

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2020
(ORIGINALLY ISSUED IN TURKISH)**

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2020
AND 31 DECEMBER 2019
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated)

ASSETS	Notes	Unaudited Current Period 30 September 2020	Audited Previous Period 31 December 2019
Current Assets		11.927.735	8.720.108
Cash and Cash Equivalents	2.3-4	3.532.368	2.027.599
Financial Investments	2.3-5	2.374.641	3.057.459
Trade Receivables			
- Due From Related Parties	7-23	2.000.771	2.106.741
- Other Trade Receivables	7	888.787	259.061
Other Receivables			
- Due From Related Parties	8-23	1.717.760	115.619
- Other Receivables	8	153.004	37.283
Derivative Instruments	9	-	358.919
Inventories	10	897.909	592.698
Prepaid Expenses			
- Due To Related Parties	23	227.810	41.545
- Other Prepaid Expenses		68.534	42.946
Current Income Tax Assets		414	4.583
Other Current Assets		65.737	75.655
Non-Current Assets		4.563.249	4.071.644
Financial Investments	5	1.108.045	946.029
Other Receivables			
- Other Receivables	8	392	460
Investment Properties	11	21.155	21.155
Tangible Assets	12	2.491.983	2.383.177
Intangible Assets			
- Goodwill	13	500.542	388.047
- Other Intangible Assets	14	382.076	292.188
Prepaid Expenses		17.101	7.602
Deferred Tax Asset	21	41.955	32.986
TOTAL ASSETS		16.490.984	12.791.752

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	Notes	Unaudited Current Period 30 September 2020	Audited Previous Period 31 December 2019
LIABILITIES			
Current Liabilities		5.627.811	6.800.011
Short Term Financial Liabilities	6	69.362	150.764
Short Term Portion of Long-Term Financial Liabilities	6	3.997.678	5.088.239
Trade Payables			
- Due to related parties	7-23	263.790	607.365
- Other trade payables	7	738.068	617.233
Employee Benefit Related Liabilities Other Payables		49.441	44.822
- Due to Related Parties	8-23	699	113
- Other Payables	8	4.472	4.994
Derivative Instruments	9	814	-
Deferred Revenue		12.171	11.854
Current Income Tax Liabilities	21	120.129	68.967
Short Term Provisions			
- Short Term Provisions for Employee Benefits		76.441	66.366
- Other Short Term Provisions		250.608	103.331
Other Current Liabilities		44.138	35.963
Non-Current Liabilities		4.723.797	1.057.509
Long Term Financial Liabilities	6	4.392.082	701.318
Long Term Provisions			
- Long Term Provisions for Employee Benefits		206.032	161.010
Deferred Tax Liabilities	21	125.683	195.181
SHAREHOLDERS' EQUITY		6.139.376	4.934.232
Equity Attributable To Equity Holders' of the Parent		5.372.639	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		647.779	647.779
-Actuarial Losses on Post-Employment Termination Benefit Obligation		(30.684)	(26.435)
-Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	2.3	573.766	422.738
-Other Gains		-	817.879
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
-Currency Translation Adjustments		33.003	(57.006)
-Cash Flow Hedges		(1.158)	3.695
Restricted Reserves		131.587	131.587
Retained Earnings		3.324.334	1.509.952
Net Profit for the Period	2.3	729.375	996.503
Non-Controlling Interest		766.737	522.903
TOTAL LIABILITIES AND EQUITY		16.490.984	12.791.752

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	Condensed Unaudited Current Period 1 January - 30 September 2020	Condensed Unaudited Current Period 1 July - 30 September 2020	Condensed Unaudited Previous Period 1 January - 30 September 2019	Condensed Unaudited Previous Period 1 July - 30 September 2019
Revenue	16	6.749.566	2.228.799	5.655.967	1.893.109
Cost of Sales	16	(4.824.006)	(1.606.655)	(4.110.466)	(1.394.946)
GROSS PROFIT		1.925.560	622.144	1.545.501	498.163
General Administrative Expenses	17	(194.105)	(66.481)	(161.202)	(66.617)
Marketing, Sales and Distribution Expenses	17	(669.781)	(210.326)	(533.526)	(153.876)
Research and Development Expenses	17	(16.753)	(5.577)	(13.540)	(4.451)
Other Operating Income		171.986	74.744	57.762	9.607
Other Operating Expenses		(88.783)	(26.978)	(60.302)	(22.614)
OPERATING PROFIT		1.128.124	387.526	834.693	260.212
Income from Investment Activities	18	2.250.165	1.205.450	960.688	264.157
Expenses from Investment Activities	18	(114.608)	128.596	(304.079)	(293.818)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		3.263.681	1.721.572	1.491.302	230.551
Financial Income	19	227.277	37.439	522.995	438.376
Financial Expenses	20	(2.413.472)	(1.293.026)	(1.007.761)	(327.458)
PROFIT BEFORE TAX		1.077.486	465.985	1.006.536	341.469
Tax Expense		(208.673)	(92.503)	(188.390)	(68.703)
Corporate Tax Expense	21	(299.353)	(97.953)	(198.552)	(82.959)
Deferred Tax Income	21	90.680	5.450	10.162	14.256
PROFIT FOR THE PERIOD		868.813	373.482	818.146	272.766
Distribution of the Profit for the Period					
Non-Controlling Interest		139.438	50.258	77.423	19.252
Equity Holders of the Parent		729.375	323.224	740.723	253.514
Earnings Per Share	22	2,13	0,95	2,17	0,74

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 SEPTEMBER 2020 AND 2019

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

	Condensed Unaudited Current Period 1 January - 30 September 2020	Condensed Unaudited Current Period 1 July - 30 September 2020	Condensed Unaudited Previous Period 1 January - 30 September 2019	Condensed Unaudited Previous Period 1 July - 30 September 2019
PROFIT FOR THE PERIOD	868.813	373.482	818.146	272.766
Other Comprehensive Income				
Not to be Reclassified To Profit and Loss	146.547	(2.102)	142.676	(205.796)
Actuarial (Loss)/Gain on Post-Employment Termination Benefit Obligation	(5.601)	(2.627)	413	583
Gain/(Loss) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	162.016	-	149.838	(217.118)
Deferred Tax for the Items That Will not be Reclassified in Profit and Loss				
Actuarial (Loss)/Gain on Post-Employment Termination Benefit Obligation, Deferred Tax Effect	1.120	525	(83)	(117)
Gain/(Loss) from Financial Assets Measured at Fair Value through Other Comprehensive Income, Tax Effect	(10.988)	-	(7.492)	10.856
Items to be Reclassified to Profit and Loss	189.784	139.214	(29.000)	(46.252)
Currency Translation Adjustments	194.637	139.563	16.876	(16.441)
Cash Flow Hedges	(6.222)	(448)	(58.815)	(38.219)
Deferred Tax For The Items That Will be Reclassified to Profit and Loss				
Cash Flow Hedges, Deferred Tax Effect	1.369	99	12.939	8.408
OTHER COMPREHENSIVE INCOME	336.331	137.112	113.676	(252.048)
TOTAL COMPREHENSIVE INCOME	1.205.144	510.594	931.822	20.718
Distribution of Total Comprehensive Income				
Non-Controlling Interest	243.834	108.946	96.997	15.332
Equity Holders of the Parent	961.310	401.648	834.825	5.386

