ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)

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

ASSETS	**Notes**	**Audited Current Period 31 December 2020**	**Audited Previous Period 31 December 2019**
Current Assets		**13.262.885**	**8.720.108**
Cash and Cash Equivalents	2.4-4	3.824.320	2.027.599
Financial Investments	2.4-5	3.639.474	3.057.459
Trade Receivables			
- Due From Related Parties	7-33	2.031.627	2.106.741
- Other Trade Receivables	7	848.060	259.061
Other Receivables			
- Due From Related Parties	8-33	1.706.078	115.619
- Other Receivables	8	49.818	37.283
Derivatives Instruments	9	-	358.919
Inventories	10	871.480	592.698
Prepaid Expenses			
- Due To Related Parties	19-33	134.308	41.545
- Other Prepaid Expenses	19	63.373	42.946
Current Income Tax Assets		8.356	4.583
Other Current Assets	21	85.991	75.655
Non-Current Assets		**4.629.619**	**4.071.644**
Financial Investments	5	978.106	946.029
Other Receivables			
- Other Receivables	8	369	460
Investment Properties	11	26.145	21.155
Tangible Assets	12	2.687.913	2.383.177
Intangible Assets			
- Goodwill	13	496.196	388.047
- Other Intangible Assets	14	363.208	292.188
Prepaid Expenses	19	48.439	7.602
Deferred Tax Asset	31	29.243	32.986
TOTAL ASSETS		**17.892.504**	**12.791.752**

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

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

LIABILITIES	**Notes**	**Audited Current Period 31 December 2020**	**Audited Previous Period 31 December 2019**
Current Liabilities		**2.453.876**	**6.800.011**
Short Term Financial Liabilities	6	11.408	150.764
Short Term Portion of Long Term Financial Liabilities	6	768.723	5.088.239
Trade Payables			
- Due to related parties	7-33	374.544	607.365
- Other trade payables	7	827.715	617.233
Employee Benefit Related Liabilities	20	49.874	44.822
Other Payables			
- Due to Related Parties	8-33	133	113
- Other Payables	8	3.619	4.994
Derivative Instruments	9	1.892	-
Deferred Revenue	22	40.556	11.854
Current Income Tax Liabilities	31	84.647	68.967
Short Term Provisions			
- Short Term Provisions for Employee Benefits	18	78.290	66.366
- Other Short Term Provisions	16	165.658	103.331
Other Current Liabilities	21	46.817	35.963
Non-Current Liabilities		**8.965.067**	**1.057.509**
Long Term Financial Liabilities	6	8.607.951	701.318
Long Term Provisions			
- Long Term Provisions for Employee Benefits	18	211.021	161.010
Deferred Tax Liabilities	31	146.095	195.181
SHAREHOLDERS' EQUITY	23	**6.473.561**	**4.934.232**
Equity Attributable To Equity Holders' of the Parent		**5.693.648**	**4.411.329**
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		812.025	647.779
- Actuarial Gains and Losses on Post-Employment Termination Benefit Obligation		(35.463)	(26.435)
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	2.4	459.069	422.738
- Other Gains		-	817.879
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Currency Translation Adjustments		22.444	(57.006)
- Cash Flow Hedges		(1.400)	3.695
Restricted Reserves		131.587	131.587
Retained Earnings		3.324.334	1.509.952
Net Profit for the Period	2.4	1.016.415	996.503
Non-Controlling Interest		779.913	522.903
TOTAL LIABILITIES AND EQUITY		**17.892.504**	**12.791.752**

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

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

	Notes	Audited Current Period 1 January - 31 December 2020	Audited Previous Period 1 January - 31 December 2019
Revenue	24	9.400.861	7.803.120
Cost of Sales	24	(6.757.398)	(5.663.928)
GROSS PROFIT		**2.643.463**	**2.139.192**
General Administrative Expenses	25-26	(263.248)	(234.744)
Marketing, Sales and Distribution Expenses	25-26	(921.325)	(752.076)
Research and Development Expenses	25-26	(24.209)	(19.956)
Other Operating Income	27	229.896	87.331
Other Operating Expenses	27	(171.839)	(66.029)
OPERATING PROFIT		**1.492.738**	**1.153.718**
Income from Investment Activities	28	2.503.149	1.131.907
Expenses from Investment Activities	2.4-28	(683.929)	(11.246)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		**3.311.958**	**2.274.379**
Financial Income	29	555.442	554.695
Financial Expenses	30	(2.372.753)	(1.466.132)
PROFIT BEFORE TAX		**1.494.647**	**1.362.942**
Tax Expense		**(291.062)**	**(260.517)**
Corporate Tax Expense	31	(349.929)	(232.123)
Deferred Tax Income/(Expense)	2.4-31	58.867	(28.394)
PROFIT FOR THE PERIOD		**1.203.585**	**1.102.425**
Distribution of the Profit for the Period			
Non-Controlling Interest	23	187.170	105.922
Equity Holders of the Parent		1.016.415	996.503
Earnings per Share	32	2,97	2,91

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

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited Current Period 1 January - 31 December 2020	Audited Previous Period 1 January - 31 December 2019
PROFIT FOR THE PERIOD		**1.203.585**	**1.102.425**
Other Comprehensive Income			
Not to be Reclassified To Profit and Loss		**191.222**	**134.331**
Actuarial Loss on Post-Employment Termination Benefit Obligation	18	(12.939)	(7.930)
Gains from Tangible Asset Revaluation	12	184.422	-
Gains from Financial Assets Measured at Fair Value Through Other Comprehensive Income	2.4	32.077	87.403
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		1.850	1.586
Increases on Revaluation of Plant, Property and Equipment, Deferred Tax Effect		(18.442)	-
Gains from Financial Assets Measured at Fair Value Through Other Comprehensive Income, Tax Effect	2.4	4.254	53.272
Items to be Reclassified to Profit and Loss		**151.208**	**17.744**
Currency Translation Adjustments		156.303	66.530
Cash Flow Hedges		(6.487)	(62.546)
Deferred Tax For The Items That Will be Reclassified to Profit and Loss			
Cash Flow Hedges, Deferred Tax Effect		1.392	13.760
OTHER COMPREHENSIVE INCOME		**342.430**	**152.075**
TOTAL COMPREHENSIVE INCOME		**1.546.015**	**1.254.500**
Distribution of Total Comprehensive Income			
Non-Controlling Interest		263.696	139.408
Equity Holders of the Parent		1.282.319	1.115.092

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER’S EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

				Accumulated Other Comprehensive Income To Be Reclassified Under 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 Plant, Property and Equipment**	**Actuarial Losses on Post-Employment Termination Benefit Obligation**	**Financial Assets Fair Value Through Other Compherensive Income**	**Other Gains**	**Restricted Reserves Appropriated From Profits**	**Net Profit For the Period**	**Retained Earnings**	**Equity Attributable to Equity Holders of the Parent**	**Non-Controlling Interest**	**Total**
As of 1 January 2019	**342.000**	**108.056**	**(498.670)**	**(89.429)**	**52.481**	**647.779**	**(21.173)**	**1.099.942**	**-**	**131.587**	**700.779**	**822.885**	**3.296.237**	**383.495**	**3.679.732**
Transfer	-	-	13.251	-	-	-	461	(817.879)	817.879	-	(700.779)	687.067	-	-	-
Total comprehensive income	-	-	-	32.423	(48.786)	-	(5.723)	140.675	-	-	996.503	-	1.115.092	139.408	1.254.500
As of 31 December 2019	**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**
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 (Note:23)	-	-	-	-	-	-	-	-	(817.879)	-	(996.503)	1.814.382	-	-	-
Total comprehensive income	-	-	-	79.450	(5.095)	164.246	(9.028)	36.331	-	-	1.016.415	-	1.282.319	263.696	1.546.015
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.686)	(6.686)
As of 31 December 2020	**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**

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

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

	Notes	**Audited Current Period 1 January - 31 December 2020**	**Audited Previous Period 1 January - 31 December 2019**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit for the Period		1.203.585	1.102.425
Adjustments to Reconcile Net Profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation expenses of tangible assets	12	183.867	165.471
Amortization expenses of intangible assets	14	2.604	5.639
Adjustment for Impairment Loss (Reversal)			
Provision/(reversal) for doubtful receivables	7	99	(9.307)
Adjustment for impairment loss of other financial investments Loss/(gain)			
Increase in financial investments	28	(316.724)	(302.223)
Adjustment for impairment loss of inventories	10	12.934	14.654
Adjustments for Provisions			
Adjustments for Provisions Related with Employee Benefits			
Provision for employment benefits	18	52.146	53.788
Provision for unused vacation	18	26.663	17.393
Provision for premium	18	43.606	48.488
Adjustments for Provision (Cancelled) Lawsuits	16	(68)	2.227
Adjustments for Other Provisions			
Change in Other Provisions (net)		62.742	11.506
Adjustments for Dividend Income	28	(64)	(83)
Adjustments for Interest Income and Expense			
Adjustments for Interest Income			
Interest Income	28	(174.989)	(233.928)
Adjustments for Interest Expense			
Rediscounted interest expense (net)	27	190	5.239
Interest Expense	30	436.118	413.353
Fair Value Increase of Investment Properties	11-28	(4.990)	(1.115)
Adjustments for Tax Expense	31	291.062	260.517
Adjustments for Losses/(Gains) on Disposals of Non-Current Assets			
Adjustments for Losses /(Gains) Arised from Sale of Tangible Assets	28	(1.390)	1.846
Adjustments for Other Items That Cause Cash Flows Arising from Investing or Financing Activities			
Change in foreign currency of financial liabilities (net)	29-30	1.396.213	474.289
Change in foreign currency from investing activities (net)	28	(1.309.144)	(574.714)
Commission expenses and finance service income (net)	29-30	(15.020)	23.795
Other Adjustments to Reconcile Profit/(Loss)			
Rent income		(11.919)	(10.444)
Net operating cash flows provided before changes in working capital		**1.877.521**	**1.468.816**

