

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023
(ORIGINALLY ISSUED IN TURKISH)**

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

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KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIESCONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2023,
31 DECEMBER 2022 AND 31 DECEMBER 2021

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

		Unaudited Current Period 30 September 2023	Restated(*) Audited Prior Period 31 December 2022	Restated(*) Audited Prior Period 31 December 2021
ASSETS				
Current Assets		7,433,143,427	6,894,254,133	3,351,241,117
Cash and cash equivalents	27	167,681,172	275,124,560	64,985,958
Trade receivables	6	2,728,686,741	1,857,340,065	1,067,217,650
- Trade receivables from related parties	5	1,533,704,531	1,068,619,611	594,279,867
- Trade receivables from third parties	6	1,194,982,210	788,720,454	472,937,783
Other receivables	7	1,851,408,340	2,234,725,593	1,233,185,407
- Other receivables from related parties	5	1,761,102,868	2,180,727,211	1,226,875,218
- Other receivables from third parties	7	90,305,472	53,998,382	6,310,189
Derivative financial instruments		1,524,000	-	-
Inventories	8	2,205,923,506	1,893,126,795	875,869,289
Prepaid expenses	9	162,535,166	418,119,150	30,298,157
Current income tax assets	22	64,132,814	6,746,901	21,908,965
Other current assets	16	251,251,688	209,071,069	57,775,691
Non-Current Assets		3,500,810,295	3,175,227,227	1,626,927,654
Other receivables	7	3,830,979	2,263,684	1,559,489
- Other receivables from third parties	7	3,830,979	2,263,684	1,559,489
Financial investments	24	31,017	31,017	21,340
Investment properties	10	504,921,210	504,921,210	233,906,133
Property, plant and equipment	11	2,790,254,825	2,563,896,075	1,257,330,085
Right of use assets		31,744,522	13,094,473	9,415,170
Intangible assets	12	69,557,553	44,589,414	28,822,397
Prepaid expenses	9	16,369,226	4,344,932	2,901,022
Deferred tax assets	22	84,100,963	42,086,422	92,972,018
TOTAL ASSETS		10,933,953,722	10,069,481,360	4,978,168,771

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2023,
31 DECEMBER 2022 AND 31 DECEMBER 2021

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

		Unaudited Current Period 30 September 2023	Restated(*) Audited Prior Period 31 December 2022	Restated(*) Audited Prior Period 31 December 2021
LIABILITIES				
Current Liabilities				
Short-term borrowings	25	5,816,794,209	4,890,954,292	2,841,049,901
- Bank loans	25	1,475,584,863	1,590,766,379	1,351,227,487
- Lease liabilities	25	1,412,593,119	1,558,635,604	1,310,955,005
Trade payables	6	62,991,744	32,130,775	40,272,482
- Trade payables to related parties	6	3,066,444,306	2,319,738,978	1,070,772,297
- Trade payables to third parties	6	28,960,697	13,883,756	17,144,093
Other payables	7	3,037,483,609	2,305,855,222	1,053,628,204
- Other payables to related parties	7	614,307,998	690,639,015	321,058,898
- Other payables to third parties	7	5	614,084,586	690,564,222
Payables related to employee benefits	7	223,412	74,793	2,238,098
Deferred income	9	82,290,137	37,774,020	18,767,792
Current income tax liabilities	22	192,057,370	66,185,691	36,760,431
Short-term provisions	-	142,606,960	91,476,844	171,249
- Short-term provisions for employee benefits	-	133,187,260	65,325,938	29,119,092
- Other short-term provisions	14	80,761,227	52,655,544	19,061,891
Other current liabilities	16	52,426,033	12,670,394	10,057,201
Non-Current Liabilities		1,281,419,082	1,090,238,970	775,668,085
Long-term borrowings	25	412,310,887	126,979,507	119,678,024
- Bank loans	25	276,286,602	-	-
- Lease liabilities	25	136,024,285	126,979,507	119,678,024
Other payables	7	543,988,409	559,280,813	568,155,848
- Other payables to related parties	5	543,988,409	559,280,813	568,155,848
Long-term provisions	-	213,078,130	158,197,982	62,428,493
- Long-term provisions for employee benefits	-	213,078,130	158,197,982	62,428,493
Deferred income	9	4,243,909	3,006,487	159,483
Deferred tax liabilities	22	107,797,747	242,774,181	25,246,237
Total Liabilities		7,098,213,291	5,981,193,262	3,616,717,986
EQUITY				
Paid in capital	17	662,000,000	662,000,000	662,000,000
Other comprehensive income or expenses are not reclassified to profit or loss	-	1,315,746,907	1,203,852,666	368,245,611
- Gains on revaluation of plant, property and equipment	-	1,378,982,408	1,263,284,839	377,336,838
- Losses on remeasurement of defined benefit plans	-	(70,440,944)	(66,637,616)	(16,296,670)
- Gains on revaluation of investment properties	-	7,205,443	7,205,443	7,205,443
Other comprehensive income or expenses to be reclassified to profit or loss	-	434,640,073	325,643,747	228,783,652
- Currency translation differences	-	434,640,073	325,643,747	228,783,652
Share premium	-	702,050	702,050	702,050
Restricted reserves	17	37,378,874	37,378,874	37,378,874
Effect of Business Combinations Under Common Control	-	(758,537,494)	142,763,506	10,800,000
Retained earnings / (losses)	-	1,285,168,886	(13,030,893)	(101,620,586)
Net profit / (loss) for the year	-	387,440,822	1,298,199,779	(142,807,750)
Equity holders of the parent	-	3,364,540,118	3,657,509,729	1,063,481,851
Non-controlling interests	-	471,200,313	430,778,369	297,968,934
Total Equity		3,835,740,431	4,088,288,098	1,361,450,785
TOTAL LIABILITIES AND EQUITY		10,933,953,722	10,069,481,360	4,978,168,771

