

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2021
(ORIGINALLY ISSUED IN TURKISH)**

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ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2021**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
30 SEPTEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**

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

ASSETS	Notes	Unaudited Current Period 30 September 2021	Restated(*) Unaudited Previous Period 31 December 2020	Restated(*) Unaudited Previous Period 31 December 2019
Current Assets		13.852.909	14.701.119	9.451.352
Cash and Cash Equivalents	5	2.862.609	3.835.520	2.045.073
Financial Investments	6	4.277.960	3.639.474	3.057.459
Trade Receivables				
- Due From Related Parties	8-23	2.357.206	2.040.146	2.160.033
- Other Trade Receivables	8	1.284.907	1.051.854	279.799
Other Receivables				
- Due From Related Parties	9-23	564.981	2.163.423	401.969
- Other Receivables	9	44.171	51.313	38.081
Derivative Instruments	10	-	37.340	364.291
Inventories	11	2.028.702	1.695.858	909.952
Prepaid Expenses				
- Other Prepaid Expenses		198.159	87.760	113.980
Current Income Tax Assets		74.053	8.356	4.583
Other Current Assets		160.161	90.075	76.132
Non-Current Assets		5.033.462	4.790.555	4.206.117
Financial Investments	6	978.106	978.106	946.029
Other Receivables				
- Other Receivables	9	-	369	460
Investment Properties	12	-	26.145	21.155
Tangible Assets	13	2.943.696	2.846.826	2.514.964
Intangible Assets				
- Goodwill	14	594.683	496.196	388.047
- Other Intangible Assets	15	434.733	363.782	292.501
Prepaid Expenses		42.216	48.664	7.650
Deferred Tax Asset	21	40.028	30.467	35.311
TOTAL ASSETS		18.886.371	19.491.674	13.657.469

(*) Restatement effects have been explained in Note 2.

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30 SEPTEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

		Unaudited Current Period 30 September 2021	Restated(*) Unaudited Previous Period 31 December 2020	Restated(*) Unaudited Previous Period 31 December 2019
LIABILITIES	Notes			
Current Liabilities		4.209.866	3.230.685	7.122.623
Short Term Financial Liabilities	7	723.568	287.953	348.712
Short Term Portion of Long-Term Financial Liabilities	7	1.452.933	1.134.997	5.424.980
Trade Payables				
- Due To Related Parties	8-23	321.535	276.004	240.165
- Other Trade Payables	8	1.049.637	999.406	744.865
Employee Benefit Related Liabilities		67.553	55.028	49.571
Other Payables				
- Due to Related Parties	9-23	557	120	104
- Other Payables	9	7.873	5.411	5.297
Derivative Instruments	10	1.566	1.892	-
Deferred Revenue		50.739	77.384	15.507
Current Income Tax Liabilities	21	114.442	85.888	71.298
Short Term Provisions				
- Short Term Provisions for Employee Benefits		92.150	90.690	78.280
- Other Short Term Provisions		238.753	166.658	104.874
Other Current Liabilities		88.560	49.254	38.970
Non-Current Liabilities		10.962.464	9.444.296	1.337.118
Long Term Financial Liabilities	7	10.558.359	9.058.346	967.342
Long Term Provisions				
- Long Term Provisions for Employee Benefits		275.296	228.105	174.595
Deferred Tax Liabilities	21	128.809	157.845	195.181
SHAREHOLDERS' EQUITY		3.714.041	6.816.693	5.197.728
Equity Attributable To Equity Holders' of the Parent		2.800.809	6.036.780	4.674.825
Share Capital		342.000	342.000	342.000
Inflation Adjustments to Share Capital		108.056	108.056	108.056
Effect of Business Combinations Under Common Control		(4.196.733)	(460.419)	(460.419)
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss				
- Increases on Revaluation of Plant, Property and Equipment		786.128	850.738	671.995
- Actuarial Losses on Post-Employment Termination Benefit Obligation		(41.020)	(37.870)	(29.004)
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income		459.069	459.069	422.738
- Other Gains		-	-	817.879
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss				
- Currency Translation Differences		147.334	22.444	(57.006)
- Cash Flow Hedges		(851)	(1.400)	3.695
Restricted Reserves		157.537	131.587	131.587
Retained Earnings		4.384.635	3.541.181	1.558.259
Net Profit for the Period		654.654	1.081.394	1.165.045
Non-Controlling Interests		913.232	779.913	522.903
TOTAL LIABILITIES AND EQUITY		18.886.371	19.491.674	13.657.469

(*) Restatement effects have been explained in Note 2.

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2021 AND 2020

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

		Unaudited Current Period 1 January - 30 September 2021	Unaudited Current Period 1 July - 30 September 2021	Restated (*) Unaudited Previous Period 1 January - 30 September 2020	Restated (*) Unaudited Previous Period 1 July - 30 September 2020
	Notes				
Revenue	17	8.418.957	2.976.133	6.976.612	2.291.160
Cost of Sales	17	(6.041.077)	(2.171.949)	(4.864.280)	(1.616.082)
GROSS PROFIT		2.377.880	804.184	2.112.332	675.078
General Administrative Expenses	18	(242.968)	(82.105)	(195.877)	(66.977)
Marketing, Sales and Distribution Expenses	18	(780.580)	(270.405)	(671.055)	(211.264)
Research and Development Expenses	18	(27.070)	(8.310)	(16.702)	(5.586)
Other Operating Income		200.454	13.302	246.971	96.870
Other Operating Expenses		(227.837)	(7.361)	(163.189)	(55.232)
OPERATING PROFIT		1.299.879	449.305	1.312.480	432.889
Income from Investment Activities		2.227.413	(105.996)	2.306.725	1.219.779
Expenses from Investment Activities		(16.775)	(15.004)	(116.556)	129.387
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		3.510.517	328.305	3.502.649	1.782.055
Financial Income	19	453.477	448.195	250.892	34.263
Financial Expenses	20	(2.920.628)	(737.170)	(2.738.080)	(1.444.391)
PROFIT BEFORE TAX		1.043.366	39.330	1.015.461	371.927
Tax Expense		(270.123)	(6.126)	(194.490)	(73.585)
Corporate Tax Expense	21	(309.068)	(16.480)	(299.353)	(96.689)
Deferred Tax Income	21	38.945	10.354	104.863	23.104
PROFIT FOR THE PERIOD		773.243	33.204	820.971	298.342
Distribution of the Profit for the Period					
Non-Controlling Interest		118.589	30.747	139.438	50.258
Equity Holders of the Parent		654.654	2.457	681.533	248.084
Earnings Per Share	22	1,91	0,01	1,99	0,73

(*) Restatement effects have been explained in Note 2.

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 ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED
 30 SEPTEMBER 2021 AND 2020

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

	Unaudited Current Period 1 January - 30 September 2021	Unaudited Current Period 1 July - 30 September 2021	Restated (*) Unaudited Previous Period 1 January - 30 September 2020	Restated (*) Unaudited Previous Period 1 July - 30 September 2020
PROFIT FOR THE PERIOD	773.243	33.204	820.971	298.342
Other Comprehensive Income				
Not to be Reclassified To Profit or Loss	(3.388)	(310)	146.730	(2.101)
Actuarial Loss on Post-Employment				
Termination Benefit Obligation	(4.235)	(387)	(5.372)	(2.632)
Gains from Financial Assets Measured at Fair Value				
Through Other Comprehensive Income	-	-	162.016	-
Deferred Tax for the Items That Will not be				
Reclassified to Profit or Loss				
Actuarial Loss on Post-Employment Termination, Tax Effect	847	77	1.074	531
Gains from Financial Assets Measured at Fair Value				
Through Other Comprehensive Income, Tax Effect	-	-	(10.988)	-
Items to be Reclassified to Profit or Loss	213.098	4.929	189.784	139.214
Currency Translation Differences	212.549	4.903	194.637	139.563
Cash Flow Hedges	615	34	(6.222)	(448)
Deferred Tax For The Items That Will be				
Reclassified to Profit or Loss				
Cash Flow Hedges, Tax Effect	(66)	(8)	1.369	99
OTHER COMPREHENSIVE INCOME	209.710	4.619	336.514	137.113
TOTAL COMPREHENSIVE INCOME	982.953	37.823	1.157.485	435.455
Distribution of total comprehensive income				
Non-Controlling Interests	206.010	42.071	243.834	108.947
Equity Holders of the Parent	776.943	(4.248)	913.651	326.508

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2021 AND 2020

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

			Accumulated Other Comprehensive Income To Be Reclassified To Profit And Loss		Accumulated Other Comprehensive Income Not To Be Reclassified To Profit And Loss						Accumulated Profit				
	Share Capital	Inflation Adjustments to Share Capital	Effect of Business Combinations Under Common Control	Currency Translation Adjustments	Cash Flow Hedges	Revaluation of Plant, Property and Equipment	Actuarial Losses on Post-Employment Termination Benefit Obligation	Gains from Financial Assets Measured Fair Value Through Other Comprehensive Income	Other Gains	Restricted Reserves	Net Profit for the Period	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total
As of 1 January 2020 (Previously Reported)	342.000	108.056	(485.419)	(57.006)	3.695	647.779	(26.435)	422.738	817.879	131.587	996.503	1.509.952	4.411.329	522.903	4.934.232
Transactions Under Common Control	-	-	25.000	-	-	24.216	(2.569)	-	-	-	168.542	48.307	263.496	-	263.496
As of 1 January 2020 (Restated)	342.000	108.056	(460.419)	(57.006)	3.695	671.995	(29.004)	422.738	817.879	131.587	1.165.045	1.558.259	4.674.825	522.903	5.197.728
Transfer	-	-	-	-	-	-	-	-	(817.879)	-	(1.165.045)	1.982.924	-	-	-
Total Comprehensive Income	-	-	-	90.009	(4.853)	-	(4.066)	151.028	-	-	681.533	-	913.651	243.834	1.157.485
As of 30 September 2020	342.000	108.056	(460.419)	33.003	(1.158)	671.995	(33.070)	573.766	-	131.587	681.533	3.541.183	5.588.476	766.737	6.355.213