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2020 AND 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 of Plant, Property and Equipment	Actuarial Losses on Post-Employment Benefit Obligation	Gains from Financial Assets Measured Fair Value Through Other Comprehensive Income	Other Gains	Restricted Reserves	Net Profit for the Period	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total
As of 1 January, 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	-	-	-	-	-	-	-	-	-	6.798	(700.779)	693.981	-	-	-
Total comprehensive income	-	-	-	(2.734)	(45.876)	-	366	142.346	-	-	740.723	-	834.825	96.997	931.822
As of 30 September 2019	342.000	108.056	(498.670)	(92.163)	6.605	647.779	(20.807)	1.242.288	-	138.385	740.723	1.516.866	4.131.062	480.492	4.611.554
As of 1 January 2020 (Note: 2.3)	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	-	-	-	-	-	-	-	-	(817.879)	-	(996.503)	1.814.382	-	-	-
Total comprehensive income	-	-	-	90.009	(4.853)	-	(4.249)	151.028	-	-	729.375	-	961.310	243.834	1.205.144
As of 30 September 2020	342.000	108.056	(485.419)	33.003	(1.158)	647.779	(30.684)	573.766	-	131.587	729.375	3.324.334	5.372.639	766.737	6.139.376

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Condensed Unaudited Current Period 1 January - 30 September 2020	Condensed Unaudited Previous Period 1 January - 30 September 2019
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		868.813	818.146
Adjustments to Reconcile Net Profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation expenses of tangible assets	12	134.501	121.942
Amortization expenses of intangible assets	14	1.896	4.172
Adjustment for Impairment Loss (Reversal)			
Provision/(reversal) for doubtful receivables	7	1.375	(1.154)
Adjustment for impairment loss/(gain) of other financial investments			
Increase in financial investments	18	(86.201)	(145.098)
Adjustment for impairment loss of inventories	10	6.561	10.559
Adjustment for Provisions			
Adjustments for Provisions Related with Employee Benefits			
Provision for employment benefits		44.575	41.415
Provision for unused vacation		22.623	4.979
Provision for premium		31.110	33.245
Adjustments for provisions lawsuits		76	874
Adjustments for Other Provisions			
Change in Other Provisions (net)		147.711	114.852
Adjustments for Dividend Income	18	(64)	(83)
Adjustments for Interest (Income) and Expense			
Adjustments Interest Income	18	(106.478)	(186.254)
Adjustments for Interest Expense			
Rediscounted interest expense (net)		190	-
Interest expense	20	271.273	311.417
Adjustment for Tax Expenses	21	208.673	188.390
Adjustments for Losses/(Gains) on Disposals of Non-Current Assets			
Adjustments for (Gains)/Losses Arised from Sale of Tangible Assets	18	(1.277)	1.692
Adjustments to other items that cause cash flows from investing or financing activities			
Change in foreign currency of financial liabilities (net)	19-20	1.889.772	153.165
Change in foreign currency from investing activities (net)	18	(1.932.618)	(318.932)
Commission expenses and financial service income (net)	19-20	25.150	20.184
Other Adjustments to Reconcile Profit/(Loss)			
Rent income	18	(8.919)	(7.934)
Net operating cash flows provided before changes in working capital		1.518.742	1.165.577

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 30 SEPTEMBER 2020 AND 2019
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	Condensed Unaudited Current Period 1 January - 30 September 2020	Condensed Unaudited Previous Period 1 January - 30 September 2019
Changes in working capital			
Increase in trade receivables		(194.630)	(49.691)
Increase in trade receivables from related parties		(229.423)	(591.357)
Increase in inventories		(252.080)	(67.738)
Increase in other receivables and other current assets		(188.839)	(6.627)
Decrease in trade payables		(43.149)	(72.214)
(Decrease)/Increase in trade payables to related parties		(270.517)	69.936
Decrease in other payables and liabilities		(32.009)	(14.237)
Net cash generated from operations		308.095	433.649
Payments related with provisions for employee benefits			
Employment termination benefit paid		(19.899)	(15.601)
Unused vacation paid		(17.066)	(6.400)
Performance premium paid		(38.248)	(34.647)
Lawsuits provision paid		(289)	(362)
Taxes paid		(244.022)	(108.546)
Collections from doubtful trade receivables	7	131	367
Net cash (used)/generated from operating activities		(11.298)	268.460
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible and intangible assets		3.445	5.518
Purchase of property, plant and equipment		(86.606)	(75.410)
Purchase of intangible assets		(2.170)	(2.157)
Changes in non-trade receivables from related parties		(1.514.904)	(336.478)
Cash generated from dividends	18	64	83
Interest received	18	106.478	186.254
Other advances given and payables		(9.499)	-
Repayments from other advances given and payables		-	2.406
Rent income		8.919	7.934
Proceeds from sales of other businesses or share of funds or debt instruments		1.667.334	22.932
Net cash generated/(used) from investing activities		173.061	(188.918)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflow from borrowings		3.191.759	320.342
Repayments of borrowings		(2.827.304)	(78.258)
Cash inflow from derivate instruments		500.271	-
Commission paid		(25.150)	(20.184)
Interest paid		(190.301)	(260.868)
Change in non-trade payables to related parties	23	586	17
Net cash generated/(used) from financing activities		649.861	(38.951)
NET CHANGE IN CASH AND CASH EQUIVALENTS		811.624	40.591
THE EFFECT OF FOREIGN EXCHANGE RATE			
CHANGE ON CASH AND CASH EQUIVALENTS		693.145	35.439
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	2.027.599	999.462
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	3.532.368	1.075.492

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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 İstanbul since 30 October 1996, as of 31 December 2003.