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS OR COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2023 AND 2022

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

	Notes	Unaudited Current Period 1 January - 30 September 2023	Restated(*) Unaudited Prior Period 1 January - 30 September 2022	Unaudited Current Period 1 July - 30 September 2023	Restated(*) Unaudited Prior Period 1 July - 30 September 2022
Revenue	18	10,655,395,705	8,682,227,901	4,316,243,548	3,396,949,559
Cost of sales (-)	18	(8,140,173,285)	(6,424,409,893)	(3,144,626,385)	(2,728,372,962)
GROSS PROFIT		2,515,222,420	2,257,818,008	1,171,617,163	668,576,597
General administrative expenses (-)	19	(253,237,311)	(126,165,654)	(98,188,750)	(51,146,885)
Marketing, sales and distribution expenses (-)	19	(885,301,271)	(523,488,421)	(381,515,001)	(209,756,217)
Research and development expenses (-)	19	(11,584,998)	(8,736,472)	(4,542,362)	(3,314,381)
Other income from operating activities		79,381,356	63,902,643	33,899,308	29,380,695
Other expenses from operating activities (-)		(467,456,931)	(421,378,903)	(176,372,078)	(124,003,549)
OPERATING PROFIT		977,023,265	1,241,951,201	544,898,280	309,736,260
Income from investment activities	20	478,934,823	369,552,692	139,068,337	175,451,433
Expenses from investment activities (-)	20	(7,192,386)	-	36,453,464	-
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSE)		1,448,765,702	1,611,503,893	720,420,081	485,187,693
Financial income	21	12,036,267	5,954,271	12,036,267	751,776
Financial expenses (-)	21	(928,538,482)	(432,364,211)	(278,943,997)	(170,413,865)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		532,263,487	1,185,093,953	453,512,351	315,525,604
Tax expense from continuing operations		(157,728,741)	(271,105,217)	(112,601,761)	(61,608,269)
- Current tax expense (-)	22	(175,799,870)	(207,493,733)	(123,401,781)	(24,794,697)
- Deferred tax expense (-)	22	18,071,129	(63,611,484)	10,800,020	(36,813,572)
PROFIT FOR THE YEAR		374,534,746	913,988,736	340,910,590	253,917,335
Profit for the year attributable to:					
Non-controlling interests		(12,906,076)	55,152,783	5,698,311	3,737,873
Equity holders of the parent		387,440,822	858,835,953	335,212,279	250,179,462
Earnings per share (TRY)	23	0.5853	1.2973	0.5064	0.3779
OTHER COMPREHENSIVE INCOME:					
Items to not be reclassified subsequently to profit or loss		111,894,229	(4,250,776)	(29,263,414)	(1,178,562)
- Actuarial loss on defined benefit plans		(4,754,161)	(5,313,470)	(757,438)	(1,473,202)
- Other comprehensive (loss) / income not to be reclassified to (loss) / profit, tax effect		116,648,390	1,062,694	(28,505,976)	294,640
Items to be reclassified subsequently to profit or loss		162,324,358	102,706,995	29,065,523	23,015,371
- Currency translation differences		162,324,358	102,706,995	29,065,523	23,015,371
Other Comprehensive Income / (Loss)		274,218,587	98,456,219	(197,891)	21,836,809
TOTAL COMPREHENSIVE INCOME		648,753,333	1,012,444,955	340,712,699	275,754,144
Total comprehensive income for the year attributable to:					
Non-controlling interests		40,421,944	85,958,720	11,889,264	10,642,585
Equity holders of the parent		608,331,389	926,486,235	328,823,435	265,111,559

