

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2021
(ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2021**

CONTENTS	PAGE(S)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1-2
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS.....	3
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME.....	4
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	5
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW	6-7
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	8-39
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	8-9
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	9-12
NOTE 3 SEGMENTAL INFORMATION	13
NOTE 4 CASH AND CASH EQUIVALENTS	14
NOTE 5 FINANCIAL INVESTMENTS.....	14
NOTE 6 FINANCIAL LIABILITIES.....	15-16
NOTE 7 TRADE RECEIVABLES AND PAYABLES.....	17
NOTE 8 OTHER RECEIVABLES AND PAYABLES.....	18
NOTE 9 DERIVATIVE INSTRUMENTS	18
NOTE 10 INVENTORIES.....	19
NOTE 11 INVESTMENT PROPERTIES	19
NOTE 12 TANGIBLE ASSETS	20-22
NOTE 13 GOODWILL	22
NOTE 14 INTANGIBLE ASSETS	23-24
NOTE 15 OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	24-25
NOTE 16 REVENUE AND COST OF SALES	25
NOTE 17 EXPENSES BY NATURE	26
NOTE 18 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES.....	26
NOTE 19 FINANCIAL INCOME.....	27
NOTE 20 FINANCIAL EXPENSES.....	27
NOTE 21 TAX ASSET AND LIABILITIES	27-30
NOTE 22 EARNINGS PER SHARE	30
NOTE 23 BALANCES AND TRANSACTIONS WITH RELATED PARTIES.....	31-34
NOTE 24 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS.....	35-37
NOTE 25 FINANCIAL INSTRUMENTS	37-38
NOTE 26 EVENTS AFTER THE BALANCE SHEET DATE.....	39

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2021 AND
31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

ASSETS	Notes	Unaudited Current Period 31 March 2021	Audited Previous Period 31 December 2020
Current Assets		15.365.396	13.262.885
Cash and Cash Equivalents	4	3.367.634	3.824.320
Financial Investments	5	5.597.490	3.639.474
Trade Receivables			
- Due From Related Parties	7-23	2.141.962	2.031.627
- Other Trade Receivables	7	1.114.735	848.060
Other Receivables			
- Due From Related Parties	8-23	1.927.084	1.706.078
- Other Receivables	8	47.856	49.818
Inventories	10	928.950	871.480
Prepaid Expenses			
- Due To Related Parties	23	68.195	134.308
- Other Prepaid Expenses		78.865	63.373
Current Income Tax Assets		4.135	8.356
Other Current Assets		88.490	85.991
Non-Current Assets		4.803.511	4.629.619
Financial Investments	5	978.106	978.106
Other Receivables			
- Other Receivables	8	-	369
Investment Properties	11	-	26.145
Tangible Assets	12	2.747.508	2.687.913
Intangible Assets			
- Goodwill	13	570.911	496.196
- Other Intangible Assets	14	410.498	363.208
Prepaid Expenses		65.441	48.439
Deferred Tax Asset	21	31.047	29.243
TOTAL ASSETS		20.168.907	17.892.504

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2021 AND
31 DECEMBER 2020**

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

		Unaudited Current Period 31 March 2021	Audited Previous Period 31 December 2020
LIABILITIES	Notes		
Current Liabilities		2.965.605	2.453.876
Short Term Financial Liabilities	6	-	11.408
Short Term Portion of Long-Term Financial Liabilities	6	859.125	768.723
Trade Payables			
- Due to related parties	7-23	578.708	374.544
- Other trade payables	7	838.498	827.715
Employee Benefit Related Liabilities		76.123	49.874
Other Payables			
- Due to Related Parties	8-23	39	133
- Other Payables	8	7.644	3.619
Derivative Instruments	9	1.722	1.892
Deferred Revenue		42.964	40.556
Current Income Tax Liabilities	21	189.461	84.647
Short Term Provisions			
- Short Term Provisions for Employee Benefits		87.375	78.290
- Other Short-Term Provisions		225.114	165.658
Other Current Liabilities		58.832	46.817
Non-Current Liabilities		10.103.946	8.965.067
Long Term Financial Liabilities	6	9.729.709	8.607.951
Long Term Provisions			
- Long Term Provisions for Employee Benefits		235.830	211.021
Deferred Tax Liabilities	21	138.407	146.095
SHAREHOLDERS' EQUITY		7.099.356	6.473.561
Equity Attributable To Equity Holders' of the Parent		6.266.620	5.693.648
Share Capital		342.000	342.000
Inflation Adjustments to Share Capital		108.056	108.056
Effect of Business Combinations Under Common Control		(485.419)	(485.419)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
- Increases on Revaluation of Plant, Property and Equipment		806.793	812.025
- Actuarial Losses on Post-Employment Termination Benefit Obligation		(37.795)	(35.463)
- 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		118.142	22.444
- Cash Flow Hedges		(1.088)	(1.400)
Restricted Reserves		131.587	131.587
Retained Earnings		4.345.981	3.324.334
Net Profit for the Period		479.294	1.016.415
Non-Controlling Interest		832.736	779.913
TOTAL LIABILITIES AND EQUITY		20.168.907	17.892.504

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH
 ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIODS
 ENDED 31 MARCH 2021 AND 2020
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Unaudited Current Period 1 January - 31 March 2021	Unaudited Previous Period 1 January - 31 March 2020
PROFIT OR LOSS	Notes		
Revenue	16	2.689.678	2.376.126
Cost of Sales	16	(1.916.097)	(1.659.845)
GROSS PROFIT		773.581	716.281
General Administrative Expenses	17	(76.769)	(63.816)
Marketing, Sales and Distribution Expenses	17	(279.916)	(275.631)
Research and Development Expenses	17	(8.865)	(5.682)
Other Operating Income		102.224	54.783
Other Operating Expenses		(44.882)	(28.728)
OPERATING PROFIT		465.373	397.207
Income from Investment Activities	18	1.448.855	725.238
Expenses from Investment Activities	18	(209)	(672.328)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		1.914.019	450.117
Financial Income	19	1.711	7.697
Financial Expenses	20	(1.250.912)	(528.393)
PROFIT/(LOSS) BEFORE TAX		664.818	(70.579)
Tax (Expense)/Income		(123.694)	26.436
Corporate Tax Expense	21	(133.122)	(67.338)
Deferred Tax Income	21	9.428	93.774
PROFIT/(LOSS) FOR THE PERIOD		541.124	(44.143)
Distribution of the Profit/(Loss) for the Period			
Non-Controlling Interest		61.830	54.149
Equity Holders of the Parent		479.294	(98.292)
Earnings Per Share	22	1,40	(0,29)