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2021 AND 2020

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

	Accumulated Other Comprehensive Income To Be Reclassified To Profit And Loss					Accumulated Other Comprehensive Income Not To Be Reclassified To Profit And Loss					Accumulated Profit				
	Share Capital	Inflation Adjustments to Share Capital	Effect of Business Combinations Under Common Control	Currency Translation Adjustments	Cash Flow Hedges	Revaluation of Plant, Property and Equipment	Actuarial Losses on Post-Employment Benefit Obligation	Gains from Financial Assets Measured Fair Value Through Other Comprehensive Income	Other Gains	Restricted Reserves	Net Profit for the Period	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total
As of 1 January 2021 (Previously Reported)	342.000	108.056	(485.419)	22.444	(1.400)	812.025	(35.463)	459.069	-	131.587	1.016.415	3.324.334	5.693.648	779.913	6.473.561
Transactions Under Common Control	-	-	25.000	-	-	38.713	(2.407)	-	-	-	64.979	216.847	343.132	-	343.132
As of 1 January 2021 (Restated)	342.000	108.056	(460.419)	22.444	(1.400)	850.738	(37.870)	459.069	-	131.587	1.081.394	3.541.181	6.036.780	779.913	6.816.693
Transfer	-	-	-	-	-	(64.610)	-	-	-	25.950	(1.081.394)	1.120.054	-	-	-
Total Comprehensive Income	-	-	-	124.890	549	-	(3.150)	-	-	-	654.654	-	776.943	206.010	982.953
Transactions Under Common Control	-	-	(3.736.314)	-	-	-	-	-	-	-	-	-	(3.736.314)	-	(3.736.314)
Dividend Paid (*)	-	-	-	-	-	-	-	-	-	-	-	(276.600)	(276.600)	(72.691)	(349.291)
As of 30 September 2021	342.000	108.056	(4.196.733)	147.334	(851)	786.128	(41.020)	459.069	-	157.537	654.654	4.384.635	2.800.809	913.232	3.714.041

(*) At the Ordinary General Assembly Meeting for the year 2020 held on April 26, 2021; it was decided that a gross amount of TL 276,600,000 from the profit for the period would be distributed and paid in cash, and the dividend had been distributed beginning from May 25, 2021. Food Manufacturers' Company, one of the Group's subsidiaries, decided to pay a dividend of TL 146,722,501 at the Board Meeting dated January 5, 2021 and paid all in cash as of August 25, 2021. TL 66.025.125 portion of the related amount was accounted under non-controlling interests.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED
30 SEPTEMBER 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Unaudited Current Period 1 January - 30 September 2021	Restated(*) Unaudited Previous Period 1 January - 30 September 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		773.243	820.971
Adjustments to Reconcile Net Profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation expenses of tangible assets	13	164.189	143.816
Amortization expenses of intangible assets	15	4.300	1.997
Adjustment For Impairment Loss (Reversal)			
Provision for doubtful receivables	8	(1.484)	1.375
Adjustment for Impairment Loss (Reversal) of Other Financial Investments			
Value increase in financial investments		(124.336)	(86.201)
Adjustment for impairment loss of inventories	11	3.714	6.561
Adjustment for Provisions			
Adjustments for Provisions (Cancelled) Related with Employee Benefits			
Provision for employment benefits		69.835	48.416
Provision for unused vacation		21.977	23.190
Provision for premium		41.014	40.840
Adjustments for Provisions (Cancelled) Lawsuits		3.202	76
Adjustments for Other Provisions			
Change in other provisions (net)		132.760	147.711
Adjustments for Dividend Income		(45)	(64)
Adjustments for Interest Income and Expense			
Adjustments for Interest Income			
Interest income		(352.973)	(157.640)
Adjustments for Interest Expense			
Rediscount interest expense		-	190
Interest expense	20	587.557	296.014
Adjustments for Tax Expenses	21	270.123	194.490
Adjustments for Losses/(Gains) on Disposals of Non-Current Assets			
Adjustments for gains arised from sale of tangible assets		(3.723)	(1.277)
Adjustments for Investing and Financing Cash Flow			
Change in foreign currency of financial liabilities (net)		1.849.634	2.161.631
Change in foreign currency from investing activities (net)		(1.720.309)	(1.938.389)
Commission expenses and financial service income (net)		29.960	29.543
Other Adjustments to Reconcile Profit/(Loss)			
Rent income		(9.252)	(6.598)
Net operating cash flows provided before changes in working capital		1.739.386	1.726.652

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30 SEPTEMBER 2021 AND 2020
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		Unaudited Current Period 1 January - 30 September 2021	Restated(*) Unaudited Previous Period 1 January - 30 September 2020
	Notes		
Changes in Working Capital			
Increase in trade receivables		(148.411)	(239.197)
Increase in trade receivables from related parties		(317.060)	(164.333)
Increase in inventories		(263.792)	(761.881)
(Increase)/ Decrease in other receivables and other current assets		(159.525)	145.044
Decrease in trade payables		(41.605)	(94.439)
Increase in trade payables to related parties		45.531	48.333
Decrease in other payables and liabilities		(86.680)	(29.850)
Net cash generated from operations		767.844	630.329
Payments Related With Provisions For Employee Benefits			
Employment termination benefit paid		(41.644)	(20.721)
Unused vacation paid		(16.350)	(17.247)
Performance premium paid		(53.832)	(49.865)
Lawsuits Provision Paid		(1.125)	(479)
Taxes Paid		(346.211)	(249.490)
Collections From Doubtful Trade Receivables	8	626	131
Net cash generated from operating activities		309.308	292.658
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible and intangible assets		91.898	3.559
Proceeds from sales of investment properties	12	26.145	-
Cash outflows from purchase of tangible assets		(216.142)	(101.350)
Cash outflows from purchase of intangible assets	15	(536)	(2.308)
Changes in non-trade receivables from related parties		1.818.442	(1.679.474)
Dividends received		45	64
Interest received		352.973	157.640
Other advances given and payables		-	(9.721)
Repayment of other advances given		6.448	-
Rent income		9.252	6.598
Cash outflows from purchase of subsidiary	3	(3.736.314)	-
Proceeds from purchase of other businesses or share of funds or debt instruments		423.664	1.667.334
Net cash (used in)/generated from investing activities		(1.224.125)	42.342
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflow from borrowings		1.183.493	3.549.816
Repayments of borrowings		(937.099)	(3.357.035)
Cash inflow from derivate instruments		47.165	500.271
Dividend paid		(349.291)	-
Commission paid		(29.960)	(29.543)
Interest paid		(486.687)	(205.039)
Change in non-trade payables to related parties		437	566
Net cash (used in)/generated from financing activities		(571.942)	459.036
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1.486.759)	794.036
THE EFFECT OF FOREIGN EXCHANGE RATE			
CHANGE ON CASH AND CASH EQUIVALENTS		513.848	698.916
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	3.835.520	2.045.073
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	2.862.609	3.538.025

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
30 SEPTEMBER 2021

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Ülker Bisküvi Sanayi A.Ş. (“the Company”) and its subsidiaries (all together “the Group”), comprises of the parent Ülker Bisküvi Sanayi A.Ş. (“the Company”) and fifteen subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2020: Fifteen).

Ülker Bisküvi Sanayi A.Ş. was established in 1944. The Company’s core business activities are manufacturing of biscuits, chocolate, chocolate coated biscuits, wafers and cakes.

Ülker Bisküvi Sanayi A.Ş. which is registered at the Capital Market Board, merged under its own title with Anadolu Gıda Sanayi A.Ş., whose shares have been quoted on Borsa İstanbul since 30 October 1996, as of 31 December 2003.

The headquarter of Ülker Bisküvi Sanayi A.Ş. is located Kısıklı Mah. Ferah Cad. No:1 Büyük Çamlıca Üsküdar/İstanbul.

As of 30 September 2021, the total number of people employed by the Group is 9.186, which contains 1.552 employees who worked as subcontractors (31 December 2020: 9.591, subcontractor: 1.488).

The main shareholder and controlling party of the Group is pladis Foods Limited. The ultimate parent of the Group is Yıldız Holding A.Ş.. pladis Foods Limited is subsidiary of Yıldız Holding A.Ş. with shares of 100%. Yıldız Holding A.Ş. is managed by Ülker Family.

As of 30 September 2021 and 31 December 2020, the names and percentages of the shareholders holding more than 5% of the Company’s share capital are as follow:

Name of shareholders	30 September 2021		31 December 2020	
	Share	Percentage	Share	Percentage
pladis Foods Limited	174.420	51,00%	174.420	51,00%
Ülker Family Members and Yıldız Holding A.Ş.	25.580	7,48%	25.580	7,48%
Other	142.000	41,52%	142.000	41,52%
	342.000	%100,00	342.000	%100,00

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
30 SEPTEMBER 2021

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

As of 30 September 2021 and 31 December 2020, the details of the subsidiaries under consolidation in terms of direct and effective share of ownership and principal business activities are as follows:

Subsidiaries	30 September 2021		31 December 2020		Nature of Operation
	Ratio of Direct Ownership	Ratio of Effective Ownership	Ratio of Direct Ownership	Ratio of Effective Ownership	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.	73,9%	73,9%	73,9%	73,9%	Manufacturing
Ülker Çikolata Sanayi A.Ş.	91,7%	91,7%	91,7%	91,7%	Manufacturing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
UI Egypt B.V.	51,0%	51,0%	51,0%	51,0%	Investing
Hi-Food for Advanced Food Industries	-	51,4%	-	51,4%	Manufacturing/Sales
Sabourne Investments Ltd	100,0%	100,0%	100,0%	100,0%	Investing
Food Manufacturers’ Company	-	55,0%	-	55,0%	Manufacturing/Sales
Hamle Company Ltd LLP	100,0%	100,0%	100,0%	100,0%	Manufacturing/Sales
Ulker Star LLC	-	99,0%	-	99,0%	Sales
UI Mena BV	100,0%	100,0%	100,0%	100,0%	Investing
Amir Global Trading FZE	-	100,0%	-	100,0%	Sales
Ulker for Trading and Marketing	-	99,8%	-	99,8%	Sales
International Biscuits Company	100,0%	100,0%	100,0%	100,0%	Manufacturing/Sales
Önem Gıda Sanayi ve Ticaret A.Ş.(*)	100,0%	100,0%	100,0%	100,0%	Manufacturing/Sales

(*) The Group purchased 100% shares of Önem Gıda Sanayi ve Ticaret A.Ş. that was 100% owned by Yıldız Holding A.Ş. by the amount of TL 3.736.314 thousands on 27 August 2021.