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS 30 SEPTEMBER 2023 AND 2022

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

	Accumulated other comprehensive income or expenses not to be reclassified to profit or lose				Accumulated other comprehensive income or expenses to be reclassified to profit or lose	Retained Earnings		Effect of Business Combinations Under Common Control	Retained earnings	Net profit for the year	Equity holders of the parent	Non-controlling interests	Total Equity
	Paid in capital	Gains on revaluation of plant, property and equipment	Losses on remeasurement of defined benefit plans	Gains on revaluation of investment properties		Currency translation differences	Share premium						
Balances as of 1 January 2022 (Previously Reported)	662,000,000	342,341,445	(15,001,900)	7,205,443	228,783,652	702,050	37,378,874	-	60,502,217	(39,945,063)	1,283,966,718	297,968,934	1,581,935,652
Transactions Under Common Control	-	34,995,393	(1,294,770)	-	-	-	-	10,800,000	(162,122,803)	(102,862,687)	(220,484,867)	-	(220,484,867)
Balances as of 1 January 2022 (Restated)	662,000,000	377,336,838	(16,296,670)	7,205,443	228,783,652	702,050	37,378,874	10,800,000	(101,620,586)	(142,807,750)	1,063,481,851	297,968,934	1,361,450,785
Capital Increase	-	-	-	-	-	-	-	363,360,949	-	-	363,360,949	-	363,360,949
Transfers	-	-	-	-	-	-	-	(231,397,443)	88,589,693	142,807,750	-	-	-
Total Comprehensive Income	-	-	(4,250,776)	-	71,901,058	-	-	-	-	858,835,953	926,486,235	85,958,720	1,012,444,955
Balances as of 30 September 2022	662,000,000	377,336,838	(20,547,446)	7,205,443	300,684,710	702,050	37,378,874	142,763,506	(13,030,893)	858,835,953	2,353,329,035	383,927,654	2,737,256,689
Balances as of 1 January 2023 (Previously Reported)	662,000,000	1,067,557,819	(61,333,997)	7,205,443	325,643,747	702,050	37,378,874	-	20,557,152	1,310,522,200	3,370,233,288	430,778,369	3,801,011,657
Transactions Under Common Control	-	195,727,020	(5,303,619)	-	-	-	-	142,763,506	(33,588,045)	(12,322,421)	287,276,441	-	287,276,441
Balances as of 1 January 2023 (Restated)	662,000,000	1,263,284,839	(66,637,616)	7,205,443	325,643,747	702,050	37,378,874	142,763,506	(13,030,893)	1,298,199,779	3,657,509,729	430,778,369	4,088,288,098
Transfers	-	-	-	-	-	-	-	-	1,298,199,779	(1,298,199,779)	-	-	-
Transactions Under Common Control	-	-	-	-	-	-	-	(901,301,000)	-	-	(901,301,000)	-	(901,301,000)
Total Comprehensive Income	-	115,697,569	(3,803,328)	-	108,996,326	-	-	-	-	387,440,822	608,331,389	40,421,944	648,753,333
Balances as of 30 September 2023	662,000,000	1,378,982,408	(70,440,944)	7,205,443	434,640,073	702,050	37,378,874	(758,537,494)	1,285,168,886	387,440,822	3,364,540,118	471,200,313	3,835,740,431