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH
 ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE
 INTERIM PERIODS 31 MARCH 2021 AND 2020
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Unaudited Current Period 1 January - 31 March 2021	Unaudited Previous Period 1 January - 31 March 2020
PROFIT/(LOSS) FOR THE PERIOD	541.124	(44.143)
Other Comprehensive Income		
Items Not to be Reclassified To Profit and Loss	(2.544)	(3.516)
Actuarial Loss on Post-Employment Termination Benefit Obligation	(3.180)	(4.395)
Deferred Tax for the Items That Will not be Reclassified in Profit and Loss		
Actuarial Loss on Post-Employment Termination Loss Obligation, Deferred Tax Effect	636	879
Items to be Reclassified to Profit and Loss	153.240	43.541
Currency Translation Adjustments	152.928	41.091
Cash Flow Hedges	390	3.141
Deferred Tax For The Items That Will be Reclassified to Profit and Loss		
Cash Flow Hedges, Deferred Tax Effect	(78)	(691)
OTHER COMPREHENSIVE INCOME	150.696	40.025
TOTAL COMPREHENSIVE INCOME/(EXPENSE)	691.820	(4.118)
Distribution of Total Comprehensive Income/(Expense)		
Non-Controlling Interest	118.848	86.260
Equity Holders of the Parent	572.972	(90.378)

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE INTERIM PERIODS 31 MARCH 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	Financial Assets 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	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
Transfer	-	-	-	-	-	-	-	-	-	-	(996.503)	996.503	-	-	-
Total comprehensive income	-	-	-	8.900	2.450	-	(3.436)	-	-	-	(98.292)	-	(90.378)	86.260	(4.118)
As of 31 March 2020	342.000	108.056	(485.419)	(48.106)	6.145	647.779	(29.871)	422.738	817.879	131.587	(98.292)	2.506.455	4.320.951	609.163	4.930.114
As of 1 January 2021	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
Transfer	-	-	-	-	-	(5.232)	-	-	-	-	(1.016.415)	1.021.647	-	-	-
Total comprehensive income	-	-	-	95.698	312	-	(2.332)	-	-	-	479.294	-	572.972	118.848	691.820
Dividends paid (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	(66.025)	(66.025)
As of 31 March 2021	342.000	108.056	(485.419)	118.142	(1.088)	806.793	(37.795)	459.069	-	131.587	479.294	4.345.981	6.266.620	832.736	7.099.356

(*) On 5th of January 2021, it was decided to be paid a dividend by amount of TL 146.722.501 at the the Board of Directors Meeting of Food Manufacturers Company, which is one of the subsidiaries of the Group. TL 66.025.125 portion of the total dividend amount was accounted under non-controlling interests.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 31
MARCH 2021 AND 2020**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	Unaudited Current Period 1 January - 31 March 2021	Unaudited Previous Period 1 January - 31 March 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period		541.124	(44.143)
Adjustments to Reconcile Net Profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation expenses of tangible assets	12	48.785	43.455
Amortization expenses of intangible assets	14	686	560
Adjustment for Impairment Loss (Reversal)			
Provision/(reversal) for doubtful receivables	7	(930)	827
Adjustment for impairment loss/(reversal) of other financial investments			
(Increase)/decrease in financial investments	18	(103.336)	568.686
Adjustment for impairment loss of inventories	10	475	4.841
Adjustment for Provisions			
Adjustments for Provisions Related with Employee Benefits			
Provision for employment benefits		22.560	13.491
Provision for unused vacation		7.875	6.412
Provision for premium		18.056	9.509
Adjustments for provisions (cancelled) lawsuits		131	47
Adjustments for Other Provisions			
Change in Other Provisions (net)		122.116	139.074
Adjustments for Dividend Income	18	(45)	-
Adjustments for Interest Income and Expense			
Rediscount Income		(46)	-
Adjustments Interest Income	18	(75.145)	(31.291)
Adjustments for Interest Expense			
Interest Expense	20	168.748	93.500
Adjustment for Tax Expenses	21	123.694	(26.436)
Adjustments for Losses (Gains) on Disposals of Non-Current Assets			
Adjustments for Gains Arised from Sale of Tangible Assets	18	(1.325)	(1.240)
Adjustments for Investing and Financing Cash Flow			
Change in foreign currency of financial liabilities (net)	19-20	1.073.588	421.152
Change in foreign currency from investing activities (net)	18	(1.265.461)	(586.056)
Commission expenses and financial service income (net)	19-20	6.865	6.044
Other Adjustments to Reconcile Profit/(Loss)			
Rent income	18	(3.334)	(3.009)
Net operating cash flows provided before changes in working capital		685.081	615.423

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 31
MARCH 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Unaudited Current Period 1 January - 31 March 2021	Unaudited Previous Period 1 January - 31 March 2020
	Notes		
Changes in Working Capital			
Increase in trade receivables		(203.667)	(27.784)
Increase in trade receivables from related parties		(110.335)	(283.874)
Increase in inventories		(11.123)	(70.117)
Decrease/(increase) in other receivables and other current assets		59.028	(26.175)
Decrease in trade payables		(47.922)	(10.255)
Increase/(decrease) in trade payables to related parties		204.164	(73.237)
Decrease in other payables and liabilities		(50.467)	(936)
Net cash generated from operations		524.759	123.045
Payments related with provisions for employee benefits			
Employment termination benefit paid		(10.084)	(6.460)
Unused vacation paid		(3.309)	(4.834)
Performance premium paid		(19.618)	(66)
Lawsuits provision paid		(49)	(47)
Taxes paid		(24.087)	(34.288)
Collections from doubtful trade receivables	7	-	149
Net cash generated from operating activities		467.612	77.499
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible and intangible assets		2.719	2.515
Proceeds from sales of investment properties		26.145	-
Purchase of property, plant and equipment		(23.623)	(23.821)
Purchase of intangible assets	14	(76)	(1.740)
Changes in non-trade receivables from related parties		(4.196)	(77)
Cash generated from dividends		45	-
Interest received		75.145	31.291
Other advances given and payables		(17.002)	-
Repayments from other advances given and payables		-	2.478
Rent income		3.334	3.009
Cash outflows from purchase of other businesses or share of funds or debt instruments		(1.192.808)	(943.351)
Net cash used from investing activities		(1.130.317)	(929.696)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflow from borrowings		1.073	17.215
Repayments of borrowings		(26.169)	(73.016)
Dividend paid		(66.025)	-
Commission paid		(6.865)	(6.044)
Interest paid		(38.099)	(37.928)
Change in non-trade payables to related parties		(94)	2.987
Net cash used from financing activities		(136.179)	(96.786)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(798.884)	(948.983)
THE EFFECT OF FOREIGN EXCHANGE RATE			
CHANGE ON CASH AND CASH EQUIVALENTS		342.198	140.739
CASH AND CASH EQUIVALENTS AT THE			
BEGINNING OF THE PERIOD	4	3.824.320	2.027.599
CASH AND CASH EQUIVALENTS AT THE			
END OF THE PERIOD	4	3.367.634	1.219.355

**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 31 MARCH 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 fourteen subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2020: Fourteen).