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 4 November 2021. The General Assembly has the authority to amend the consolidated financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the Presentation:

Principles for Preparation of Financial Statements and Significant Accounting Policies

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations. In addition, it has been presented in accordance with the TAS taxonomy published by the POA with the decision number 30 on June 2, 2016 and subsequently announced to the public on 15 April 2019, together with the changes in TFRS-15 Revenue from Contracts with Customers and TFRS-16 Leases standards.

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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Principles for Preparation of Financial Statements and Significant Accounting Policies (Continued)

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the consolidated financial statements of the Group have been prepared accordingly.

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

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect, the Group preferred to present its interim condensed consolidated financial statements. The Group’s interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2020 year-end financial statements.

Functional and Presentation Currency

Financial statements of each subsidiary of the Group are presented in the currency of the primary economic environment in which the entities operate (its functional currency). The results and financial position of each subsidiary are expressed in Turkish Lira, which is the presentation currency of the Group.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and Revised International Financial Reporting Standards

The Group has applied the standards which are relevant to its operations from the standards, amendments and interpretations applicable from 1 January 2021.

Standards, amendments and interpretations applicable as at 30 September 2021:

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 (RFR), amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed. The Group is in the process of assessing the impact of the amendments on the consolidated financial position and performance of the Group.

Standards and amendments published as of September 30, 2021 but not yet put into effect:

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

TFRS 17 - TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023. The amendment will not have an impact on the financial position or performance of the Group.

TAS 1- Classification of Liabilities as Current and Non-Current Liabilities - 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. The Group is in the process of assessing the impact of the amendments on the consolidated financial position and performance of the Group.

TFRS 3 Reference to the Conceptual Framework - The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. The Group is in the process of assessing the impact of the amendments on the consolidated financial position and performance of the Group.

TAS 16 – Proceeds before intended use; The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

TAS 37 – Onerous contracts – Costs of Fulfilling a Contract; The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

TFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021- 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.

The Group is in the process of assessing the impact of the standards, amendments and improvements on financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and Revised International Financial Reporting Standards (Continued)

Standards and amendments published as of September 30, 2021 but not yet put into effect (Continued)

Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments issued to IAS 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.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to IAS 1 are effective for annual periods beginning on or after 1 January 2023.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to IAS 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.

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 to 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.

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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant Changes Regarding Current Period

The necessary actions were taken by the Group management to minimize the possible effects of COVID-19, which affects the whole world, on the operations and financial position of the Group. Meanwhile, actions were taken by the Group to minimize the increase in investment expenditures, operational expenses and inventories, and the cash management strategy is reviewed to strengthen the liquidity position. No significant impact has been observed on the financial position or the performance of the Group due to the Covid 19 Pandemic.

While the Group preparing the consolidated financial statements dated 30 September 2021, the Group evaluated the possible effects of the COVID-19 pandemic on the consolidated financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, possible impairments in the financial assets, inventories, tangible assets, goodwill and brands in the consolidated financial statements of 30 September 2020 is analysed and the necessary changes is reflected in the consolidated financial statements.

2.4 Changes in the Accounting Policies:

Comparative Information and Restatement of Prior Period Consolidated Financial Statements:

Accounting policy changes are applied retrospectively and the previous year financial statements are rearranged.

In order to allow the determination of financial position and performance, the Group's condensed consolidated financial statements are prepared in comparison with the previous period. In order to comply with the presentation of condensed consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented. The Group has made some reclassifications in order to conform to current period financial statements for prior periods.

As per the principle related to “Accounting for business combinations under common control” the Public Oversight Accounting and Auditing Standards Authority issued in the Official Gazette dated 21 July 2013, business combinations under common control shall be accounted through restating previous periods’ financial statements via the pooling of interest method. In this case, with the acquisition of Önem Gıda Sanayi ve Ticaret A.Ş. (Note:3) the Group restated its consolidated balance sheets as at 31 December 2019 and 2020 and restated the consolidated income statement, consolidated other comprehensive income statement, consolidated statement of changes in shareholders’ equity and cash flows for the period then ended at 30 September 2020.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in the Accounting Policies (Continued):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (Continued):

Effect of the restatements are shown below.

ASSETS	Reported Previous Period 31 December 2020	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2020
Current Assets	13.262.885	1.438.234	14.701.119
Cash and Cash Equivalents	3.824.320	11.200	3.835.520
Financial Investments	3.639.474	-	3.639.474
Trade Receivables	2.879.687	212.313	3.092.000
Other Receivables	1.755.896	458.840	2.214.736
Derivative Instruments	-	37.340	37.340
Inventories	871.480	824.378	1.695.858
Prepaid Expenses	197.681	(109.921)	87.760
Current Income Tax Assets	8.356	-	8.356
Other Current Assets	85.991	4.084	90.075
Non-Current Assets	4.629.619	160.936	4.790.555
Financial Investments	978.106	-	978.106
Other Receivables	369	-	369
Investment Properties	26.145	-	26.145
Tangible Assets	2.687.913	158.913	2.846.826
Intangible Assets	859.404	574	859.978
Prepaid Expenses	48.439	225	48.664
Deferred Tax Assets	29.243	1.224	30.467
TOTAL ASSETS	17.892.504	1.599.170	19.491.674

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in the Accounting Policies (Continued):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (Continued):

LIABILITIES	Reported Previous Period 31 December 2020	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2020
Current Liabilities	2.453.876	776.809	3.230.685
Short Term Financial Liabilities	11.408	276.545	287.953
Short Term Portion of Long Term Financial Liabilities	768.723	366.274	1.134.997
Trade Payables	1.202.259	73.151	1.275.410
Employee Benefit Related Liabilities	49.874	5.154	55.028
Other Payables	3.752	1.779	5.531
Derivative Instruments	1.892	-	1.892
Deferred Revenue	40.556	36.828	77.384
Current Income Tax Liabilities	84.647	1.241	85.888
Short Term Provisions	243.948	13.400	257.348
Other Current Liabilities	46.817	2.437	49.254
Non-Current Liabilities	8.965.067	479.229	9.444.296
Long Term Financial Liabilities	8.607.951	450.395	9.058.346
Long Term Provisions	211.021	17.084	228.105
Deferred Tax Liabilities	146.095	11.750	157.845
Shareholders' Equity	6.473.561	343.132	6.816.693
Equity Attributable To Equity Holders' of the Parent	5.693.648	343.132	6.036.780
Share Capital	342.000	-	342.000
Inflation Adjustments to Share Capital	108.056	-	108.056
Effect of Business Combinations Under Common Control	(485.419)	25.000	(460.419)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
- Increases on Revaluation of Tangible Asset	812.025	38.713	850.738
- Actuarial Loss on Post Employment Termination Benefit Obligation	(35.463)	(2.407)	(37.870)
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	459.069	-	459.069
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Currency Translation Adjustments	22.444	-	22.444
- Cash Flow Hedges	(1.400)	-	(1.400)
Restricted Reserves	131.587	-	131.587
Retained Earnings	3.324.334	216.847	3.541.181
Net Profit for the Period	1.016.415	64.979	1.081.394
Non-Controlling Interest	779.913	-	779.913
TOTAL LIABILITIES AND EQUITY	17.892.504	1.599.170	19.491.674

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in the Accounting Policies (Continued):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (Continued):

	Reported Previous Period 31 December 2019	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2019
ASSETS			
Current Assets	8.720.108	731.244	9.451.352
Cash and Cash Equivalents	2.027.599	17.474	2.045.073
Financial Investments	3.057.459	-	3.057.459
Trade Receivables	2.365.802	74.030	2.439.832
Other Receivables	152.902	287.148	440.050
Derivative Instruments	358.919	5.372	364.291
Inventories	592.698	317.254	909.952
Prepaid Expenses	84.491	29.489	113.980
Current Income Tax Assets	4.583	-	4.583
Other Current Assets	75.655	477	76.132
Non-Current Assets	4.071.644	134.473	4.206.117
Financial Investments	946.029	-	946.029
Other Receivables	460	-	460
Investment Properties	21.155	-	21.155
Tangible Assets	2.383.177	131.787	2.514.964
Intangible Assets	680.235	313	680.548
Prepaid Expenses	7.602	48	7.650
Deferred Tax Assets	32.986	2.325	35.311
TOTAL ASSETS	12.791.752	865.717	13.657.469

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in the Accounting Policies (Continued):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (Continued)

LIABILITIES	Reported Previous Period 31 December 2019	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2019
Current Liabilities	6.800.011	322.612	7.122.623
Short Term Financial Liabilities	150.764	197.948	348.712
Short Term Portion of Long Term Financial Liabilities	5.088.239	336.741	5.424.980
Trade Payables	1.224.598	(239.568)	985.030
Employee Benefit Related Liabilities	44.822	4.749	49.571
Other Payables	5.107	294	5.401
Deferred Revenue	11.854	3.653	15.507
Current Income Tax Liabilities	68.967	2.331	71.298
Short Term Provisions	169.697	13.457	183.154
Other Current Liabilities	35.963	3.007	38.970
Non-Current Liabilities	1.057.509	279.609	1.337.118
Long Term Financial Liabilities	701.318	266.024	967.342
Long Term Provisions	161.010	13.585	174.595
Deferred Tax Liabilities	195.181	-	195.181
Shareholders' Equity	4.934.232	263.496	5.197.728
Equity Attributable To Equity Holders' of the Parent	4.411.329	263.496	4.674.825
Share Capital	342.000	-	342.000
Inflation Adjustments to Share Capital	108.056	-	108.056
Effect of Business Combinations Under Common Control	(485.419)	25.000	(460.419)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
- Increases on Revaluation of Tangible Asset	647.779	24.216	671.995
- Actuarial Loss on Post Employment Termination Benefit Obligation	(26.435)	(2.569)	(29.004)
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	422.738	-	422.738
- Other Gains	817.879	-	817.879
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Currency Translation Adjustments	(57.006)	-	(57.006)
- Cash Flow Hedges	3.695	-	3.695
Restricted Reserves	131.587	-	131.587
Retained Earnings	1.509.952	48.307	1.558.259
Net Profit for the Period	996.503	168.542	1.165.045
Non-Controlling Interest	522.903	-	522.903
TOTAL LIABILITIES AND EQUITY	12.791.752	865.717	13.657.469