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 30 SEPTEMBER 2023 AND 2022

	Notes	Unaudited Current Period 1 January - 30 September 2023	Restated Unaudited Prior Period 1 January - 30 September 2022
Cash flows from operating activities		917,429,593	522,173,665
Profit for the year		374,534,746	913,988,736
Adjustments to reconcile profit for the year		795,592,965	562,375,084
Adjustments related to depreciation and amortization expenses	12	93,312,770	53,692,229
Adjustments related to provision for/ (reversal) of impairment loss		2,796,168	14,875,727
- <i>Adjustments related to impairment loss on receivables</i>	6	4,254,629	12,717,982
- <i>Adjustments related to impairment (loss) / gain on inventories, net</i>	8	(1,458,461)	2,157,745
Adjustments related to provisions		148,998,563	80,656,810
- <i>Adjustments related to provisions employee benefit</i>		147,957,973	81,946,564
- <i>Adjustments related to lawsuit provisions</i>	14	(1,074,016)	(1,289,754)
- <i>Other adjustments related to operations</i>		2,114,606	-
Adjustments related to interest (income) and expenses, and commission expenses		79,116,042	(71,466,532)
- <i>Adjustments related to interest and commission expense</i>	21	542,248,575	211,059,122
- <i>Adjustments related to interest income</i>	20	(463,132,533)	(282,525,654)
Adjustments related to unrealized currency translation differences	21	326,773,262	217,450,681
Adjustments related to tax expense	22	157,728,741	271,105,217
Adjustments related to (gain)/loss on fair value		(1,524,000)	2,765,746
- <i>Adjustments for fair value (gains) / losses of derivative financial instruments</i>	21	(1,524,000)	2,765,746
Adjustments related to gain on disposal of non-current assets	20	(1,096,314)	(750,523)
Adjustments for other items caused by cash flows arising from investment or financing activities	21	(10,512,267)	(5,954,271)
Changes in working capital		(916,148)	(829,465,648)
Changes in trade receivables	6	(875,601,305)	(901,219,423)
- <i>Increase in trade receivables from non-related parties</i>	6	(410,516,385)	(344,245,276)
- <i>Increase in trade receivables from related parties</i>	5	(465,084,920)	(556,974,147)
Changes in inventories	8	(311,338,250)	(763,021,009)
Changes in other receivables related to operations		146,684,104	(179,988,979)
Changes in trade payables	6	746,705,328	934,411,520
- <i>Increase in trade payables from non-related parties</i>	6	731,628,387	939,643,173
- <i>Increase / (decrease) in trade payables from related parties</i>	5	15,076,941	(5,231,653)
Changes in other payables related to operations		292,633,975	80,352,243
Cash generated from operations		1,169,211,563	646,898,172
Cash outflow from paid in employee benefit provisions		(69,726,303)	(24,518,798)
Taxes paid		(182,055,667)	(100,205,709)
Cash flows from investing activities		(484,038,633)	220,943,069
Payments for purchase of property, plant and equipment and intangible assets		(65,819,374)	(74,339,560)
- <i>Payments for purchase of property, plant and equipment</i>	11	(39,939,543)	(60,721,969)
- <i>Payments for purchase of intangible assets</i>	12	(25,879,831)	(13,617,591)
Proceeds from sale of property, plant and equipment and intangible assets	11,12,20	5,243,232	4,379,901
Interest income from investment activities	20	463,132,533	282,525,654
Rental income from investment properties	20	14,705,976	8,386,751
Cash outflows from purchase of subsidiary		(901,301,000)	-
Cash outflows due to purchase of participation shares		-	(9,677)
Cash flows from financing activities		(379,157,452)	(695,947,563)
Cash inflows from loans		1,625,148,818	1,721,070,772
Cash outflows from repayment of borrowings		(1,821,677,963)	(1,058,273,256)
Payments of lease liabilities		21,255,698	(21,752,133)
Interest and commission paid		(542,248,575)	(211,059,122)
Net increase / (decrease) in other payables to related parties		338,364,570	(1,125,933,824)
Net increase in cash and cash equivalents before the effect of exchange rate changes		54,233,508	47,169,171
Effects of exchange rate changes on cash and cash equivalents		(161,676,896)	(71,418,685)
Net change in cash and cash equivalents		(107,443,388)	(24,249,514)
Cash and cash equivalents at the beginning of the year	27	275,124,560	64,985,958
Cash and cash equivalents at the end of the year	27	167,681,172	40,736,444

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Main operations of Kerevitaş Gıda Sanayi ve Ticaret Anonim Şirketi (“Kerevitaş” or “the Company”) and its subsidiaries (“Group”) are production and trading of frozen and canned vegetables and fruits, frozen and canned sea food, frozen pastry products, croquettes, canned tuna fish, oil and margarine. Products in the frozen product category; bakery products, vegetables and fruit products, potatoes and croquettes, meat products and sea food. Canned product categories; canned tuna, vegetables and convenience foods. Kerevitaş was initially established in 1978, to export its sea food and has been one of the pioneer food companies since 1990 with “Superfresh” brand.