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 31 March 2020, the total number of people employed by the Group is 8.877, which contains 1.314 employees who worked as subcontractors (31 December 2020: 9.035, subcontractor: 1.393).

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

As of 31 March 2021 and 31 December 2020, the names and percentages of the shareholders holding more than 5% of the Company's share capital are as follows:

Name of the Shareholders	31 March 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
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
ENDED 31 MARCH 2021**

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (continued)

As of 31 March 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	31 March 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

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 6 May 2021.

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.

**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 31 MARCH 2021**

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

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 consolidated 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 consolidated 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 the each subsidiary are expressed in Turkish Lira, which is the presentation currency of the Group.

**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 31 MARCH 2021**

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

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 31 March 2021:

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

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

Standards issued but not yet effective and not early adopted as at 31 March 2021:

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments); In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. the Group will wait until the final amendment to assess the impacts of the changes.

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.

Amendments to TAS 1, "Presentation of financial statements" amendment regarding the classification of liabilities; effective for annual reporting periods beginning on or after 1 January 2023. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to 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 financial position or performance of the Group.

Amendments to 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.

Amendments to 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.

Amendments to TFRS 16 – Covid-19 Rent Related Concessions; A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. The amendments did not have a significant impact on the financial position or performance of the Group

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

**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 31 MARCH 2021

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 New and Revised International Financial Reporting Standards (continued)

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.

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.

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 condensed consolidated interim financial statements dated March 31, 2020, the Group evaluated the possible effects of the COVID-19 pandemic on the condensed consolidated interim financial statements and reviewed the estimates and assumptions used in the preparation of the condensed consolidated interim financial statements. In this context, possible impairments in the financial assets, inventories, tangible assets, goodwill and brands in the condensed consolidated interim financial statements of 31 March 2021 is analysed and the necessary changes is reflected in the condensed consolidated interim financial statements.

**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 31 MARCH 2021**

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

3. 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 Board of Directors, which makes the strategic decisions, has been determined as the competent authority to make decisions regarding the activities of the Group. 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 reviews segmental analysis based on gross profit and operating 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 periods 1 January – 31 March 2021 and 1 January - 31 March 2020.

	Domestic	Foreign	1 January - 31 March 2021
Revenue	1.616.068	1.073.610	2.689.678
Gross Profit	365.773	407.808	773.581
Operating Profit (*)	205.526	202.505	408.031
EBITDA (**)	228.277	229.225	457.502
EBITDA/Revenue	14,1%	21,4%	17,0%
Capital Expenditures	15.687	3.879	19.566

	Domestic	Foreign	1 January - 31 March 2020
Revenue	1.474.956	901.170	2.376.126
Gross Profit	354.663	361.618	716.281
Operating Profit (*)	199.906	171.246	371.152
EBITDA (**)	221.672	193.495	415.167
EBITDA/Revenue	15,0%	21,5%	17,5%
Capital Expenditures	12.705	10.963	23.669

(*) 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 firm's operating income. EBITDA is not a measure of performance identified in TFRS, thus it may not be a tool for comparison for firms.

**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 31 MARCH 2021**

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

4. CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Cash on hand	377	438
Demand deposits	831.331	666.006
Time deposits	2.557.700	3.174.606
Impairment provision	(21.774)	(16.730)
	3.367.634	3.824.320

Details of time deposits are shown below:

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 March 2021
TL	18,25%	April 2021	561.082
EUR	1,32%	April 2021	684.450
USD	1,69%	April 2021	1.173.971
EGP	8,00%	April 2021	104.066
KZT	10,00%	April 2021	34.131
			2.557.700

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 December 2020
TL	17,47%	January 2021	401.754
EUR	2,25%	January 2021	567.376
USD	1,07%	January 2021	2.127.856
EGP	8,64%	January 2021	53.377
KZT	10,00%	January 2021	24.243
			3.174.606

5. FINANCIAL INVESTMENTS

Short Term Financial Investments:

Financial Assets Measured at Fair Value through Profit or Loss (*)

31 March 2021	31 December 2020
5.597.490	3.639.474
5.597.490	3.639.474

Long Term Financial Investments:

Financial Assets Measured at Fair Value through Other Comprehensive Income (**)

31 March 2021	31 December 2020
978.106	978.106
978.106	978.106

Long Term Financial Assets Measured at Fair Value through Other Comprehensive Income

G New, Inc
Godiva Belgium BVBA
Other

31 March 2021	31 December 2020
273.122	273.122
704.784	704.784
200	200
978.106	978.106

(*) TL 5.592.097 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 31 March 2021 amounting to TL 459.069 thousand have been presented under shareholder's equity.

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 31 MARCH 2021
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

6. FINANCIAL LIABILITIES

	31 March 2021	31 December 2020
Short term liabilities	-	11.408
Short term portion of long-term liabilities	859.125	768.723
Long term liabilities	9.729.709	8.607.951
	10.588.834	9.388.082
<u>Short Term Liabilities:</u>	31 March 2021	31 December 2020
Bank loans	-	11.408
	-	11.408
<u>Short Term Portion of Long-Term Liabilities</u>	31 March 2021	31 December 2020
Bank loans	470.663	431.144
Issued debt instruments	368.139	318.467
Financial lease liabilities	20.323	19.112
	859.125	768.723
<u>Long Term Liabilities</u>	31 March 2021	31 December 2020
Bank loans	4.525.666	4.097.309
Issued debt instruments	5.178.668	4.479.923
Financial lease liabilities	25.375	30.719
	9.729.709	8.607.951

The group has used a syndicated 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. Principal payments of the loans are repaid at maturity with semi-annual interest payments. 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 USD 650.000.000 of bond issued 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:

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

In current period, the consolidated financial statements of the Group comply with the covenants of the syndication loan agreement.