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in the Accounting Policies (Continued):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (Continued)

	Reported Previous Period 1 January - 30 September 2020	Effects of Restatement with Eliminations	Restated Previous Period 1 January - 30 September 2020
Revenue	6.749.566	227.046	6.976.612
Cost of Sales	(4.824.006)	(40.274)	(4.864.280)
GROSS PROFIT	1.925.560	186.772	2.112.332
General Administrative Expenses	(194.105)	(1.772)	(195.877)
Marketing, Sales and Distribution Expenses	(669.781)	(1.274)	(671.055)
Research and Development Expenses	(16.753)	51	(16.702)
Other Operating Income	171.986	74.985	246.971
Other Operating Expenses	(88.783)	(74.406)	(163.189)
OPERATING PROFIT	1.128.124	184.356	1.312.480
Income from Investment Activities	2.250.165	56.560	2.306.725
Expenses from Investment Activities	(114.608)	(1.948)	(116.556)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES	3.263.681	238.968	3.502.649
Financial Income	227.277	23.615	250.892
Financial Expenses	(2.413.472)	(324.608)	(2.738.080)
PROFIT BEFORE TAX	1.077.486	(62.025)	1.015.461
Tax Expense	(208.673)	14.183	(194.490)
Corporate Tax Expense	(299.353)	-	(299.353)
Deferred Tax Income	90.680	14.183	104.863
PROFIT FOR THE PERIOD	868.813	(47.842)	820.971

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in the Accounting Policies (Continued):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (Continued)

	Reported Previous Period 1 January - 30 September 2020	Effects of Restatement with Eliminations	Restated Previous Period 1 January - 30 September 2020
PROFIT FOR THE PERIOD	868.813	(47.842)	820.971
Other Comprehensive Income Not to be Reclassified To Profit or Loss	146.547	183	146.730
Actuarial Loss on Post-Employment Termination Benefit Obligation	(5.601)	229	(5.372)
Gains from Financial Assets Measured at Fair Value Through Other Comprehensive Income	162.016	-	162.016
Deferred Tax for the Items That Will not be Reclassified in Profit or Loss			
Actuarial Gain on Post-Employment Termination Benefit Obligation, Tax Effect	1.120	(46)	1.074
Gains from Financial Assets Measured at Fair Value Through Other Comprehensive Income Tax Effect	(10.988)	-	(10.988)
Items to be Reclassified to Profit or Loss	189.784	-	189.784
Currency Translation Differences	194.637	-	194.637
Cash Flow Hedges	(6.222)	-	(6.222)
Deferred Tax For The Items That Will be Reclassified to Profit or Loss			
Cash Flow Hedges, Tax Effect	1.369	-	1.369
OTHER COMPREHENSIVE INCOME	336.331	183	336.514
TOTAL COMPREHENSIVE INCOME	1.205.144	(47.659)	1.157.485
Distribution of total comprehensive income	1.205.144	(47.659)	1.157.485
Non-Controlling Interests	243.834	-	243.834
Equity Holders of the Parent	961.310	(47.659)	913.651

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3. BUSINESS COMBINATIONS

The Group purchased 100% shares of Önem Gıda Sanayi ve Ticaret A.Ş. that was 100% owned by Yıldız Holding A.Ş. by the amount of TL 3.736.314 thousands on 27 August 2021. The transaction is considered as “Transactions Under Common Control” and accounted in the shareholder’s equity. The net asset acquired and the effects of transaction in equity are presented as follows:

Net Assets within the Scope of Consolidation	31 July 2021 Asset/(Liability)
Current Assets	
Cash and cash equivalents	191.971
Trade receivables	403.636
Other receivables	484.002
Inventories	1.053.242
Other current assets	117.208
Non-Current Assets	
Other receivables	516
Tangible and intangible assets (Net)	173.553
Other non-current assets	1.813
Current Liabilities	
Financial liabilities	(1.393.178)
Trade payables	(145.312)
Other current liabilities	(105.853)
Non-Current Liabilities	
Financial liabilities	(401.056)
Other non-current liabilities	(21.142)
Net Assets Added into the Scope of Consolidation	359.400
Total share of the Group ownership	100%
The portion of the net assets to the Group	359.400
Non-Capital equity items	334.400
Cash paid for the acquisition	(3.736.314)
Net Equity Impact from the Acquisition of Subsidiary	(3.711.314)

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4. SEGMENTAL INFORMATION

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

The Group follows its operations with domestic (local operations of Turkish companies in Turkey) and international basis in accordance with TFRS 8. The information for 1 January – 30 September 2021 and 1 January – 30 September 2020 as follows:

	Domestic	Foreign	1 January - 30 September 2021
Revenue	5.148.731	3.270.226	8.418.957
Gross Profit	1.229.828	1.148.052	2.377.880
Operating Profit (*)	777.977	549.285	1.327.262
EBITDA (**)	855.013	640.738	1.495.751
EBITDA/Revenue	16,6%	19,6%	17,8%
Investment Expenses	168.066	35.226	203.292
	Domestic	Foreign	1 January - 30 September 2020
Revenue	4.179.196	2.797.416	6.976.612
Gross Profit	1.065.832	1.046.500	2.112.332
Operating Profit (*)	692.702	535.996	1.228.698
EBITDA (**)	762.507	612.004	1.374.511
EBITDA/Revenue	18,2%	21,9%	19,7%
Investment Expenses	72.951	20.811	93.762

(*) Operating profit before other income/expense.

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

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5. CASH AND CASH EQUIVALENTS

	30 September 2021	31 December 2020	31 December 2019
Cash on hand	1.338	438	180
Demand deposits	1.002.217	668.739	345.501
Time deposits	1.876.563	3.183.073	1.706.413
Impairment provision	(17.509)	(16.730)	(7.021)
	2.862.609	3.835.520	2.045.073

Details of time deposits are shown below:

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	30 September 2021
TL	18,35%	October 2021	348.733
EUR	0,36%	October 2021	370.187
USD	1,04%	October 2021	1.094.334
EGP	7,50%	October 2021	38.497
KZT	10,00%	October 2021	18.847
			1.876.563

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 December 2020
TL	17,47%	January 2021	402.295
EUR	2,23%	January 2021	572.512
USD	1,07%	January 2021	2.130.646
EGP	8,64%	January 2021	53.377
KZT	10,00%	January 2021	24.243
			3.183.073

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 December 2019
TL	11,08%	January 2020	224.765
EUR	0,05%	January 2020	31.520
USD	2,69%	January 2020	1.399.347
GBP	0,15%	January 2020	5.217
EGP	11,01%	January 2020	21.925
KZT	10,00%	January 2020	23.640
			1.706.413

6. FINANCIAL INVESTMENTS

Short Term Financial Investments:	30 September 2021	31 December 2020	31 December 2019
Financial Assets Measured at Fair Value through Profit or Loss (*)	4.277.960	3.639.474	3.057.459
	4.277.960	3.639.474	3.057.459

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6. FINANCIAL INVESTMENTS (Continued)

<u>Long Term Financial Investments:</u>	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Financial Assets Measured at Fair Value through Profit or Loss (**)	978.106	978.106	946.029
	<u>978.106</u>	<u>978.106</u>	<u>946.029</u>

<u>Long Term Financial Assets Measured at Fair Value through Other Comprehensive Income</u>	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
G New, Inc	273.122	273.122	312.171
Godiva Belgium BVBA	704.784	704.784	633.658
Other	200	200	200
	<u>978.106</u>	<u>978.106</u>	<u>946.029</u>

(*) TL 4.264.769 thousands of short-term financial investments consist of liquid mutual funds with a maturity of less than 3 months (31 December 2020: TL 3.585.984 thousands)

(**) Equity investments that the Group does not have a significant influence are classified as financial assets measured at fair value through other comprehensive income as at 30 September 2021 amounting to TL 459.069 thousand have been presented under shareholder's equity.

7. FINANCIAL LIABILITIES

	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Short term liabilities	723.568	287.953	348.712
Short term portion of long-term liabilities	1.452.933	1.134.997	5.424.980
Long term liabilities	10.558.359	9.058.346	967.342
	<u>12.734.860</u>	<u>10.481.296</u>	<u>6.741.034</u>

<u>Short Term Liabilities :</u>	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Bank loans	33.250	11.408	66.436
	<u>33.250</u>	<u>11.408</u>	<u>66.436</u>

<u>Other Short Term Liabilities:</u>	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Letters of credit	690.318	276.545	282.276
	<u>690.318</u>	<u>276.545</u>	<u>282.276</u>

<u>Short Term Portion of Long-Term Liabilities</u>	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Bank loans	1.037.494	797.418	5.411.155
Issued debt instruments (*)	392.536	318.467	-
Financial lease liabilities	22.903	19.112	13.825
	<u>1.452.933</u>	<u>1.134.997</u>	<u>5.424.980</u>

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7. FINANCIAL LIABILITIES (Continued)

Long Term Liabilities	30 September 2021	31 December 2020	31 December 2019
Bank loans	5.019.260	4.547.705	918.514
Issued debt instruments (*)	5.525.557	4.479.922	-
Financial lease liabilities	13.542	30.719	48.828
	10.558.359	9.058.346	967.342

The group has used a syndication loan in 20 April 2020. Details of Group's syndication loans are as follows: Syndication loan consists of two credit tranches which are USD 110.000.000 and EUR 243.938.528. 7 international banks joined to the syndication. Effective interest rate for both credit tranches are Euribor + 2.95% for EUR, Libor + 3.10% for USD and the maturity date is 20 April 2023. In addition to the syndicated loan, the Group has received a EUR 75.000.000 EBRD loan dated 20 April 2020. The interest rate of the related EBRD loan is Euribor + 2.95% and the maturity date is 20 April 2023. The principal repayments of loan tranches must pay interest every six months, at the end of maturity.