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

As of 30 September 2020, the total number of people employed by the Group is 9.143, which contains 1.490 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 30 September 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:

Name of the Shareholders	30 September 2020		31 December 2019	
	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

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1. ORGANIZATION AND OPERATIONS OF THE GROUP (continued)

As of 30 September 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:

Subsidiaries	30 September 2020		31 December 2019		Nature of Operation
	Ratio of Direct Ownership	Ratio of Effective Ownership	Ratio of Direct Ownership	Ratio of Effective Ownership	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.	%73,9	%73,9	%73,9	%73,9	Manufacturing
Ülker Çikolata Sanayi A.Ş.	%91,7	%91,7	%91,7	%91,7	Manufacturing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	%100,0	%100,0	%100,0	%100,0	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	%100,0	%100,0	%100,0	%100,0	Trading
UI Egypt B.V.	%51,0	%51,0	%51,0	%51,0	Investing
Hi-Food for Advanced Food Industries	-	%51,4	-	%51,4	Manufacturing/Sales
Sabourne Investments Ltd	%100,0	%100,0	%100,0	%100,0	Investing
Food Manufacturers' Company	-	%55,0	-	%55,0	Manufacturing/Sales
Hamle Company Ltd LLP	%100,0	%100,0	%100,0	%100,0	Manufacturing/Sales
Ulker Star LLC	-	%99,0	-	%99,0	Sales
UI Mena BV	%100,0	%100,0	%100,0	%100,0	Investing
Amir Global Trading FZE	-	%100,0	-	%100,0	Sales
Ulker for Trading and Marketing	-	%99,8	-	%99,8	Sales
International Biscuits Company	%100,0	%100,0	%100,0	%100,0	Manufacturing/Sales

Approval of Consolidated Financial Statements:

The Board of Directors has approved the consolidated financial statements and given authorization for the issuance on 5 November 2020.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation:

Principles for Preparation of Consolidated 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 ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations.

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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of the Presentation (continued)

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

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

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

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Group preferred to present its interim condensed consolidated financial statements. The Group's interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2019 year-end financial statements.

Functional and Presentation Currency

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

As of 30 September 2020, rates declared by Central Bank of Republic of Turkey are;

Döviz Cinsi	Periods Ended		Average	
	30 September 2020	31 December 2019	1 January - 30 September 2020	1 January - 30 September 2019
EUR	9,1281	6,6506	7,5574	6,3299
USD	7,8080	5,9402	6,7142	5,6338
EGP	0,4959	0,3703	0,4237	0,3312
SAR	2,0817	1,5834	1,7890	1,5022
KZT	0,0182	0,0156	0,0164	0,0148
AED	2,1276	1,6186	1,8296	1,5352

2.2 The New Standards, Amendments and Interpretations

The Group has applied the standards which are relevant to its operations from the standards, amendments and interpretation applicable from 1 January 2020.

Standards, amendments and interpretations applicable as at 30 September 2020:

Amendments to TAS 1 and TAS 8 on the definition of material; effective from 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.

Amendments to TFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. The amendments did not have a significant impact on the consolidated financial position or performance of the Group.

Amendments to TFRS 9, IAS 39 and TFRS 7 – Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. The amendments did not have a significant impact on the consolidated financial position or performance of the Group.

Amendments to TFRS 16 – Covid-19 Rent Related Concessions Leases; effective from Annual periods beginning on or after 1 January 2020. The amendments did not have a significant impact on the consolidated financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.2 The new standards, amendments and interpretations (continued)

Standards, amendments and interpretations that are issued but not effective as at 30 September 2020:

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 "Insurance Contracts" will become effective for annual reporting periods beginning on or after 1 January 2023. The amendment will not have an impact on the consolidated financial position or performance of the Group.

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

Annual Improvements – 2018–2020 Cycle

Annual improvements of TFRS standards / 2018-2020 period was published by POA in July 2020, including the following changes;

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.3 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 September 30, 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 interim condensed consolidated statements of cash flows for the nine months period ended 30 September 2019 are as follows;

	31 December 2019 Restated	Effects of Restatement	31 December 2019 Previously Reported
Condensed 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
	1 January- 30 September 2019 Restated	Effects of Restatement	1 January- 30 September 2019 Previously Reported
Condensed consolidated cash flow			
Net cash used from investing activities	(188.918)	(122.166)	(66.752)
The effect of foreign exchange rate change on cash and cash equivalents	35.439	(238.945)	274.384
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	1.075.492	(2.740.410)	3.815.902

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 Turkish Financial Reporting Standards 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 interim condensed consolidated statement of financial position as at December 31, 2019.

	31 December 2019 Restated	Effects of Restatement	31 December 2019 Previously Reported
Condensed 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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.4 Significant Changes Regarding Current Period

The necessary actions have been 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 have taken by the Group to minimize the increase in investment expenditures, operational expenses and inventories, and the cash management strategy is has been considered to strengthen the liquidity position. The COVID-19 pandemic does not have a significant impact on the consolidated financial position or performance of the Group.

While the Group preparing the interim condensed consolidated financial statements dated September 30, 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 interim condensed consolidated financial statements. In this context, potential impairment in the financial assets, inventories, tangible assets, goodwill and brands in the interim condensed consolidated financial statements of 30 September 2020 has been analysed and the necessary changes have been reflected in the consolidated financial statements.

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 chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions. The Group management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The board of directors review segmental analysis on gross profit and operational profit.

The Group follows its operations with domestic (local operations of Turkish companies in Turkey) and international basis in accordance with TFRS 8. The information for 1 January – 30 September 2020 and 1 January – 30 September 2019.

	Domestic	Foreign	1 January - 30 September 2020
Revenue	4,047.242	2.702.324	6.749.566
Gross Profit	908.871	1.016.689	1.925.560
Operating Profit (*)	540.298	504.623	1.044.921
EBITDA (**)	602.601	578.717	1.181.318
EBITDA/Revenue	14,9%	21,4%	17,5%
Capital Expenditures	58.068	20.811	78.879
	Domestic	Foreign	1 January - 30 September 2019
Revenue	3.499.827	2.156.140	5.655.967
Gross Profit	747.552	797.949	1.545.501
Operating Profit (*)	452.250	384.983	837.233
EBITDA (**)	512.561	450.786	963.347
EBITDA/Revenue	14,6%	20,9%	17,0%
Capital Expenditures	117.234	25.897	143.131

(*) Operating profit before other income and expenses.