**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 31 MARCH 2021**

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

6. FINANCIAL LIABILITIES (continued)

Borrowings:

31 March 2021

<u>Currency Type</u>	<u>Maturity</u>	<u>Annual Weighted Average Effective Interest Rate (%)</u>	<u>Short Term</u>	<u>Long Term</u>
TL	April 2021-April 2023	27,30%	20.323	25.375
EUR	April 2021-May 2023	2,97%	349.963	3.368.526
USD	April 2021-October 2025	6,43%	398.854	6.067.507
EGP	April 2021-September 2023	8,00%	3.778	6.307
KZT	April 2021-January 2026	11,92%	86.207	261.994
			859.125	9.729.709

31 December 2020

<u>Currency Type</u>	<u>Maturity</u>	<u>Annual Weighted Average Effective Interest Rate (%)</u>	<u>Short Term</u>	<u>Long Term</u>
TL	January 2021-April 2023	27,30%	19.112	30.729
EUR	April 2021-May 2023	2,97%	317.963	3.078.869
USD	April 2021-October 2025	6,40%	345.280	5.254.470
EGP	January 2021-September 2023	8,00%	11.408	7.827
KZT	January 2021-January 2026	11,59%	86.368	236.056
			780.131	8.607.951

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
to be paid within 1 year	838.802	761.019
to be paid within 1-2 years	794.252	703.486
to be paid within 2-3 years	4.275.516	3.866.831
to be paid within 3-4 years	353.820	309.008
to be paid within 4-5 years	4.280.746	3.688.853
Above 5 years	-	9.054
	10.543.136	9.338.251

Short Term Portion of Long Term Financial

Lease Liabilities

	<u>31 March 2021</u>	<u>31 December 2020</u>
Financial lease liabilities	30.232	30.285
Future finance charges on financial leasing (-)	(9.909)	(11.173)
	20.323	19.112

Long Term Financial Lease Liabilities

	<u>31 March 2021</u>	<u>31 December 2020</u>
Financial lease liabilities	29.292	36.613
Future finance charges on financial leasing (-)	(3.917)	(5.894)
	25.375	30.719

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
to be paid within 1 year	20.323	19.112
to be paid within 1-2 years	25.375	26.567
to be paid within 2-3 years	-	4.152
	45.698	49.831

**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 31 MARCH 2021

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

7. TRADE RECEIVABLES AND PAYABLES

	31 March 2021	31 December 2020
Short Term Due from Related Parties		
Due from related parties (Note 23)	2.141.962	2.031.627
	2.141.962	2.031.627
Other Trade Receivables		
Other Trade Receivables	1.126.711	860.041
Notes receivables	77	230
Provision for doubtful receivables	(12.053)	(12.211)
	1.114.735	848.060
Total Short Term Trade Receivables	3.256.697	2.879.687

The movement of the allowance for doubtful receivables as of 31 March 2021 and 2020 is as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Opening balance	(12.211)	(10.773)
Current period charge	(209)	(881)
Cancelled provision	1.139	54
Currency translation differences	(772)	(478)
Collections	-	149
Ending balance	(12.053)	(11.929)
	31 March 2021	31 December 2020
Short Term Trade Payables		
Due to related parties (Note 23)	578.708	374.544
Trade payables	838.498	827.715
	1.417.206	1.202.259

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 31 MARCH 2021
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

8. OTHER RECEIVABLES AND PAYABLES

	31 March 2021	31 December 2020
Other Receivables		
Due from related parties (Note 23)	1.927.084	1.706.078
Short term other receivables	47.856	49.818
	1.974.940	1.755.896
	31 March 2021	31 December 2020
Other Short Term Receivables		
VAT receivables	18.293	22.633
Deposits and guarantees given	23.584	22.945
Receivables from personnel	1.503	1.298
Other	4.476	2.942
	47.856	49.818
	31 March 2021	31 December 2020
Other Long Term Receivables		
Deposits and guarantees given	-	369
	-	369
	31 March 2021	31 December 2020
Other Payables		
Due from related parties (Note 23)	39	133
Other short term payables	7.644	3.619
	7.683	3.752
	31 March 2021	31 December 2020
Other Short Term Payables		
Deposits and guarantees received	172	122
Other short term payables	7.472	3.497
	7.644	3.619

9. DERIVATIVE INSTRUMENTS

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 date of 20 April 2020.

Derivative instruments as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021		31 December 2020	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Derivative instruments held for hedge				
Fixed Interest Rate Swap	274.751	(1.722)	242.237	(1.892)
Total Asset / (Liabilities)	274.751	(1.722)	242.237	(1.892)

**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 31 MARCH 2021**

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

10. INVENTORIES

Details of inventory are as follows;

	31 March 2021	31 December 2020
Raw materials	433.401	373.399
Work in progress	28.978	19.440
Finished goods	383.070	406.972
Trade goods	42.502	35.578
Other inventories	73.039	65.900
Allowance for impairment on inventory (-)	(32.040)	(29.809)
	928.950	871.480

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 31 March 2021 and 2020 are below:

	1 January - 31 March 2021	1 January - 31 March 2020
Opening balance	(29.809)	(18.030)
Charge for the period	(475)	(4.841)
Reversal of provision	576	1.191
Currency translation differences	(2.332)	(564)
Closing balance	(32.040)	(22.244)

11. INVESTMENT PROPERTIES

	1 January - 31 March 2021	1 January - 31 March 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 amounting to TL 246 thousand (31 March 2020: TL 360 thousand) as of 31 March 2021. Direct operating expenses arising from the investment properties in the current period is TL 20 thousand (31 March 2020: TL 13 thousand).