(*) The Group has issued USD 650.000.000 bond on the Irish Stock Exchange (Euronext Dublin) on October 30, 2020, with a 5-year maturity, coupon payment every 6 months, principal and coupon payments at the end of the maturity, with an annual fixed interest rate of 6.95%.

The covenants which belong to syndicated loan are as follows:

a) Leverage: The ratio of the consolidated net debt at balance sheet date to the last twelve months consolidated EBITDA (Earnings before interest, tax, depreciation and amortization) in the valid period should not be over 3,50 to 1.

b) Interest Coverage: Consolidated interest coverage ratio of the Group should be at least 2 to 1.

In the current period ended September 30, 2021; the consolidated financial statements of the Group comply with the covenants of the syndication loan agreement.

Liabilities:

30 September 2021

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Long term</u>
TL	October 2021-April 2023	27,30%	22.903	13.542
USD	October 2021-October 2025	6,43%	425.161	6.476.403
EUR	October 2021-May 2023	3,16%	1.578.934	3.837.768
EGP	October 2021-September 2023	8,00%	34.596	9.423
KZT	October 2021-January 2026	11,92%	114.907	221.223
			2.176.501	10.558.359

31 December 2020

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Long term</u>
TL	January 2021-April 2023	27,30%	19.112	30.729
USD	April 2021-October 2025	6,40%	345.280	5.254.470
EUR	April 2021-May 2023	3,17%	960.782	3.529.264
EGP	January 2021-September 2023	8,00%	11.408	7.827
KZT	January 2021-January 2026	11,59%	86.368	236.056
			1.422.950	9.058.346

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7. FINANCIAL LIABILITIES (Continued)

Liabilities (Continued)

31 December 2019

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Long term</u>
TL	January 2020-April 2023	18,72%	13.825	48.828
USD	January 2020-November 2020	4,92%	1.539.388	-
EUR	February 2020-May 2023	3,15%	4.204.392	645.491
KZT	January 2020-January 2026	10,00%	6.379	273.023
SAR	January 2020-July 2020	4,00%	9.708	-
			<u>5.773.692</u>	<u>967.342</u>

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

	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
to be paid within 1 year	1.463.280	1.127.293	5.477.591
to be paid within 1-2 years	5.138.031	1.153.881	539.109
to be paid within 2-3 years	444.739	3.866.831	215.508
to be paid within 3-4 years	386.787	309.008	98.892
to be paid within 4-5 years	4.575.260	3.688.853	52.004
Above 5 years	-	9.054	13.001
	<u>12.008.097</u>	<u>10.154.920</u>	<u>6.396.105</u>

**Short Term Portion of Long Term
Financial Lease Liabilities**

	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Financial lease liabilities	30.013	30.285	29.282
Future finance charges on leasing (-)	(7.110)	(11.173)	(15.457)
	<u>22.903</u>	<u>19.112</u>	<u>13.825</u>

Long Term Financial Lease Liabilities

	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Financial lease liabilities	14.651	36.613	65.895
Future finance charges on leasing (-)	(1.109)	(5.894)	(17.067)
	<u>13.542</u>	<u>30.719</u>	<u>48.828</u>

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

	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
to be paid within 1 year	22.903	19.112	13.825
to be paid within 1-2 years	13.542	26.567	18.108
to be paid within 2-3 years	-	4.152	23.720
to be paid within 3-4 years	-	-	7.000
	<u>36.445</u>	<u>49.831</u>	<u>62.653</u>

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8. TRADE RECEIVABLES AND PAYABLES

	30 September 2021	31 December 2020	31 December 2019
Short Term Due from Related Parties			
Due from related parties (Note 23)	2.357.206	2.040.146	2.160.033
	2.357.206	2.040.146	2.160.033
Other Trade Receivables			
Trade receivables	1.296.542	1.063.964	290.454
Notes receivables	296	231	249
Provision for doubtful receivables	(11.931)	(12.341)	(10.904)
	1.284.907	1.051.854	279.799
Total Short-Term Trade Receivables	3.642.113	3.092.000	2.439.832

The movement of the allowance for doubtful receivables as of 30 September 2021 and 2020 is as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	(12.341)	(10.904)
Current period charge	(606)	(1.400)
Cancelled provision	2.090	25
Currency translation differences	(1.700)	(3.566)
Collections	626	131
Ending Balance	(11.931)	(15.714)

	30 September 2021	31 December 2020	31 December 2019
Short Term Trade Payables			
Due to related parties (Note 23)	321.535	276.004	240.165
Trade payables	1.049.637	999.406	744.865
	1.371.172	1.275.410	985.030

9. OTHER RECEIVABLES AND PAYABLES

	30 September 2021	31 December 2020	31 December 2019
Other Receivables			
Due from related parties (Note 23)	564.981	2.163.423	401.969
Short term other receivables	44.171	51.313	38.081
	609.152	2.214.736	440.050
Other Short-Term Receivables			
Deposits and guarantees given	23.300	23.686	18.929
VAT receivables	11.937	23.567	16.995
Receivables from personnel	1.962	1.328	1.568
Other	6.972	2.732	589
	44.171	51.313	38.081

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9. OTHER RECEIVABLES AND PAYABLES (Continued)

	30 September 2021	31 December 2020	31 December 2019
Other Long-Term Receivables			
Deposits and guarantees given	-	369	460
	-	369	460
	30 September 2021	31 December 2020	31 December 2019
Other Payables			
Due to related parties (Note 23)	557	120	104
Other short-term payables	7.873	5.411	5.297
	8.430	5.531	5.401
	30 September 2021	31 December 2020	31 December 2019
Other Short-Term Payables			
Deposits and guarantees received	172	122	123
Other short-term payables	7.701	5.289	5.174
	7.873	5.411	5.297

10. DERIVATIVE INSTRUMENTS

In April 20, 2020, the group carried out Fixed Interest Rate Swaps consisting of a total of us USD 33,000,000 in order to protect against interest rate risk in parallel with the payment plan of a USD 110,000,000 tranche of a 3-year term and variable interest syndicated loan that it used. In addition to that, in 3 April 2018 and 21 May 2019 the Group received a loan amounting to EUR 40,000,000 and EUR 50,000,000 with 2-year term and variable interest. The Group entered into a cross currency fixed interest rate swap contracts amounting to TL 94,150,000 and TL 218,750,000 to manage its exposure to interest rate and foreign currency fluctuations, and the swap contracts was ended in April 2020 and May 2021. Moreover, As date of 20 April 2017, the Group received syndication loans which are USD 136.000.000 and EUR 225.144.922 respectively. Principal payments of the loans are repaid at maturity with semi-annual interest payments in parallel with repayment schedule, the Group entered into a cross currency fixed interest rate swap contracts amounting to USD 116.000.000 and EUR 30.000.000, respectively to manage its exposure to interest rate and foreign currency fluctuations. The Group entered into fixed interest rate swap contracts amounting to USD 33.000.000 in order to hedge the interest rate risk in line with the repayment schedule of the USD 110,000,000 tranches of 3-year term and floating rate syndication loan received as of 20 April 2020.

Derivative instruments as of 30 September 2021, 31 December 2020 and 2019 are as follows:

	30 September 2021		31 December 2020		31 December 2019	
	Contract Amount	Fair Value	Contract Amount	Fair Value	Contract Amount	Fair Value
Riskten korunma amaçlı						
Cross Currency Fixed Interest						
Rate Swap	-	-	94.150	37.340	746.882	364.291
Fixed Interest Rate Swap	292.991	(1.566)	242.237	(1.892)	-	-
Total Asset/(Liabilities)	292.991	(1.566)	336.387	35.448	746.882	364.291

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11. INVENTORIES

Details of inventory are as follows:

	30 September 2021	31 December 2020	31 December 2019
Raw materials	1.429.046	1.141.999	465.998
Work in progress	73.956	41.442	37.767
Finished goods	436.094	438.107	297.591
Trade goods	32.646	32.905	31.160
Other inventories	87.214	71.215	95.465
Allowance for impairment on inventory (-)	(30.254)	(29.810)	(18.029)
	2.028.702	1.695.858	909.952

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

The movement of allowance for impairment on inventory for the periods ended on 30 September 2021 and 2020 are below;

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	(29.810)	(18.029)
Charge for the period	(3.714)	(6.561)
Reversal of provision	6.484	827
Currency translation differences	(3.214)	(2.170)
Closing balance	(30.254)	(25.933)

12. INVESTMENT PROPERTIES

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	26.145	21.155
Disposal	(26.145)	-
Closing balance	-	21.155

The rent income earned by the Group from its investment properties amounts to TL 246 thousand (30 September 2020: TL 1.080 thousand) as of 30 September 2021. Direct operating expenses arising from the investment properties in the current period amounting to TL 20 thousand (30 September 2020: TL 89 thousand).

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13. TANGIBLE ASSETS

Movement of tangible assets between 1 January 2021 and 30 September 2021 is as follows:

Cost	1 January 2021	Additions	Disposal	Transfer	Currency Translation Differences	30 September 2021
Land	857.540	-	(49.750)	-	7.319	815.109
Buildings	1.227.958	3.544	(42.848)	4.126	55.830	1.248.610
Machinery, plant and equipment	2.668.920	21.903	(21.908)	37.383	207.162	2.913.460
Vehicles	13.622	92	(1.190)	-	1.543	14.067
Furniture and fixture	145.823	5.719	(3.947)	5.179	12.894	165.668
Leasehold improvements	54.170	609	(2.621)	56	46	52.260
Other tangible assets	32	-	-	-	-	32
Construction in progress	67.043	170.889	(709)	(46.744)	9.043	199.522
	5.035.108	202.756	(122.973)	-	293.837	5.408.728
Accumulated Depreciation	1 January 2021	Charge for the period	Disposal	Transfer	Currency Translation Differences	30 September 2021
Buildings	(635.450)	(23.132)	16.563	(774)	(24.487)	(667.280)
Machinery, plant and equipment	(1.405.321)	(125.783)	11.880	774	(112.774)	(1.631.224)
Vehicles	(10.593)	(1.218)	901	-	(1.351)	(12.261)
Furniture and fixture	(101.209)	(10.303)	3.000	-	(8.708)	(117.220)
Leasehold improvements	(35.681)	(3.749)	2.454	-	(39)	(37.015)
Other tangible assets	(28)	(4)	-	-	-	(32)
	(2.188.282)	(164.189)	34.798	-	(147.359)	(2.465.032)
Net Book Value	2.846.826					2.943.696

From depreciation and amortization expenses, TL 158.868 thousand (30 September 2020: TL 137.392 thousand) is included in cost of goods sold, TL 351 thousand (30 September 2020: TL 267 thousand) is included in research and development expenses, TL 4.128 thousand (30 September 2020: TL 3.621 thousand) is included in marketing and selling expenses, TL 5.142 thousand (30 September 2020: TL 4.533 thousand) is included in general and administrative expenses. In the nine-month period ending as of 30 September 2021, there is no fixed asset acquired through financial leasing by the Group. There is not any mortgage or collateral on tangible assets as of 30 September 2021.