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

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

	Notes	Audited Current Period 1 January - 31 December 2020	Audited Previous Period 1 January - 31 December 2019
Changes in Working Capital			
Increase in trade receivables		(196.742)	(37.918)
Increase in trade receivables from related parties		(260.279)	(491.336)
Increase in inventories		(247.078)	(2.569)
(Increase)/Decrease in other receivables and other current assets		(125.490)	10.091
Increase/(Decrease) in trade payables		69.366	(11.802)
(Decrease)/Increase in trade payables to related parties		(159.763)	144.627
Increase/(Decrease) in other payables and liabilities		8.680	(41.431)
Net cash generated from operations		**966.215**	**1.038.478**
Payments related with provisions for employee benefits			
Employment termination benefit paid	18	(25.669)	(19.452)
Unused vacation paid	18	(25.083)	(15.715)
Performance premium paid	18	(41.021)	(35.704)
Lawsuits provision paid	16	(347)	(525)
Taxes paid		(338.022)	(171.654)
Collections from doubtful trade receivables	7	131	255
Net cash from generated operating activities		**536.204**	**795.683**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible and intangible assets		4.068	7.544
Purchase of property, plant and equipment		(193.143)	(135.572)
Purchase of intangible assets	14	(2.728)	(5.178)
Changes in non-trade receivables from related parties		(1.441.584)	758
Cash generated from dividends		64	817.961
Interest received		174.989	233.928
Other advances given and payables		(40.837)	-
Repayments from other advances given and payables		-	2.026
Rent Income		11.919	10.444
Payment of capital advance to shareholders		-	(336.410)
Cash outflows from purchase of other businesses or share of funds or debt instruments		491.169	801.458
Other cash outflows		-	(17.630)
Net cash (used)/generated from investing activities		**(996.083)**	**1.379.329**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflow from borrowings		8.446.445	317.922
Repayments of borrowings		(6.634.184)	(345.444)
Cash inflow from derivative instruments		500.271	-
Dividends paid		(6.686)	-
Commission paid		(33.849)	(23.795)
Interest paid		(364.133)	(414.644)
Change in non-trade payables to related parties		20	(1.064)
Net cash generated/(used) in financing activities		**1.907.884**	**(467.025)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**1.448.005**	**1.707.987**
THE EFFECT OF FOREIGN EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS		**348.716**	**(679.850)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2.4-4	**2.027.599**	**999.462**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2.4-4	**3.824.320**	**2.027.599**

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

(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 (2019: 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 Istanbul 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/Istanbul.

As of 31 December 2020, the total number of people employed by the Group is 9.035, which contains 1.393 employees who worked as subcontractors (31 December 2019: 8.921, subcontractor: 1.276).

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 December 2020 and 31 December 2019, the names and percentages of the shareholders holding more than 5% of the Company's share capital are as follows:

		31 December 2020		**31 December 2019**
Name of the Shareholders	**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**

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

As of 31 December 2020 and 31 December 2019, the details of the subsidiaries under consolidation in terms of direct and effective share of ownership and principal business activities are as follows:

	31 December 2020		31 December 2019		
Subsidiaries	**Ratio of Direct Ownership**	**Ratio of Effective Ownership**	**Ratio of Direct Ownership**	**Ratio of Effective Ownership**	**Nature of Operation**
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 10 March 2021. The General Assembly has the authority to amend the 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.

(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.

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.

As of 31 December 2020, rates declared by Central Bank of Republic of Turkey are;

	Period End		Average	
Currency	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**
Euro	9,0079	6,6506	8,014	6,3481
USD	7,3405	5,9402	7,0034	5,6712
EGP	0,4670	0,3703	0,4433	0,3380
SAR	1,9563	1,5834	1,8663	1,5121
KZT	0,0174	0,0156	0,0169	0,0148
AED	2,0002	1,6186	1,9084	1,5453

Consolidation

(a) Subsidaries

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

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Consolidation (Continued)

(c) Losses control of subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TAS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 interpretaitions applicable from 1 January 2020.

Standards, amendments and interpretations applicable as at 1 January 2020:

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments did not have a significant impact on the financial position or performance of the Group.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform; which are effective for periods beginning on or after January 1, 2020. The amendments did not have a significant impact on the 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.

Standards issued but not yet effective and not early adopted

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and Revised International Financial Reporting Standards (Continued)

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.

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

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.

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.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies

The accounting policies applied in preparation of the accompanying financial statements are as follows. This accounting policy was applied in a consistent manner unless otherwise settled.

Revenue recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

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

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

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations. Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation. When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers. Following indicators are considered while evaluating the transfer of control of the goods and services, a) presence of Group's collection right of the consideration for the goods or services, b) customer's ownership of the legal title on goods or services, c) physical transfer of the goods or services, d) customer's ownership of significant risks and rewards related to the goods or services, e) customer's acceptance of goods or services. If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs, including some of the fixed and variable general production expenses, are valued according to the average cost method suitable for the class of the inventories. Net realizable value is obtained by deducting the estimated completion cost from the estimated sales price in the ordinary commercial activity and the estimated costs required to realize the sale. When the net realizable value of the inventory falls below its cost, the inventories are reduced to their net realizable value and the expense is reflected in the income statement in the year in which the impairment occurred. In cases where the conditions that previously caused the inventories to be reduced to net realizable value lose their validity or there is an increase in net realizable value due to changing economic conditions, the provision for impairment allocated is canceled. The canceled amount is limited to the previously reserved impairment amount.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Tangible Assets

Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings. The frequency of revaluation depends on the changes in the fair values of the tangible assets subject to revaluation. In the event that the fair value of the re-evaluated assets differ significantly from their carrying value, they are revalued in maximum 5-year periods. All other tangible assets are recognized at the value after accumulated depreciation and impairment are deducted from cost values.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Assets held under financial leasing are depreciated over their expected useful lives on the same basis as owned assets. Gain or loss from selling or abandoning from service of property, plant and equipment is equal to the difference between revenue and book value of assets and gain or loss is booked under statement of income.

Finance Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease - The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Lease - The Group as lessee

Operating lease payments (also in the event that lease incentives are received to enter into operating leases, such incentives are recognized under Profit or Loss Statement) which out of the TFRS 16 scope are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group does not have an important lease agreement to be evaluated within the scope of TFRS 16.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Bussiness combinations are accounted in accordance with TFRS 3 "Business Combinations" except for the assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Investment Properties

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

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

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

The fair value of investment properties is determined by the valuation institutions with sufficient experience in the valuation of accredited, similar investment properties determined by the CMB. Investment properties enter the 2nd level in the hierarchy table.

Intangible Assets

Intangible assets acquired separatelys

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

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5–10 years).

Computer software development costs recognized as assets are amortized over their estimated useful lives.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably. The cost of such intangible assets is initially recognized at their fair value at the acquisition date

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Impairment of Non-Financial Assets:

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

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

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

Borrowing Costs

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

When the Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

General borrowings of the Group are capitalized to the applicable qualifying assets based on a capitalization rate. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the consolidated statement of income/ (loss) in the period in which they are incurred.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Financial instruments

Financial assets

Classification and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

(b) Financial assets carried at fair value

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

i) Financial assets carried at fair value through profit or loss

Financial assets whose fair value is reflected to profit or loss include "financial investments and investment funds at fair value through profit or loss" items in the statement of financial position.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets, whose fair value is reflected in other comprehensive income, include "equity-based financial investments and derivative instruments" items in the statement of financial position. Derivative instruments are recognized as assets when the fair value is positive and as liabilities if the fair value is negative. The Group measures these assets at their fair values. Gains or losses arising from the relevant financial assets other than impairment and exchange difference income or expenses are reflected in other comprehensive income. In case of the sale of assets whose fair value differences are recorded in other comprehensive income, the valuation difference classified into other comprehensive income is classified into previous years profits.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Recognition and de-recognition of financial instruments

All purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the consolidated financial statements.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Financial Liabilities

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of profit or loss over the period. Borrowing costs are charged to the statement of profit or loss when they are incurred. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. The Group's financial borrowings consist of bank loans, issued debt instruments, loans from related parties and financial lease liabilities.

Trade receivable

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant.

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The receivables in process of lawsuit or enforcement or in a prior stage, the customer having material financial difficulties, the receivable turning default or the possibility of material and unforeseeable delay in the future collection are included under objective evidences. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. Also, Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Foreign Currency Transactions:

In preparing the consolidated financial statements of the Group, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At balance sheet, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks,

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

They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill, brand and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Earnings Per Share:

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

Events After the Reporting Period

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

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Contingent Liabilities:

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

The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date.

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement could be recognized as an asset when, and only when, it is virtually certain that reimbursement will be received and can be estimated reliably.

Related Party Disclosures:

Related parties in consolidated financial statements: A related party, persons or company that is related to the company that is preparing its consolidated financial statements.

(a) A person or a close member of that person's family is related to an company if that person:

- (i) has control or joint control of the company,
- (ii) has significant influence over the company,
- (iii) is a member of the key management personnel of the ecompany or of a parent of the company.

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

- (i) The company members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One company is an associate or joint venture of the other company (or an associate or joint venture of a member of a group of which the other company is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The company is a post-employment benefit plan for the benefit of employees of either the company or a compny related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related party transactions: A company transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Government Grants and Incentives:

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets, or altenatively netted off with the cost of related asset.

Current and deferred income tax

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

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Current and deferred income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee Benefits

Termination and retirement benefits

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

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

Statement of Cash Flows

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

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Share Capital and Dividends

Ordinary shares are classified as equity. Dividends distributed over the ordinary shares are classified as dividend liability after deducting retained earnings at the period in which the dividend distribution decision is made.

Shareholders' Equity

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered.

Revaluation fund included in the value increase funds is related to the value increase at the date of the transaction of the net assets owned by the Group before the sale transaction.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

i. Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)

ii. Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or,

iii. Hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 9. Movements in the hedging reserve in shareholders' equity are shown in Note 34. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Goodwill

The amount of goodwill that arising in the purchase transaction, is valued at the cost value at the date of purchase transaction after deducting the impairment provisions, if any.

Goodwill that allocated to cash generating unit is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised for the amount by which the cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Impairment for goodwill is accounted to profit and loss. Impairment losses on goodwill are not reversed. Goodwill related with cash generating unit is considered at sales profit/loss.

The Group acquired business from its ultimate shareholder as under common control and accounted its book values as accounted at ultimate shareholder level including goodwill (Note 13).