The Company distributes frozen and canned products that are produced in Bursa and Afyon facilities throughout Turkey through its dealers and own direct distribution channels, as well as exports its products. The Company has vegetables, fruits, seafood, tuna canned food, bakery products and pizza facilities in its Bursa factory, and has potato, vegetables and fruit production facilities in its Afyon factory.

Kerevitaş has two production plants of oil and margarine in Pendik/İstanbul and in Adana. The third production plant of Kerevitaş was established by the end of 2017 in Sultanate of Brunei.

Donuk Fırıncılık (DFU) produces in its factory in Dudullu Organized Industrial Zone in the Frozen Bakery Products market and sells and markets it in all Turkey and foreign markets.

The Company’s registered office is in Kısıklı Mah. Ferah Cad. Yıldız Holding Placid Blogu No:1/A Üsküdar İstanbul.

The ultimate shareholder of the Group is Yıldız Holding A.Ş.

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1994.

As of 30 September 2023 and 31 December 2022, the principal shareholders and their respective shareholding rates in the Company are as follows:

	30 September 2023	31 December 2022
	(%)	(%)
Yıldız Holding A.Ş.	54.27	54.27
Murat Ülker	9.98	9.98
Ufuk Yatırım Yönetim ve Gayrimenkul A.Ş.	6.26	6.26
Other	29.49	29.49
	100	100

As of 30 September 2023, the number of employees employed by the Group is 1,989 (31 December 2022: 1,837).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS (Continued)

The subsidiaries included in the scope of consolidation of the Group as of 30 September 2023 and 31 December 2022 and respective effective ownership rates are as follows:

Subsidiaries	Direct and Indirect Effective Ownership %		Countries of activity	Nature of business
	30 September 2023	31 December 2022		
Kerpe Gıda Sanayi ve Tic. A.Ş.	100	100	Türkiye	Production and Trading of Agricultural and Animal Products
Besmar Gıda Sanayi ve Ticaret A.Ş.	100	100	Türkiye	Production and Trading of Agricultural and Animal Products
Donuk Fırıncılık Ürünleri Sanayi ve Tic. A.Ş. (*)	100	0	Türkiye	Production, Buying and Selling of Frozen Bakery Products
Berk Enerji Üretimi A.Ş.	88.17	88.17	Türkiye	Generation of Electricity
Marsa Yağ Sanayi ve Tic. A.Ş.	70	70	Türkiye	Production and Trading of Oil and Oil Products
Western Foods and Pack. SDN BHD (**)	70	70	Brunei	Production and Trading of Oil and Oil Products

(*) The Group has purchased 100% of the shares of Donuk Fırıncılık Ürünleri Sanayi ve Ticaret A.Ş., 100% owned by Yıldız Holding A.Ş. on 5 May 2023 for a consideration of TRY 901,301,000.

(**) The Group has indirect ownership.

Approval of the financial statements

The consolidated financial statements as of and for the interim period ended 30 September 2023 have been approved by the Board of Directors on 7 November 2023. General Assembly has authority to change the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 - Basis of Presentation

Basis of Preparation of Consolidated Financial Statements and Specific Accounting Policies

The Company and its subsidiaries keep and prepare their legal books and statutory financial statements in accordance with the accounting principles determined by the Turkish Commercial Code (“TCC”) and tax legislation.

The accompanying financial statements are prepared in accordance with the requirements of the Communiqué Serial II, no: 14.1 “Basis of Financial Reporting in Capital Markets” as issued by Capital Markets Board of Turkey (“CMB”) which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements have been prepared in accordance with the Turkish Accounting Standards (“TAS”) and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) under Article 5th of the Communiqué.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.1 Basis of Presentation (Continued)

The consolidated financial statements have been prepared on the historical cost basis except for land and building and financial assets and liabilities accounted with their fair values. Historical cost is generally based on the nominal or original cost of assets when acquired by the Company.