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13. TANGIBLE ASSETS (Continued)

Movement of tangible assets between 1 January 2020 and 30 September 2020 is as follows:

Cost	1 January 2020	Additions	Disposal	Transfer	Currency Translation Differences	30 September 2020
Land	768.817	-	-	(37)	8.591	777.371
Buildings	847.433	8.690	-	2.210	64.624	922.957
Machinery, plant and equipment	2.328.660	21.037	(3.462)	58.458	231.244	2.635.937
Vehicles	13.489	7	(322)	-	2.140	15.314
Furniture and fixture	119.425	4.829	(966)	3.990	13.384	140.662
Leasehold improvements	52.042	275	(11)	(13)	85	52.378
Other tangible assets	986	20	-	-	307	1.313
Construction in progress	66.409	56.596	(991)	(64.637)	5.097	62.474
	4.197.261	91.454	(5.752)	(29)	325.472	4.608.406
Accumulated Depreciation	1 January 2020	Charge for the period	Disposal	Transfer	Currency Translation Differences	30 September 2020
Buildings	(388.501)	(18.532)	-	-	(26.729)	(433.762)
Machinery, plant and equipment	(1.168.284)	(112.478)	2.234	-	(118.739)	(1.397.267)
Vehicles	(9.810)	(1.098)	322	-	(1.888)	(12.474)
Furniture and fixture	(84.303)	(7.593)	911	-	(9.562)	(100.547)
Leasehold improvements	(30.291)	(4.016)	3	-	(37)	(34.341)
Other tangible assets	(1.108)	(99)	-	-	248	(959)
	(1.682.297)	(143.816)	3.470	-	(156.707)	(1.979.350)
Net Book Value	2.514.964					2.629.056

In the nine-month period ending as of 30 September 2020, there is no fixed asset acquired through financial leasing by the Group.

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13. TANGIBLE ASSETS (Continued)

The estimated useful lives of tangible assets are as follow:

	Useful Life
Buildings	25 – 50 years
Machinery, plant and equipment	4 – 20 years
Vehicles	4 – 10 years
Other tangible assets	4 – 10 years
Furniture and fixtures	3 – 10 years
Leasehold Improvements	During rent period

The Group has chosen the revaluation model from the application methods in TMS 16 regarding the representation of the lands and buildings with their fair values. Land and buildings were revalued with “compare with similar” technique on 29 January 2021. The revaluation was performed by Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. authorized by Capital Markets Board. Properties were accounted on 31 December 2020 financial statements based on their fair values. The frequency of revaluations is related with the changes on the market values of the properties. Revaluation is performed if there is significant change at the fair value. If not, properties are only subject to periodical revaluation. The Group has assessed that there is no significant change in the fair value of land and buildings in the current period.

14. GOODWILL

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	496.196	388.047
Currency translation differences	98.487	112.495
Closing balance	594.683	500.542

Goodwill details are as follows:

Company	30 September 2021	31 December 2020	31 December 2019
UI Mena B.V.	572.040	477.303	373.272
IBC	22.643	18.893	14.775
	594.683	496.196	388.047

UI Mena B.V.

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

International Biscuits Company

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

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15. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2021 - 30 September 2021 are as follows:

Cost	1 January 2021	Addition	Currency Translation Differences	30 September 2021
Rights (*)	373.597	378	76.941	450.916
Other intangible assets	9.569	158	1.107	10.834
	383.166	536	78.048	461.750

Accumulated Amortization	1 January 2021	Charge for the period	Currency Translation Differences	30 September 2021
Rights	(14.418)	(2.485)	(2.763)	(19.666)
Other intangible assets	(4.966)	(1.815)	(570)	(7.351)
	(19.384)	(4.300)	(3.333)	(27.017)
Net Book Value	363.782			434.733

Movements of intangible assets between 1 January 2020 - 30 September 2020 are as follows:

Cost	1 January 2020	Addition	Transfer	Currency Translation Differences	30 September 2020
Rights (*)	299.979	1.573	-	91.810	393.362
Other intangible assets	6.456	735	29	1.040	8.260
	306.435	2.308	29	92.850	401.622

Accumulated Amortization	1 January 2020	Addition	Transfer	Currency Translation Differences	30 September 2020
Rights	(11.130)	(776)	-	(2.995)	(14.901)
Other intangible assets	(2.804)	(1.221)	-	(241)	(4.266)
	(13.934)	(1.997)	-	(3.236)	(19.167)
Net Book Value	292.501				382.455

(*) As of 30 September 2021 Rights contain reacquired rights related with Saudi distribution agreements of Group’s products in Saudi Arabia amounting to TL 353.258 thousand (30 September 2020: TL 310.665 thousand), the remaining amount of TL 71.505 thousand (30 September 2020: TL 60.185 thousand) contains the rights of Rana brand. Reacquired rights are not subject to depreciation and has indefinite useful life. Impairment test is applied every year or more frequently when there is any indicator that impairment may occur. There is not any impairment as of 30 September 2021.

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15. INTANGIBLE ASSETS (Continued)

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

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

16. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Guarantees Given

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

	30 September 2021			31 December 2020		
	TL	ABD Doları	Avro	TL	ABD Doları	Avro
A) CPM’s given in the name of own legal personality (*)	238.378	25.737	-	869.018	95.304	-
B) CPM’s given on behalf of the fully consolidated companies	-	-	179.100	-	-	178.950
C) CPM’s given on behalf of third parties for ordinary course of business	-	-	-	-	-	-
D) Total amount of other CPM’s given						
i. Total amount of CPM’s given on behalf of the majority shareholder (**)	-	-	-	-	-	-
ii. Total amount of CPM’s given on behalf of the group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPM’s given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
Total	238.378	25.737	179.100	869.018	95.304	178.950

(*) Non-cash risk amounting to TL 92 million and USD 6.2 million.

(**) The ratio of other collaterals, pledges and mortgages given by the equity holders of the parent is zero as of 30 September 2021 (31 December 2020: zero).

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16. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees Given (continued)

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

The cash balance of Ülker Bisküvi’s subsidiaries with an amount of TL 592,7 million, EUR 10,1 million, and USD 19,5 million, and non-cash bank guarantees amounting to TL 140,1 million, USD 57 million and EUR 383 thousands were transferred to the level of Yıldız Holding A.Ş. with syndication as of 8 June 2018. The Group’s total debt has not increased as a result of the syndicated loan. Ülker Bisküvi’s subsidiaries became guarantors of Yıldız Holding A.Ş. as of the date of using the loan limited to their existing total bank loan risk exposure.

17. REVENUE AND COST OF SALES

The detail of operating income is as follows:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Domestic sales (*)	9.156.368	3.247.036	7.549.272	2.467.788
Export sales	1.719.332	606.210	1.447.797	499.339
Sales returns and discounts (-)	(2.456.743)	(877.113)	(2.020.457)	(675.967)
Sales Income (net)	8.418.957	2.976.133	6.976.612	2.291.160
Cost of goods sold	(5.934.055)	(2.130.176)	(4.700.340)	(1.569.563)
Cost of trade goods sold	(107.022)	(41.773)	(163.940)	(46.519)
Cost of sales	(6.041.077)	(2.171.949)	(4.864.280)	(1.616.082)
Gross Profit	2.377.880	804.184	2.112.332	675.078

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

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18. EXPENSES BY NATURE

The detail of operating expenses is as follow:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
General Administrative Expenses				
Personnel expenses	(109.921)	(37.991)	(92.564)	(31.400)
Operating expenses	(76.733)	(25.373)	(62.715)	(14.756)
Consultancy expenses	(29.814)	(9.751)	(18.814)	(9.568)
Depreciation and amortization expenses	(5.142)	(107)	(4.533)	(1.550)
Other	(21.358)	(8.883)	(17.251)	(9.703)
	(242.968)	(82.105)	(195.877)	(66.977)
Marketing Expenses				
Marketing operating expenses	(597.651)	(213.425)	(512.203)	(155.973)
Personnel expenses	(133.332)	(43.311)	(115.869)	(40.599)
Rent expenses	(18.692)	(5.998)	(16.497)	(5.885)
Depreciation and amortization expenses	(4.128)	(1.829)	(3.621)	(1.300)
Other	(26.777)	(5.842)	(22.865)	(7.507)
	(780.580)	(270.405)	(671.055)	(211.264)
Research Expenses				
Personnel expenses	(14.829)	(4.809)	(10.281)	(3.112)
Materials used	(4.885)	(1.856)	(1.581)	(905)
Depreciation and amortization expenses	(351)	(120)	(267)	(89)
Other	(7.005)	(1.525)	(4.573)	(1.480)
	(27.070)	(8.310)	(16.702)	(5.586)

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19. FINANCIAL INCOME

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Foreign exchange gains	448.317	446.804	241.883	29.838
Other	5.160	1.391	9.009	4.425
	453.477	448.195	250.892	34.263

20. FINANCIAL EXPENSE

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Foreign exchange losses from financing	(2.297.951)	(545.917)	(2.403.514)	(1.335.518)
Interest expenses	(587.557)	(181.875)	(296.014)	(100.586)
Other	(35.120)	(9.378)	(38.552)	(8.287)
	(2.920.628)	(737.170)	(2.738.080)	(1.444.391)

21. TAX ASSET AND LIABILITIES

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

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, deferred tax positions of the firms with deferred tax assets is not netted against those with deferred tax liabilities and reflected on a separate-entity basis.