2.4 Comparative Information and Restatement/Reclassification of Prior Period Consolidated Financial Statements

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

The Group has reclassified investments fund with financial asset characteristics from cash and cash equivalents to financial assets measured at fair value through profit or loss in the financial statements as of December 31, 2020. Such reclassification has been made due to unpredictability of the change in fair value and not being readily convertible into precise certain known amounts of cash at inception on individual investment fund level. The Group has made restatements to prior periods balance sheets and cash flow statements in order to confirm to current period financial statements. The effects of the restatement in the consolidated statement of financial position as of 31 December 2019 and in the consolidated statements of cash flows for the year then ended 31 December 2019 are as follows;

	31 December 2019 Restated	Effects of Restatement	31 December 2019 Previously Reported
Consolidated financial statements			
Cash and cash equivalents	2.027.599	(3.053.379)	5.080.978
Short term financial investments	3.057.459	3.053.379	4.080

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	1 January-31 December 2019 Restated	Effects of Restatement	1 January-31 December 2019 Reported
Consolidated cash flow			
Net cash generated from operating activities	795.683	104	795.579
Net cash generated from investing activities	1.379.329	502.509	876.820
The effect of foreign exchange rate change on cash and cash equivalents	(679.850)	(1.176.693)	496.843
Cash and cash equivalents at the beginning of the period	999.462	(2.379.299)	3.378.761
Cash and cash equivalents at the end of the period	2.027.599	(3.053.379)	5.080.978

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

The Group has accounted the fair value decreases below the cost of the financial assets, which are carried at fair value through other comprehensive income in accordance with TFRS 9, in the statement of income for the year ended December 31, 2019. In 2020, the Group has restated the fair value decreases and accounted in the statement of other comprehensive income as required by TFRS 9. Accordingly, TL 91.201 thousands, fair value decrease after tax, has been reclassified from net income for the year end of 2019 to Gains from Financial Assets Measured at Fair Value Through Other Comprehensive Income in the consolidated statement of financial position as at December 31, 2019 The effects of the related restatements on the consolidated statement of financial position as of December 31, 2019 and the consolidated statement of profit or loss and other comprehensive income for twelve months ending 31 December 2019 are as follows:

	31 December 2019 Restated	Effects of Restatement	31 December 2019 Previously Reported
Consolidated statement of financial position			
Net profit for the period	996.503	91.201	905.302
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	422.738	(91.201)	513.939
Statement Of Profit Or Loss			
Expenses from Investment Activities	(11.246)	114.002	(125.248)
Deferred Tax Income	(28.394)	(22.801)	(5.593)
Other Comprehensive Income Not to be Reclassified To Profit and Loss			
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	87.403	(114.002)	201.405
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income Tax Effect	53.272	22.801	30.471

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Critical Accounting Estimates, Assumptions and Judgements:

In the process of applying the entity's accounting policies, which are described in note 2.3, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements.

Reacquired Rights

The Group accounted for reacquired rights at fair value within scope of the reacquisition of rights which were provided exclusivity before to third parties. Reacquired rights have indefinite useful life and are not subject to amortization. Reacquired rights are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Reacquired rights comprises from products distribution rights in Saudi Arabia. Discounted cash flow used to identify goodwill is applied with 10,6% discount rate and 2,1% long term growth rate (2019: %10,9 discount rate and %2,7 long term growt rate). A change in discount rate by 1% effects amount of goodwill by TL 6.067 thousand (2019 : TL 5.975 thousand).

The brand of the Group is comprised of the business acquired from its main partner as a business combination that is subject to joint control, and its accounting values in the Group's records, at the level of the parent (Note 14). 2,6% royalty rate and 1,9% final growth rate were used in the royalty free method used to determine the value of the brand. 1% change in the royalty rates used does not cause a impairment.

Deferred taxes:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with TFRS and tax legislation. Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future.

As of 31 December 2020, the Group has accounted for deferred tax assets by TL 13.993 thousand (2019 : TL 21.115 thousand) in consolidated financial statements due to the investment incentives regarding to expansion and product diversifications.

Fully or partial recoverability of tax assets are estimated based on available current evidences. The main factors which are considered include future earnings potential; cumulative losses in recent years; expiration dates of both loss carry-forwards and other tax assets; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset.

As of 31 December 2020, the Company has accounted for deferred income tax assets amounting to TL 83.719 thousand from the carry forward tax losses amounting to TL 16.744 thousand in the consolidated financial statements.As of 31 December 2019, the Company has accounted for deferred income tax assets amounting to TL 75.059 thousand from the carry forward tax losses amounting to TL 15.012 thousand in the consolidated financial statements.

Fair values of financial instruments instruments and other financial instruments

The Group determines the fair values of its financial instruments without an active market using various market information for similar transaction, similar instruments with fair values and discounted cash flow analysis with an independent third party valuation company, KPMG Yönetim Danışmanlığı A.Ş. which has compliance with the valuation competence criteria determined by CMB. 5 years discounted cash flow analysis is applied with 9% (2019: 12%) discount rate and 2% (2019: 2%) long term growth rate for G-New and 9,5% (2019: 12%) discount rate and 2% (2020: 2%) long term growth rate for Godiva Belgium which are Group's financial investments.

A change in discount rate by 0,3% affects the fair values of G-New and Godiva Belgium, in amount of TL 8.525 thousand and TL 7.562 thousand, respectively. (2019 G-New: TL 1.138 thousand and Godiva Belgium: TL 2.963 thousand).

Goodwill

The Group acqired business from its ultimate shareholder as under common control and accounted its book values as accounted at ultimate shareholder level including goodwill (Note 13). Discounted cash flow used to identify goodwill is applied with 10,1% discount rate and 2,1% long term growth rate. 1% change in the rates used does not cause a decrease in goodwill.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 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 December 31, 2020, 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 31 December 2020 is analysed and the necessary changes is reflected in the consolidated financial statements.

2.7 Summary of Financial Information Related to Subsidiaries

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group as of 31 December 2020 and 2019.

Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.

	2020	**2019**
Total assets	1.321.884	1.234.995
Total liabilities	611.297	755.898
Total shareholder's equity	710.587	479.097
Accumulated funds on non-controlling interests	185.294	124.930
Revenue	1.715.343	1.440.272
Net profit for the year	232.275	70.696
Cash flow (used)/generated from operating activities	(79.889)	102.465
Cash flow used in investment activities	(18.393)	(78.445)
Cash flow (used)/generated from financing activities	(152.129)	70.818

Food Manufacturers' Company

	2020	**2019**
Total assets	1.155.082	771.658
Total liabilities	371.525	241.852
Total shareholders'equity	783.557	529.806
Accumulated funds on non-controlling interests	352.601	238.413
Revenue	1.386.958	1.043.268
Net profit for the year	131.312	106.044
Cash flow generated from operating activities	262.608	156.410
Cash flow used in investment activities	(22.459)	(10.754)
Cash flow used in financing activities	(82)	(16.125)

(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 December 2020 and 1 January - 31 December 2019.

	Domestic	**Foreign**	**1 January- 31 December 2020**
Revenue	5.606.929	3.793.932	9.400.861
Gross Profit	1.222.951	1.420.512	2.643.463
Operating Profit (*)	725.909	708.772	1.434.681
EBITDA (**)	809.630	811.522	1.621.152
EBITDA/Revenue	14,4%	21,4%	17,2%
Investment Expense	130.800	52.249	183.049

	Domestic	**Foreign**	**1 January- 31 December 2019**
Revenue	4.728.447	3.074.673	7.803.120
Gross Profit	1.020.998	1.118.194	2.139.192
Operating Profit (*)	595.250	537.166	1.132.416
EBITDA (**)	676.098	627.428	1.303.526
EBITDA/Revenue	14,3%	20,4%	16,7%
Investment Expense	162.967	40.436	203.403

(*) 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 isn't a measure of performance identified in TFRS, thus it may not be a tool for comparison for firms.

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

4. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash on hand	438	180
Demand deposits	666.006	344.705
Time deposits	3.174.606	1.689.735
Impairment provision	(16.730)	(7.021)
	3.824.320	**2.027.599**

Details of time deposits are shown below:

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

Currency Type	Annual Weighted Average Effective Interest Rate(%)	Maturity	31 December 2019
TL	11,08%	January 2020	221.828
EUR	0,05%	January 2020	20.879
USD	2,69%	January 2020	1.396.246
GBP	0,15%	January 2020	5.217
EGP	11,01%	January 2020	21.925
KZT	10,00%	January 2020	23.640
			1.689.735

5. FINANCIAL INVESTMENTS

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

Long Term Financial Investments:	31 December 2020	31 December 2019
Financial Assets Measured at Fair Value through Other Comprehensive Income (**)	978.106	946.029
	978.106	**946.029**

Long Term Financial Assets Measured at Fair Value through Other Comprehensive Income	31 December 2020	31 December 2019
G New, Inc	273.122	312.171
Godiva Belgium BVBA	704.784	633.658
Other	200	200
	978.106	**946.029**

(*) TL 3.585.984 thousands of short-term financial investments consist of liquid mutual funds with a maturity of less than 3 months (31 December 2019: TL 3.053.379 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 December 2020 amounting to TL 459.069 thousand have been presented under shareholder's equity. (31 December 2019: TL 422.738 thousands).

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

6. FINANCIAL LIABILITIES

	31 December 2020	31 December 2019
Short term liabilities	11.408	150.764
Short term portion of long term liabilities	768.723	5.088.239
Long term liabilities	8.607.951	701.318
	9.388.082	**5.940.321**

Short Term Liabilities	31 December 2020	31 December 2019
Bank loans	11.408	66.437
Non-trade payables to related parties (Note 33)	-	84.327
	11.408	**150.764**

Short Term Portion of Long Term Liabilities	31 December 2020	31 December 2019
Banka kredileri	431.144	5.074.414
Issued Debt Instruments (*)	318.467	-
Financial lease liabilities	19.112	13.825
	768.723	**5.088.239**

Long Term Liabilities	31 December 2020	31 December 2019
Bank loans	4.097.309	652.490
Issued Debt instruments (*)	4.479.923	-
Financial Lease liabilities	30.719	48.828
	8.607.951	**701.318**

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:

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 December 31, 2020, the consolidated financial statements of the Group comply with the covenants of the syndication loan agreement.