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 31 MARCH 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

12. TANGIBLE ASSETS

Movement of tangible assets between 1 January 2021 and 31 March 2021 is as follows:

Cost	1 January 2021	Addition	Disposal	Transfer	Currency Translation Differences	31 March 2021
Land	799.250	-	-	-	4.655	803.905
Buildings	1.190.901	91	(2.224)	4.733	34.018	1.227.519
Machinery, plant and equipment	2.515.683	6.735	(3.794)	8.938	131.082	2.658.644
Vehicles	12.776	14	-	-	1.061	13.851
Furniture and fixture	137.135	739	(635)	1.476	7.903	146.618
Leasehold improvements	42.609	83	(5)	-	29	42.716
Construction in progress	63.973	11.828	(35)	(15.147)	5.415	66.034
	4.762.327	19.490	(6.693)	-	184.163	4.959.287
Accumulated Depreciation	1 January 2021	Charge for the period	Disposal	Transfer	Currency Translation Differences	31 March 2021
Buildings	(619.702)	(6.711)	1.920	-	(16.548)	(641.041)
Machinery, plant and equipment	(1.322.806)	(37.934)	3.244	-	(70.952)	(1.428.448)
Vehicles	(9.859)	(311)	-	-	(890)	(11.060)
Furniture and fixture	(95.238)	(2.905)	130	-	(5.467)	(103.480)
Leasehold improvements	(26.809)	(924)	5	-	(22)	(27.750)
	(2.074.414)	(48.785)	5.299	-	(93.879)	(2.211.779)
Net Book Value	2.687.913					2.747.508

From depreciation and amortization expenses, TL 46.440 thousand (31 March 2020: TL 41.546 thousand) is included in cost of goods sold, TL 112 thousand (31 March 2020: TL 91 thousand) is included in research and development expenses, TL 1.266 thousand (31 March 2020: TL 980 thousand) is included in marketing and selling expenses, TL 1.653 thousand (31 March 2020: TL 1.398 thousand) is included in general and administrative expenses. In the three-months period ending as of March 31, 2021, there is no fixed asset acquired through financial leasing by the Group. There is not any mortgage or collateral on tangible assets.

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 31 MARCH 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

12. TANGIBLE ASSETS (continued)

Movement of tangible assets between 1 January 2020 and 31 March 2020 is as follows:

Cost	1 January 2020	Addition	Disposal	Transfer	Currency Translation Differences	31 March 2020
Land	720.030	-	-	-	2.182	722.212
Buildings	820.437	5.773	-	701	13.771	840.682
Machinery, plant and equipment	2.197.143	7.029	(2.662)	23.470	51.079	2.276.059
Vehicles	12.656	-	(25)	-	427	13.058
Furniture and fixture	112.036	1.337	(430)	3.035	3.998	119.976
Leasehold improvements	41.518	70	(11)	-	27	41.604
Other tangible assets	975	-	-	-	93	1.068
Construction in progress	63.648	7.720	(824)	(27.206)	874	44.212
	3.968.443	21.929	(3.952)	-	72.451	4.058.871
Accumulated Depreciation	1 January 2020	Charge for the Period	Disposal	Transfer	Currency Translation Differences	31 March 2020
Buildings	(377.766)	(5.728)	-	-	(4.696)	(388.190)
Machinery, plant and equipment	(1.095.425)	(34.180)	2.224	-	(30.269)	(1.157.650)
Vehicles	(9.143)	(360)	25	-	(423)	(9.901)
Furniture and fixture	(78.955)	(2.182)	425	-	(3.074)	(83.786)
Leasehold improvements	(22.893)	(973)	3	-	(11)	(23.874)
Other tangible assets	(1.084)	(32)	-	-	399	(717)
	(1.585.266)	(43.455)	2.677	-	(38.074)	(1.664.118)
Net Book Value	2.383.177					2.394.753

There is not any fixed asset acquired through financial leasing by the Group. There is not any mortgage or collateral on tangible assets in the current period.

**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 31 MARCH 2021**

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

12. 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 company has chosen the revaluation model from the application methods in TMS 16 regarding the representation of the lands and buildings with their fair values. The related assets were revalued with the "equivalent comparison method" on 29 January, 2021, and the studies were carried out by the valuation company authorized by the CMB. Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. The fair values of the land and buildings stated in the valuation reports are reflected in the consolidated financial statements as of 31 December 2020. The frequency of revaluations is related with the changes on the market values of the properties. If there is material change at the fair value, revaluation is performed. 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.

13. GOODWILL

	31 March 2021	31 March 2020
Opening balance	496.196	388.047
Currency translation difference	74.715	14.042
Closing balance	570.911	402.089

Goodwill details are as follows:

Company	31 March 2021	31 December 2020
UI Mena B.V.	549.173	477.303
IBC	21.738	18.893
	570.911	496.196

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 has been accounted to these financial statement by restating prior years.

International Biscuits Company

Yıldız Holding A.Ş. acquired United Biscuit Group as of 3 November 2014. Goodwill accounted at Yıldız Holding's financial statement related with IBC acquisition has been accounted to these financial statement by restating prior years.

**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 31 MARCH 2021**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

14. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2021 – 31 March 2021 are as follows:

Cost	1 January 2021	Addition	Currency Translation Differences	31 March 2021
Rights (*)	373.596	10	49.058	422.664
Other intangible assets	8.693	66	710	9.469
	382.289	76	49.768	432.133
Accumulated Amortization	1 January 2021	Charge for the period	Currency Translation Differences	31 March 2021
Rights (*)	(14.417)	(188)	(1.535)	(16.140)
Other intangible assets	(4.664)	(498)	(333)	(5.495)
	(19.081)	(686)	(1.868)	(21.635)
Net Book Value	363.208			410.498

Movements of intangible assets between 1 January 2020 – 31 March 2020 are as follows:

Cost	1 January 2020	Addition	Currency Translation Differences	31 March 2020
Rights (*)	299.979	1.249	25.055	326.283
Other intangible assets	5.988	491	321	6.800
	305.967	1.740	25.376	333.083
Accumulated Amortization	1 January 2020	Charge for the period	Currency Translation Differences	31 March 2020
Rights (*)	(11.130)	(160)	(904)	(12.194)
Other intangible assets	(2.649)	(400)	(45)	(3.094)
	(13.779)	(560)	(949)	(15.288)
Net Book Value	292.188			317.795

(*) As of 31 March 2021 Rights contain reacquired rights related with Saudi distribution agreements of Groups products in Saudi Arabia amounting to TL 331.267 thousand (31 March 2020: TL 259.259 thousand), the remaining amount of TL 68.647 thousand (31 March 2020: TL 48.347 thousand) contains the right 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.

