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

CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
31 DECEMBER 2021
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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

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(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kerevitaş Gıda Sanayi ve Ticaret A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Kerevitaş Gıda Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards ("InAS") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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. These matters were addressed in the context of our 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.

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Key Audit Matter	How the matter was addressed in the audit
Recoverability of trade receivables As of 31 December 2021, trade receivables account is important to the Group as it represents approximately 22% of the Group's total assets. On the other hand, provisions for impairment calculated for trade receivables are accounted for as a result of estimations made by taking into account the guarantees received from customers, past payment performances and creditworthiness information of customers, and maturity analysis of receivables balances. These forecasts used are highly sensitive to expected future market conditions. For these reasons, the recoverability of such receivables is an important issue for our audit. Explanations on the accounting policies and amounts of the Group's trade receivables are given in Notes 2.5 and 5.	During our audit, the following audit procedures were applied regarding the recoverability of unrelated trade receivables: - Understanding the process of collection follow-up of the company's trade receivables from unrelated parties, evaluating the operational effectiveness of the internal controls included in the process, - Understanding, evaluating and testing the effectiveness of internal controls related to financial reporting for credit risk, - Understanding and evaluating the customer and dealer receivables follow-up process managed by the Finance Department, - Analytical examination of the receivable aging study and comparison of the collection turnover rate with the previous year - Investigating whether there are any disputes or litigation related to the collection and obtaining information from legal advisors about ongoing debt follow-up cases, - Testing of trade receivable balances from unrelated parties by sending confirmation letters by sampling, - Testing the collections made in the following period by means of samples, - Testing and evaluating the quality of the guarantees received from customers and dealers by sampling, - Evaluation of the adequacy of the disclosures in the notes to the consolidated financial statements regarding the recoverability of trade receivables from non-related parties. As a result of these studies on the recoverability of trade receivables from non-related parties, we did not find any significant findings.

Key Audit Matter	How the matter was addressed in the audit
Recognition of deferred tax assets calculated over previous years' losses According to the Turkish tax legislation, fiscal losses presented on the declaration can be deducted from the corporate income for the period, if they do not exceed 5 years. As of 31 December 2021, the Group has deferred tax assets amounting to TL 84.019.078 calculated over the carried tax losses as stated in Note 24 to the consolidated financial statements. The total of the transferred and usable fiscal losses is TL 460.988.458 and the recoverable amount of the deferred tax asset calculated and recorded over the said amount has been estimated by the Group Management based on assumptions under the current conditions. During the evaluation, future business plans, losses in current periods, expiry dates of unused losses are taken into consideration. There is uncertainty in estimating the future taxable profit to support the extent to which these assets will be recognized or not. Therefore, the matter has been determined by us as a key audit matter.	During our audit, we questioned management's assessments of the recoverability of tax assets by examining future business plans and expiration dates of carried tax losses. During the assessment, future profit projections, current period profits or losses, unused losses and other tax assets' expiry dates are considered has been kept. We questioned whether the deferred tax created on the carried financial loss can be used within the future budgets without expiration. In addition, their compliance with TFRS in the explanations in the financial statements was also evaluated.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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.

5) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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.

- Obtain an understanding of 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 auditor’s report. However, future events or conditions may cause the Group’s 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 10 March 2022.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

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

The name of the engagement partner who supervised and concluded this audit is Seda Akkuş Tecer.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Seda Akkuş Tecer, SMMM
Partner

10 March 2022
İstanbul, Turkey

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021 AND 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited Current Year 31 December 2021	Audited Prior Year 31 December 2020
ASSETS			
Current Assets		**3.272.199.465**	**2.348.202.185**
Cash and cash equivalents	29	64.962.641	57.508.936
Trade receivables	5	1.019.671.564	616.127.143
- Trade receivables from related parties	*4*	*555.803.104*	*355.017.915*
- Trade receivables from third parties	*5*	*463.868.460*	*261.109.228*
Other receivables	6	1.232.461.735	1.033.161.360
- Other receivables from related parties	*4*	*1.226.875.218*	*1.028.887.113*
- Other receivables from third parties	*6*	*5.586.517*	*4.274.247*
Inventories	7	858.990.826	612.880.936
Prepaid expenses	8	24.921.796	13.566.187
Current income tax assets	24	21.908.555	233.428
Other current assets	17	49.282.348	14.724.195
Non-Current Assets		**1.449.847.908**	**1.191.994.026**
Other receivables	6	1.433.489	866.853
- Other receivables from third parties	*6*	*1.433.489*	*866.853*
Financial investments	26	21.340	1.394.933
Investment properties	9	233.906.133	197.748.000
Property, plant and equipment	10	1.105.361.494	926.561.431
Right of use assets	11	9.415.170	8.743.262
Intangible assets	12	27.521.904	20.222.779
Prepaid expenses	8	2.901.022	5.286.781
Deferred tax assets	24	69.287.356	31.169.987
TOTAL ASSETS		**4.722.047.373**	**3.540.196.211**

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 2.6)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021 AND 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited Current Year 31 December 2021	Audited Prior Year 31 December 2020
LIABILITIES			
Current Liabilities		**2.455.866.002**	**1.093.409.010**
Short-term borrowings	27	1.315.594.754	368.478.207
- Bank loans	*27*	*1.310.955.005*	*357.165.807*
- Lease liabilities	*27*	*4.639.749*	*11.312.400*
Trade payables	5	1.037.945.331	560.046.095
- Trade payables to related parties	*4*	*9.945.664*	*56.452.405*
- Trade payables to third parties	*5*	*1.027.999.667*	*503.593.690*
Other payables	6	7.409.089	55.406.035
- Other payables to related parties	*4*	*7.357.179*	*55.250.643*
- Other payables to third parties	*6*	*51.910*	*155.392*
Payables related to employee benefits	16	16.963.680	15.139.378
Deferred income	8	36.608.234	3.495.067
Current income tax liabilities	24	171.249	45.326.229
Short-term provisions		28.513.620	26.715.396
- Short-term provisions for employee benefits	*16*	*18.456.419*	*14.196.096*
- Other short-term provisions	*14*	*10.057.201*	*12.519.300*
Derrivative financial instruments		-	3.966.396
Other current liabilities	17	12.660.045	14.836.207
Non-Current Liabilities		**684.245.719**	**999.152.164**
Long-term borrowings	27	46.923.281	29.692.619
-Lease liabilities	*27*	*46.923.281*	*29.692.619*
Other payables	6	551.261.040	866.046.711
- Other payables to related parties	*4*	*551.261.040*	*866.046.711*
Long-term provisions		60.815.161	43.512.273
- Long-term provisions for employee benefits	*16*	*60.815.161*	*43.512.273*
Deferred tax liabilities	24	25.246.237	59.900.561
Total Liabilities		**3.140.111.721**	**2.092.561.174**
EQUITY			
Paid in capital	18	662.000.000	662.000.000
Other comprehensive income or expenses not be reclassified to profit or loss		334.544.988	312.960.947
- Gains on revaluation of plant, property and equipment		*342.341.445*	*317.437.700*
- Losses on remeasurement of defined benefit plans		*(15.001.900)*	*(11.682.196)*
- Gains on revaluation of investment properties		*7.205.443*	*7.205.443*
Other comprehensive income or expenses to be reclassified to profit or loss		228.783.652	133.998.007
- Currency translation differences		*228.783.652*	*133.998.007*
Share premium		702.050	702.050
Restricted reserves	18	37.378.874	37.378.874
Retained earnings		60.502.217	(356.511.215)
Net profit for the year		(39.945.063)	415.726.204
Equity holders of the parent		1.283.966.718	1.206.254.867
Non-controlling interests		297.968.934	241.380.170
Total Equity		**1.581.935.652**	**1.447.635.037**
TOTAL LIABILITIES AND EQUITY		**4.722.047.373**	**3.540.196.211**

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 2.6)