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

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4. CASH AND CASH EQUIVALENTS

	30 September 2020	31 December 2019
Cash on hand	1.306	180
Demand deposits	634.966	344.705
Time deposits	2.909.031	1.689.735
Impairment provision	(12.935)	(7.021)
	3.532.368	2.027.599

Details of time deposits are shown below:

Currency Type	Annual Weighted Average Effective Interest Rate	Maturity	30 September 2020
TL	11,41%	October 2020	191.164
EUR	1,45%	October 2020	724.387
USD	1,67%	October 2020	1.889.999
EGP	8,61%	October 2020	71.540
KZT	10,00%	October 2020	31.941
			2.909.031

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

<u>Short Term Financial Investments:</u>	30 September 2020	31 December 2019
Financial Assets Measured at Fair Value through Profit or Loss (*)	2.374.641	3.057.459
	2.374.641	3.057.459

<u>Long Term Financial Investments:</u>	30 September 2020	31 December 2019
Financial Assets Measured at Fair Value through Other Comprehensive Income (**)	1.108.045	946.029
	1.108.045	946.029

<u>Long Term Financial Assets Measured at Fair Value through Other Comprehensive Income</u>	30 September 2020	31 December 2019
G New, Inc	331.418	312.171
Godiva Belgium BVBA	776.427	633.658
Other	200	200
	1.108.045	946.029

(*) TL 2.369.216 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 30 September 2020 amounting to TL 573.766 thousand have been presented under shareholder's equity.

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6. FINANCIAL LIABILITIES

	30 September 2020	31 December 2019
Short term liabilities	69.362	150.764
Short term portion of long-term liabilities	3.997.678	5.088.239
Long term liabilities	4.392.082	701.318
	8.459.122	5.940.321
<u>Short Term Liabilities:</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Bank loans	8.118	66.437
Non-trade payables to related parties (Note 23)	61.244	84.327
	69.362	150.764
<u>Short Term Portion of Long-Term Liabilities</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Bank loans	3.980.636	5.074.414
Lease liabilities	17.042	13.825
	3.997.678	5.088.239
<u>Long Term Liabilities</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Bank loans	4.356.368	652.490
Lease liabilities	35.714	48.828
	4.392.082	701.318

The group has used a syndication loan in 27 November 2017. Details of Group's syndication loans are as follows: Syndication loan consists of two credit tranches which are USD 111.498.684 and EUR 290.559.069. 15 international banks joined to the syndication. Effective interest rate for both credit tranches are Euribor + 3,00 % for EUR, Libor + 2,90 % for USD and the maturity date is 27 November 2020. Principal payments of the loans are repaid at maturity with semi-annual interest payments.

In addition to syndication loan used in November 2017, the Group has used a new syndication loan consists of two credit tranches which are USD 110.000.000 and EUR 243.938.528 in 20 April 2020. 7 international banks joined to the syndication. Effective interest rate for both credit tranches are Euribor + 2,95% for EUR, Libor + 3,10% for USD and the maturity date is 20 April 2023. In addition to syndication loan, the Group has used EBRD credit which is EUR 75.000.000. Effective interest rate for EBRD credit tranche is Euribor + 2,95% for EUR and the maturity date are 20 April 2023. Principal payments of the loans are repaid at maturity with semi-annual interest payments.

- Leverage:** The ratio of the consolidated net debt at balance sheet date to the last twelve months consolidated EBITDA (Earnings before interest, tax, depreciation and amortization) in the valid period should not be over 3,50 to 1.
- Interest Coverage:** Consolidated interest coverage ratio of the Group should be at least 2 to 1.

In the current period ended September 30, 2020, the consolidated financial statements of the Group comply with the covenants of the syndication loan agreement.

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6. FINANCIAL LIABILITIES (continued)

Liabilities:

30 September 2020

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Long Term</u>
TL	October 2020-April 2023	17,59%	78.286	35.715
EUR	October 2020-May 2023	2,99%	3.012.098	3.254.651
USD	October 2020-April 2023	4,52%	923.034	828.693
KZT	October 2020-January 2026	10,00%	53.622	273.023
			<u>4.067.040</u>	<u>4.392.082</u>

31 December 2019

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Long Term</u>
TL	January 2020-April 2023	18,72%	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	-
			<u>5.239.003</u>	<u>701.318</u>

The maturity detail of the bank loans is as follows:

	<u>30 September 2020</u>	<u>31 December 2019</u>
to be paid within 1 year	4.049.998	5.225.178
to be paid within 1-2 years	376.510	273.085
to be paid within 2-3 years	3.828.178	215.508
to be paid within 3-4 years	60.672	98.892
to be paid within 4-5 years	60.672	52.004
Above 5 years	30.336	13.001
	<u>8.406.366</u>	<u>5.877.668</u>

Short Term Financial Lease Liabilities

	<u>30 September 2020</u>	<u>31 December 2019</u>
Lease liabilities	29.397	29.282
Future finance charges on leasing (-)	(12.355)	(15.457)
	<u>17.042</u>	<u>13.825</u>

Long Term Financial Lease Liabilities

	<u>30 September 2020</u>	<u>31 December 2019</u>
Lease liabilities	43.933	65.895
Future finance charges on leasing (-)	(8.219)	(17.067)
	<u>35.714</u>	<u>48.828</u>

The maturity detail of the lease liabilities is as follows:

	<u>30 September 2020</u>	<u>31 December 2019</u>
to be paid within 1 year	17.042	13.825
to be paid within 1-2 years	22.172	18.108
to be paid within 2-3 years	13.542	23.720
to be paid within 3-4 years	-	7.000
	<u>52.756</u>	<u>62.653</u>

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7. TRADE RECEIVABLES AND PAYABLES

	30 September 2020	31 December 2019
Short Term Due from Related Parties		
Due from related parties (Note 23)	2.000.771	2.106.741
	2.000.771	2.106.741
Other Trade Receivables		
Other Trade Receivables	903.642	269.750
Notes receivables	728	84
Provision for doubtful receivables	(15.583)	(10.773)
	888.787	259.061
Total Short-Term Trade Receivables	2.889.558	2.365.802

The movement of the allowance for doubtful receivables as of 30 September 2020 and 2019 is as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Opening balance	(10.773)	(19.351)
Current period expense	(1.400)	(1.318)
Cancelled provision	25	2.472
Currency translation differences	(3.566)	(748)
Collection	131	367
Ending Balance	(15.583)	(18.578)
Short Term Trade Payables		
Due to related parties (Note 23)	263.790	607.365
Trade payables	738.068	617.233
	1.001.858	1.224.598

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8. OTHER RECEIVABLES AND PAYABLES

	30 September 2020	31 December 2019
Other Receivables		
Due from related parties (Note 23)	1.717.760	115.619
Short term other receivables	153.004	37.283
	1.870.764	152.902

	30 September 2020	31 December 2019
Other Short-Term Receivables		
VAT receivables	10.162	17.229
Deposits and guarantees given	23.080	18.277
Receivables from personnel	1.728	1.568
Other (*)	118.034	209
	153.004	37.283

(*) TL 114.855 thousand of other receivables are from the sales of İstanbul Gıda Dış Ticaret A.Ş.