**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 31 MARCH 2021**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

14. 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

15. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Guarantees Given

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

	31 March 2021			31 December 2020		
	TL	USD	EUR	TL	USD	EUR
A) CPM's given in the name of own legal personality (*)	211.352	25.354	-	209.221	25.354	-
B) CPM's given on behalf of the fully consolidated companies	-	-	81.000	-	-	81.000
C) CPM's given on behalf of third parties for ordinary course of business (**)	-	-	97.950	-	-	97.950
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	211.352	25.354	178.950	209.221	25.354	178.950

(*) Non-cash risk amounting to TL 65 million and USD 5,8 million.

(**) Includes the surety given for the group's raw material supplier in relation to the raw material purchases to be made on behalf of the group.

(***) The ratio of other collaterals, pledges and mortgages given by the group to equity attributable to equity holders' of the parent is zero as of 31 March 2021 (31 December 2020: Zero).

**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 31 MARCH 2021

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

15. 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 146,3 million and USD 19,5 million and non-cash bank guarantees amounting to TL 45,7 million and USD 6,1 million, have been transferred to Yıldız Holding A.Ş. through the syndication as of 8 June 2018. The company's total debt has not increased as a result of the syndicated loan. Related Ülker Bisküvi's subsidiaries became guarantors of Yıldız Holding A.Ş. as of the date of using the loan limited to the current total bank loan risk exposure.

16. REVENUE AND COST OF SALES

The detail of operating income is as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Domestic sales (*)	3.029.838	2.699.695
Export sales	500.482	397.441
Sales returns and discounts (-)	(840.642)	(721.010)
Revenue (net)	2.689.678	2.376.126
Cost of goods sold	(1.885.360)	(1.635.529)
Cost of trade goods sold	(30.737)	(24.316)
Cost of sales	(1.916.097)	(1.659.845)
Gross Profit	773.581	716.281

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

**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 31 MARCH 2021**

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

17. EXPENSES BY NATURE

The detail of operating expenses is as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
General Administrative Expenses		
Personnel Expenses	(34.714)	(27.931)
Operating expenses	(28.113)	(22.796)
Consultancy expenses	(6.596)	(6.188)
Depreciation and amortization expenses	(1.653)	(1.398)
Other	(5.693)	(5.503)
	(76.769)	(63.816)
Marketing Expenses		
Marketing operating expenses	(221.692)	(219.741)
Personnel expenses	(42.849)	(34.433)
Rent expenses	(5.629)	(4.664)
Depreciation and amortization expenses	(1.266)	(980)
Other	(8.480)	(15.812)
	(279.916)	(275.631)
Research Expenses		
Personnel expenses	(5.308)	(3.558)
Materials used	(1.086)	(224)
Depreciation and amortization expenses	(112)	(91)
Other	(2.359)	(1.809)
	(8.865)	(5.682)

18. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

a) The detail of investment income is as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Foreign exchange gains	1.265.665	689.621
Fair value increase of financial investments	103.336	-
Interest income	75.145	31.291
Rent income	3.334	3.009
Income on sales of tangible assets	1.330	1.317
Dividend income	45	-
	1.448.855	725.238

b) The detail of investment expenses is as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Loss on sales of tangible assets	(5)	(77)
Foreign exchange losses	(204)	(103.565)
Fair value decrease of financial investments	-	(568.686)
	(209)	(672.328)

**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 31 MARCH 2021**

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

19. FINANCIAL INCOME

	1 January - 31 March 2021	1 January - 31 March 2020
Foreign exchange gains	1.246	7.105
Other	465	592
	1.711	7.697

20. FINANCIAL EXPENSES

	1 January - 31 March 2021	1 January - 31 March 2020
Foreign exchange losses from financing	(1.074.834)	(428.257)
Interest expenses	(168.748)	(93.500)
Other	(7.330)	(6.636)
	(1.250.912)	(528.393)

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 netted against those with deferred tax liabilities and reflected on a separate-entity basis.

The Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies had been increased from 20% to 22% during 2018, 2019 and 2020. Therefore, deferred tax assets and liabilities shall be measured in accordance with materiality at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences will be measured by 20%. At the same time, the exemption to be applied over the capital gains from the sales of the real estate taxpayers held for at least two years was reduced from 75% to 50% with the regulation published in the Official Gazette dated 5 December 2017.

The rate applied in the calculation of deferred tax assets and liabilities for entities in Turkey is 20% (2020: 20%), for entities in Saudi Arabia and Kazakhstan is 20% (2019: 20%), for entities in Egypt 22,5% (2020: 22,5%), and for entity in Kyrgyzstan 10% (2020: 10%), for entity in the United Arab Emirates is zero (2020: Zero).

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 31 MARCH 2021

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

21. TAX ASSET AND LIABILITIES (continued)

Deferred tax bases:

	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Indexation and useful life differences of tangible and intangible assets	-	-	1.355.420	1.338.310
Marketable securities valuation differences	-	-	4.905	4.890
Investment properties valuation differences	-	-	-	22.164
Allowance of employee termination benefits	(167.584)	(151.400)	-	-
Previous year losses	(94.305)	(83.719)	-	-
Provision of doubtful receivables	(29.372)	(24.293)	-	-
Provision for unused vacation	(22.656)	(19.497)	-	-
Impairment on inventories	(13.161)	(15.927)	-	-
Profit margin elimination on inventories	(13.153)	(15.923)	-	-
Provision for lawsuits	(6.282)	(6.200)	-	-
Derivative instruments	(1.722)	(1.892)	-	-
Other	(60.427)	(18.225)	78.883	87.042
	(408.662)	(337.076)	1.439.208	1.452.406

Deferred tax calculated over the tax bases:

	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Indexation and useful life differences of tangible and intangible assets	-	-	181.813	178.391
Marketable securities valuation differences	-	-	245	245
Investment properties valuation differences	-	-	-	2.216
Allowance of employee termination benefits	(33.517)	(30.280)	-	-
Previous year losses	(18.861)	(16.744)	-	-
Investment incentive	(8.743)	(13.993)	-	-
Provision of doubtful receivables	(5.874)	(4.859)	-	-
Provision for unused vacation	(4.531)	(3.899)	-	-
Impairment on inventories	(2.632)	(3.185)	-	-
Profit margin elimination on inventories	(2.631)	(3.185)	-	-
Provision for lawsuits	(1.256)	(1.240)	-	-
Derivative instruments	(344)	(378)	-	-
Other	(12.086)	(3.645)	15.777	17.408
	(90.475)	(81.408)	197.835	198.260

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 31 MARCH 2021
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

21. TAX ASSET AND LIABILITIES (continued)

Movement of Deferred Tax Liabilities:

	1 January - 31 March 2021	1 January - 31 March 2020
Opening balance	116.852	162.195
Taxes netted from funds recognised under equity	(558)	(188)
Currency translation differences	494	2.535
Deferred tax income	(9.428)	(93.774)
	107.360	70.768

As of 31 March 2021, the Group calculated deferred tax assets of TL 94.305 thousand for deductible financial losses in the consolidated financial statements for the current year (31 December 2020: TL 83.179 thousand). The maturities of these losses are as follows:

	31 March 2021	31 December 2020
2025	94.305	83.719
Toplam	94.305	83.719

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 in 31 December 2020 is 20% (2020: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% 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 years 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.