Consolidated financial statements are presented in accordance with the formats determined in the “Announcement on TAS Taxonomy” published by POA on 4 October 2022 and Financial Statement Examples and User Guide published by CMB.

Inflation Adjustment

On January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Financial Reporting Standard for Large and Medium-sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. Considering that no new disclosures have been made as of the date of preparation of these consolidated financial statements, no inflation adjustment was made in accordance with TMS 29 while preparing the consolidated financial statements dated 30 September 2023.

Functional Currency

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Going Concern Principle

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

Netting/Offset

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.1 Basis of Presentation (Continued)

Basis of Consolidation

(a) Subsidiaries

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

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

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

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

(c) Losses control of subsidiaries

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

2.2 Changes in Accounting Policies

Significant changes in accounting policies and important accounting errors identified are applied retrospectively and the previous period financial statements are rearranged. Accounting policy changes arising from the first implementation of a new standard are applied backwards or forwards in accordance with the transition provisions. If the changes in accounting forecasts are only related to one period, in the current period in which the amendment is made, the future periods are applied both in the period of the change and the future in the future.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.3 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

The condensed consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends. In order to comply with the presentation of the current period condensed consolidated financial statements, comparative information is rearranged when deemed necessary and important differences are disclosed. The Group has restated its prior period financial statements in order to comply with the presentation of the current period condensed consolidated financial statements.

In the consolidated statement of profit or loss and other comprehensive income as of 30 September 2022, TRY 160,929,255 reported in “Financial Expenses” has been reclassified to “Other Operating Expenses”. This reclassification has no effect on the net profit for the period.

As per the principle related to “Accounting for business combinations under common control” the Public Oversight Accounting and Auditing Standards Authority issued in the Official Gazette dated 21 July 2013, business combinations under common control shall be accounted through restating previous periods’ financial statements via the pooling of interest method. In this case, with the acquisition of Donuk Fırıncılık Ürünleri Sanayi ve Ticaret A.Ş. (Note:3) the Group restated its consolidated balance sheets as at 31 December 2022 and 2021 and restated the consolidated income statement, consolidated other comprehensive income statement and consolidated statement of changes in shareholders’ equity for the period then ended at 30 Eylül 2022.

The effects of the relevant regulations and classifications described above are presented below. The reported column shows the consolidated financial statement before the acquisition of Donuk Fırıncılık, and the restated column shows the consolidated financial statement after the acquisition of Donuk Fırıncılık, and the effects of the related acquisition are explained in Note 3.

	Reported Prior Period 31 December 2022	Effects of Restatement with Eliminations	Restated Prior Period 31 December 2022
ASSETS			
Current Assets	6,736,659,549	157,594,584	6,894,254,133
Cash and cash equivalents	275,032,600	91,960	275,124,560
Trade receivables	1,771,113,296	86,226,769	1,857,340,065
Other receivables	2,227,952,646	6,772,947	2,234,725,593
Inventories	1,852,959,875	40,166,920	1,893,126,795
Prepaid expenses	404,762,158	13,356,992	418,119,150
Current income tax assets	6,746,901	-	6,746,901
Other current assets	198,092,073	10,978,996	209,071,069
Non-Current Assets	2,792,843,259	382,383,968	3,175,227,227
Other receivables	1,743,456	520,228	2,263,684
Financial investments	31,017	-	31,017
Investment properties	504,921,210	-	504,921,210
Property, plant and equipment	2,183,455,634	380,440,441	2,563,896,075
Right of use assets	13,094,473	-	13,094,473
Intangible assets	43,166,115	1,423,299	44,589,414
Prepaid expenses	4,344,932	-	4,344,932
Deferred tax assets	42,086,422	-	42,086,422
TOTAL ASSETS	9,529,502,808	539,978,552	10,069,481,360