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

6. FINANCIAL LIABILITIES (Continued)

Liabilities:

31 December 2020

Currency Type	Maturity	Annual Weighted Average Effective Interest Rate (%)	Short Term	Long Term
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**

31 December 2019

Currency Type	Maturity	Annual Weighted Average Effective Interest Rate (%)	Short Term	Long Term
TL	January 2020-April 2023	18,72%	98.153	48.828
EUR	February 2020-May 2023	3,01%	3.585.375	379.467
USD	January 2020-November 2020	4,92%	1.539.388	-
KZT	January 2020-January 2026	10,00%	6.379	273.023
SAR	January 2020-July 2020	4,00%	9.708	-
			5.239.003	**701.318**

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

	31 December 2020	31 December 2019
to be paid within 1 year	761.019	5.225.178
to be paid within 1-2 years	703.486	273.085
to be paid within 2-3 years	3.866.831	215.508
to be paid within 3-4 years	309.008	98.892
to be paid within 4-5 years	3.688.853	52.004
Above 5 years	9.054	13.001
	9.338.251	**5.877.668**

Short Term Portion of Long Term Financial Lease Liabilities	31 December 2020	31 December 2019
Financial lease liabilities	30.285	29.282
Future finance charges on finance leases (-)	(11.173)	(15.457)
	19.112	**13.825**

Long Term Financial Lease Liabilities	31 December 2020	31 December 2019
Financial lease liabilities	36.613	65.895
Future finance charges on finance leases (-)	(5.894)	(17.067)
	30.719	**48.828**

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

	31 December 2020	31 December 2019
to be paid within 1 year	19.112	13.825
to be paid within 1-2 years	26.567	18.108
to be paid within 2-3 years	4.152	23.720
to be paid within 3-4 years	-	7.000
	49.831	**62.653**

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

6. FINANCIAL LIABILITIES (Continued)

The movement of financial liabilities as of 31 December 2020 and 2019 is as follows:

	2020	2019
Beginning of period- January 1	**5.940.321**	**5.245.753**
Addition	8.446.445	387.922
Repayments	(6.647.006)	(352.791)
Foreign exchange difference	1.549.445	571.692
Interest accrual differences	64.702	(191)
Currency translation differences	34.175	87.936
Closing balance – December 31	**9.388.082**	**5.940.321**

7. TRADE RECEIVABLES AND PAYABLES

	31 December 2020	31 December 2019
Short Term Due from Related Parties		
Due from related parties (Note 33)	2.031.627	2.106.741
	2.031.627	**2.106.741**
Other Trade Receivables		
Trade receivables	860.041	269.750
Notes receivables	230	84
Provision for doubtful receivables	(12.211)	(10.773)
	848.060	**259.061**
Total Short Term Trade Receivables	**2.879.687**	**2.365.802**

The movement of the allowance for doubtful receivables as of 31 December 2020 and 2019 is as follows:

	2020	2019
Opening balance	(10.773)	(19.351)
Current period charge	(1.719)	(688)
Cancelled provision	1.620	9.995
Sale of subsidiary	-	152
Currency translation differences	(1.470)	(1.136)
Collection	131	255
Ending Balance	**(12.211)**	**(10.773)**

	31 December 2020	31 December 2019
Short Term Trade Payables		
Due to related parties (Note 33)	374.544	607.365
Trade payables	827.715	617.233
	1.202.259	**1.224.598**

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

8. OTHER RECEIVABLES AND PAYABLES

	31 December 2020	31 December 2019
Other Receivables		
Due from related parties (Note 33)	1.706.078	115.619
Short term other receivables	49.818	37.283
	1.755.896	**152.902**

	31 December 2020	31 December 2019
Other Short Term Receivables		
VAT receivables	22.633	17.229
Deposits and guarantees given	22.945	18.277
Receivables from personnel	1.298	1.568
Other	2.942	209
	49.818	**37.283**

	31 December 2020	31 December 2019
Other Long Term Receivables		
Deposits and guarantees given	369	460
	369	**460**

	31 December 2020	31 December 2019
Other Payables		
Due to related parties (Note 33)	133	113
Other short term payables	3.619	4.994
	3.752	**5.107**

	31 December 2020	31 December 2019
Other Short Term Payables		
Deposits and guarantees received	122	124
Other short term payables	3.497	4.870
	3.619	**4.994**

9. DERIVATIVE INSTRUMENTS

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 date of 20 April 2020.

Derivative instruments as of 31 December 2020 and 2019 are as follows:

	31 December 2020		31 December 2019	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Derivative instruments held for hedge				
Cross Currency Fixed Interest Rate Swap	-	-	528.132	358.919
Fixed Interest Rate Swap	242.237	(1.892)	-	-
Total Asset/(Liabilities)	**242.237**	**(1.892)**	**528.132**	**358.919**

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

10. INVENTORIES

Details of inventory are as follows;

	31 December 2020	31 December 2019
Raw materials	373.399	231.633
Work in progress	19.440	24.430
Finished goods	406.972	272.475
Trade goods	35.578	34.347
Other inventories	65.900	47.843
Allowance for impairment on inventory (-)	(29.809)	(18.030)
	871.480	**592.698**

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 December 2020 and 2019 are below:

	2020	2019
Opening balance	(18.030)	(11.829)
Charge for the period	(12.934)	(14.654)
Reversal of provision	2.714	8.927
Currency translation differences	(1.559)	(474)
Closing balance	**(29.809)**	**(18.030)**

11. INVESTMENT PROPERTIES

	2020	2019
Opening balance	21.155	21.036
Gains from appreciation	4.990	1.115
Sale of subsidiary	-	(996)
Closing balance	**26.145**	**21.155**

The fair value of the Group's investment properties at 31 December 2020 has been calculated on the basis of a valuation carried out at that date by 31 December 2020, by independent valuers not related to the Group. NOVA Taşınmaz Değerleme ve Danışmanlık A.Ş. is one of the accredited independent valuers by Capital Markets Board of Turkey, and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, based on market evidence of transaction prices for similar properties.

The rent income earned by the Group from its investment properties amounting to TL 1.140 thousand (31 December 2019: TL 1.382 thousand) as of 31 December 2020. Direct operating expenses arising from the investment properties in the current period is TL 145 thousand. (31 December 2019: TL 115 thousand).

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

12. TANGIBLE ASSETS

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

Cost	**1 January 2020**	**Addition**	**Disposal**	**Transfer**	**Revaluation increase**	**Currency Translation Differences**	**31 December 2020**
Land	720.030	-	-	-	72.688	6.532	799.250
Buildings	820.437	10.268	-	3.259	309.238	47.699	1.190.901
Machinery, plant and equipment	2.197.143	24.662	(4.374)	127.316	-	170.936	2.515.683
Vehicles	12.656	-	(1.968)	530	-	1.558	12.776
Furniture and fixture	112.036	8.867	(1.007)	7.170	-	10.069	137.135
Leasehold improvements	41.518	282	(115)	865	-	59	42.609
Other tangible assets	975	-	(358)	(791)	-	174	-
Construction in progress	63.648	136.242	(991)	(139.546)	-	4.620	63.973
	3.968.443	**180.321**	**(8.813)**	**(1.197)**	**381.926**	**241.647**	**4.762.327**

Accumulated Depreciation	**1 January 2020**	**Charge for the period**	**Disposal**	**Transfer**	**Revaluation increase**	**Currency Translation Differences**	**31 December 2020**
Buildings	(377.766)	(24.941)	-	-	(197.504)	(19.491)	(619.702)
Machinery, plant and equipment	(1.095.425)	(143.570)	2.765	-	-	(86.576)	(1.322.806)
Vehicles	(9.143)	(1.367)	1.968	-	-	(1.317)	(9.859)
Furniture and fixture	(78.955)	(9.872)	936	(205)	-	(7.142)	(95.238)
Leasehold improvements	(22.893)	(3.893)	3	-	-	(26)	(26.809)
Other tangible assets	(1.084)	(224)	463	496	-	349	-
	(1.585.266)	**(183.867)**	**6.135**	**291**	**(197.504)**	**(114.203)**	**(2.074.414)**
Net Book Value	**2.383.177**						**2.687.913**

From depreciation and amortization expenses, TL 175.399 thousand (31 December 2019: TL 157.735 thousand) is included in cost of goods sold, TL 365 thousand (31 December 2019: TL 383 thousand) is included in research and development expenses, TL 4.697 thousand (31 December 2019: TL 3.082 thousand) is included in marketing and selling expenses, TL 6.010 thousand (31 December 2019: TL 9.910 thousand) is included in general and administrative expenses. In the twelve-month period ending as of December 31, 2020, there is no fixed asset acquired through financial leasing by the Group. There is not any mortgage or collateral on tangible assets.

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

12. TANGIBLE ASSETS (Continued)

Movement of tangible assets between 1 January 2019 and 31 December 2019 is as follows:

Cost	1 January 2019	Addition	Disposal	Transfer	Sale of subsidiary	Currency Translation Differences	31 December 2019
Land	714.750	-	-	-	-	5.280	720.030
Buildings	698.303	72.209	-	20.486	-	29.439	820.437
Machinery, plant and equipment	2.038.567	14.594	(14.832)	59.071	-	99.743	2.197.143
Vehicles	11.697	438	(474)	-	-	995	12.656
Furniture and fixture	95.810	6.131	(416)	7.925	(2.281)	4.867	112.036
Leasehold improvements	41.326	484	-	490	(814)	32	41.518
Other tangible assets	798	71	-	-	-	106	975
Construction in progress	44.470	104.298	(995)	(87.972)		3.847	63.648
	3.645.721	**198.225**	**(16.717)**	**-**	**(3.095)**	**144.309**	**3.968.443**

Accumulated Depreciation	1 January 2019	Charge for the Period	Disposal	Transfer	Sale of subsidiary	Currency Translation Differences	31 December 2019
Buildings	(346.062)	(22.332)	-	-	-	(9.372)	(377.766)
Machinery, plant and equipment	(925.608)	(129.421)	6.660	-	-	(47.056)	(1.095.425)
Vehicles	(7.054)	(1.612)	258	-	-	(735)	(9.143)
Furniture and fixture	(70.149)	(8.038)	409	-	2.149	(3.326)	(78.955)
Leasehold improvements	(19.545)	(3.986)	-	-	647	(9)	(22.893)
Other tangible assets	(937)	(82)	-	-	-	(65)	(1.084)
	(1.369.355)	**(165.471)**	**7.327**	**-**	**2.796**	**(60.563)**	**(1.585.266)**
Net Book Value	**2.276.366**						**2.383.177**

(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 yıl
Machinery, plant and equipment	4 – 20 yıl
Vehicles	4 – 10 yıl
Other tangible assets	4 – 10 yıl
Furniture and fixtures	3 – 10 yıl
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.

13. GOODWILL

	31 December 2020	31 December 2019
Opening Balance	388.047	331.975
Currency translation difference	108.149	56.072
Closing Balance	**496.196**	**388.047**

Breakdown of goodwill is as follows:

Company	31 December 2020	31 December 2019
UI Mena B.V.	477.303	373.272
IBC	18.893	14.775
	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 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.