	30 September 2020	31 December 2019
Other Long-Term Receivables		
Deposits and guarantees given	392	460
	392	460

	30 September 2020	31 December 2019
Other Payables		
Due from related parties (Note 23)	699	113
Other short-term payables	4.472	4.994
	5.171	5.107

	30 September 2020	31 December 2019
Other Short-Term Payables		
Deposits and guarantees received	124	124
Other short-term payables	4.348	4.870
	4.472	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 cross currency fixed interest rate swap contracts were closed as of 20 April 2020.

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 30 September 2020 and 31 December 2019 are as follows:

	30 September 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	257.664	(814)	-	-
Total Asset / (Liabilities)	257.664	(814)	528.132	358.919

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10. INVENTORIES

Details of inventory are as follows;

	30 September 2020	31 December 2019
Raw materials	409.196	231.633
Work in progress	30.474	24.430
Finished goods	350.279	272.475
Trade goods	71.219	34.347
Other inventories	62.674	47.843
Allowance for impairment on inventory (-)	(25.933)	(18.030)
	897.909	592.698

Inventory is presented on cost value and allowance for impairment is booked for inventory valuing lower than cost.

The movement of allowance for impairment on inventory for the periods ended on 30 September 2020 and 2019 are below:

	1 January - 30 September 2020	1 January - 30 September 2019
Opening balance	(18.030)	(11.829)
Charge for the period	(6.561)	(10.559)
Reversal of provision	827	1.451
Currency translation differences	(2.169)	(293)
Closing balance	(25.933)	(21.230)

11. INVESTMENT PROPERTIES

	1 Ocak- 30 September 2020	1 Ocak- 30 September 2019
Opening balance	21.155	21.036
Closing balance	21.155	21.036

The fair value of the Group's investment properties at 30 September 2020 has been determined on the basis of a valuation study carried out as of 31 December 2019, by an independent valuation company, namely, NOVA Taşınmaz Değerleme ve Danışmanlık A.Ş., which is not related to the Group and 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 1.080 thousand (30 September 2019: TL 1.225 thousand) as of 30 September 2020. Direct operating expenses arising from the investment properties in the current period amounting to TL 89 thousand. (30 September 2019: TL 70 thousand).

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12. TANGIBLE ASSETS

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

Cost	1 January 2020	Addition	Disposal	Transfer	Currency Translation Differences	30 September 2020
Land	720.030	-	-	-	8.591	728.621
Buildings	820.437	8.683	-	2.173	64.624	895.917
Machinery, plant and equipment	2.197.143	15.336	(3.219)	57.522	231.245	2.498.027
Vehicles	12.656	-	(322)	-	2.140	14.474
Furniture and fixture	112.036	4.342	(941)	3.990	13.384	132.811
Leasehold improvements	41.518	120	(11)	(13)	85	41.699
Other tangible assets	975	-	-	-	307	1.282
Construction in progress	63.648	48.228	(991)	(63.672)	5.097	52.310
	3.968.443	76.709	(5.484)	-	325.473	4.365.141
Accumulated Depreciation	1 January 2020	Charge for the period	Disposal	Transfer	Currency Translation Differences	30 September 2020
Buildings	(377.766)	(18.055)	-	-	(26.729)	(422.550)
Machinery, plant and equipment	(1.095.425)	(105.295)	2.094	-	(118.739)	(1.317.365)
Vehicles	(9.143)	(1.047)	322	-	(1.888)	(11.756)
Furniture and fixture	(78.955)	(7.087)	897	-	(9.562)	(94.707)
Leasehold improvements	(22.893)	(2.921)	3	-	(37)	(25.848)
Other tangible assets	(1.084)	(96)	-	-	248	(932)
	(1.585.266)	(134.501)	3.316	-	(156.707)	(1.873.158)
Net Book Value	2.383.177					2.491.983

From depreciation and amortization expenses, TL 128.365 thousand (30 September 2019: TL 115.296 thousand) is included in cost of goods sold, TL 267 thousand (30 September 2019: TL 289 thousand) is included in research and development expenses, TL 3.383 thousand (30 September 2019: TL 2.429 thousand) is included in marketing and selling expenses, TL 4.382 thousand (30 September 2019: TL 8.100 thousand) is included in general and administrative expenses. There is no fixed asset acquired through financial leasing as of 30 September 2020. There is not any mortgage or collateral on tangible assets.

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12. TANGIBLE ASSETS (continued)

Movement of tangible assets between 1 January 2019 and 30 September 2019 is as follows:

Cost	1 January 2019	Addition	Disposal	Transfer	Currency Translation Differences	30 September 2019
Land	714.750	-	-	(1.966)	3.494	716.278
Buildings	698.303	72.617	-	14.033	17.161	802.114
Machinery, plant and equipment	2.038.567	7.189	(10.849)	23.426	57.715	2.116.048
Vehicles	11.697	31	(147)	-	569	12.150
Furniture and fixture	95.810	4.005	(541)	4.898	2.789	106.961
Leasehold improvements	41.326	430	-	-	19	41.775
Other tangible assets	798	-	-	-	60	858
Construction in progress	44.470	56.702	(557)	(40.391)	2.539	62.763
	3.645.721	140.974	(12.094)	-	84.346	3.858.947
Accumulated Depreciation	1 January 2019	Charge for the period	Disposal	Transfer	Currency Translation Differences	30 September 2019
Buildings	(346.062)	(16.250)	-	-	(4.396)	(366.708)
Machinery, plant and equipment	(925.608)	(95.534)	4.609	-	(28.647)	(1.045.180)
Vehicles	(7.054)	(1.010)	-	-	(404)	(8.468)
Furniture and fixture	(70.149)	(6.090)	275	-	(1.905)	(77.869)
Leasehold improvements	(19.545)	(2.994)	-	-	(5)	(22.544)
Other tangible assets	(937)	(64)	-	-	(36)	(1.037)
	(1.369.355)	(121.942)	4.884	-	(35.393)	(1.521.806)
Net Book Value	2.276.366					2.337.141

There was no fixed asset acquired through financial leasing as of 30 September 2019. There was not any mortgage or collateral on tangible assets.

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12. TANGIBLE ASSETS (Continued)

The estimated useful lives of tangible assets are as follow:

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

The Group decided to apply revaluation model to land and buildings in accordance with TMS 16. Land and buildings were revalued with “compare with similar” technique on 15 January 2018. The revaluation was performed by Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. authorized by Capital Markets Board. Properties were accounted on 31 December 2017 financial statements based on their fair values. The frequency of revaluations is related with the changes on the market values of the properties. If there is material change at the fair value, revaluation is performed. If not, properties are only subject to periodical revaluation. The Group has assessed that there is no significant change in the fair value of land and buildings in the current period.