The corporate tax rate was increased from 20% to 22% for the years 2018, 2019 and 2020 within the scope of the “Law on Amendments to Certain Tax Laws and Some Other Laws” numbered 7061, which was published in the Official Gazette dated 5 December 2017. Within the scope of the law, calculation of deferred tax assets and liabilities in the financial statements as of 31 December 2018 with a tax rate of 22% for the part of the temporary differences that would have tax effects in 2018, 2019 and 2020; and with a tax rate of 23% in 2022 and 20% in following years, it was evaluated according to the level of significance. At the same time, the exemption to be applied over the capital gains obtained by corporate taxpayers from the sale of their real estates that they have held for at least two years was reduced from 75% to 50% with the regulation published in the Official Gazette dated 5 December 2017.

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21. TAX ASSET AND LIABILITIES (Continued)

The Law No. 7316 on the Law on Collection Procedure of Public Claims and Amending Some Laws in Turkey was published in the Official Gazette dated April 22, 2021 and numbered 31462. With this law amendment, 25% tax rate will be taken into account for the period of 1 January-30 September 2021. Although the provisional tax periods are quarterly; since three, six, nine and twelve-month financial statements are taken as basis in the calculation of the income to be declared, taxation will be made by considering the 25% rate over the cumulative corporate tax base of 2021 for the whole year. For the year 2022, taxation will be made by considering the rate of 23% over the corporate tax base.

The rate applied in the calculation of deferred tax assets and liabilities for entities in Turkey is 25% (2020: 22%), for entities in Saudi Arabia and Kazakhstan is 20% (2020: 20%), for entities in Egypt is 22,5% (2020: 22,5%), for the entity in Kyrgyzstan 10% (2020: 10%), and for the entity in the United Arab Emirates is zero (2020: Zero)

Deferred tax bases:

	30 September 2021	31 December 2020	31 December 2019	30 September 2021	31 December 2020	31 December 2019
Indexation and useful life differences of tangible and intangible assets	-	-	-	1.344.680	1.383.247	1.143.780
Financial investments valuation differences	-	-	-	4.927	4.890	89.868
Investment properties valuation differences	-	-	-	-	22.164	17.174
Provisions for employee termination benefits	(199.968)	(168.215)	(137.312)	-	-	-
Previous year losses	(115.497)	(83.719)	(75.059)	-	-	-
Provision of doubtful receivables	(30.069)	(32.842)	(18.492)	-	-	-
Provision for unused vacation	(26.060)	(25.285)	(20.994)	-	-	-
Impairment on inventories	(15.745)	(15.927)	(15.224)	-	-	-
Profit elimination on inventories	(12.654)	(22.545)	(19.275)	-	-	-
Provision for lawsuits	(9.277)	(7.200)	(8.158)	-	-	-
Derivative instruments	(1.566)	-	-	-	32.226	364.291
Other	(83.223)	(20.718)	(17.758)	63.201	120.165	21.151
	(494.059)	(376.451)	(312.272)	1.412.808	1.562.692	1.636.264

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21. TAX ASSET AND LIABILITIES (Continued)

Deferred tax calculated over the tax bases:

	30 September 2021	31 December 2020	31 December 2019	30 September 2021	31 December 2020	31 December 2019
Indexation and useful life differences of tangible and intangible assets	-	-	-	181.962	183.077	154.765
Financial investments valuation differences	-	-	-	246	245	4.493
Investment properties valuation differences	-	-	-	-	2.216	1.717
Provisions for employee termination benefits	(39.994)	(33.643)	(27.462)	-	-	-
Previous year losses	(23.479)	(16.744)	(15.348)	-	-	-
Investment incentives	(1.106)	(13.993)	(21.115)	-	-	-
Provision of doubtful receivables	(7.517)	(6.568)	(4.068)	-	-	-
Provision for unused vacation	(6.515)	(5.057)	(4.619)	-	-	-
Impairment on inventories	(3.936)	(3.185)	(3.349)	-	-	-
Profit elimination on inventories	(3.163)	(4.509)	(4.240)	-	-	-
Provision for lawsuits	(2.319)	(1.440)	(1.795)	-	-	-
Derivative instruments	(392)	-	-	-	7.090	80.144
Other	(20.806)	(4.144)	(3.906)	15.800	24.033	4.653
	(109.227)	(89.283)	(85.902)	198.008	216.661	245.772

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21. TAX ASSET AND LIABILITIES (Continued)

Deferred Tax Liability Movement:

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	127.378	159.870
Taxes netted from funds recognised under equity	(781)	8.545
Currency translation differences	1.129	3.673
Deferred tax income	(38.945)	(104.863)
	88.781	67.225

As of 30 September 2021, the Group calculated deferred tax assets of TL 115.497 thousand for deductible tax losses in the consolidated financial statements for the current year (31 December 2020: TL 83.719 thousand and 31 December 2019: TL 73.059 thousand). The maturities of these losses are as follows:

	30 September 2021	31 December 2020	31 December 2019
2025	100.319	83.719	75.059
2026	15.178	-	-
Total	115.497	83.719	75.059

Corporate tax

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

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.

The tax rate as of 30 September 2021 is 25% (2020: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 25% in 2021 (2020: 22%).

Losses are allowed to be carried five years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior year’s retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1st-25th of April following the close of the accounting year to which they relate. The companies with special accounting periods, file their tax returns between 1st-25th of fourth month after fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

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21. TAX ASSET AND LIABILITIES (Continued)

In Egypt, the Group's subsidiaries, Hi Food for Advanced Food Industries and Ulker for Trading and marketing, operate, "the corporate tax rate is 22.5% (2020: 22.5%). In Saudi Arabia, where Food Manufacturers' Company and International Biscuits Company operate, "the corporate tax rate is 20% (2020: 20%).

The corporate tax rate is 20% (2020: 20%) in Kazakhstan, where one of the Group's subsidiaries, Hamle Company Ltd LLP, operates.

In Kyrgyzstan, where Ulker Star LLC, one of the Group's subsidiaries, operates, the corporate tax rate is 10% (2020: 10%).

Amir Global Trading FZE, one of the Group's subsidiaries, is exempt from corporate tax in the United Arab Emirates (2020: exempt).

Income withholding tax

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

Provision for taxation as of 30 September 2021, 31 December 2020 and 31 December 2019 is as follows:

	30 September 2021	31 December 2020	31 December 2019
Total corporate tax provision	(309.068)	(354.315)	(284.328)
Prepaid taxes and funds	194.626	268.427	213.030
Taxation in the balance sheet	(114.442)	(85.888)	(71.298)

	1 January - 30 September 2021	1 January - 30 September 2020
Current period corporate tax expense	309.068	299.353
Deferred tax income	(38.945)	(104.863)
Tax expense in the income statement	270.123	194.490

22. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 30 September 2021 and 2020 and computation of earnings per share set out here are as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Weighted average number of common stock outstanding	34.200.000	34.200.000
Net profit	654.654	681.533
Basic Earnings per Share	1,91	1,99

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The detail of receivables from related parties is as follows:

	30 September 2021	31 December 2020	31 December 2019
Trade receivables	2.357.206	2.040.146	2.160.033
Non-trade receivables	564.981	2.163.423	401.969
	2.922.187	4.203.569	2.562.002

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

	30 September 2021		31 December 2020		31 December 2019	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder						
Yıldız Holding A.Ş.	-	564.981	-	2.163.423	-	286.350
Other Companies Controlled by the Principle Shareholder						
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	1.219.045	-	1.021.940	-	903.178	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	793.465	-	742.654	-	586.179	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	146.937	-	121.684	-	159.475	-
G2M Ekspres Satış ve Dağıtım Hizmetleri A.Ş.	107.197	-	100.643	-	88.545	-
United Biscuits (UK) Ltd.	8.019	-	5.607	-	2.850	-
Other	82.543	-	47.618	-	46.617	115.619
Other Related Parties						
İstanbul Gıda Dış Tic. A.Ş.	-	-	-	-	373.189	-
	2.357.206	564.981	2.040.146	2.163.423	2.160.033	401.969

The Group's trade receivables from related parties mainly arise from sales to Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The detail of payables to related parties is as follows:

	30 September 2021	31 December 2020	31 December 2019
Trade payables	321.535	276.004	240.165
Non-trade payables	557	120	104
	322.092	276.124	240.269

The detail of trade and non-trade payables to related parties is as follows:

	30 September 2021		31 December 2020		31 December 2019	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
Principal Shareholder						
Yıldız Holding A.Ş.	142.219	-	113.313	-	96.125	-
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	46.909	-	50.866	-	23.813	-
United Biscuits (UK) Ltd.	33.379	-	41.889	120	7.925	-
pladis Foods Limited	7.490	557	866	-	4.491	-
Marsa Yağ San. ve Tic. A.Ş.	4.495	-	5.190	-	2.409	-
Adapazarı Şeker Fabrikası A.Ş.	251	-	37.163	-	8.268	-
CCC Gıda San. ve Tic. A.Ş.	234	-	283	-	564	-
Other	86.558	-	26.434	-	23.512	-
Other Related Parties						
İstanbul Gıda Dış Tic. A.Ş.	-	-	-	-	73.058	104
	321.535	557	276.004	120	240.165	104

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

	1 January - 30 September 2021		1 July - 30 September 2021		1 January - 30 September 2020		1 July - 30 September 2020	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
<i>Other Companies Controlled by the Principle Shareholder</i>								
Besler Gıda ve Kimya San. ve Tic. A.Ş.	403.812	631	152.094	172	296.241	676	101.802	201
United Biscuits (UK) Ltd.	90.779	6.128	26.836	2.400	77.100	7.333	25.502	3.092
Marsa Yağ San. ve Tic. A.Ş.	74.732	410	27.760	108	67.002	343	24.225	343
Adapazarı Şeker Fabrikası A.Ş.	55.880	-	-	-	3.011	-	3.011	-
PNS Pendik Nişasta San. A.Ş.	21.006	-	3.665	-	26.911	-	6.029	-
G2M Eksper Satış ve Dağıtım Hizmetleri A.Ş.	577	204.505	23	70.252	-	143.331	-	47.794
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	2.729.339	-	1.037.591	4	2.357.542	-	790.857
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	1.738.423	-	554.364	-	1.366.448	-	412.725
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	249.943	-	94.527	-	192.780	-	60.185
Other	25.340	115.061	4.036	45.279	29.597	44.253	9.500	10.899
<i>Other Related Parties</i>								
İstanbul Gıda Dış Tic. A.Ş.	-	-	-	-	115.401	634.605	-	-
	672.126	5.044.440	214.414	1.804.693	615.267	4.747.311	170.069	1.326.096