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

14. INTANGIBLE ASSETS

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

Cost	1 January 2020	Addition	Disposal	Transfer	Sale of subsidiary	Currency Translation Differences	31 December 2020
Rights (*)	299.979	2.004	-	-	-	71.613	373.596
Other intangible assets	5.988	724	-	1.197	-	784	8.693
	305.967	**2.728**	**-**	**1.197**	**-**	**72.397**	**382.289**

Accumulated Amortization	1 January 2020	Charge for the Period	Disposal	Transfer	Sale of subsidiary	Currency Translation Differences	31 December 2020
Rights	(11.130)	(1.023)	-	-	-	(2.264)	(14.417)
Other intangible assets	(2.649)	(1.581)	-	(291)	-	(143)	(4.664)
	(13.779)	**(2.604)**	**-**	**(291)**	**-**	**(2.407)**	**(19.081)**
Net Book Value	**292.188**						**363.208**

Movements of intangible assets between 1 January 2019 – 31 December 2019 are as follows:

Cost	1 January 2019	Addition	Disposal	Transfer	Sale of subsidiary	Currency Translation Differences	31 December 2019
Rights (*)	263.730	1.780	(16)	-	(1.561)	36.046	299.979
Other intangible assets	3.251	3.398	-	-	(798)	137	5.988
	266.981	**5.178**	**(16)**	**-**	**(2.359)**	**36.183**	**305.967**

Accumulated Amortization	1 January 2019	Charge for the Period	Disposal	Transfer	Sale of subsidiary	Currency Translation Differences	31 December 2019
Rights	(6.382)	(5.043)	16	-	1.480	(1.201)	(11.130)
Other intangible assets	(2.841)	(596)	-	-	799	(11)	(2.649)
	(9.223)	**(5.639)**	**16**	**-**	**2.279**	**(1.212)**	**(13.779)**
Net Book Value	**257.758**						**292.188**

(*) As of 31 December 2020 Rights contain reacquired rights related with Saudi distribution agreements of Groups products in Saudi Arabia amounting to TL 292.064 thousand (31 December 2019: TL 236.349 thousand), the remaining amount of TL 59.663 thousand (31 December 2019: TL 46.659 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.

(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. GOVERNMENT GRANTS AND INCENTIVES

Export operations and other foreign exchange activities performed under fundamentals and methods identified by Ministry of Finance and Undersecretariat of Foreign Trade are exempt from stamp duty and transaction stamps. Government grants are given for supporting foreign fair attendance with respect to the Credit Coordination Committee's decision at 16 December 2004 with number 2004/11 which is prepared with respect to the decision Government Grants for Export. Group is also benefiting from tax incentive for export of the agricultural products with respect to the Credit Coordination Committee's decision of 20/6 "Export return on Agricultural Products" 2000/5.

Group is benefiting from the energy and employment support incentives with respect to the "Law related with change in grants for investment and employment support, decision number 5084" effective from 6 February 2004 and published in the Ofical Gazette No.25365, with the intention of applying insurance and tax premium incentives, supplying energy support and acquiring free of charge land and property for investments in order to increase investments and employment.

Incentive of TL 135.000.000 have been approved by Ministry of Economy at 19 November 2013 with respect to the expansion and product diversification investment of Ülker Bisküvi San. A.Ş Gebze Factory and Ankara Factory, respectively. The investment completed on 11 November 2019. Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. has obtained four investment incentives with regards to product diversifications investments by TL 222.585.321in Karaman plant. The Group has utilized TL 62.665 thousand (2019: TL 86.118 thousand) portion of such incentives and accounted for deferred tax assets by TL 13.993 thousand for the remaining portion of these earned incentives (2019: TL 21.115 thousand) (Note 31).

The Group has received government incentives amounting TL 43.517 thousand in current year (2019: TL 50.227 thousand). In 2020, TL 22.665 thousand stems from employment grants, TL 71 thousand stems from agricultural products exports incentives, TL 13.685 thousand stems from investment incentives, TL 7.067 thousand stems from research and development grants, TL 29 thousand stems from other grants (2019: TL 11.451 thousand stems from employment grants, TL 1.315 thousand steps from agricultural products export incentives, TL 30.338 thousand stems from investment incentive, TL 5.802 thousand stems from research and development grants, TL 1.321 thousand stems from other grants).

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

16. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short Term Debt Provisions	**31 December 2020**	**31 December 2019**
Provisions for lawsuits	6.200	6.615
Provision for marketing activities	110.525	75.761
Other	48.933	20.955
	165.658	**103.331**

Movement for lawsuit provisions for 31 December 2020 and 2019 is as follows:

	2020	**2019**
Opening balance	6.615	5.758
Charge for the period	483	2.227
Terminated provisions	(551)	(338)
Sale of subsidiary (-)	-	(507)
Payment/relinquishment (-)	(347)	(525)
	6.200	**6.615**

a) Guarantees Given

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

	31 December 2020			**31 December 2019**		
	TL	**USD**	**EUR**	**TL**	**USD**	**EUR**
A) CPM's given in the name of own legal personality (*)	209.221	25.354	-	201.279	26.273	-
B) CPM's given on behalf of the fully consolidated companies	-	-	81.000	-	-	87.922
C) CPM's given on behalf of third parties for ordinary course of business (**)	-	-	97.950	-	-	97.270
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	**209.221**	**25.354**	**178.950**	**201.279**	**26.273**	**185.192**

(*) Non-cash risk amounting to TL 62.9 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 the group's parent company's equities is Zero as of 31 December 2020 (31 December 2019: Zero).

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

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

a) 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 amunt 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.

b) Lawsuits Filed by and Against to the Group

As of 31 December 2020;

Lawsuits filed by the Group:

	31 December 2020	31 December 2019
Compensation litigations	61	61
Action of debts	173	170
Pena action cases	172	175
	406	**406**

Lawsuits filed against to the Group:

	31 December 2020	31 December 2019
Action of debts	870	870
Foreclosure litigations	1.244	1.243
Compensation litigations	4.086	4.502
	6.200	**6.615**

Lease Agreements

The Group's lease agreements are made for a one-year period. All leases contain a clause to review the conditions according to market conditions in case the tenant exercises his right to renew. The tenant has no right to purchase the leased asset at the end of the lease term.

The Group has a rental income of 11.919 thousand TL (2019: 10.289 thousand TL) from the lease contracts made for its tangible fixed assets and investment properties and from its suppliers and customers as a common area usage fee. During the period, direct operating expenses associated with fixed assets are 5.397 thousand TL (2019: 4.016 thousand TL). The minimum rents to be obtained in the future within the framework of the non-cancellable lease amount to 9.458 thousand TL (2019: 11.378 thousand TL), all of which will be realized within one year. Within the framework of the non-cancellable lease, the minimum rents to be paid in the future amount to 6.213 thousand TL (2019: 4.601 thousand TL) and will be paid in full within one year.

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

17. COMMITMENTS AND OBLIGATIONS

The Group's export commitments amount to USD 305.240 thousand as of 31 December 2020 (2019: 199.532 thousand USD). The average period of export commitments is 2 years. If the export commitments are not fulfilled, the Group losses the tax advantage. The Group has fulfilled most of its commitments for the year 2020 and it is expected to fulfill its commitments extending to 2021 (2019: almost fulfilled)

18. PROVISION FOR EMPLOYEE BENEFITS

Short Term Liabilities for Employee Benefits	**31 December 2020**	**31 December 2019**
Unused vacation accrual	36.047	30.924
Performance premium accrual	42.243	35.442
	78.290	**66.366**

Movement of Unused Vacation Provision	**2020**	**2019**
Opening balance	30.924	28.633
Decrease in period	(25.083)	(15.715)
Increase in period	26.663	17.393
Sale of subsidiaries	-	(1.447)
Currency translation differences	3.543	2.060
Closing balance	**36.047**	**30.924**

Movement of Performance Premium Provision	**2020**	**2019**
Opening balance	35.442	22.668
Cash payments in period	(41.021)	(35.704)
Increase in period	43.606	48.488
Sale of subsidiary	-	(2.063)
Currency translation differences	4.216	2.053
Closing balance	**42.243**	**35.442**

Long Term Liabilities for Employee Benefits	**31 December 2020**	**31 December 2019**
Provision for employee termination benefits	211.021	161.010
	211.021	**161.010**

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each entitled employee. Also, employees are entitled to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to of the prevailing 506 numbered Social Insurance Law's Article 60, as amended by 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered laws. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002. The amount payable consists of one month's salary limited to a maximum TL 7.117,17 for each period of service as of 31 December 2020 (2019: 6.730,15 TL). The subsidiaries at the Group calculate the provision for termination indemnities in accordance with the laws in the countries which they are located.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

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

18. PROVISION FOR EMPLOYEE BENEFITS (Continued)

The maximum estimate for the main year of service will increase in line with inflation. Therefore, it refers to the real rate after the correction of infinite inflation. This bit, December 31, 2020, provisions in the financial statements, prospective, the present value of the candidate that will arise from the retirement of the employees is calculated. Provisions in the relevant habero dates were calculated with a real discount rate of approximately 3,85%, based on the assumptions of 9,03% annual inflation and 13,23% interest rate (2019: 4,00%). In accordance with the current edition Law 4447, for employees who were insured before September 8, 1999 and who completed 15 years and 3600 premium days, even if they quit with their own consent, the titles for this are 100%. The severance pay ceiling is revised every six months, and in the calculation of the severance payment of the Group, the ceiling of 7.638,96 TL, which has been purchased since the beginning of January 1, 2021, has been purchased. It is 3,9% of employees leaving the Group as of the end of 2020 (2019: 3,9%).