**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 31 MARCH 2021**

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

21. TAX ASSET AND LIABILITIES (continued)

The corporate tax in Egypt where Hi-Food for Advanced Food Industries and Ulker for Trading and Marketing, a subsidiary of the Group is 22,5% (2020: 22,5%). The corporate tax rate in Saudi Arabia where Food Manufacturers' Company and International Biscuits Company, subsidiaries of the Group is 20% (2020: 20%).

The corporate tax in Kazakhstan where Hamle Company Ltd LLP, a subsidiary of the Group is 20% (2020: 20%).

The corporate tax in Kyrgyzstan where Ülker Star LLC, a subsidiary of the Group is 10% (2020: 10%).

In UAE where Amir Global Trading FZE, a subsidiary of the Group is exempt from corporate tax earnings (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 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Provision for taxation as of 31 March 2021 and 31 December 2020 is as follows:

	31 March 2021	31 December 2020
Total corporate tax provision	(133.122)	(349.929)
Prepaid taxes and funds	(56.339)	265.282
Taxation in the balance sheet	(189.461)	(84.647)
	31 March 2021	1 January - 31 March 2020
Current period corporate tax expense	133.122	67.338
Deferred tax income	(9.428)	(93.774)
Tax (expense)/income in the income statement	123.694	(26.436)

32. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 31 March 2021 and 2020 computation of earnings per share set out here as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Weighted average number of common stock outstanding	34.200.000	34.200.000
Principle Shareholder's net profit/(loss)	479.294	(98.292)
Basic Earnings/(Loss) per Share	1,40	(0,29)

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 31 MARCH 2021

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

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The detail of receivables from related parties is as follows:

	31 March 2021	31 December 2020
Trade receivables	2.141.962	2.031.627
Non-trade receivables	1.927.084	1.706.078
	4.069.046	3.737.705

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

	31 March 2021		31 December 2020	
	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder				
Yıldız Holding A.Ş.	-	1.927.084	-	1.706.078
Other Companies Controlled by the Ultimate Shareholder				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	1.082.687	-	1.019.436	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	794.546	-	742.344	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	125.335	-	121.428	-
G2M Eksper Satış ve Dağıtım Hizmetleri A.Ş.	83.701	-	77.350	-
United Biscuits (UK) Ltd.	3.195	-	4.576	-
Other	52.498	-	66.493	-
	2.141.962	1.927.084	2.031.627	1.706.078

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. those make the sale and distribution of products throughout Turkey.

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 31 MARCH 2021

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

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The detail of advances given to related parties is as follows:

	31 March 2021	31 December 2020
Önem Gıda San. ve Tic. A.Ş.	68.195	134.308
	68.195	134.308

The detail of payables to related parties is as follows:

	31 March 2021	31 December 2020
Trade payables	578.708	374.544
Non-trade payables	39	133
	578.747	374.677

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

	31 March 2021		31 December 2020	
	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder				
Yıldız Holding A.Ş.	156.696	-	113.241	-
Other Companies Controlled by the Principle Shareholder				
Önem Gıda San. ve Tic. A.Ş.	285.380	-	132.014	-
United Biscuits (UK) Ltd.	54.848	-	41.889	-
Adapazarı Şeker Fabrikası A.Ş.	20.862	-	26.853	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	15.979	-	29.491	-
pladis Foods Limited	10.000	-	866	-
Marsa Yağ San. ve Tic. A.Ş.	3.267	-	5.190	-
Other	31.676	39	25.000	133
	578.708	39	374.544	133

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 31 MARCH 2021

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

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

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

	1 January - 31 March 2021		1 January - 31 March 2020	
	Purchases	Sales	Purchases	Sales
Other Companies Controlled by the Principle Shareholder				
Önem Gıda San. ve Tic. A.Ş.	660.068	152	576.470	134
Besler Gıda ve Kimya San. ve Tic. A.Ş.	98.729	-	82.098	33
United Biscuits (UK) Ltd.	31.194	1.204	24.302	913
Adapazarı Şeker Fabrikası A.Ş.	26.095	-	451	-
Marsa Yağ San. ve Tic. A.Ş.	22.083	-	20.431	-
Pendik Nişasta San. A.Ş.	7.309	-	14.546	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	179	49.574	198	49.610
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	881.973	4	819.339
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	583.947	-	509.998
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	79.084	-	78.903
Other	7.911	28.948	5.598	9.709
Other Related Parties				
İstanbul Gıda Dış Tic. A.Ş.	-	-	74.106	277.948
	853.568	1.624.882	798.204	1.746.587

The Group mainly acquires raw materials from Besler Gıda ve Kimya Sanayi ve Ticaret A.Ş., which produces vegetable oil and margarine, Önem Gıda San. ve Tic. A.Ş. and Pendik Nişasta San. A.Ş.. The major part of selling and distribution operations of the Group all Turkey are operated by Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Ticaret.