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

	Reported Prior Period 31 December 2022	Effects of Restatement with Eliminations	Restated Prior Period 31 December 2022
LIABILITIES			
Current Liabilities	4,763,075,367	127,878,925	4,890,954,292
Short-term borrowings	1,564,252,755	26,513,624	1,590,766,379
Trade payables	2,244,373,683	75,365,295	2,319,738,978
Other payables	672,413,528	18,225,487	690,639,015
Payables related to employee benefits	33,683,356	4,090,664	37,774,020
Deferred income	65,846,271	339,420	66,185,691
Current income tax liabilities	91,476,844	-	91,476,844
Short-term provisions	63,154,847	2,171,091	65,325,938
Other current liabilities	27,874,083	1,173,344	29,047,427
Non-Current Liabilities	965,415,784	124,823,186	1,090,238,970
Long-term borrowings	45,108,424	81,871,083	126,979,507
Other payables	541,896,132	17,384,681	559,280,813
Long-term provisions	151,832,464	6,365,518	158,197,982
Deferred income	2,966,616	39,871	3,006,487
Deferred tax liabilities	223,612,148	19,162,033	242,774,181
Total Equity	3,801,011,657	287,276,441	4,088,288,098
Paid in capital	662,000,000	-	662,000,000
Other comprehensive income or expenses are not reclassified to profit or loss	1,013,429,265	190,423,401	1,203,852,666
- Gains on revaluation of plant, property and equipment	1,067,557,819	195,727,020	1,263,284,839
- Losses on remeasurement of defined benefit plans	(61,333,997)	(5,303,619)	(66,637,616)
- Gains on revaluation of investment properties	7,205,443	-	7,205,443
Other comprehensive income or expenses to be reclassified to profit or loss	325,643,747	-	325,643,747
- Currency translation differences	325,643,747	-	325,643,747
Share premium	702,050	-	702,050
Restricted reserves	37,378,874	-	37,378,874
Effect of business combinations under common control	-	142,763,506	142,763,506
Retained earnings / (losses)	20,557,152	(33,588,045)	(13,030,893)
Net profit / (loss) for the year	1,310,522,200	(12,322,421)	1,298,199,779
Equity holders of the parent	3,370,233,288	287,276,441	3,657,509,729
Non-controlling interests	430,778,369	-	430,778,369
TOTAL LIABILITIES AND EQUITY	9,529,502,808	539,978,552	10,069,481,360

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

	Reported Prior Period 31 December 2021	Effects of Restatement with Eliminations	Restated Prior Period 31 December 2021
ASSETS			
Current Assets	3,272,199,465	79,041,652	3,351,241,117
Cash and cash equivalents	64,962,641	23,317	64,985,958
Trade receivables	1,019,671,564	47,546,086	1,067,217,650
Other receivables	1,232,461,735	723,672	1,233,185,407
Inventories	858,990,826	16,878,463	875,869,289
Prepaid expenses	24,921,796	5,376,361	30,298,157
Current income tax assets	21,908,555	410	21,908,965
Other current assets	49,282,348	8,493,343	57,775,691
Non-Current Assets	1,449,847,908	177,079,746	1,626,927,654
Other receivables	1,433,489	126,000	1,559,489
Financial investments	21,340	-	21,340
Investment properties	233,906,133	-	233,906,133
Property, plant and equipment	1,105,361,494	151,968,591	1,257,330,085
Right of use assets	9,415,170	-	9,415,170
Intangible assets	27,521,904	1,300,493	28,822,397
Prepaid expenses	2,901,022	-	2,901,022
Deferred tax assets	69,287,356	23,684,662	92,972,018
TOTAL ASSETS	4,722,047,373	256,121,398	4,978,168,771