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 2021 AND 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited Current Year 1 January - 31 December 2021	Audited Prior Year 1 January - 31 December 2020
Revenue	19	4.865.330.171	3.055.708.233
Cost of sales (-)	19	(3.888.437.097)	(2.309.686.373)
Gross profit		**976.893.074**	**746.021.860**
General administrative expenses (-)	20	(86.136.059)	(71.372.289)
Marketing expenses (-)	20	(349.381.253)	(254.237.363)
Research and development expenses (-)	20	(5.647.807)	(4.160.364)
Other income from operating activities	21	19.548.503	16.744.555
Other expenses from operating activities (-)	21	(244.143.253)	(81.778.976)
OPERATING PROFIT		**311.133.205**	**351.217.423**
Income from investment activities	22	267.885.268	129.336.413
Expenses from investment activities (-)	22	-	(29.005.100)
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSE)		**579.018.473**	**451.548.736**
Financial income	23	3.966.396	233.563.612
Financial expenses (-)	23	(582.090.116)	(115.248.187)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**894.753**	**569.864.161**
Tax expense from continuing operations		(25.405.015)	(124.688.729)
- Current tax expense	24	(66.143.585)	(85.240.545)
- Deferred tax income/(expense)	24	40.738.570	(39.448.184)
(LOSS) / PROFIT FOR THE YEAR		**(24.510.262)**	**445.175.432**
Profit for the year attributable to:			
Non-controlling interests		15.434.801	29.449.228
Equity holders of the parent		(39.945.063)	415.726.204
(Losses) / Earnings per share (Kr)	25	(0,06)	0,63
OTHER COMPREHENSIVE INCOME:			
Items to not be reclassified subsequently to profit or loss		**22.871.269**	**2.927.136**
- Gain on revaluation of property, plant and equipment		-	5.594.982
- Actuarial loss on defined benefit plans	16	(4.149.630)	(1.388.575)
- Other comprehensive income / (loss) not to be reclassified to profit or (loss), tax effect	24	27.020.899	(1.279.271)
Items to be reclassified subsequently to profit or loss		**135.939.608**	**33.152.600**
- Currency translation differences		135.939.608	33.152.600
Other Comprehensive Income		**158.810.877**	**36.079.736**
TOTAL COMPREHENSIVE INCOME		**134.300.615**	**481.255.168**
Total comprehensive income for the year attributable to:			
Non-controlling interests		56.588.764	31.201.887
Equity holders of the parent		**77.711.851**	**450.053.281**

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 2.6)

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 2021 AND 2020
(Amounts expressed in Turkish Lira ("TL") 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 2020	**662.000.000**	**314.411.591**	**(10.340.254)**	**9.201.224**	**102.626.699**	**702.050**	**36.192.002**	**(496.423.379)**	**137.831.653**	**756.201.586**	**210.178.283**	**966.379.869**
Transfers	-	(1.242.969)	-	(1.995.781)	-	-	1.186.872	139.883.531	(137.831.653)	-	-	-
Total comprehensive income	-	4.269.078	(1.341.942)	-	31.371.308	-	-	28.633	415.726.204	450.053.281	31.201.887	481.255.168
Balances as of 31 December 2020	**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**
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**

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

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

	Notes	Audited Current Year 1 January- 31 December 2021	Audited Prior Year 1 January- 31 December 2020
Cash flows from operating activities		**98.492.541**	**187.145.617**
(Loss) / Profit for the year		(24.510.262)	445.175.432
Adjustments to reconcile profit/(loss) for the year		**483.870.874**	**(38.116.539)**
Adjustments related to depreciation and amortization expenses	10,11,12	58.910.303	52.403.016
Adjustments related to provision for/ (reversal) of impairment loss		5.748.287	2.990.014
- Adjustments related to impairment loss on receivables	*5*	*6.367.048*	*2.753.894*
- Adjustments related to impairment (loss) / gain on inventories, net	*7*	*(618.761)*	*236.120*
Adjustments related to provisions		43.396.719	27.007.341
- Adjustments related to provisions employee benefit	*16*	*38.611.425*	*25.846.932*
- Adjustments related to lawsuit provisions	*14*	*1.704.775*	*1.160.409*
- Other adjustments related to operations	*21*	*3.080.519*	-
Adjustments related to interest (income) and expenses, and commission expenses		(101.396.248)	3.441.516
- Adjustments related to interest and commission expense	*23*	*85.123.403*	*97.118.065*
- Adjustments related to interest income	*22*	*(186.519.651)*	*(93.676.549)*
Adjustments related to unrealized currency translation differences	23	427.258.978	940.440
Adjustments related to tax expense	24	25.405.015	124.688.729
Adjustments related to (gain)/loss on fair value		(40.124.529)	(12.130.066)
- Adjustments related to fair value gains of investment properties	9	(36.158.133)	(16.096.462)
- Adjustments for fair value (gains) / losses of derivative financial instruments	*23*	*(3.966.396)*	*3.966.396*
Adjustments related to (gain)/loss on disposal of non-current assets	22	(696.086)	(4.129.917)
Adjustments for other items caused by cash flows arising from investment or financing activities	23	65.368.435	(233.327.612)
Changes in working capital		**(206.696.535)**	**(149.109.233)**
Changes in trade receivables	5	(409.911.469)	(171.842.059)
- Increase in trade receivables from non-related parties	*5*	*(209.126.280)*	*(85.923.810)*
- Increase in trade receivables from related parties	*4*	*(200.785.189)*	*(85.918.249)*
Changes in inventories	7	(245.491.129)	(195.590.026)
Changes in other receivables related to operations		(57.684.124)	(26.074.018)
Changes in trade payables	5	477.899.236	213.605.146
- Increase in trade payables from non-related parties	*5*	*524.405.977*	*170.373.901*
- Increase / (decrease) in trade payables from related parties	*4*	*(46.506.741)*	*43.231.245*
Changes in other payables related to operations		28.490.951	30.791.724
Cash generated from operations		**252.664.077**	**257.949.660**
Cash outflow from paid in employee benefit provisions	16	(21.197.844)	(14.210.974)
Taxes paid	24	(132.973.692)	(56.593.069)
Cash flows from investing activities		**150.455.781**	**106.630.143**
Payments for purchase of property, plant and equipment and intangible assets		(52.875.187)	(54.904.334)
- Payments for purchase of property, plant and equipment	*10*	*(41.864.369)*	*(49.438.893)*
- Payments for purchase of intangible assets	*12*	*(11.010.818)*	*(5.465.441)*
Proceeds from sale of property, plant and equipment and intangible assets	10,12,22	6.241.027	14.383.895
Proceeds from sale of investment properties	9	-	44.833.483
Cash inflows due to sale of participation shares	26	1.373.593	-
Rental income from investment properties	22	9.196.697	8.640.550
Interest income from investment activities	22	186.519.651	93.676.549
Cash flows from financing activities		**(190.084.112)**	**(238.695.557)**
Cash inflows from financial debts	27	806.157.936	352.145.504
Cash outflows from repayment of borrowings	27	(279.627.716)	(113.491.463)
Payments of lease liabilities		(5.455.254)	(4.421.266)
Interest and commission paid	23	(85.123.403)	(97.118.065)
Changes in other payables to related parties	6	(626.035.675)	(375.810.267)
Net increase in cash and cash equivalents before the effect of exchange rate changes		**58.864.210**	**55.080.203**
Effects of exchange rate changes on cash and cash equivalents		(51.410.505)	(10.779.482)
Net change in cash and cash equivalents		**7.453.705**	**44.300.721**
Cash and cash equivalents at the beginning of the year	29	**57.508.936**	**13.208.215**
Cash and cash equivalents at the end of the year	29	**64.962.641**	**57.508.936**

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

(Amounts expressed in Turkish Lira ("TL") 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 the its Bursa factory, and has potato, vegetables and fruit production facilities in its the Afyon factory.

Kerevitaş acquired Besler Gıda ve Kimya Sanayi ve Ticaret A.Ş. ("Besler") which is operating in margarine and oil businesses on 24 November 2017 for an amount of TL904.500.000. Thus, the field of activities of the Group expanded to include the production and trading of oil and margarine.

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 Mahallesi Yenişen Sokak Yıldız Holding B Blok Apt. No:8 B/1 Üsküdar İstanbul.

The ultimate shareholder of the Group is Yıldız Holding A.Ş. and Yıldız Holding A.Ş. is managed by Ülker Family.

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 2021 and 2020, the principal shareholders and their respective shareholding rates in the Company are as follows:

	31 December 2021 (%)	**31 December 2020 (%)**
Yıldız Holding A.Ş.	54,27	54,27
Murat Ülker	9,98	9,98
Ufuk Yatırım Yönetim ve Gayrimenkul A.Ş.	6,26	10,34
Other	29,49	25,41
	100	**100**

As of 31 December 2021, the number of employees employed by the Group is 1.565 (31 December 2020: 1.704).

(Amounts expressed in Turkish Lira ("TL") 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 2021 and 2020 and respective effective ownership rates are as follows:

	Direct and Indirect Effective Ownership %			
Subsidiaries	**31 December 2021**	**31 December 2020**	**Countries of activity**	**Nature of business**
Besler Gıda ve Kimya San. Ve Tic. A.Ş.	100	100	Turkey	Production and Trading of Oil and Oil Products
Kerpe Gıda Sanayi ve Tic. A.Ş.	100	100	Turkey	Production and Trading of Agricultural and Animal Products
Berk Enerji Üretimi A.Ş. (*)	88,07	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

(*) The Group has indirect ownership.

Approval of the financial statements

The consolidated financial statements as of and for the year ended 31 December 2021 have been approved by the Board of Directors on 10 March 2022. 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.

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 15 July 2019 and Financial Statement Examples and User Guide published by CMB.