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

For the three months period ended 31 March 2021:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(24)	(67.775)	248.862
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(30.623)	(418)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(6.168)	27.667
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	17	(4.457)	12.278
United Biscuits (UK) Ltd.	-	(2.660)	(553)
Önem Gıda San. ve Tic. A.Ş.	709	192	3.007
Other	1.718	(7.342)	(2.738)
	2.420	(118.833)	288.105

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 31 MARCH 2021

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

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

For the three months period ended 31 March 2020:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	6	(57.368)	10.430
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(14.596)	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(3.775)	12.157
United Biscuits (UK) Ltd.	-	(3.427)	129
Önem Gıda San. ve Tic. A.Ş.	779	(2.737)	2.462
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	18	(1.892)	5.094
Other	(218)	(2.258)	(3.093)
Other Related Parties			
İstanbul Gıda Dış Ticaret A.Ş.	-	287	50.755
	585	(85.766)	77.884

Benefits provided to members of BOD and key management personnel:

	31 March 2021	31 March 2020
Fees and other short term benefits	16.125	7.979
	16.125	7.979

**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 31 MARCH 2021**

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

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 distribution of the monetary and non-monetary assets and monetary and non-monetary liabilities of the Group in foreign currency as of the balance sheet date is as follows:

	31 March 2021				
	TL	USD	EUR	GBP	CHF
1. Trade Receivables	648.763	66.157	7.871	1.841	-
2a. Monetary Financial Assets	10.482.246	1.175.986	70.649	67	34
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	16.324	1.105	714	13	-
4. CURRENT ASSETS	11.147.333	1.243.248	79.234	1.921	34
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets,	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	11.147.333	1.243.248	79.234	1.921	34
10. Trade Payables	183.536	12.093	6.105	1.895	174
11. Financial Liabilities	748.817	47.906	35.825	-	-
12a. Other Monetary Financial Liabilities	1.625	52	122	-	-
12b. Other Non-monetary Financial Liabilities	1.316	63	81	-	-
13. CURRENT LIABILITIES	935.294	60.114	42.133	1.895	174
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	9.436.033	728.760	344.825	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	9.436.033	728.760	344.825	-	-
18. TOTAL LIABILITIES	10.371.327	788.874	386.957	1.895	174
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)	776.006	454.374	(307.723)	26	(140)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	760.998	453.332	(308.356)	13	(140)
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	-	-	-	-	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-	-

**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 31 MARCH 2021**

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

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	526.599	58.580	8.725	1.810	-
2a. Monetary Financial Assets	8.964.662	1.143.031	63.439	229	62
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	15.658	323	1.453	20	-
4. CURRENT ASSETS	9.506.919	1.201.934	73.617	2.059	62
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	9.506.919	1.201.934	73.617	2.059	62
10. Trade Payables	167.278	13.269	6.073	1.420	127
11. Financial Liabilities	663.243	47.038	35.298	-	-
12a. Other Monetary Financial Liabilities	1.987	121	122	-	-
12b. Other Non-monetary Financial Liabilities	3.737	395	93	-	-
13. CURRENT LIABILITIES	836.245	60.823	41.586	1.420	127
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	8.333.339	715.819	341.797	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	8.333.339	715.819	341.797	-	-
18. TOTAL LIABILITIES	9.169.584	776.642	383.383	1.420	127
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)	337.335	425.292	(309.766)	639	(65)
21. Monetary Items Net Foreign Currency Asset (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	325.414	425.364	(311.126)	619	(65)
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	-	-	-	-	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-	-

The Group's export and import balances for the period of 31 March 2021 and 2020 are presented below:

	1 Ocak- 31 March 2021	1 Ocak- 31 March 2020
Total exports	500.482	397.441
Total imports	140.907	132.079

**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 31 MARCH 2021

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

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

Foreign currency risk sensitivity

The Group is exposed to foreign exchange risk arising primarily from USD and EUR. The table below shows, the foreign currency sensitivity of the Company arising from 10% change in US dollar and EUR rates. The rate used as 10% is a fair benchmark for the Company as it is limited to capital commitment threshold. This rate is the anticipated rate change of the Company's senior management. Sensitivity analysis includes only the monetary items in foreign currency at year 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.

	31 March 2021		31 March 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	377.435	(377.435)	452.275	(452.275)
2- Part of hedged from US Dollar risk (-)				
3- US Dollar net effect (1 +2)	377.435	(377.435)	452.275	(452.275)
In case of %10 appreciation of EUR against TL				
4 -Euro net asset / liability	(301.227)	301.227	(407.861)	407.861
5 - Part of hedged from Euro risk (-)				
6- Euro net effect (4+5)	(301.227)	301.227	(407.861)	407.861
Total (3 + 6)	76.208	(76.208)	44.414	(44.414)

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)

**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 31 MARCH 2021**

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

25. FINANCIAL INSTRUMENTS (continued)

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

		Fair value hierarchy		
	31 March	Level 1	Level 2	Level 3
	2021	TL	TL	TL
Financial assets				
Financial assets at fair value through profit and loss				
- Available for sale	5.597.690	911	5.592.097	4.682
Financial assets at fair value through comprehensive income statement				
- Shares	977.906	-	-	977.906
Total	6.575.596	911	5.592.097	982.588
Financial liabilities				
Financial liabilities at fair value through comprehensive income statement				
- Derivative instruments	1.722	-	1.722	-
Total	1.722	-	1.722	-
		Fair value hierarchy		
	31 December	Level 1	Level 2	Level 3
	2020	TL	TL	TL
Financial assets				
Financial assets at fair value through profit and loss				
- Available for sale	3.639.474	49.044	3.585.948	4.682
Financial assets at fair value through comprehensive income statement				
- Shares	977.906	-	-	977.906
Total	4.617.380	49.044	3.585.948	982.588
Financial liabilities				
Financial liabilities at fair value through comprehensive income statement				
- Derivative instruments	1.892	-	1.892	-
Total	1.892	-	1.892	-

It is anticipated that the carrying values of trade payables, other payables and bank borrowings reflect their fair values.

The carrying value of the Company's total nominal value of USD 650.000.000 and fixed interest Eurobond (Note 6) issued to be traded in Dublin Euronext is TL 259.567 thousand below the fair value based on the quoted 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 31 MARCH 2021

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

26. SUBSEQUENT EVENTS

a) The corporate income tax rate will be applied as 25% for 2021 taxation period and 23% for 2022 taxation period in accordance with the article 11 of the Law No. 7316 on the Procedure for Collection of Public Claims and the Law Amending Some Other Laws and included to the temporary article 13 of Law No. 5520 Corporate Tax Law which are published in the Official Gazette numbered 31462 on 22 April 2021. Changes in the tax rates or tax laws after the reporting period are non-adjusting events. The Group has measured the Corporate Tax and deferred tax assets and liabilities according to the current Corporate Tax rate of 20% as of the balance sheet date. The Group is in the process of assessing the impact of the aforementioned law on financial position and performance of the Group for the upcoming reporting periods.

b) The Group's 2020 Ordinary General Assembly Meeting was held on 26th of April 2021. In this meeting, TL 276.600 thousands of gross dividend amount was decided to be distributed in cash out of the distributable net profit for 2020 and the payment will be made on 25th of May 2021.