13. GOODWILL

	30 September 2020	30 September 2019
Opening balance	388.047	331.975
Currency translation difference	112.495	14.765
Closing balance	500.542	346.740

Goodwill details are as follows:

Company	30 September 2020	31 December 2019
UI Mena B.V.	481.483	373.272
IBC	19.059	14.775
	500.542	388.047

UI Mena B.V.

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

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14. INTANGIBLE ASSETS

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

Cost	1 January 2020	Addition	Currency Translation Differences	30 September 2020
Rights (*)	299.979	1.573	91.810	393.362
Other intangible assets	5.988	597	1.040	7.625
	305.967	2.170	92.850	400.987
Accumulated Amortization	1 January 2020	Charge for the period	Currency Translation Differences	30 September 2020
Rights (*)	(11.130)	(776)	(2.995)	(14.901)
Other intangible assets	(2.649)	(1.120)	(241)	(4.010)
	(13.779)	(1.896)	(3.236)	(18.911)
Net Book Value	292.188			382.076

Movements of intangible assets between 1 January 2019 – 30 September 2019 are as follows:

Cost	1 January 2019	Addition	Currency Translation Differences	30 September 2019
Rights (*)	263.730	1.703	18.997	284.430
Other intangible assets	3.251	454	-	3.705
	266.981	2.157	18.997	288.135
Accumulated Amortization	1 January 2019	Charge for the period	Currency Translation Differences	30 September 2019
Rights (*)	(6.382)	(3.880)	(678)	(10.940)
Other intangible assets	(2.841)	(292)	-	(3.133)
	(9.223)	(4.172)	(678)	(14.073)
Net Book Value	257.758			274.062

(*) As of 30 September 2020 Rights contain reacquired rights related with Saudi distribution agreements of Groups products in Saudi Arabia amounting to TL 310.665 thousand (30 September 2019: TL 225.164 thousand), the remaining amount of TL 60.185 thousand (30 September 2019: TL 41.492 thousand) contains the rights of Rana brand. Reacquired rights are not subject to depreciation and has indefinite useful life. Impairment test is applied every year of when there is any indicator that impairment may occur. There is not any impairment as of 30 september 2020.

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14. INTANGIBLE ASSETS (Continued)

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

	Useful Life
Rights	2 years
Other intangible assets	2 - 12 years
Brand	2 years - Indefinite life

15. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Guarantees Given

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

	30 September 2020			31 December 2019		
	TL	USD	EUR	TL	USD	EUR
A) CPM's given in the name of own legal identity (*)	201.000	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	201.000	25.354	178.950	201.279	26.273	185.192

(*) Non-cash risk amounting to TL 54,6 million and USD 5,8 million.

(**) Includes the warranty 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 equity is zero as of 30 September 2020 (31 December 2019: zero).

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

Guarantees Given (Continued)

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

The cash balance of Ülker Bisküvi's subsidiaries with an amount of TL 146,3 million and USD 19,5 million and non-cash bank guarantees amounting to TL 45,7 million and USD 6,1 million, were transferred to the level of Yıldız Holding A.Ş. with 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 their existing total bank loan risk exposure.

16. REVENUE AND COST OF SALES

a) Sales

The detail of operating income is as follows:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Domestic sales (*)	7.419.949	2.435.965	6.196.538	2.089.006
Export sales	1.346.013	466.011	1.205.442	400.797
Sales returns and discounts (-)	(2.016.396)	(673.177)	(1.746.013)	(596.694)
Revenue (net)	6.749.566	2.228.799	5.655.967	1.893.109
Cost of goods sold	(4.660.066)	(1.560.136)	(3.994.853)	(1.360.463)
Cost of trade goods sold	(163.940)	(46.519)	(115.613)	(34.483)
Cost of sales	(4.824.006)	(1.606.655)	(4.110.466)	(1.394.946)
Gross Profit	1.925.560	622.144	1.545.501	498.163

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

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17. EXPENSES BY NATURE

The detail of operating expenses is as follow:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
General Administrative Expenses				
Personnel Expenses	(88.738)	(30.191)	(69.428)	(22.353)
Operating expenses	(64.052)	(15.120)	(51.977)	(32.661)
Consultancy expenses	(20.570)	(10.214)	(10.309)	(3.220)
Depreciation and amortization expenses	(4.382)	(1.500)	(8.100)	(2.688)
Other	(16.363)	(9.456)	(21.388)	(5.695)
	(194.105)	(66.481)	(161.202)	(66.617)
Marketing Expenses				
Marketing operating expenses	(508.275)	(155.049)	(391.273)	(107.731)
Personnel expenses	(115.518)	(40.494)	(99.753)	(31.724)
Rent expenses	(15.519)	(5.631)	(11.212)	(3.936)
Depreciation and amortization expenses	(3.383)	(1.221)	(2.429)	(833)
Other	(27.086)	(7.931)	(28.859)	(9.652)
	(669.781)	(210.326)	(533.526)	(153.876)
Research Expenses				
Personnel expenses	(10.213)	(3.070)	(8.271)	(2.527)
Materials used	(1.581)	(905)	(1.189)	(467)
Depreciation and amortization expenses	(267)	(89)	(289)	(84)
Other	(4.692)	(1.513)	(3.791)	(1.373)
	(16.753)	(5.577)	(13.540)	(4.451)

18. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

a) The detail of investment income is as follows:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Foreign exchange gains	2.047.038	1.071.244	619.089	185.720
Interest income	106.478	44.913	186.254	62.896
Fair value increase of financial investments	86.201	86.201	145.098	12.568
Rent income	8.919	2.944	7.934	2.791
Dividend Income	64	-	83	-
Income on sales of tangible assets	1.465	148	2.230	182
	2.250.165	1.205.450	960.688	264.157

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18. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES (continued)

b) The detail of investment expenses is as follows:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Fair value (loss)/gain of financial investments	-	137.078	-	-
Foreign exchange losses	(114.420)	(8.474)	(300.157)	(293.221)
Loss on sales of tangible assets	(188)	(8)	(3.922)	(597)
	(114.608)	128.596	(304.079)	(293.818)

19. FINANCIAL INCOME

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Foreign exchange gain	225.638	36.997	521.251	437.795
Other	1.639	442	1.744	581
	227.277	37.439	522.995	438.376

20. FINANCIAL EXPENSES

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Foreign exchange losses from financing	(2.115.410)	(1.200.133)	(674.416)	(208.453)
Interest expenses	(271.273)	(85.312)	(311.417)	(111.842)
Other	(26.789)	(7.581)	(21.928)	(7.163)
	(2.413.472)	(1.293.026)	(1.007.761)	(327.458)

21. TAX ASSET AND LIABILITIES

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

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

The Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies 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 are 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 22% (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).