<u>Functional Currency</u>

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 TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

As of 31 December 2021 and 2020, the exchange rates announced by Central Bank of Turkey are as below:

EUR 1 = TL 15,0867, USD 1 TL 13,3290 TL
(31 December 2020: EUR 1 = TL 9,0079; USD 1 TL 7,3405)

As of 31 December 2021, and 2020, the average of the exchange rates announced by Central Bank of Turkey are as below:

EUR 1=TL 10,4408, USD 1=TL 8,5557
(1 January – 31 December 2020: EUR 1=TL 8,0140; USD 1=TL 7,0034)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
2.1 - Basis of Presentation (Continued)

Going Concern Principle

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

Netting/Offset

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

Basis of Consolidation

(a) Subsidiaries

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

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

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

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

(c) Losses control of subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. transfer to profit / loss or transfer to retained earnings in accordance with TFRSs). The fair value of any investment retained after the sales of a subsidiary at the date when control is lost, is regarded as the fair value on initial recognition accounting within the scope of TFRS 9 Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

2.2 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 2020 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 2020, commission income amounting to TL 10.882.802 recognised in “Financing Expenses” has been netted off with the “Other Operating Income” item. This reclassification has no effect on the net profit for the period.

In the consolidated financial statements as of 31 December 2020, the liability amounting to TL 15.268.744 recognised in the “Deferred Tax Liability” item under Long-Term Liabilities; is netted off with the item "Deferred Tax Assets" under Non-current Assets. The reclassification has no effect on the net profit for the period.

In the consolidated financial statements as of 31 December 2020, the amount of TL 33.436.621 recongnised in "Right of Use Assets" under Fixed Assets has been reclassified to “Property, Plant and Equipments” under Fixed Assets. The reclassification has no effect on the net profit for the period.

In the consolidated financial statements as of 31 December 2020, the amount of TL 960.059 recognised in “Trade Payables to Non-Related Parties” under Trade Payables has been reclassified to “Trade Payables to Related Parties” item under Trade Payables. The reclassification has no effect on the net profit for the period.

In the consolidated statement of cash flows as of 31 December 2020, the amount of TL 8.640.550 recognised in “Changes in Other Receivables Related With Operations” in Cash Flows from Operating Activities has been classified to “Rental Income from Investment Properties” under Cash Flows From Investment Activities. The reclassification has no effect on the net profit for the period.

2.3 - New and Revised Turkish Accounting Standards

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2021. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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

2.3 - New and Revised Turkish Accounting Standards (Continued)

The new standards, amendments and interpretations (Continued)

i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

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

2.3 - New and Revised Turkish Accounting Standards (Continued)

The new standards, amendments and interpretations (Continued)

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 (Continued)

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as;
How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendment did not have a significant impact on the financial position or performance of the Group.

Amendments to TFRS 16 – Covid-19 Rent Related Concessions

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

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

The Group evaluates the effects of this change on the financial position and performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. the Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

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

2.3 - New and Revised Turkish Accounting Standards (Continued)

The new standards, amendments and interpretations (Continued)

ii) Standards issued but not yet effective and not early adopted (Continued)

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group evaluates the effects of this change on the financial position and performance of the Group.

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

2.3 - New and Revised Turkish Accounting Standards (Continued)

The new standards, amendments and interpretations (Continued)

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Group evaluates the effects of this change on the financial position and performance of the Group.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The Group evaluates the effects of this change on the financial position and performance of the Group.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version).
The Group evaluates the effects of this change on the financial position and performance of the Group.

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

2.3 - New and Revised Turkish Accounting Standards (Continued)

The new standards, amendments and interpretations (Continued)

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

The Group evaluates the effects of this change on the financial position and performance of the Group.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The Group evaluates the effects of this change on the financial position and performance of the Group.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.
The Group evaluates the effects of this change on the financial position and performance of the Group.

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

2.3 - New and Revised Turkish Accounting Standards (Continued)

The new standards, amendments and interpretations (Continued)

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group evaluates the effects of this change on the financial position and performance of the Group.

Annual Improvements – 2018–2020 Cycle

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

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter:* The amendment permits a subsidiary tto measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities:* The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- *TAS 41 Agriculture – Taxation in fair value measurements:* The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

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

2.3 - New and Revised Turkish Accounting Standards (Continued)

The new standards, amendments and interpretations (Continued)

Annual Improvements – 2018–2020 Cycle (Continued)

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Group evaluates the effects of this change on the financial position and performance of the Group.

2.4 - 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)

2.4 - 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)

2.4 - Summary of Significant Accounting Policies (Continued)

Dividend and interest income (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)

2.4 - Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (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

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

2.4 - Summary of Significant Accounting Policies (Continued)

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.

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.

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

2.4 - Summary of Significant Accounting Policies (Continued)

Intangible Assets (Continued)

Internally generated intangible assets – Research and Development Expenses (Continued)

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.

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.

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

2.4 - Summary of Significant Accounting Policies (Continued)

Impairment of Assets Other Than Goodwill (Continued)

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.

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.

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

2.4 - Summary of Significant Accounting Policies (Continued)

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.

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.

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

2.4 - Summary of Significant Accounting Policies (Continued)

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".

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.

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

2.4 - Summary of Significant Accounting Policies (Continued)

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

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)

2.4 - Summary of Significant Accounting Policies (Continued)

(b) Financial assets (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)

2.4 - Summary of Significant Accounting Policies (Continued)

Financial liabilities (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 intial 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)

2.4 - Summary of Significant Accounting Policies (Continued)

Financial liabilities (Continued)

Amendments to debt instruments (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 recongnised 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 TL, 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 TL (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.

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

2.4 - Summary of Significant Accounting Policies (Continued)

Effect of Exchange Differences (Continued)

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
- 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 TL 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.

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

2.4 - Summary of Significant Accounting Policies (Continued)

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.

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)

2.4 - 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.

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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)
2.4 - Summary of Significant Accounting Policies (Continued)

Corporate taxes (Continued)

Deferred tax (Continued)

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.

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.

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.

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

2.4 - Summary of Significant Accounting Policies (Continued)

Employee Benefits

Termination and retirement benefits:

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

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. 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.

2.5 - 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.

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

2.5 - Significant Accounting Judgements, Estimates and Assumptions (continued)

Deferred taxes

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

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

Expected Credit Loss

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

Fair Value of Derivative Instruments and Other Financial Assets

The fair value of derivative instruments not traded in an active market is determined on the basis of market rates and expected returns. The fair values of non-derivative financial assets are determined based on the future principal and interest cash flows. These cash flows are calculated over the discount rates valid as of the reporting date.

2.6 – 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.

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

NOTE 3 – SEGMENT REPORTING

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

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

The segment assets and liabilities for the periods 31 December 2021 and 31 December 2020 are as follows:

	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

	31 December 2020			
	Frozen and Canned	**Edible Oil**	**Consolidation Adjustment**	**Total Assets / Liabilities According to Consolidated Financial Statements**
Segment assets	1.809.807.231	2.827.754.880	(1.097.365.900)	3.540.196.211
Segment liabilities	1.068.472.500	1.216.954.574	(192.865.900)	2.092.561.174

The segment revenues and expenses for the periods 1 January – 31 December 2021 and 2020 are as follows:

	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	13.798.547	(6.175.701)	19.548.503
Other expenses from operating activities (-) (Note 21)	(31.764.153)	(212.379.100)	-	(244.143.253)
Operating Profit	**24.131.034**	**287.002.171**	**-**	**311.133.205**
Depreciation and amortization expense (Note 10-11-12)	27.643.260	31.267.043	-	58.910.303
EBITDA (**)	**71.612.790**	**516.849.767**	**6.175.701**	**594.638.258**
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.

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

NOTE 3 – SEGMENT REPORTING (Continued)

	1 January - 31 December 2020			
	Frozen and Canned	**Edible Oil**	**Consolidation Adjustment**	**Total**
Revenue (Note 19)	889.601.976	2.166.106.257	-	3.055.708.233
Intersegment revenue	-	37.232.416	(37.232.416)	-
Revenue	**889.601.976**	**2.203.338.673**	**(37.232.416)**	**3.055.708.233**
Operating Profit (*)	**73.034.819**	**338.716.044**	**4.500.981**	**416.251.844**
Other income from operating activities (Note 21)	3.170.379	18.075.157	(4.500.981)	16.744.555
Other expenses from operating activities (-) (Note 21)	(23.041.237)	(58.737.739)	-	(81.778.976)
Operating Profit	**53.163.961**	**298.053.462**	**-**	**351.217.423**
Depreciation and amortization expense (Note 10-11-12)	24.862.964	27.540.052	-	52.403.016
EBITDA (**)	**97.897.783**	**366.256.096**	**4.500.981**	**468.654.860**
Investment (Note 10-12)	31.725.352	23.178.982	-	54.904.334

(*) 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.

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

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 2021 and 2020 are as follows.