Movement of provision for employee termination benefits is as below:

	2020	2019
Opening balance	161.010	115.344
Service cost	37.778	43.873
Interest cost	14.368	9.915
Actuarial loss	12.939	7.930
Cash payments in period	(25.669)	(19.452)
Sale of subsidiary	-	(1.670)
Currency translation differences	10.595	5.070
Closing balance	**211.021**	**161.010**

19. PREPAID EXPENSES

Short Term Prepaid Expenses	**31 December 2020**	**31 December 2019**
Advances given to related parties (Not 33)	134.308	41.545
Advances given to third parties	52.674	31.629
Prepaid expenses	10.699	11.317
	197.681	**84.491**

Long Term Prepaid Expenses	**31 December 2020**	**31 December 2019**
Advances given to third parties	48.439	7.602
	48.439	**7.602**

20. EMPLOYEE BENEFITS RELATED LIABILITIES

	31 December 2020	**31 December 2019**
Payables to personnel	30.909	29.709
Social security premiums payable	18.965	15.113
	49.874	**44.822**

21. OTHER ASSET AND LIABILITIES

Other Current Asset	**31 December 2020**	**31 December 2019**
VAT carried forward	84.913	74.619
Other	1.078	1.036
	85.991	**75.655**

Other Current Liabilities	**31 December 2020**	**31 December 2019**
Taxes and fund payable	30.246	34.181
Other liabilities	16.571	1.782
	46.817	**35.963**

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

22. DEFERRED REVENUE

Deferred revenue	**31 December 2020**	**31 December 2019**
Advances received	36.610	7.804
Short term deferred revenue	3.946	4.050
	40.556	**11.854**

23. SHAREHOLDERS' EQUITY

a) Capital Structure

The composition of the Company's paid-in share capital as of 31 December 2020 and 2019 is as follows:

	31 December 2020		**31 December 2019**	
Shareholders	**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%**	**342.000**	**100%**

According to the provisions of the Capital Market Law, the registered capital ceiling of the Company is TL 500,000 thousand as of December 31, 2020, and it is divided into 50,000,000,000 (fifty billion) shares, each with a nominal value of 1 (one) kuruş. The issued capital of the company is TL 342,000 thousand fully paid. There is no privilege or group distinction between the shares.

b) Valuation Funds

Financial Asset Valuation Fund:

Financial Asset Valuation Fund is generated from the valuation of available for sale instruments with their fair values. When a financial asset valued at its fair value is disposed, the related portion in the valuation fund is directly recognized in that period's profit and loss. When a financial instrument is revalued and a decrease in value is observed, the related portion in the valuation fund is directly recognized in that period's profit and loss.

As of 31 December 2020, the Group's financial asset valuation fund after tax is TL 459.069 thousand (2019: TL 422.738 thousand).

Investment Property Valuation Fund:

Properties accounted as fixed assets in previous periods, might be transferred to investment property due to changes in usage patterns. In this way in 2012, Group classified some of the real estate properties as investment property and preferred to book under fair value method. Accordingly, the increase in the fair value amounting to TL 22.082 thousand during the first transfer, has been accounted as the increase in the fair value under equity. In the following period, the increase in the fair value of real estate amounting to TL 4.990 thousand in 2020 and TL 1.115 thousand in 2019 have been accounted under the consolidated income statement (Note 28).

Land and Buildings Revaluation Fund:

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net off tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net off tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

As of 31 December 2020, the Group's revaluation fund after tax resulting from revaluation of land and buildings and the value increase from the first transfer of investment properties is TL 812.025 (31 December 2019: TL 647.779 thousand).

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

23. SHAREHOLDERS' EQUITY (continue)

c) Other Gains

	31 December 2020	31 December 2019
Other Gains	-	817.879
	-	**817.879**

The Group Management recognized the dividend income obtained from its financial investments from Godiva Belgium BVBA in other comprehensive income within the scope of TFRS. The Group reclassified the amount of 31 December 2020 to previous years' profits by the decision of the General Assembly.

d) Restricted Reserves

Restricted reserves appropriated from profit are composed of legal reserves. Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, legal reserves can be only used to offset losses unless they exceed the 50% of paid-in capital. Other than that, legal reserves must not be used whatsoever.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from the first-time application of inflation adjustments on financial statements, and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital"," Premium on capital stock","Capital" issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss deduction.

However, in accordance with the CMB's Decree Volume: XI; No: 29 issued on 1 January 2008 and other related CMB's announcements, "Paid-in capital", "Restricted reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital;
- "Retained earnings/Accumulated loss", if such differences are arising from "Restricted reserves" and "Premium in excess of par" and has not been subject to profit distribution or capital increase.

Capital restatement differences can only be included in capital.

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

23. SHAREHOLDERS' EQUITY (continue)

d) Restricted Reserves (continue)

Profit Distribution:

Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below: In accordance with the Capital Markets Board's (the "Board") Decree issued on 23 January 2014, in relation to the profit distribution of earnings derived from the operations, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial:II, No: 19.1 "Principles of Dividend Advance Distribution of Companies That Are Subject To The CMB Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

Differences arising in the evaluations made within the framework of TFRS and arising from inflation adjustments that are not subject to profit distribution or capital increase as of the report date have been associated with previous years' profit / loss.

Resources Available for Profit Distribution:

As of balance sheet date, the total company funds that can be utilized for profit distribution is TL 3.132.987 thousand (2019: TL 2.498.996 thousand).

e) Retained Earnings

Details of retained earnings are as follows:

	31 December 2020	31 December 2019
Retained earnings	2.387.879	839.352
Extraordinary reserves	880.508	666.532
Inflation restatement differences of shareholders' equity accounts other than capital and legal reserves	(18.214)	(18.214)
Other reserves	74.161	22.282
	3.324.334	**1.509.952**

f) Non-Controlling Interest/ Non-Controlling Interest Profit or Loss

The amount of non-controlling interest as of 31 December 2020 is TL 779.913 thousand (2019: TL 522.903 thousand). The minority share of TL 187.170 thousand on operating results for the period of 1 January 2020 and 31 December 2020 has been presented separately from the profit for the same period in these consolidated statements of income (2019: TL 105.922 thousand).

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

24. REVENUE AND COST OF SALES

a) Revenue

The detail of operating income is as follows:

	2020	2019
Domestic sales(*)	10.321.016	8.497.206
Export sales	1.941.206	1.731.435
Sales returns and discounts (-)	(2.861.361)	(2.425.521)
Sales Income (net)	**9.400.861**	**7.803.120**
Cost of merchandises sold	(6.567.805)	(5.468.784)
Cost of trade goods sold	(189.593)	(195.144)
Cost of sales	**(6.757.398)**	**(5.663.928)**
Gross Profit	**2.643.463**	**2.139.192**

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

b) Cost of Sales

	2020	2019
Raw materials	(5.263.909)	(4.362.124)
Personnel expenses	(744.361)	(592.936)
Production overheads	(461.394)	(383.220)
Depreciation and amortization expenses	(175.399)	(157.735)
Change in work-in-progress inventories	(6.167)	7.060
Change in finished goods inventories	83.425	20.171
Cost of goods sold	**(6.567.805)**	**(5.468.784)**
Cost of trade goods sold	(189.593)	(195.144)
Cost of sales	**(6.757.398)**	**(5.663.928)**

25. RESEARCH AND DEVELOPLEMENT EXPENSES, MARKETING EXPENSES, AND GENERAL ADMINISTRATIVE EXPENSES

	2020	2019
General administrative expenses	(263.248)	(234.744)
Marketing expenses	(921.325)	(752.076)
Research and development expenses	(24.209)	(19.956)
	(1.208.782)	**(1.006.776)**

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

26. EXPENSES BY NATURE

The detail of operating expenses is as follows:

	2020	2019
General Administrative Expenses		
Personnel expenses	(124.240)	(94.206)
Operating expenses	(85.935)	(89.169)
Consultancy expenses	(23.131)	(18.465)
Depreciation and amortization expenses	(6.010)	(9.910)
Other	(23.932)	(22.994)
	(263.248)	**(234.744)**
Marketing Expenses		
Marketing operating expenses	(698.734)	(560.022)
Personnel expenses	(157.618)	(134.049)
Rent expenses	(21.663)	(15.111)
Depreciation and amortization expenses	(4.697)	(3.082)
Other	(38.613)	(39.812)
	(921.325)	**(752.076)**
Research Expenses		
Personnel expenses	(13.866)	(12.034)
Materials used	(3.267)	(2.195)
Depreciation and amortization expenses	(365)	(383)
Other	(6.711)	(5.344)
	(24.209)	**(19.956)**

27. OTHER OPERATING INCOME AND EXPENSES

a) The detail of other operating income is as follows:

	2020	2019
Foreign exchange gains	174.222	69.201
Service income	5.606	1.887
Provisions no longer required	1.011	2.338
Rediscount income	-	1.170
Other income	49.057	12.735
	229.896	**87.331**

b) The detail of other operating expense is as follows:

	2020	2019
Foreign exchange loss	(105.788)	(35.780)
Donation expense	(28.817)	(9.876)
Provision expenses	(18.335)	(10.534)
Financial expense on credit purchase	(190)	(6.409)
Other expenses	(18.709)	(3.430)
	(171.839)	**(66.029)**

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

28. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

a) The detail of investment income is as follows:

	2020	**2019**
Foreign exchange gains	1.992.637	581.712
Fair value gains of financial assets	316.724	302.223
Interest income	174.989	233.928
Rent income	11.919	10.444
Fair value increase in investment property (Note 11)	4.990	1.115
Income on sales of tangible assets	1.826	2.402
Dividend income	64	83
	2.503.149	**1.131.907**

b) The detail of investment expenses is as follows:

	2020	**2019**
Foreign exchange losses	(683.493)	(6.998)
Loss on sales of tangible assets	(436)	(4.248)
	(683.929)	**(11.246)**

29. FINANCIAL INCOME

	2020	**2019**
Foreign exchange gain	504.448	552.358
Other	50.994	2.337
	555.442	**554.695**

30. FINANCIAL EXPENSES

	2020	**2019**
Foreign exchange losses from financing	(1.900.661)	(1.026.647)
Interest expenses	(436.118)	(413.353)
Other	(35.974)	(26.132)
	(2.372.753)	**(1.466.132)**

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

31. 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 will be increased from 20% to 22% for the years 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% (2019: 22%), for entities in Saudi Arabia and Kazakhstan is 20% (2019: 20%), for entities in Egypt 22,5% (2019: 22,5%), and for entity in Kyrgyzstan 10% (2019: 10%), for entity in the United Arab Emirates is zero (2019: Zero).