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21 TAX ASSET AND LIABILITIES (Continued)

Deferred tax bases:

	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Indexation and useful life differences of tangible and intangible assets	-	-	1.155.649	1.114.931
Investment properties valuation differences	-	-	17.174	17.174
Marketable securities valuation differences	-	-	309.763	89.868
Rediscount on trade receivables/payables (net)	-	-	-	487
Derivative instruments	(814)	-	-	358.919
Profit margin elimination on inventories	(10.962)	(12.891)	-	-
Allowance of employee termination benefits	(147.995)	(122.368)	-	-
Provision of doubtful receivables	(19.860)	(11.987)	-	-
Previous year losses	(87.569)	(75.059)	-	-
Provision for lawsuits	(6.181)	(6.615)	-	-
Impairment on inventories	(16.962)	(14.986)	-	-
Provision for unused vacation	(18.410)	(16.148)	-	-
Other	(87.821)	(19.390)	24.697	17.601
	(396.574)	(279.444)	1.507.283	1.598.980

	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Indexation and useful life differences of tangible and intangible assets	-	-	159.832	151.686
Investment properties valuation differences	-	-	1.717	1.717
Marketable securities valuation differences	-	-	15.488	4.493
Rediscount on trade receivables/payables (net)	-	-	-	107
Derivative instruments	(179)	-	-	78.962
Profit margin elimination on inventories	(2.412)	(2.836)	-	-
Allowance of employee termination benefits	(29.599)	(24.474)	-	-
Provision of doubtful receivables	(4.369)	(2.637)	-	-
Previous year losses	(17.514)	(15.012)	-	-
Provision for lawsuits	(1.360)	(1.455)	-	-
Impairment on inventories	(3.732)	(3.297)	-	-
Investment incentive	(16.206)	(21.115)	-	-
Provision for unused vacation	(4.050)	(3.553)	-	-
Other	(19.321)	(4.263)	5.433	3.872
	(98.742)	(78.642)	182.470	240.837

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21 TAX ASSET AND LIABILITIES (continued)

Movement of Deferred Tax Liabilities:

	1 January - 30 September 2020	1 January - 30 September 2019
Opening balance	162.195	198.003
Taxes netted from funds recognised under equity	8.499	(5.364)
Currency translation differences	3.714	2.480
Deferred tax income	(90.680)	(10.162)
	83.728	184.957

As of 30 September 2020, the Group calculated deferred tax assets of TL 87.569 thousand for deductible tax losses in the condensed consolidated financial statements for the current year (31 December 2019: TL 75.059 thousand). The maturities of these losses are as follows:

	30 September 2020	31 December 2019
2025	87.569	75.059
Toplam	87.569	75.059

Corporate tax

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

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The tax rate as of 30 September 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 year's retroactively.

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

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

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%).

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21. TAX ASSET AND LIABILITIES (continued)

Corporate tax (continued)

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).

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 30 September 2020 and 31 December 2019 is as follows:

	30 September 2020	31 December 2019
Total corporate tax provision	(299.353)	(232.123)
Prepaid taxes and funds	179.224	163.156
Taxation in the balance sheet	(120.129)	(68.967)
	30 September 2020	30 September 2019
Current period corporate tax expense	299.353	198.552
Deferred tax income	(90.680)	(10.162)
Tax expense in the income statement	208.673	188.390

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22. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 30 September 2020 and 2019 and computation of earnings per share set out here as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Weighted average number of common stock outstanding	34.200.000	34.200.000
Net profit	729.375	740.723
Basic Earnings per Share (Share with per value of 1 TL)	2,13	2,17

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The detail of receivables from related parties is as follows:

	30 September 2020	31 December 2019
Trade receivables	2.000.771	2.106.741
Non-trade receivables	1.717.760	115.619
	3.718.531	2.222.360

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

	30 September 2020		31 December 2019	
	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder				
Yıldız Holding A.Ş.	-	1.717.760	-	-
Other Companies Controlled by the Ultimate Shareholder				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	1.036.317	-	901.132	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	649.279	-	585.481	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	180.099	-	159.344	-
G2M Eksper Satış ve Dağıtım Hizmetleri A.Ş.	75.735	-	70.794	-
United Biscuits (UK) Ltd.	2.584	-	2.788	-
Other	56.757	-	51.809	115.619
Other Related Parties				
İstanbul Gıda Dış Ticaret A.Ş.	-	-	335.393	-
	2.000.771	1.717.760	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 performs sales and distribution of products though out Turkey.

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

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

	30 September 2020	31 December 2019
Önem Gıda San. ve Tic. A.Ş.	227.810	41.545
	227.810	41.545

The detail of payables to related parties is as follows:

	30 September 2020	31 December 2019
Trade payables	263.790	607.365
Non-trade payables	699	113
	264.489	607.478

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

	30 September 2020		31 December 2019	
	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder				
Yıldız Holding A.Ş.	110.768	-	96.125	-
Other Companies Controlled by the Ultimate Shareholder				
Önem Gıda San. ve Tic. A.Ş.	63.725	29	385.307	-
United Biscuits (UK) Ltd.	32.753	155	7.925	-
pladis Foods Limited	18.128	515	4.491	-
Adapazarı Şeker Fabrikası A.Ş.	7.599	-	8.268	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	6.976	-	8.466	-
Marsa Yağ San. ve Tic. A.Ş.	1.793	-	2.409	-
CCC Gıda San. ve Tic. A.Ş.	113	-	564	-
Other	21.935	-	20.752	9
Other Related Parties				
İstanbul Gıda Dış Ticaret A.Ş.	-	-	73.058	104
	263.790	699	607.365	113

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

	30 September 2020	31 December 2019
Yıldız Holding A.Ş.	61.244	84.327
	61.244	84.327

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

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

	1 January - 30 September 2020		1 July - 30 September 2020		1 January - 30 September 2019		1 July - 30 September 2019	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
<i>Other Companies Controlled by the Ultimate Shareholder</i>								
Önem Gıda San. ve Tic. A.Ş.	1.667.247	433	538.218	180	1.345.911	558	391.049	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	246.349	84	86.631	51	175.883	750	55.065	661
United Biscuits (UK) Ltd.	77.100	5.548	25.502	2.764	63.882	80.798	9.801	27.671
Marsa Yağ San. ve Tic. A.Ş.	67.002	-	24.225	-	41.660	-	10.113	-
Pendik Nişasta San. A.Ş.	26.911	-	6.029	-	34.305	-	9.664	-
CCC Gıda San. ve Tic. A.Ş.	606	2.911	576	2.003	41.776	1.790	14.727	1.743
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	4	2.348.152	-	789.867	91	2.162.499	-	735.786
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	1.364.304	-	412.279	-	1.042.834	-	346.721
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	192.310	-	59.715	-	190.704	-	63.669
Other	23.172	153.278	4.940	49.309	18.482	257.250	8.023	98.348
<i>Other Related Parties</i>								
İstanbul Gıda Dış Tic. A.Ş.	115.401	579.534	-	-	-	-	-	-
	2.223.792	4.646.554	686.121	1.316.168	1.721.990	3.737.183	498.442	1.274.599

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 in Turkey are operated by Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Ticaret.