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

Trade receivables from related parties	**31 December 2021**	**31 December 2020**
Pasifik Tük.Ürün. San.ve Tic. A.Ş.	133.619.685	103.782.932
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	132.245.734	72.541.780
G2mEksper Satış ve Dağıtım Hizmetleri A.Ş.	102.398.391	49.446.096
Horizon Hızlı Tüketim Ürünleri Paz. ve Tic. A.Ş.	58.223.119	33.320.274
Önem Gıda San. ve Tic. A.Ş.	34.640.239	21.161.084
Bizim Toptan Satış Mağazaları A.Ş.	27.389.859	11.699.564
Şok Marketler Tic. A.Ş.	19.936.150	22.151.538
Ülker Bisküvi San. A.Ş.	16.218.314	20.787.704
E Star Global E Ticaret Satış ve Pazarlama A.Ş.	9.918.541	803.264
Biskot Bisküvi Gıda San. Tic. A.Ş.	9.171.906	7.883.279
Ülker Çikolata San. A.Ş.	4.072.372	6.034.811
PNS Pendik Nişasta San. A.Ş. (*)	-	1.791.037
Other	7.968.794	3.614.552
	555.803.104	**355.017.915**

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

Trade payables to related parties	**31 December 2021**	**31 December 2020**
Aytaç Gıda Yatırım A.Ş.	3.840.563	9.274.328
Most Bilgi Sistemleri Ticaret A.Ş.	2.287.552	1.205.179
Donuk Fırıncılık Ürn. San. Tic. A.Ş	1.460.788	5.045.788
Sağlam İnşaat Taahhüt Tic. A.Ş.	502.427	986.815
Önem Gıda San. ve Tic. A.Ş.	307.878	110.936
Polinas Plastik San. Tic. A.Ş.	141.202	472.165
United Biscuits (UK) Ltd.	-	37.781.338
Mevsim Taze Sebze Meyve San. Tic. A.Ş.	-	960.059
Other	1.405.254	615.797
	9.945.664	**56.452.405**

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.

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

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

Other receivables from related parties	31 December 2021	31 December 2020
Yıldız Holding A.Ş.(*)	1.226.875.218	1.028.887.113
	1.226.875.218	**1.028.887.113**

(*) 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 2021, the average interest rates of TL-based receivables are 17,47% (31 December 2020: 16,34%).

Other payables to related parties	31 December 2021	31 December 2020
Yıldız Holding A.Ş.	7.272.348	55.188.992
Other	84.831	61.651
	7.357.179	**55.250.643**

Other non-current payables to related parties	31 December 2021	31 December 2020
Yıldız Holding A.Ş. (*)	551.261.040	866.046.711
	551.261.040	**866.046.711**

(*) 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 TL 3.040.745.690 (31 December 2020: TL 2.334.404.436).

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 2021	1 January - 31 December 2020
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	481.034.233	293.294.394
Pasifik Tük. Ürün. San. ve Tic. A.Ş.	385.291.025	402.034.027
Ülker Bisküvi San. A.Ş.	334.976.982	250.735.468
Horizon Hızlı Tüketim Ürünleri A.Ş.	237.662.496	180.621.353
G2mEksper Satış ve Dağıtım Hizmetleri A.Ş.	225.779.649	118.130.381
Biskot Bisküvi Gıda San. Tic. A.Ş.	189.577.250	135.822.466
Bizim Toptan Satış Mağazaları A.Ş.	115.616.959	48.013.474
Önem Gıda San. ve Tic. A.Ş.	109.501.557	70.658.951
Ülker Çikolata San. A.Ş.	100.612.995	72.321.210
Şok Marketler Ticaret A.Ş.	50.808.688	33.231.693
E Star Global E-Ticaret Satış ve Pazarlama A.Ş.	12.596.572	-
PNS Pendik Nişasta San. A.Ş. (*)	9.401.771	16.869.725
Other	28.701.148	18.026.984
	2.281.561.325	**1.639.760.126**

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

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

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

Purchase of goods and services	**1 January - 31 December 2021**	**1 January - 31 December 2020**
United Biscuits (UK) Ltd.	152.160.608	96.780.476
G2mEksper Satış ve Dağıtım Hizmetleri A.Ş.	58.459.115	-
Yıldız Holding A.Ş.	44.467.911	32.108.076
Aytaç Gıda Yatırım San. Tic. A.Ş.	25.020.720	32.533.526
Donuk Fırıncılık Ürn. San. Tic. A.Ş.	23.772.275	-
Most Bilgi Sistemleri Ticaret A.Ş.	15.118.551	8.572.170
Pasifik Tük. Ürün. San. ve Tic. A.Ş.	10.110.576	10.584.506
Polinas Plastik San. Tic. A.Ş.	5.287.160	3.192.937
Sağlam İnşaat Taahhüt Tic. A.Ş.	4.780.755	4.707.979
İzsal Gayrimenkul Geliştirme A.Ş.	1.608.695	1.323.431
Önem Gıda San. ve Tic. A.Ş.	1.486.992	1.295.482
Mevsim Taze Sebze Meyve San. ve Tic. A.Ş.	804.320	952.016
Bizim Toptan Satış Mağazaları A.Ş.	491.846	3.459.223
Şok Marketler Ticaret A.Ş.	118.376	9.243.520
Other	6.124.971	2.313.907
	349.812.871	**207.067.249**

Service, rent and other income	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Sağlam İnşaat Taahhüt Tic. A.Ş.	297.262	264.751
Bizim Toptan Satış Mağazaları A.Ş.	282.081	251.230
PNS Pendik Nişasta San. A.Ş.	188.360	183.289
Pakyağ Endüstriyel Ürünler San. ve Tic. A.Ş.	-	131.543
Other	23.383	55.849
	791.086	**886.662**

Commission and financial expense	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Yıldız Holding A.Ş.	191.762.001	96.847.895
Other	327.183	169.436
	192.089.184	**97.017.331**

Commission and financial income	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Yıldız Holding A.Ş.	-	233.327.612
Other	-	236.000
	-	**233.563.612**

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

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

Investment income	1 January - 31 December 2021	1 January - 31 December 2020
Yıldız Holding A.Ş. (*)	161.951.773	68.200.869
Other	11.144.977	537.730
	173.096.750	**68.738.599**

(*) 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 2021	1 January - 31 December 2020
Salaries and other benefits	17.188.984	14.215.454
	17.188.984	**14.215.454**

NOTE 5 – TRADE RECEIVABLES AND PAYABLES

As of 31 December 2021 and 2020 trade receivables of the Group are as follows:

Current trade receivables	31 December 2021	31 December 2020
Trade receivables	445.850.010	267.042.535
Notes receivable	52.224.463	21.905.658
Provision for doubtful receivables (-)	(34.206.013)	(27.838.965)
Trade receivables, net	**463.868.460**	**261.109.228**
Trade receivables from related parties (Note 4) (*)	555.803.104	355.017.915
	1.019.671.564	**616.127.143**

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

Average maturity for trade receivables is 61 days (31 December 2020: 63 days).

Movements of provision for doubtful receivables as of 1 January - 31 December 2021 and 2020 are as follows:

Movement of Provision for Doubtful Receivables	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	(27.838.965)	(25.085.071)
Charge for the year	(9.089.213)	(3.040.193)
Collections	2.722.165	286.299
End of the period	**(34.206.013)**	**(27.838.965)**

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

NOTE 5 – TRADE RECEIVABLES AND PAYABLES (Continued)

Short-term trade payables	**31 December 2021**	**31 December 2020**
Trade payables	1.027.999.667	503.593.690
Trade payables, net	**1.027.999.667**	**503.593.690**
Trade payables to related parties (Note 4) (*)	9.945.664	56.452.405
	1.037.945.331	**560.046.095**

(*) 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 74 days (31 December 2020: 70 days).

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other Current Receivables	**31 December 2021**	**31 December 2020**
Other receivables from related parties (Note 4)	1.226.875.218	1.028.887.113
Tax receivables	4.101.307	2.553.467
Receivables from personnel	41.662	45.713
Other miscellaneous receivables	1.443.548	1.675.067
	1.232.461.735	**1.033.161.360**

Other Non-Current Receivables	**31 December 2021**	**31 December 2020**
Deposits and guarantees given	1.433.489	866.853
	1.433.489	**866.853**

Other Payables

Other Current Liabilities	**31 December 2021**	**31 December 2020**
Other payables to related parties (Note 4)	7.357.179	55.250.643
Other miscellaneous liabilities	51.910	155.392
	7.409.089	**55.406.035**

Other Non-Current Liabilities	**31 December 2021**	**31 December 2020**
Other non-current liabilities to related parties (Note 4)	551.261.040	866.046.711
	551.261.040	**866.046.711**

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

NOTE 7 – INVENTORIES

	31 December 2021	31 December 2020
Raw materials	407.258.071	282.172.174
Work in process	191.626.597	191.911.634
Finished goods	228.965.499	109.404.106
Trade goods	12.209.312	15.358.524
Other inventory (*)	18.965.410	14.687.322
Provision for impairment of inventory (-)	(34.063)	(652.824)
	858.990.826	**612.880.936**

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

Movements of provision for impairment of inventories as of 1 January - 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	(652.824)	(416.704)
Charge for the year	(34.063)	(306.401)
Provisions no longer required	652.824	70.281
Closing balance	**(34.063)**	**(652.824)**

NOTE 8 – PREPAID EXPENSES AND DEFERRED REVENUE

Short-Term Prepaid Expenses	31 December 2021	31 December 2020
Advances given for inventory purchases	16.134.301	5.153.004
Prepaid expenses	8.767.295	8.398.383
Business advances	20.200	14.800
	24.921.796	**13.566.187**

Long-Term Prepaid Expenses	31 December 2021	31 December 2020
Advances given for fixed asset purchases	2.364.505	4.605.429
Prepaid expenses	536.517	681.352
	2.901.022	**5.286.781**

Short-Term Deferred Income	31 December 2021	31 December 2020
Advances received	34.707.919	2.177.751
Deferred income	1.900.315	1.317.316
	36.608.234	**3.495.067**

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

NOTE 9 – INVESTMENT PROPERTIES

Cost Value	1 January 2021	Change in fair value	Disposals	31 December 2021
Land & building	197.748.000	-	36.158.133	233.906.133
	197.748.000	**-**	**36.158.133**	**233.906.133**

Cost Value	1 January 2020	Change in fair value	Disposals	31 December 2020
Land & building	219.842.001	(38.190.463)	16.096.462	197.748.000
	219.842.001	**(38.190.463)**	**16.096.462**	**197.748.000**

The Group has earned rent income from its investment properties amounting to TL 9.196.697 in the current period. (1 January - 31 December 2020: TL 8.640.550) (Note 22).