Deferred tax bases:

	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Indexation and useful life differences of tangible and intangible asets	-	-	1.338.310	1.114.931
Investment properties valuation diffrences	-	-	22.164	17.174
Marketable securities valuation diffrences	-	-	4.890	89.868
Discount of trade receivables / payables (net)	-	-	-	487
Allowance of employee termination benefits	(151.400)	(122.368)	-	-
Previous year losses	(83.719)	(75.059)	-	-
Provision of doubtful receivables	(24.293)	(11.987)	-	-
Provision for unused vacation	(19.497)	(16.148)	-	-
Impairment on inventories	(15.927)	(14.986)	-	-
Profit elimination on inventories	(15.923)	(12.891)	-	-
Provision for lawsuits	(6.200)	(6.615)	-	-
Derivative instruments	(1.892)	-	-	358.919
Other	(18.225)	(19.390)	87.042	17.601
	(337.076)	**(279.444)**	**1.452.406**	**1.598.980**

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

31. TAX ASSET AND LIABILITIES (Continued)

Deferred tax calculated over the tax bases

	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Indexation and useful life differences of tangible and intangible asets	-	-	178.391	151.686
Investment properties valuation differences	-	-	2.216	1.717
Marketable securities valuation differences	-	-	245	4.493
Discount of trade receivables/payables (net)	-	-	-	107
Allowance of employee termination benefits	(30.280)	(24.474)	-	-
Previous year losses	(16.744)	(15.012)	-	-
Investment incentive	(13.993)	(21.115)	-	-
Provision of doubtful receivables	(4.859)	(2.637)	-	-
Provision for unused vacation	(3.899)	(3.553)	-	-
Impairment on inventories	(3.185)	(3.297)	-	-
Profit elimination on inventories	(3.185)	(2.836)	-	-
Provision for lawsuits	(1.240)	(1.455)	-	-
Derivative instruments	(378)	-	-	78.962
Other	(3.645)	(4.263)	17.408	3.872
	(81.408)	**(78.642)**	**198.260**	**240.837**

Movement of Deferred Tax Liabilities:

	1 January – 31 December 2020	1 January – 31 December 2019
1 January – opening	**162.195**	**198.003**
Taxes netted from funds recognised under equity	10.946	(68.618)
Currency translation differences	2.578	4.416
Deferred tax (income)/expense	(58.867)	28.394
	116.852	**162.195**

As of 31 December 2020, the Group calculated deferred tax assets of TL 83.179 thousand for deductible financial losses in the consolidated financial statements for the current year (31 December 2019: TL 75.059 thousand). The maturities of these losses are as follows:

	31 December 2020	31 December 2019
2025	83.719	75.059
Toplam	**83.719**	**75.059**

31. TAX ASSET AND LIABILITIES (Continued)

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 22% (2019: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 22% in 2020 (2019: 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.

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% (2019: 22,5%).The corporate tax rate in Saudi Arabia where Food Manufacturers' Company and International Biscuits Company, subsidiaries of the Group is 20% (2019: 20%).

The corporate tax in Kazakhstan where Hamle Company Ltd LLP, a subsidiary of the Group is 20% (2019: 20%).

The corporate tax in Kyrgyzstan where Ülker Star LLC, a subsidiary of the Group is 10% (2019: 10%).

In UAE where Amir Global Trading FZE, a subsidiary of the Group is exempt from corporate tax earnings (2019: exempt).

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

31. TAX ASSET AND LIABILITIES (Continued)

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 December 2020 and 2019 is as follows:

	2020	2019
Total corporate tax provision	(349.929)	(232.123)
Prepaid taxes and funds	265.282	163.156
Taxation in the balance sheet	**(84.647)**	**(68.967)**

	2020	2019
Current period corporate tax expense	349.929	232.123
Deferred tax income	(58.867)	28.394
Tax expense in the income statement	**291.062**	**260.517**

The reconciliation of provision for taxation as of 31 December 2020 and 2019 are as follows:

	2020	2019
Reconciliation of taxation:		
Profit before taxation and non-controlling interest	1.494.647	1.362.942
Effective tax rate	22%	22%
Calculated tax	328.822	299.847
Tax effects of:		
-Non-deductible expenses	14.485	4.684
-Other non-taxable income	(6.751)	(19.015)
-Investment incentive	(16.039)	(22.770)
-Carry forward tax loss which were not subject to deferred tax	-	1.039
- Tax rate difference	(28.422)	(3.642)
-Other	(1.033)	374
Taxation in the income statement	**291.062**	**260.517**

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

32. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 31 December 2020 and 2019 computation of earnings per share set out here as follows:

	2020	2019
Weighted average number of common stock outstanding	34.200.000	34.200.000
Net profit	1.016.415	996.503
Basic Earnings per Share	**2,97**	**2,91**

33. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The detail of receivables from related parties is as follows:

	31 December 2020	31 December 2019
Trade receivables	2.031.627	2.106.741
Non-trade receivables	1.706.078	115.619
	3.737.705	**2.222.360**

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

	31 December 2020		31 December 2019	
	Trade	Non- Trade	Trade	Non- Trade
Principle Shareholder				
Yıldız Holding A.Ş.	-	1.706.078	-	-
Other Companies Controlled by the Ultimate Shareholder				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	1.019.436	-	901.132	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	742.344	-	585.481	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	121.428	-	159.344	-
G2M Eksper Satış ve Dağıtım Hizmetleri A.Ş.	77.350	-	70.794	-
United Biscuits (UK) Ltd.	4.576	-	2.788	-
Other	66.493	-	51.809	115.619
Other Related Parties				
İstanbul Gıda Dış Ticaret A.Ş.	-	-	335.393	-
	2.031.627	**1.706.078**	**2.106.741**	**115.619**

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.

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

33. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

	31 December 2020	31 December 2019
Önem Gıda San. ve Tic. A.Ş.	134.308	41.545
	134.308	**41.545**

The detail of payables to related parties is as follows:

	31 December 2020	31 December 2019
Trade payables	374.544	607.365
Non-trade payables	133	113
	374.677	**607.478**

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

	31 December 2020		31 December 2019	
	Trade	**Non Trade**	**Trade**	**Non Trade**
Principle Shareholder				
Yıldız Holding A.Ş.	113.241	-	96.125	-
Other Companies Controlled by the Principle Shareholder				
Önem Gıda San. ve Tic. A.Ş.	132.014	-	385.307	-
United Biscuits (UK) Ltd.	41.889	-	7.925	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	29.491	-	8.466	-
Adapazarı Şeker Fabrikası A.Ş.	26.853	-	8.268	-
Marsa Yağ San. ve Tic. A.Ş.	5.190	-	2.409	-
pladis Foods Limited	866	-	4.491	-
CCC Gıda San. ve Tic. A.Ş.	150	-	564	-
Other	24.850	133	20.752	9
Other Related Parties				
İstanbul Gıda Dış Ticaret A.Ş.	-	-	73.058	104
	374.544	**133**	**607.365**	**113**

The detail of due to related parties as loan payable is as follows:

	31 December 2020	31 December 2019
Yıldız Holding A.Ş.	-	84.327
	-	**84.327**

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

33. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

	1 January – 31 December 2020		1 January – 31 December 2019	
	Purchases	**Sales**	**Purchases**	**Sales**
Other Companies Controlled by the Principle Shareholder				
Önem Gıda San. ve Tic. A.Ş.	2.341.140	586	1.952.092	558
Besler Gıda ve Kimya San. ve Tic. A.Ş.	362.416	229	254.416	4.526
United Biscuits (UK) Ltd.	104.386	8.546	94.811	115.359
Marsa Yağ San. ve Tic. A.Ş.	97.436	-	67.165	-
Pendik Nişasta San. A.Ş.	35.690	-	43.403	-
CCC Gıda San. ve Tic. A.Ş.	606	9.931	68.227	3.538
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	4	3.208.388	91	2.889.207
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	1.935.289	-	1.450.278
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	271.282	-	261.407
Other	75.991	221.789	32.109	373.048
Other Related Parties				
İstanbul Gıda Dış Tic. A.Ş.	115.401	579.534	-	-
	3.133.070	**6.235.574**	**2.512.314**	**5.097.921**

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.

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

33. 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 year ended 31 December 2020:

	Rent Income/(Expense) Net	**Service Income/(Expense) Net**	**Interest and Foreign Exchange Income/(Expense) Net**
Principle Shareholder			
Yıldız Holding A.Ş.	16	(236.049)	230.133
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(83.061)	(941)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(27.168)	59.528
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	67	(21.344)	26.853
United Biscuits (UK) Ltd.	3	(11.620)	969
Önem Gıda San. ve Tic. A.Ş.	3.183	(4.501)	11.012
İzsal Gayrimenkul Geliştirme A.Ş.	(1.716)	(3.154)	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	(5)	(93)
CCC Gıda San. ve Tic. A.Ş.	(852)	383	(181)
Other	1.413	(17.784)	(13.753)
Other Related Parties			
İstanbul Gıda Dış Ticaret A.Ş.	-	950	85.758
	2.114	**(403.353)**	**399.285**

For the year ended 31 December 2019:

	Rent Income/(Expense) Net	**Service Income/(Expense) Net**	**Interest and Foreign Exchange Income/(Expense) Net**
Principle Shareholder			
Yıldız Holding A.Ş.	(161)	(200.998)	(96.626)
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(69.675)	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	16	(29.934)	112.249
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	81	(21.134)	53.911
United Biscuits (UK) Ltd.	9	(17.874)	4.260
Önem Gıda San. ve Tic. A.Ş.	2.889	(10.862)	6.324
İzsal Gayrimenkul Geliştirme A.Ş.	(1.991)	(2.684)	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	13	(1.118)
CCC Gıda San. ve Tic. A.Ş.	(761)	1.659	(1.453)
Other	1.495	(15.178)	12.788
	1.577	**(366.667)**	**90.335**

Benefits provided to members of BOD and key management personnel:

	31 December 2020	**31 December 2019**
Fees and other short term benefits	43.392	35.540
	43.392	**35.540**

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

34. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Additional Information on Financial Instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 6 and non-commercial debts to related parties explained in footnote 33, cash and cash equivalents disclosed in Note 4 and of derivative instruments disclosed in Note 9, equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 33.
.
The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital with the liability / total capital ratio.Net liability is divided by total capital in this ratio. Cash and cash equivalents are subtracted from total loans to calculate the net liability. The shareholder's equity is added to net liabilities to calculate the total capital.

Net liability / Total capital ratios as of 31 December 2020 and 2019 are as follows:

	31 December 2020	**31 December 2019**
Total financial liabilities and non-trade related parties payables / (receivables) (net)	7.682.137	5.824.815
Negative: Cash & cash equivalent	(7.458.415)	(5.080.978)
Positive/(negative): Financial derivatives instruments	1.892	(358.919)
Net debt	225.614	384.918
Total shareholders' equity	6.473.561	4.934.232
Total capital	6.699.175	5.319.150
Net debt/Total Capital Ratio	3%	7%

Financial Risk Factors

The risks of the Group, resulted from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group.

Risk management is implemented by finance department according to the policies approved by Board of Directors. The Group's finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. The written procedures are formed by Board of Directors to manage the foreign currency risk, interest risk, credit risk, use of derivative and non-derivative financial instruments and the assessment of excess liquidity.