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

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

For the nine months period ended 30 September 2020:

1 January - 30 September 2020

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	12	(165.832)	300.479
Other Companies Controlled by the Ultimate Shareholder			
pladis Foods Limited	-	(66.840)	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(13.280)	37.850
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	51	(9.680)	16.514
United Biscuits (UK) Ltd.	3	(7.611)	579
Önem Gıda San. ve Tic. A.Ş.	2.364	(4.080)	7.928
İzsal Gayrimenkul Geliştirme A.Ş.	(1.238)	(2.282)	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	(5)	(165)
CCC Gıda San. ve Tic. A.Ş.	(632)	62	-
Other	1.096	(12.079)	(10.167)
Other Related Parties			
İstanbul Gıda Dış Ticaret A.Ş.	-	950	85.758
	1.656	(280.677)	438.776

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

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	4	(55.781)	283.047
Other Companies Controlled by the Ultimate Shareholder			
pladis Foods Limited	-	(16.612)	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(6.544)	13.066
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	15	(4.246)	6.475
United Biscuits (UK) Ltd.	3	(2.478)	330
Önem Gıda San. ve Tic. A.Ş.	805	3.112	2.912
İzsal Gayrimenkul Geliştirme A.Ş.	(451)	(851)	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	(1)	(52)
CCC Gıda San. ve Tic. A.Ş.	(206)	301	-
Other	348	(4.028)	(3.557)
	518	(87.128)	302.221

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

For the nine months period ended 30 September 2019:

1 January - 30 September 2019

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(128)	(143.031)	(104.003)
Other Companies Controlled by the Ultimate Shareholder			
pladis Foods Limited	-	(34.744)	-
Önem Gıda San. ve Tic. A.Ş.	2.308	(11.979)	5.465
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	16	(19.550)	90.185
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	67	(12.959)	43.671
United Biscuits (UK) Ltd.	9	(6.769)	3.116
İzsal Gayrimenkul Geliştirme A.Ş.	(1.444)	(1.820)	-
CCC Gıda San. ve Tic. A.Ş.	(560)	1.842	(699)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	(179)	(1.100)
Other	1.210	(6.253)	4.996
	1.478	(235.442)	41.631

For the three months between 1 July - 30 September 2019 periods:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(14)	(46.003)	(90.496)
Other Companies Controlled by the Ultimate Shareholder			
pladis Foods Limited	-	(25.385)	-
Önem Gıda San. ve Tic. A.Ş.	861	(5.862)	2.947
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(7.884)	31.779
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	14	(3.097)	14.431
United Biscuits (UK) Ltd.	-	(5.765)	2.037
İzsal Gayrimenkul Geliştirme A.Ş.	(451)	(786)	-
CCC Gıda San. ve Tic. A.Ş.	(184)	565	195
Other	338	(3.348)	(2.025)
	564	(97.565)	(41.132)

Benefits provided to members of BOD and key management personnel:

	30 September 2020	30 September 2019
Fees and other short-term benefits	31.481	28.069
	31.481	28.069

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24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT

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, CHF and DKK currency risks.

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

	30 September 2020				
	TL	USD	EUR	GBP	CHF
1. Trade Receivables	476.709	52.901	4.787	1.990	-
2a. Monetary Financial Assets	7.869.607	912.413	79.980	1.523	17
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	21.681	2.131	526	24	-
4. CURRENT ASSETS	8.367.997	967.445	85.293	3.537	17
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets,	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	8.367.997	967.445	85.293	3.537	17
10. Trade Payables	187.586	15.842	4.343	2.350	80
11. Financial Liabilities	3.935.132	118.216	329.981	-	-
12a. Other Monetary Financial Liabilities	1.723	78	122	-	-
12b. Other Non-monetary Financial Liabilities	2.329	220	67	-	-
13. CURRENT LIABILITIES	4.126.770	134.356	334.513	2.350	80
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	4.083.344	106.134	356.553	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	4.083.344	106.134	356.553	-	-
18. TOTAL LIABILITIES	8.210.114	240.490	691.066	2.350	80
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)	157.883	726.955	(605.773)	1.187	(63)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	138.531	725.044	(606.232)	1.163	(63)
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	-	-	-	-	-

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

Foreign Currency Risk Management (continued)

	31 December 2019				
	TL	USD	EUR	GBP	CHF
1. Trade Receivables	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	-	-	-	-	-
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 in the periods of 30 September 2020 and 2019 are as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Total exports	1.346.013	1.205.442
Total imports	470.178	276.437

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

Foreign currency risk sensitivity

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

	30 September 2020		30 September 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	566.114	(566.114)	351.037	(351.037)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	566.114	(566.114)	351.037	(351.037)
In case of %10 appreciation of EUR against TL				
4 - Euro net asset / liability	(553.375)	553.375	(344.319)	344.319
5 - Euro net asset / liability risk (-)	-	-	-	-
6- Euro net effect (4+5)	(553.375)	553.375	(344.319)	344.319
Total (3 + 6)	12.739	(12.739)	6.718	(6.718)

25. FINANCIAL INSTRUMENTS

Fair Value of Financial Assets

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

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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25. FINANCIAL INSTRUMENTS (continued)

Fair Value of Financial Assets (continued)

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

	30 September 2020	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Available for sale	2.374.641	943	2.369.216	4.482
Financial assets at fair value through comprehensive income statement				
- Shares	1.107.845	-	-	1.107.845
Total	3.482.486	943	2.369.216	1.112.327
Financial liabilities				
Financial liabilities at fair value through comprehensive income statement				
- Derivative instruments	814	-	814	-
Total	814	-	814	-
	31 December 2019	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through comprehensive income statement				
- 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

26. EVENTS AFTER THE BALANCE SHEET DATE

The issue of bonds to be sold outside Turkey with an aggregate principal amount of USD 650,000,000, rated B+ (stable) by S&P and BB- (negative) by Fitch has been completed by the Group on 30 October 2020. The bonds have been listed on the Irish Stock Exchange (Euronext Dublin).