Fair value of investment properties

	31 December 2021		
	Level 1	**Level 2**	**Level 3**
Investment properties	-	233.906.133	-
Total	**-**	**233.906.133**	**-**

	31 December 2020		
	Level 1	**Level 2**	**Level 3**
Investment properties	-	197.748.000	-
Total	**-**	**197.748.000**	**-**

As of 31 December 2021, the Group's investment properties are carried with their fair values determined by the revaluation carried out on 31 December 2021, 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 2021 and 31 December 2020. 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 ("TL") unless otherwise stated.)

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

Cost Value	1 January 2021	Additions	Disposals	Transfers	Currency translation differences	31 December 2021
Land	360.823.138	-	(1.315.016)	136.963	67.115	359.712.200
Land Improvements	7.487.948	-	-	-	-	7.487.948
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 Defter Değeri	**926.561.431**					**1.105.361.494**

(*) Other tangibles comprised of refrigerators.

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

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost Value	1 January 2020	Additions	Disposals	Transfers	Currency translation differences	Increase in value	Impairment (-)	31 December 2020
Land	402.515.109	-	(1.293.334)	-	17.483	6.943.332	(47.359.452)	360.823.138
Land Improvements	15.721.432	-	-	29.100	-	-	(8.262.584)	7.487.948
Buildings	319.266.764	178.757	(62.356)	192.600	47.002.561	31.572.651	(21.400.402)	376.750.575
Machinery and Equipment	476.334.923	13.984.226	(17.596.672)	42.565.482	11.523.673	-	-	526.811.632
Motor Vehicles	5.890.850	277.350	(3.727.723)	-	41.230	-	-	2.481.707
Furniture and Fixtures	48.854.491	1.031.054	(1.364.946)	314.350	919.680	-	-	49.754.629
Leasehold Improvements	3.430.115	-	(81.546)	-	-	-	-	3.348.569
Other tangibles (*)	37.553.031	3.122.882	(2.567.447)	8.090.929	-	-	-	46.199.395
Construction in Progress	3.016.486	30.844.624	(84.956)	(21.807.583)	-	-	-	11.968.571
	1.312.583.201	**49.438.893**	**(26.778.980)**	**29.384.878**	**59.504.627**	**38.515.983**	**(77.022.438)**	**1.385.626.164**

Accumulated Depreciation	1 January 2020	Additions	Disposals	Transfers	Currency translation differences	Increase in value	Impairment (-)	31 December 2020
Land Improvements	(8.795.129)	(640.450)	-	-	(2.643)	-	8.262.584	(1.175.638)
Buildings	(65.669.210)	(7.966.124)	62.357	-	(1.682.691)	(3.145.648)	21.400.402	(57.000.914)
Machinery and Equipment	(301.576.943)	(29.617.966)	3.817.288	-	(1.454.755)	-	-	(328.832.376)
Motor Vehicles	(5.890.547)	(163.573)	3.707.348	-	(134.935)	-	-	(2.481.707)
Furniture and Fixtures	(30.116.505)	(2.902.550)	652.408	-	(182.274)	-	-	(32.548.921)
Leasehold Improvements	(2.794.786)	(344.350)	6.089	-	-	-	-	(3.133.047)
Other tangibles (*)	(32.589.156)	(3.848.715)	2.545.741	-	-	-	-	(33.892.130)
	(447.432.276)	**(45.483.728)**	**10.791.231**	**-**	**(3.457.298)**	**(3.145.648)**	**29.662.986**	**(459.064.733)**
Net Defter Değeri	**865.150.925**							**926.561.431**

(*) Other tangible assets consist of refrigerated cabinets.

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

NOTE 11 – RIGHT OF USE ASSETS

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**

Cost Value- Effect of IFRS 16	1 January 2020	Additions	Disposals	Current Year Depreciation	31 December 2020
Buildings	3.243.026	-	-	(1.039.056)	2.203.970
Motor Vehicles	1.002.426	7.171.688	-	(1.634.822)	6.539.292
	4.245.452	**7.171.688**	**-**	**(2.673.878)**	**8.743.262**

The interest rate used for the lease obligations is 19,00% for 31 December 2021 and in the range of 10,95% and 19,00% for 31 December 2020. Interest expenses are TL 1.893.549 (31 December 2020: TL TL 1.715.791).

NOTE 12 – INTANGIBLE ASSETS

Cost Value	1 January 2021	Additions	Disposals	Transfers	Currency translation differences	31 December 2021
Haklar	14.378.836	1.355.856	(19.515)	-	1.971.407	17.686.584
Geliştirme Maliyetleri	24.769.060	9.654.962	-	-	-	34.424.022
Diğer Maddi Olmayan Duran Varlıklar	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
Haklar	(12.518.158)	(817.543)	-	-	(281.259)	(13.616.960)
Geliştirme Maliyetleri	(6.406.958)	(4.564.783)	-	-	-	(10.971.741)
Diğer Maddi Olmayan Duran Varlıklar	(694.963)	-	-	-	-	(694.963)
	(19.620.079)	**(5.382.326)**	**-**	**-**	**(281.259)**	**(25.283.664)**
Net Defter Değeri	**20.222.779**					**27.521.904**

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

NOTE 12 – INTANGIBLE ASSETS (Continued)

Cost Value	**1 January 2020**	**Additions**	**Disposals**	**Transfers**	**Currency translation differences**	**31 December 2020**
Rights	12.295.999	1.940.777	-	-	142.060	14.378.836
Development expenses	17.458.017	3.524.664	(909.249)	4.695.628	-	24.769.060
Other intangible assets	694.962	-	-	-	-	694.962
	30.448.978	**5.465.441**	**(909.249)**	**4.695.628**	**142.060**	**39.842.858**

Accumulated Amortization	**1 January 2020**	**Additions**	**Disposals**	**Transfers**	**Currency translation differences**	**31 December 2020**
Rights	(11.413.803)	(1.132.877)	-	-	28.522	(12.518.158)
Development expenses	(3.307.638)	(3.099.320)	-	-	-	(6.406.958)
Other intangible assets	(681.750)	(13.213)	-	-	-	(694.963)
	(15.403.191)	**(4.245.410)**	**-**	**-**	**28.522**	**(19.620.079)**
Net Book Value	**15.045.787**					**20.222.779**

Allocation of depreciation and amortization expenses of property, plant and equipments, intangible assets, and right-of-use assets as of 1 January - 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	**1January- 31 December 2020**
Cost of sales (Note 19)	(44.854.573)	(40.223.998)
Marketing expense (Note 20)	(8.168.406)	(7.490.104)
General administration expenses (Note 20)	(1.806.189)	(3.006.237)
Research and development expenses (Note 20)	(4.081.134)	(1.682.677)
	(58.910.302)	**(52.403.016)**

NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES

On 31 August 2016, the Group received Investment Incentive Certificate no. 125488 from the General Directorate of Incentives and Foreign Investment. The certificate is valid for a three years period until 26 December 2020. The support elements stipulated by the Investment Incentive Certificate were as follows: 100% customs exemption, value added tax exemption, 7 years support of employer's share of social security premium, 80% Investment Contribution Rate and 40% tax deduction. The total amount of investment stipulated in the Investment Incentive Certificate was TL 76.992.000. As of 31 December 2021, the investment amount realized under the incentive certificate was TL 34.943.146. (31 December 2020: TL 6.606.447)

On 1 November 2017, the Company received Investment Incentive Certificate no. 133479 from General Directorate of Incentive Implementation and Foreign Investments. The certificate is valid for a three years period until 21 January 2022. The support elements stipulated by the Investment Incentive Certificate were as follows: 100% customs exemption, value added tax exemption, 2 years support of employer's share of social security premium, 50% tax deduction. The total amount of investment stipulated in the Investment Incentive Certificate was TL 10.500.000. As of 31 December 2021, the investment amount realized under the incentive certificate was TL 7.762.036. (31 December 2020: TL 4.310.720)

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

NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES (Continued)

The rights that the Group has available to all companies meeting the criteria required by the legislation without sector separation: Incentives covered by the research and development law (100% corporate tax exemption etc.), inward processing permit documents, social security institution incentives and insurance premium employer's share support.