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

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

Credit Risk Management

Credit Risk of Financial Instruments	**Receivables**					
	Trade Receivables		**Other Receivables**			
2020	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposit in Bank**	**Derivative instruments**
Maximum net credit risk as of balance sheet date (*)	2.031.627	848.060	1.706.078	50.187	3.823.882	-
- The part of maximum risk under guarantee with collateral etc (**)	-	1.171	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	1.962.253	847.964	1.706.078	50.187	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	69.374	96	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	3.823.882	-
- Past due (gross carrying amount)	-	12.211	-	-	-	-
- Impairment (-)	-	(12.211)	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	3.840.612	-
- Impairment (-)	-	-	-	-	(16.730)	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.
(**) Guarantees include letter of guarantees, guarantee notes and mortgages.

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

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

Credit Risk Management (continued)

Credit Risk of Financial Instruments	**Receivables**					
	Trade Receivables		**Other Receivables**			
2019	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposit in Bank**	**Derivative instruments**
Maximum net credit risk as of balance sheet date (*)	2.106.741	259.061	115.619	37.743	2.027.419	358.919
- The part of maximum risk under guarantee with collateral etc (**)	-	192.651	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	2.001.936	253.726	115.619	37.743	-	358.919
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	104.805	5.335	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	2.027.419	-
- Past due (gross carrying amount)	-	10.773	-	-	-	-
- Impairment (-)	-	(10.773)	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	2.034.440	-
- Impairment (-)	-	-	-	-	(7.021)	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.
(**) Guarantees include letter of guarantees, guarantee notes and mortgages.

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

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

Credit Risk Management (continued)

Aging of overdue receivables as of 31 December 2020 and 2019 is as follows:

	Receivables		
31 December 2020	**Trade Receivables**	**Other Receivables**	**Total Receivables**
Overdue between 1-30 days	31.978	-	31.978
Overdue between 1-3 months	36.176	-	36.176
Overdue between 3-12 months	1.316	-	1.316
Overdue between 1-5 years	-	-	-
Overdue more than 5 years	-	-	-
Total overdue receivables	**69.470**	**-**	**69.470**
The portion of under guarantee with collateral etc	**-**	**-**	**-**

	Receivables		
31 December 2019	**Trade Receivables**	**Other Receivables**	**Total Receivables**
Overdue between 1-30 days	21.622	-	21.622
Overdue between 1-3 months	46.182	-	46.182
Overdue between 3-12 months	42.336	-	42.336
Overdue between 1-5 years	-	-	-
Overdue more than 5 years	-	-	-
Total overdue receivables	**110.140**	**-**	**110.140**
The portion of under guarantee with collateral etc	**-**	**-**	**-**

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

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

Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The funding risk of the current and prospective debt demands is managed by maintaining the availability of lenders with high quality and in sufficient number.

Liquidity risk charts

The following table presents payments of the Group's cash outflows for it's on-balance sheet financial liabilities according to remaining maturities as at 31 December 2020 and 31 December 2019 . The amounts shown in the table are the contractual undiscounted cash flows and the Group's liquidity management takes into account the expected undiscounted cash flows.

Contractual maturity analysis 2020	**Carrying value**	**Total cash outflow according to contract (I +II+ III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities						
Bank borrowing	4.539.861	4.925.790	33.267	427.239	4.465.284	-
Issued Debt Instruments	4.798.390	6.429.360	-	331.607	6.097.753	-
Financial lease liabilities	49.831	65.896	7.321	21.962	36.613	-
Trade payables	1.202.259	1.202.259	1.128.782	73.477	-	-
Other payables	3.752	3.752	3.752	-	-	-
Total liabilities	**10.594.093**	**12.627.057**	**1.173.122**	**854.285**	**10.599.650**	**-**
Derivative instruments (Net)	**1.892**	**2.010**	**201**	**670**	**1.139**	**-**
Cash inflow regarding derivative instruments	22.104	24.131	2.413	8.044	13.674	-
Cash outflow regarding derivative instruments	(20.212)	(22.121)	(2.212)	(7.374)	(12.535)	-

The expected maturities are same as the maturities per contracts.

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

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

Liquidity risk management (continued)

Contractual maturity analysis 2019	**Carrying value**	**Total cash outflow according to contract (I +II+ III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities						
Bank borrowing	5.877.668	6.009.732	151.857	5.196.431	596.439	65.005
Financial lease liabilities	62.653	95.177	7.321	21.961	65.895	-
Trade payables	1.224.598	1.224.789	1.220.909	3.880	-	-
Other payables	5.107	5.107	5.107	-	-	-
Total liabilities	**7.170.026**	**7.334.805**	**1.385.194**	**5.222.272**	**662.334**	**65.005**
Derivative instruments (Net)	**358.919**	**343.104**	**-**	**343.104**	**-**	**-**
Cash inflow regarding derivative instruments	888.581	908.337	-	908.337	-	-
Cash outflow regarding derivative instruments	(529.662)	(565.233)	-	(565.233)	-	-

The expected maturities are same as the maturities per contracts.

Market Risk Management

The Group is subject to financial risks related with the foreign exchange currency.

Market risk management is also measured based on sensitivity analysis.

In the current year, the Group's market risk management method or its market risk exposure have not changed when compared to prior year.

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.

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

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

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 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	-	-	-	-	-

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

34. 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	383.292	51.020	8.896	2.708	-
2a. Monetary Financial Assets	5.388.027	901.935	3.636	785	11
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	5.179	268	522	14	1
4. CURRENT ASSETS	**5.776.498**	**953.223**	**13.054**	**3.507**	**12**
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	**5.776.498**	**953.223**	**13.054**	**3.507**	**12**
10. Trade Payables	100.636	10.497	4.454	917	251
11. Financial Liabilities	5.124.763	259.148	539.105	-	-
12a. Other Monetary Financial Liabilities	7.751	1.166	124	-	-
12b. Other Non-monetary Financial Liabilities	2.867	393	80	-	-
13. CURRENT LIABILITIES	**5.236.017**	**271.204**	**543.763**	**917**	**251**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	379.467	-	57.058	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**379.467**	**-**	**57.058**	**-**	**-**
18. TOTAL LIABILITIES	**5.615.484**	**271.204**	**600.821**	**917**	**251**
19. Net Assets of Off Statement of Financial Position (19a-19b)	**888.581**	**116.000**	**30.000**	**-**	**-**
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(888.581)	(116.000)	(30.000)	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**1.049.595**	**798.019**	**(557.767)**	**2.590**	**(239)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**158.702**	**682.144**	**(588.209)**	**2.576**	**(240)**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	358.919	46.403	12.522	-	-
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 December 2020 and 2019 are presented below:

	31 December 2020	**31 December 2019**
Total exports	1.941.206	1.731.435
Total imports	470.178	447.562

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

34. 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 December 2020		**31 December 2019**	
	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	312.238	(312.238)	474.113	(474.113)
2- Part of hedged from US Dollar risk (-)				
3- US Dollar net effect (1 +2)	**312.238**	**(312.238)**	**474.113**	**(474.113)**
In case of %10 appreciation of EUR against TL				
4 -Euro net asset / liability	(280.259)	280.259	(371.242)	371.242
5 - Part of hedged from Euro risk (-)				
6- Euro net effect (4+5)	**(280.259)**	**280.259**	**(371.242)**	**371.242**
Total (3 + 6)	**31.979**	**(31.979)**	**102.871**	**(102.871)**

Interest risk management

Financial liabilities based on fixed and floating interest rates expose the Company to interest rate risk. The related risk is controlled by interest rate swap agreements and floating interest rate agreements by balancing the fixed and floating interest rate borrowings. Risk strategies are reviewed periodically considering the interest rate expectations and predetermined interest risks; which aims to establish optimum interest risk management regarding the balance sheet position and the interest expenses

Interest rate sensitivity

Sensitivity analysis is determined based on the interest rate risk that the non-derivative instruments exposed to on the balance sheet date and is kept fixed during the reporting period. The Company management expects a fluctuation of 1% in Euribor interest rates. 1% increase or decrease is used in reporting the interest rate risk to the key management personnel and represents management's assessment of the reasonably possible change in interest rates.

On the reporting date if Euribor/Libor interest rates had been 1% higher and all other variables were held constant:

Net income of the Group would have been decreased by TL 2.200 thousand (Net profit in 2019 would have been decreased by TL 1.043 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. In case of 1% decrease in Libor/Euribor interest rate, the net profit of the Group for the current period would have increased by TL 2.200 thousand (Net profit in 2019 would have been increased by TL 1.043 thousand)

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

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

The financial instruments that are sensitive to interest rate are as follows:

Fixed interest rate financial instruments		**31 December 2020**	**31 December 2019**
Financial Assets	Cash and Cash Equivalents	3.174.606	1.689.735
	Other Receivables	50.187	37.743
Financial Liabilities	Borrowings	5.179.466	875.965
	Financial lease liabilities	49.831	62.653
	Other Payables	3.619	4.994
Floating interest rate financial instruments			
Financial Assets	Non-trade receivables from related parties	1.706.078	115.619
Financial Liabilities	Borrowings	4.158.785	4.917.375
	Loan payables due to related parties	-	84.327
	Non-trade payables due to related parties	133	113

Other price risk

The Group is exposed to price risk due to the fluctuations in exchange rate and interest rate. The investigation on market information is examined and followed through appropriate valuation method regarding price risk by the Group. In current year, there have not been any changes compared to prior year in the market risk that the Group is exposed to or the administration or calculation methods of these risks.

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

35. 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)

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

		Fair value hierarchy		
Financial assets	31 December 2020	Level 1 TL	Level 2 TL	Level 3 TL
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**	**-**

		Fair value hierarchy		
Financial assets	31 December 2019	Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at fair value through profit and loss				
- Available for sale	3.057.459	806	3.053.379	3.274
Financial assets at fair value through comprehensive income statement				
- Shares	945.829	-	-	945.829
- Derivative instruments	358.919	-	358.919	-
Total	**4.362.207**	**806**	**3.412.298**	**949.103**

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 405.224 thousand below the fair value based on the quoted prices in active markets (Level 1).

36. SUBSEQUENT EVENTS

At the Board of Directors meeting held on January 5, 2021, Food Manufacturers Company, in which the Company has a shareholding of 55%, decided to pay a dividend of 75,000 Saudi Arabian Riyals.

While Fitch Ratings confirmed the long-term credit rating of the Group as BB- on March 1, 2021, it revised its outlook from Negative to Stable.