11,344,127) | (1,924,971) |
| Cash flows from financing activities | 203,956,059 | 193,565,321 |
| Effects of foreign currency translation | (59,400,545) | (56,049,481) |

| | **31 December 2022** | | |
|---|---|---|---|
| | **Non-controlling share** | **Non-controlling income / (expense)** | **Accumulated non-controlling interest** |
| Marsa Yağ Sanayi ve Tic. A.Ş. | 30.00% | 56,231,821 | 15,242,861 |

| | **31 December 2021** | | |
|---|---|---|---|
| | **Non-controlling share** | **Non-controlling income / (expense)** | **Accumulated non-controlling interest** |
| Marsa Yağ Sanayi ve Tic. A.Ş. | 30.00% | 15,242,861 | 296,868,201 |

## NOTE 31 - SUBSEQUENT EVENTS

The Law No. 7438 Amending the Social Insurance and General Health Insurance Law and the Decree Law No. 375 came into force after being published in the Official Gazette No. 32121, dated March 3, 2023. Studies to measure the effects of this issue on the Group's operations, cash flows and financial position in 2023 are still ongoing as of the date of this report.

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