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Contingent Assets and Liabilities

Contingent assets and liabilities as of 31 December 2021 and 2020 are as follows:

Contingent assets	31 December 2021	31 December 2020
Letters of guarantees received	328.059.607	190.541.737
Pledges and mortgages received	6.538.670	8.282.670
	334.598.277	**198.824.407**

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 2021	31 December 2020
Guarantorship given (*)	2.514.898.940	1.805.667.686
Mortgages given (*)	477.700.000	526.236.750
Letters of guarantees given	258.987.411	325.592.550
Guarantees given	60.225.000	60.225.000
Business pledges given (*)	-	2.500.000
	3.311.811.351	**2.720.221.986**

(*) 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.

Other short-term provisions	31 December 2021	31 December 2020
Provisions for lawsuits	6.422.069	4.717.294
Related party accruals arising from financing	1.747.003	-
Expense accruals related to the incentive adjustment	31.394	-
Other provisions	1.856.735	7.802.006
	10.057.201	**12.519.300**

The movements of provisions for lawsuits as of 1 January - 31 December 2021 and 2020 are as follows:

Movement of provision for lawsuits	1 January - 31 December 2021	1 January - 31 December 2020
Opening	4.717.294	3.556.885
Charge for the period	1.704.775	1.160.409
End of the period	**6.422.069**	**4.717.294**

(Amounts expressed in Turkish Lira ("TL") 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 2021 and 31 December 2020 are as follows:

	31 December 2021			31 December 2020		
	Original Currency	**Amount**	**TL Equivalent**	**Original Currency**	**Amount**	**TL equivalent**
A. CPMs given for Company's own legal personality (*)	TL	1.733.228.504	1.733.228.504	TL	1.850.870.393	1.850.870.393
	US Dollar	118.432.204	1.578.582.847	US Dollar	118.432.204	869.351.593
B. CPMs given on behalf of fully consolidated companies	TL	-	-	TL	-	-
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		-	-	-	-	-
			3.311.811.351			**2.720.221.986**

As of 31 December 2021, the Group has export commitments of USD 16.848.968 and EUR 72.008.797 (31 December 2020: USD: 19.807.540 EUR 23.509.204). 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 TL 745 million in cash and TL 202 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 477,7 million TL have been provided as a mortgage.

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

NOTE 16 – PAYABLES RELATED TO EMPLOYEE BENEFITS

Payables related to employee benefits	**31 December 2021**	**31 December 2020**
Due to personnel	10.479.448	9.830.292
Social security premiums payable	6.484.232	5.309.086
	16.963.680	**15.139.378**

Short-term provisions for employee benefits	**31 December 2021**	**31 December 2020**
Provisions for performance premium	10.875.580	8.473.508
Provisions for unused vacations	7.205.803	5.722.588
Other provisions	375.036	-
	18.456.419	**14.196.096**

The movements of provisions for performance premium as of 1 January - 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Opening balance	8.473.508	6.973.630
Charge for the year	10.875.580	8.473.508
Cash payments during the year	(8.473.508)	(6.973.630)
End of the period	**10.875.580**	**8.473.508**

The movement of provisions for unused vacations as of 1 January - 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Opening balance	5.722.588	4.485.132
Charge for the year	3.718.082	3.671.893
Used	(2.234.867)	(2.434.437)
End of the period	**7.205.803**	**5.722.588**

Non-current provisions for employee benefits	**31 December 2021**	**31 December 2020**
Provisions for employee termination benefits	60.815.161	43.512.273
	60.815.161	**43.512.273**

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

NOTE 16 – PAYABLES RELATED TO EMPLOYEE BENEFITS (Continued)

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 TL 8.284,51 as at 31 December 2021 (31 December 2020: TL 7.117,17) per year of employment at the of pay applicable at the date of retirement or termination.

Employee termination benefit is not funded and does not require any legal funding requimrent. 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 2021, 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 2021 has been calculated assuming an annual inflation rate of 16,90% and a discount rate of 21,25% resulting in a real discount rate of approximately 3,72% (31 December 2020: 3,85%). Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 2,61% for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling amount of TL 10.848,59 which is in effect since 1 January 2022 is used in the calculation of Groups' provision for retirement pay liability (1 January 2021: TL 7.638,96).

The movement of provisions of employee termination benefit as of 1 January - 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Opening balance	43.512.273	33.225.074
Service cost	24.696.583	14.865.266
Interest cost	1.556.047	1.270.702
Actuarial loss	4.149.630	1.388.575
Payments during the year	(13.099.372)	(7.237.344)
End of the period	**60.815.161**	**43.512.273**

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

NOTE 17 – OTHER ASSETS AND LIABILITIES

Other Current Assets	**31 December 2021**	**31 December 2020**
Deferred VAT	48.681.809	14.433.511
Other VAT	600.539	290.684
	49.282.348	**14.724.195**

Other Current Liabilities	**31 December 2021**	**31 December 2020**
Taxes and funds payables	5.216.633	1.793.022
Other current liabilities	7.443.412	13.043.185
	12.660.045	**14.836.207**

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

As of 31 December 2021, the Company's capital was issued and consisted of 66.200.000.000 shares, each with a nominal value of TL 0,01. (31 December 2020: 66.200.000.000 shares).

The Group's shareholders and their share in the capital as of 31 December 2021 and 2020 are as follows:

	31 December 2021		**31 December 2020**	
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	10,34	68.429.804
Other	29,49	195.244.357	25,41	168.244.357
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 2021, restricted reverses are amounting to TL 37.378.874 (31 December 2020: TL 37.378.874). 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 2021**	**31 December 2020**
Legal reserves	37.378.874	37.378.874
	37.378.874	**37.378.874**

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

NOTE 19 – REVENUE AND COST OF SALES

	1 January - 31 December 2021	**1 January - 31 December 2020**
Domestic sales	4.873.889.263	3.214.971.314
Export sales	783.152.783	397.051.783
Other income	49.900.620	35.665.823
Gross sales	**5.706.942.666**	**3.647.688.920**
Sales returns and discounts (-)	(841.612.495)	(591.980.687)
Net sales	**4.865.330.171**	**3.055.708.233**
Cost of sales (-)		
- Raw materials	(3.311.810.268)	(1.858.403.752)
- Labour costs	(119.422.624)	(100.630.826)
- Depreciation and Amortization Expense (Note 10-11-12)	(44.854.573)	(40.223.998)
- Manufacturing overhead costs	(412.349.632)	(310.427.797)
Cost of sales (-)	**(3.888.437.097)**	**(2.309.686.373)**
Gross profit	**976.893.074**	**746.021.860**

NOTE 20 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

Selling and marketing expenses	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Transportation expenses	(106.082.622)	(66.298.875)
Personnel expenses	(75.027.725)	(56.571.494)
Advertisement expenses	(55.225.860)	(48.451.661)
Tax duties and fees (*)	(24.838.566)	(23.078.060)
Outsourced benefits and services expenses	(24.703.155)	(10.687.858)
Rent expenses	(18.018.581)	(12.165.805)
Energy expenses	(8.423.619)	(5.507.455)
Depreciation and amortization expense (Note 10-11-12)	(8.168.406)	(7.490.104)
Export expenses	(6.005.726)	(2.968.961)
Maintenance and repair expenses	(3.733.478)	(2.837.079)
Consultancy expenses	(1.734.191)	(1.237.077)
Other	(17.419.324)	(16.942.934)
	(349.381.253)	**(254.237.363)**

(*) These are expenses incurred regarding the recycling contribution share (GEKAP).

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

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

General administrative expenses	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	(31.613.080)	(25.432.117)
Outsourced benefits and services expenses	(20.186.896)	(17.767.711)
Consultancy expenses	(21.021.352)	(14.599.339)
Rent expenses	(2.106.619)	(1.896.984)
Depreciation and amortization expense (Note 10-11-12)	(1.806.189)	(1.682.677)
Communication expenses	(629.134)	(713.222)
Energy expenses	(634.113)	(444.304)
Other	(8.138.676)	(8.835.935)
	(86.136.059)	**(71.372.289)**

Research and development expenses	1 January - 31 December 2021	1 January - 31 December 2020
Depreciation and amortization expense (Note 10-11-12)	(4.081.134)	(3.006.237)
Personnel expenses	(1.501.344)	(1.117.941)
Other	(65.329)	(36.186)
	(5.647.807)	**(4.160.364)**

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 2021	1 January - 31 December 2020
Independent audit fee for the reporting period	661.619	511.308
Fees for tax advisory services	634.680	508.071
Fees for other assurance services	36.000	32.000
Fees for services other than independent auditing	12.000	13.500
	1.344.299	**1.064.879**

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

NOTE 21 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

Other Income from Operating Activities	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Service income	10.987.046	8.184.159
Provisions no longer required of doubtful receivables (Note 5)	2.722.165	286.299
Provisions no longer required for impairment of inventory (Note 7)	652.824	70.281
Other	5.186.468	8.203.816
	19.548.503	**16.744.555**