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

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

For the nine months period ended 30 September 2021:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(276)	(203.407)	260.011
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(97.337)	(858)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(20.072)	87.828
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	52	(13.474)	40.875
United Biscuits (UK) Ltd.	5	(16.921)	(896)
İzsal Gayrimenkul Geliştirme A.Ş.	(3.213)	(1.348)	-
Other	1.465	(11.831)	(7.657)
	(1.967)	(364.390)	379.303

For the three months between 1 July - 30 September 2021 periods:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(104)	(71.462)	(97.076)
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(32.395)	(609)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(7.299)	28.844
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	17	(4.319)	14.637
United Biscuits (UK) Ltd.	-	(3.108)	119
İzsal Gayrimenkul Geliştirme A.Ş.	(1.439)	1.544	-
Other	902	(3.258)	(4.253)
	(624)	(120.297)	(58.338)

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

For the nine months period ended 30 September 2020:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(617)	(167.643)	306.926
Other Companies Controlled by the Principle Shareholder			
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(13.335)	37.850
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	51	(9.638)	16.514
United Biscuits (UK) Ltd.	3	(7.608)	952
İzsal Gayrimenkul Geliştirme A.Ş.	(2.164)	(3.616)	-
CCC Gıda San. ve Tic. A.Ş.	(632)	(985)	-
Other	1.096	(78.844)	(10.276)
Other Related Parties			
İstanbul Gıda Dış Tic. A.Ş.	-	926	85.758
	(2.263)	(280.743)	437.724

For the three months between 1 July - 30 September 2020 periods:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(374)	(56.945)	291.203
Other Companies Controlled by the Principle Shareholder			
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(6.592)	13.066
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	15	(4.195)	6.475
United Biscuits (UK) Ltd.	3	(2.475)	610
İzsal Gayrimenkul Geliştirme A.Ş.	(760)	(1.223)	-
CCC Gıda San. ve Tic. A.Ş.	(206)	(333)	-
Other	348	(2.357)	(3.771)
	(974)	(74.120)	307.583

Benefits provided to members of BOD and key management personnel:

	30 September 2021	30 September 2020
Fees and other short-term benefits	46.424	40.459
	46.424	40.459

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24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

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

This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, the Group manages this risk with a method of netting foreign currency denominated assets and liabilities. The management reviews the foreign currency open position and provides measures when needed. The group mainly faces USD, EUR, GBP and CHF currency risks.

The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	30 September 2021				
	TL	USD	EUR	GBP	CHF
1. Trade Receivables	892.966	91.926	5.229	1.928	-
2a. Monetary Financial Assets	7.159.817	762.972	36.790	567	34
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	139.035	752	12.830	20	6
4. CURRENT ASSETS	8.191.818	855.650	54.849	2.515	40
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	8.191.818	855.650	54.849	2.515	40
10. Trade Payables	257.715	11.250	13.181	1.743	146
11. Financial Liabilities	2.004.095	47.887	153.394	-	-
12a. Other Monetary Financial Liabilities	1.417	17	123	-	-
12b. Other Non-monetary Financial Liabilities	1.733	143	45	-	-
13. CURRENT LIABILITIES	2.264.960	59.297	166.743	1.743	146
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	10.314.171	729.448	372.841	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	10.314.171	729.448	372.841	-	-
18. TOTAL LIABILITIES	12.579.131	788.745	539.584	1.743	146
19. Net Assets of Off Statement of Financial Position (19a-19b)	-	-	-	-	-
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(4.387.313)	66.905	(484.735)	772	(106)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(4.524.615)	66.296	(497.520)	752	(112)
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	-	-	-	-	-

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24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Foreign Currency Risk Management (Continued)

	31 December 2020				
	TL	USD	EUR	GBP	CHF
1. Trade Receivables	678.224	63.163	21.474	2.126	-
2a. Monetary Financial Assets	8.977.614	1.143.477	64.569	172	70
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	15.941	1.206	591	25	183
4. CURRENT ASSETS	9.671.779	1.207.846	86.634	2.323	253
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	9.671.779	1.207.846	86.634	2.323	253
10. Trade Payables	197.536	13.124	9.408	1.448	248
11. Financial Liabilities	1.306.065	47.038	106.660	-	-
12a. Other Monetary Financial Liabilities	1.980	120	122	-	-
12b. Other Non-monetary Financial Liabilities	3.737	395	93	-	-
13. CURRENT LIABILITIES	1.509.318	60.677	116.283	1.448	248
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	8.783.738	715.819	391.797	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	8.783.738	715.819	391.797	-	-
18. TOTAL LIABILITIES	10.293.056	776.496	508.080	1.448	248
19. Net Assets of Off Statement of Financial Position (19a-19b)	135.119	-	15.000	-	-
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(135.119)	-	(15.000)	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(486.158)	431.350	(406.446)	875	5
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(633.481)	430.539	(421.944)	850	(178)
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	37.340	-	4.145	-	-

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24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Foreign Currency Risk Management (Continued)

	31 December 2019				
	TL	USD	EUR	GBP	CHF
1. Trade Receivables	423.270	55.995	10.286	2.860	-
2a. Monetary Financial Assets	5.402.240	902.474	5.276	796	14
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	67.077	276	9.815	20	1
4. CURRENT ASSETS	5.892.587	958.745	25.377	3.676	15
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	5.892.587	958.745	25.377	3.676	15
10. Trade Payables	121.571	11.259	6.835	917	345
11. Financial Liabilities	5.743.781	259.148	632.182	-	-
12a. Other Monetary Financial Liabilities	7.871	1.186	123	1	-
12b. Other Non-monetary Financial Liabilities	2.867	393	80	-	-
13. CURRENT LIABILITIES	5.876.090	271.986	639.220	918	345
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	645.494	-	97.058	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	645.494	-	97.058	-	-
18. TOTAL LIABILITIES	6.521.584	271.986	736.278	918	345
19. Net Assets of Off Statement of Financial Position (19a-19b)	1.499.055	116.000	65.000	-	-
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(1.499.055)	(116.000)	(65.000)	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	870.058	802.759	(645.901)	2.758	(330)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(693.207)	686.876	(720.636)	2.738	(331)
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	481.526	46.403	13.060	-	-

The Group's export and import balances in the periods of 30 September 2021 and 2020 are as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Total exports	1.719.332	1.447.797
Total imports	1.545.211	1.515.973

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24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Foreign Currency Risk Management (Continued)

The Group is exposed to foreign exchange risk arising primarily from USD and EUR. The table below shows, the foreign currency sensitivity of the Group arising from 10% change in US dollar and EUR rates. The rate used as 10% is a fair benchmark for the Group as it is limited to capital commitment threshold. This rate is the anticipated rate change of the Group's senior management. Sensitivity analysis includes only the monetary items in foreign currency at period end and shows the effect of 10% increase in USD and in EUR foreign currency rates. Negative value implies the effect of 10% increase in USD and in EUR foreign currency rates against TL on the decrease in the net profit.

	30 September 2021		30 September 2020	
	Income / Expense		Income / Expense	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TL				
1 - US Dollar net asset / liability	58.861	(58.861)	575.952	(575.952)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	58.861	(58.861)	575.952	(575.952)
In case of 10% appreciation of EUR against TL				
4 -Euro net asset / liability	(512.112)	512.112	(639.674)	639.674
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(512.112)	512.112	(639.674)	639.674
Total (3 + 6)	(453.251)	453.251	(63.722)	63.722

25. FINANCIAL INSTRUMENTS

Fair Value of Financial Assets

Fair value measurements by level of the following fair value measurement hierarchy is as follows:

- 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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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25. FINANCIAL INSTRUMENTS (Continued)

The classification of the Group's financial assets and liabilities at fair value is as follows:

	30 September 2021	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Available for sale	4.278.160	934	4.264.769	12.457
Financial assets at fair value through other comprehensive income statement				
- Shares	977.906	-	-	977.906
Total	5.256.066	934	4.264.769	990.363
Financial liabilities				
Financial liabilities at fair value through other comprehensive income statement				
- Derivative instruments	1.566	-	1.566	-
Total	1.566	-	1.566	-

	31 December 2020	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Available for sale	3.639.674	49.044	3.585.948	4.682
Financial assets at fair value through other comprehensive income statement				
- Shares	977.906	-	-	977.906
- Derivative instruments	37.340	-	37.340	-
Total	4.654.920	49.044	3.623.288	982.588
Financial liabilities				
Financial liabilities at fair value through other comprehensive income statement				
- Derivative instruments	1.892	-	1.892	-
Total	1.892	-	1.892	-

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25. FINANCIAL INSTRUMENTS (Continue)

The classification of the Group's financial assets and liabilities at fair value is as follows (Continue):

	31 December 2019	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Available for sale	3.057.659	806	3.053.379	3.474
Financial assets at fair value through other comprehensive income statement				
- Shares	945.829	-	-	945.829
- Derivative instruments	364.291	-	364.291	-
Total	4.367.779	806	3.417.670	949.303

The carrying value of fixed-rate Eurobonds (Note 6) with a total nominal value of USD 650,000,000 issued by the Company to be traded in Dublin Euronext is TL 376.982 thousand below their fair value based on registered prices in active markets (Level 1).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
ENDED 30 SEPTEMBER 2021

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

26. EVENTS AFTER THE BALANCE SHEET DATE

As of the balance sheet date, the impact assessment process of the effects of “the Revaluation of Immovable Properties” published in the Law No. 7326 and the General Communiqué on the Tax Procedure Law No. 530 continues.