Other Expense from Operating Activities	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Foreign exchange losses from operating activities	(210.589.362)	(47.031.103)
Provision expenses for doubtful receivables (Note 5)	(9.089.213)	(3.040.193)
Pandemic expenses	(7.610.993)	(11.334.699)
Restructuring and one-off expenses	(7.028.537)	(12.721.389)
Tax expenses	(3.080.519)	-
Provision expenses of lawsuits (Note 14)	(1.704.775)	(1.160.409)
Provision expenses for impairment of inventories (Note 7)	(34.063)	(306.401)
Other	(5.005.791)	(6.184.782)
	(244.143.253)	**(81.778.976)**

NOTE 22 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from Investment Activities	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Interest income	186.519.651	93.676.549
Gain on fair value of investment property (Note 9)	36.158.133	16.096.462
Foreign exchange gain on investing activities	34.493.685	-
Rent income	9.196.697	8.640.550
Gain on sale of fixed assets	696.086	4.279.832
Gain on sale of investment properties	-	6.643.020
Other	821.016	-
	267.885.268	**129.336.413**

Expense from Investment Activities	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Foreign exchange loss on investing activities	-	(22.212.165)
Losses on sale of fixed assets	-	(6.792.935)
	-	**(29.005.100)**

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

NOTE 23 – FINANCIAL INCOME AND EXPENSES

Financial income	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Income from derivative transactions	3.966.396	-
Discount income from financing (*)	-	233.327.612
Other	-	236.000
	3.966.396	**233.563.612**

Financial expense	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Foreign exchange losses on loans	(427.258.978)	(940.440)
Interest expense	(82.186.343)	(94.045.945)
Discount expenses from financing (*)	(65.368.435)	-
Commission expenses	(2.937.060)	(3.072.120)
Financial expense on employee termination benefit	(1.556.047)	(1.270.702)
Derrivative transaction expenses	-	(3.966.396)
Other	(2.783.253)	(11.952.584)
	(582.090.116)	**(115.248.187)**

(*) The favorable balance between the interest rate agreed within the framework of the amendment agreement made within the syndicated loan and the interest rates valid in the market in the long-term non-trade debts of the Company to Yıldız Holding A.Ş.

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.

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

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

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

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

Currrent income tax liabilities	**31 December 2021**	**31 December 2020**
Current income tax expense	66.143.585	85.240.545
Less: prepaid taxes	(87.880.891)	(40.147.744)
Current income tax liability / (Current income tax assets)	**(21.737.306)**	**45.092.801**

Income tax expense for the years ended 31 December 2021 and 31 December 2020 comprised of the following items:

	31 December 2021	**31 December 2020**
Current income tax expense	(66.143.585)	(85.240.545)
Deferred tax income / (expense)	40.738.570	(39.448.184)
Total tax income / (expense)	**(25.405.015)**	**(124.688.729)**

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 22% over the temporary timing differences expected to reverse in 2018, 2019 and 2020, 25% from 1 July 2021 and 23% for the 2022 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 ("TL") unless otherwise stated.)

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

As of 31 December 2021 and 2020, 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 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
Provisions for employee termination benefits	60.815.161	43.512.273	12.163.032	8.702.454
Provisions for doubtful receivables	18.033.539	11.947.691	4.508.385	2.389.538
Provisions for lawsuits	6.422.069	4.717.294	1.605.517	943.459
Provision for unused vacations	7.205.803	5.722.588	1.736.830	1.144.518
Provision for ımpairment on inventories	34.063	652.824	8.516	130.565
Carry-forward tax losses (*)	460.988.458	324.907.123	84.019.078	63.806.383
Derrivative transactions	-	3.966.396	-	793.280
Discount income from financing	(167.959.184)	(233.327.615)	(32.045.791)	(46.665.523)
Provision of performance premium	10.875.580	7.075.140	2.647.536	1.415.028
Foundation and organization expenses	927.144	927.144	185.429	185.429
Net differences between the carrying values and tax bases of investment properties	(210.560.585)	(174.402.453)	(26.368.188)	(18.255.697)
Revaluation differences on property, plant and equipment	(189.500.842)	(370.557.260)	(16.147.050)	(45.519.642)
Other	57.267.373	13.436.282	11.727.825	2.199.634
Deferred tax assets, net	**54.548.579**	**(361.422.573)**	**44.041.119**	**(28.730.574)**

(*) As of 31 December 2021, based on the projections and future estimations, there is no previous year loss for which deferred tax is not recognised. (31 December 2020: None).

Details of carry-forward tax losses are as below:

	31 December 2021	**31 December 2020**
2021	-	75.072.632
2022	101.551.853	86.298.713
2023	106.012.242	91.545.499
2024	65.068.387	52.131.143
2025	36.060.543	19.859.136
2026	152.295.433	-
	460.988.458	**324.907.123**

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

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

Movements in deferred tax assets as of 1 January - 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Opening	(28.730.574)	6.698.611
Charged to profit or loss	40.738.570	(39.448.184)
Actuarial gain charged to equity	829.926	46.633
Revaluation differences charged to equity	26.190.973	(1.325.904)
Currency translation differences	5.012.224	5.298.270
End of the period	**44.041.119**	**(28.730.574)**

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 2021**	**1 January - 31 December 2020**
Profit / (loss) from before tax	894.753	569.864.161
Domestic income tax rate	25%	22%
Tax expense at the domestic income tax rate	(223.688)	(125.370.115)
Expenses that are not deductible in determining taxable profit	(9.154.870)	(1.900.837)
Revenue that is exempt from taxation	1.828.325	-
Carry-forward losses, net	(12.198.152)	(4.423.404)
Effect of different tax rates	(6.054.656)	2.692.644
Other tax expenses	398.026	4.312.983
Income tax provision recognised in profit or loss	**(25.405.015)**	**(124.688.729)**

NOTE 25 – EARNING / (LOSS) PER SHARE

	1 January - 31 December 2021	1 January - 31 December 2020
Net (loss) / gain for the year attributable to equity holders of the parent	(39.945.063)	415.726.204
Weighted average number of shares	662.000.000	662.000.000
(Losses) / Earning per share (Kr)	**(0,06)**	**0,63**

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

NOTE 26 – FINANCIAL INVESTMENTS

	31 December 2021	31 December 2020
Associates	3.087.001	4.460.594
Impairment on associate shares (-)	(3.065.661)	(3.065.661)
	21.340	**1.394.933**

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.

As of August 4, 2021, the shares of PNS Pendik Nişasta A.Ş., one of the subsidiaries of the Group that are accounted for as financial investments, consisting of 489.100 shares and their cost value in financial investments, amounting to TL 1.373.593, were sold.

NOTE – 27 BORROWINGS

Short term borrowings	31 December 2021	31 December 2020
Short term foreign currency loans	1.310.955.005	357.165.807
Short term lease labilities	4.639.749	11.312.400
	1.315.594.754	**368.478.207**

Long term borrowings	31 December 2021	31 December 2020
Long term lease labilities	46.923.281	29.692.619
	46.923.281	**29.692.619**

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

NOTE 27 – BORROWINGS (Continued)

As of 31 December 2021 and 2020 details of short-term borrowings are as follows:

		31 December 2021		
Original Currency	**Maturity**	**(%)**	**Original Amount**	**TL 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

		31 December 2020		
Original Currency	**Maturity**	**(%)**	**Original Amount**	**TL Equivalent**
EUR	July 2021-Nov. 2021	0,06 – 3,10	23.509.204	211.768.560
USD	August 2021	0,93	19.807.540	145.397.247
				357.165.807

Movement of borrowings	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Opening	357.165.807	70.057.502
Foreign exchange differences	427.258.978	48.454.264
Borrowing received in current year	806.157.936	352.145.504
Payments in current year	(279.627.716)	(113.491.463)
Closing	**1.310.955.005**	**357.165.807**

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

		31 December 2021		
Currency	**Maturity**	**(%)**	**Amount**	**TL**
TL	October 2025	19,00 - 34,11	51.563.030	51.563.030
				51.563.030

		31 December 2020		
Currency	**Maturity**	**(%)**	**Amount**	**TL**
TL	January 2025	10,95 - 19,00	41.005.019	41.005.019
				41.005.019

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

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 2021 and 2020, are as follows:

	31 December 2021	**31 December 2020**
Total financial liabilities	1.921.136.254	1.319.468.180
Less: Other receivables from related parties	1.226.875.218	1.028.887.113
Less: Cash and cash equivalents (Note 29)	64.962.641	57.508.936
Net financial debt	629.298.395	233.072.131
Total equity	1.581.935.652	1.447.635.037
Total capital	**2.211.234.047**	**1.680.707.168**
Net debt / total capital ratio	**0,28**	**0,14**

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 uncertainities 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, evaulated 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 ("TL") 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 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 deterimination 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 ("TL") unless otherwise stated.)

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

b.1) Credit Risk (Continued)

	Receivables				
	Trade Receivables		**Other Receivables**		
31 December 2020	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Deposits at Banks**
Maximum credit risk exposed as of balance sheet date (*)	355.017.915	261.109.228	1.028.887.113	5.141.100	57.508.936
- Secured portion of the maximum credit risk by guarantees (**)	-	59.383.810	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	301.451.767	227.556.203	1.028.887.113	5.141.100	57.508.936
B. Net book value of financial assets that are past due but not impaired	53.566.148	33.553.025	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	21.157.923	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-
- Past due (gross amount)	-	27.838.965	-	-	-
- Impairment	-	(27.838.965)	-	-	-
- 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 deterimination 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 ("TL") unless otherwise stated.)

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

b.1) Credit Risk (Continued)

As of 31 December 2021 and 2020, the aging of trade receivables that are past due but not impaired are as below:

	31 December 2021	31 December 2020
Past due up to 30 days	55.904.830	82.564.488
Past due 1 - 3 months	14.538.312	1.993.430
Past due 3 - 12 months	729.473	2.561.255
Total past due receivables	**71.172.615**	**87.119.173**
Secured portion of receivables by guarantees	**43.951.241**	**21.157.923**

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 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	1.310.955.005	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.

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

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

b.2) Liquidity Risk (Continued)

Contractual Maturities

	Non-Derivative Financial Liabilities				
31 December 2020	**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	357.165.807	357.165.807	-	357.165.807	-
Lease Liabilities	41.005.019	52.088.438	4.142.816	12.428.447	35.517.175
Trade payables to third parties	504.553.749	504.553.749	337.274.785	167.278.964	-
Trade payables to related parties	55.492.346	55.492.346	55.492.346	-	-
Other payables	155.392	155.392	155.392	-	-
Other payables to related parties	921.297.354	1.154.624.976	55.250.643	-	1.099.374.333
Payables to employees	15.139.378	15.139.378	15.139.378	-	-
	1.894.809.045	**2.139.220.086**	**467.455.360**	**536.873.218**	**1.134.891.508**

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.

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:

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

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

b.3) Market Risk (Continued)

31 December 2021	**TL 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)	-

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

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

b.3) Market Risk (Continued)

31 December 2020	**TL Amount**	**US Dollar**	**Euro**	**Other**
1. Trade Receivables	34.546.822	3.404.470	864.532	177.916
2a. Monetary Financial Assets	3.774.663	425.000	72.708	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	2.085.792	74.455	170.878	-
4.CURRENT ASSETS (1+2+3)	**40.407.277**	**3.903.925**	**1.108.118**	**177.916**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	955.145	-	106.034	-
8. NON-CURRENT ASSETS (5+6+7)	955.145	-	106.034	-
9. TOTAL ASSETS (4+8)	**41.362.422**	**3.903.925**	**1.214.152**	**177.916**
10. Trade Payable	138.751.864	7.352.122	9.306.262	105.290
11. Financial Liabilities	357.165.807	19.807.540	23.509.204	-
12a. Monetary Other Liabilities	1.019.994	18.242	98.368	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	**496.937.665**	**27.177.904**	**32.913.834**	**105.290**
14. Trade Payable	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Monetary Other Liabilities	198.284.111	27.012.344	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	**198.284.111**	**27.012.344**	**-**	**-**
18. TOTAL LIABILITIES (13+17)	**695.221.776**	**54.190.248**	**32.913.834**	**105.290**
19 Off-balance Sheet Derivative Instruments Net Asset/Liability Position (19a - 19b)	113.442.300	13.000.000	2.000.000	-
19.a Amount of active foreign derivative currency off-balance sheet	-	-	-	- -
19.b. Amount of passive foreign derivative currency off-balance sheet	(113.442.300)	(13.000.000)	(2.000.000)	-
20.Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	**(540.417.054)**	**(37.286.323)**	**(29.699.682)**	**72.626**
21.Monetary Items Net Foreign Currency Assets / (Liabilities)(1+2a+3+5+6a-10-11-12a-14-15-16a)	**(653.859.354)**	**(50.286.323)**	**(31.699.682)**	**72.626**
22. Fair value of financial instruments used for currency hedge	3.966.396	461.645	64.131	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	356.104.152	43.967.568	5.444.994	505.976
24. Import	(660.968.529)	(72.274.315)	(19.227.466)	(7.374)

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 2021	**Appreciation foreign currency**	**Depreciation foreign currency**
In case of US Dolar increases in 10% against TL		
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 TL		
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 TL		
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**

	Profit/Loss	
31 December 2020	**Appreciation foreign currency**	**Depreciation foreign currency**
In case of US Dollar increases in 10% against TL		
1- US Dollar net asset/liability	(36.912.675)	36.912.675
2- US Dollar hedged portion (-)	9.542.650	(9.542.650)
3- Net effect of US Dollar (1 +2)	(27.370.025)	27.370.025
In case of Euro increases in 10% against TL		
4- Euro net asset/liability	(28.554.757)	28.554.757
5- Euro hedged portion (-)	1.801.580	(1.801.580)
6- Net effect of Euro (4+5)	(26.753.177)	26.753.177
In case of other currencies increases in 10% against TL		
7- Euro net asset/liability	81.497	(81.497)
8- Euro hedged portion (-)	-	-
9- Net effect of other currencies (4+5)	81.497	(81.497)
TOTAL (3+6+9)	**(54.041.705)**	**54.041.705**

(Amounts expressed in Turkish Lira ("TL") 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 2021	31 December 2020
Fixed interest rate instruments		
Borrowings	1.362.518.035	398.170.826
Cash and cash equivalents (term deposits)	50.591.768	53.887.213
Trade receivables	1.019.671.564	616.127.143
Other receivables	1.233.895.224	1.034.028.213
Trade payables	1.037.945.331	560.046.095
Other payables	558.670.129	921.452.746
Derrivative financial instruments	-	3.966.396

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 2021 (31 December 2020: None).

b.4) Categories of financial instruments and fair values

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	1.380.648.650	1.362.518.035	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	726.577.403	558.618.219	4

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

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

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

b.4) Categories of financial instruments and fair values (Continued)

31 December 2020	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	57.508.936	-	57.508.936	57.508.936	29
Trade receivables from third parties	261.109.228	-	261.109.228	261.109.228	5
Trade receivables from related parties	355.017.915	-	355.017.915	355.017.915	4
Other receivables from third parties	5.141.100	-	5.141.100	5.141.100	6
Other receivables from related parties	1.028.887.113	-	1.028.887.113	1.028.887.113	4
Financial investments	-	1.394.933	1.394.933	1.394.933	26
Financial liabilities					
Borrowings	398.170.826	-	409.254.246	398.170.826	27
Trade payables to third parties	503.593.690	503.593.690	503.593.690	503.593.690	5
Trade payables to related parties	56.452.405	56.452.405	56.452.405	56.452.405	4
Other payables to third parties	155.392	-	155.392	155.392	6
Other payables to related parties	921.297.354	-	1.099.374.333	921.297.354	4
Derrivative instruments	-	3.966.396	3.966.396	3.966.396	

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 2021	31 December 2020
Cash at banks	**59.871.701**	**56.389.384**
- Demand deposits	9.279.933	2.502.171
- Time deposits (*)	50.591.768	53.887.213
Credit card receivables	5.090.940	1.119.552
	64.962.641	**57.508.936**

(*) The maturity of time deposit balances at banks is 3 January 2022 and the average interest rates are in the range between 15,50% and 19,00% for Turkish Lira, in the range between 0,05% and 0,90% for US Dollar and 0,05% for Euro time deposits (31 December 2020: in the range between 13,8% and 18,5% for Turkish Lira, in the range between 0,25% and 2,1% for US Dollar, 0,01% for Euro).

(Amounts expressed in Turkish Lira ("TL") 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 2021 and 2020 are as follows:

Marsa Yağ Sanayi ve Tic. A.Ş.	31 December 2021	31 December 2020
Total assets	2.015.817.076	1.332.764.304
Total liabilities	1.026.256.405	531.195.340
Net assets	**989.560.671**	**801.568.964**

	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	2.029.654.034	996.359.156
Profit for the year	50.809.536	97.025.147
Cash flows from operating activities	(152.703.778)	165.912.612
Cash flows from investing activities	(1.924.971)	(6.733.524)
Cash flows from financing activities	193.565.321	(114.019.621)
Effects of foreign currency translation	(56.049.481)	(16.643.068)

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

31 December 2020

	Non-controlling share	Non-controlling income / (expense)	Accumulated non-controlling interest
Marsa Yağ Sanayi ve Tic. A.Ş.	30,00%	29.107.544	240.470.687

NOTE 31 – SUBSEQUENT EVENTS

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

Our board of directors in its decision dated February 17, 2022, decided to carry out the Merger transaction that our subsidiary Besler, whose capital is 100% owned; 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, as a result of the synergies that are expected to be reflected in the company's efficiency in both organizational simplification and operational areas, reaching the planned maturity, with the process that started in 2017 with the purchase of all the shares representing the capital of Besler Gıda ve Kimya Sanayi ve Tic. A.Ş. (Besler).