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

	Reported Prior Period 31 December 2021	Effects of Restatement with Eliminations	Restated Prior Period 31 December 2021
LIABILITIES			
Current Liabilities	2,455,866,002	385,183,899	2,841,049,901
Short-term borrowings	1,315,594,754	35,632,733	1,351,227,487
Trade payables	1,037,945,331	32,826,966	1,070,772,297
Other payables	7,409,089	313,649,809	321,058,898
Payables related to employee benefits	16,963,680	1,804,112	18,767,792
Deferred income	36,608,234	152,197	36,760,431
Current income tax liabilities	171,249	-	171,249
Short-term provisions	28,513,620	605,472	29,119,092
Other current liabilities	12,660,045	512,610	13,172,655
Non-Current Liabilities	684,245,719	91,422,366	775,668,085
Long-term borrowings	46,923,281	72,754,743	119,678,024
Other payables	551,261,040	16,894,808	568,155,848
Long-term provisions	60,815,161	1,613,332	62,428,493
Deferred income	-	159,483	159,483
Deferred tax liabilities	25,246,237	-	25,246,237
EQUITY	1,581,935,652	(220,484,867)	1,361,450,785
Paid in capital	662,000,000	-	662,000,000
Other comprehensive income or expenses are not reclassified to profit or loss	334,544,988	33,700,623	368,245,611
- Gains on revaluation of plant, property and equipment	342,341,445	34,995,393	377,336,838
- Losses on remeasurement of defined benefit plans	(15,001,900)	(1,294,770)	(16,296,670)
- Gains on revaluation of investment properties	7,205,443	-	7,205,443
Other comprehensive income or expenses to be reclassified to profit or loss	228,783,652	-	228,783,652
- Currency translation differences	228,783,652	-	228,783,652
Share premium	702,050	-	702,050
Restricted reserves	37,378,874	-	37,378,874
Effect of Business Combinations Under Common Control	-	10,800,000	10,800,000
Retained earnings / (losses)	60,502,217	(162,122,803)	(101,620,586)
Net profit / (loss) for the year	(39,945,063)	(102,862,687)	(142,807,750)
Equity holders of the parent	1,283,966,718	(220,484,867)	1,063,481,851
Non-controlling interests	297,968,934	-	297,968,934
TOTAL LIABILITIES AND EQUITY	4,722,047,373	256,121,398	4,978,168,771

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

	Reported Prior Period 1 January - 30 September 2022	Effects of Restatement with Eliminations	Restated Prior Period 1 January - 30 September 2022
Revenue	8,461,885,037	220,342,864	8,682,227,901
Cost of sales (-)	(6,284,090,280)	(140,319,613)	(6,424,409,893)
GROSS PROFIT	2,177,794,757	80,023,251	2,257,818,008
General administrative expenses (-)	(113,521,338)	(12,644,316)	(126,165,654)
Marketing, sales and distribution expenses (-)	(494,074,636)	(29,413,785)	(523,488,421)
Research and development expenses (-)	(7,768,578)	(967,894)	(8,736,472)
Other income from operating activities	62,657,947	1,244,696	63,902,643
Other expenses from operating activities (-)	(421,314,587)	(64,316)	(421,378,903)
OPERATING PROFIT	1,203,773,565	38,177,636	1,241,951,201
Income from investment activities	369,552,692	-	369,552,692
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSE)	1,573,326,257	38,177,636	1,611,503,893
Financial income	5,954,271	-	5,954,271
Financial expenses (-)	(357,356,568)	(75,007,643)	(432,364,211)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	1,221,923,960	(36,830,007)	1,185,093,953
Tax expense from continuing operations	(268,223,685)	(2,881,532)	(271,105,217)
- Current tax expense (-)	(207,493,733)	-	(207,493,733)
- Deferred tax expense (-)	(60,729,952)	(2,881,532)	(63,611,484)
PROFIT / (LOSS) FOR THE YEAR	953,700,275	(39,711,539)	913,988,736
Items to not be reclassified subsequently to profit or loss	-	(4,250,776)	(4,250,776)
- Actuarial loss on defined benefit plans	-	(5,313,470)	(5,313,470)
- Other comprehensive (loss) / income not to be reclassified to (loss) / profit, tax effect	-	1,062,694	1,062,694
Items to be reclassified subsequently to profit or loss	102,706,995	-	102,706,995
- Currency translation differences	102,706,995	-	102,706,995
TOTAL COMPREHENSIVE INCOME / (LOSS)	1,056,407,270	(43,962,315)	1,012,444,955
Total comprehensive income for the year attributable to:			
Non-controlling interests	970,448,550	(43,962,315)	926,486,235
Equity holders of the parent	85,958,720	-	85,958,720

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.4 New and Amended Turkish Accounting Standards

New and revised standards and interpretations

The accounting policies taken as basis in the preparation of the consolidated financial statements for the accounting period ending as of 30 September 2023 have been applied in a consistent manner with those used in the previous year except for the new and amended Turkish Accounting Standards (“TAS”)/IFRS and TMS-IFRS interpretations valid as of 1 January 2023, which are summarized below. The effects of these standards and interpretations on the financial position and performance of the Group are explained in the relevant paragraphs.

i) Standards, amendments, and interpretations applicable as of 30 September 2023:

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12- Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

IFRS 17, ‘Insurance Contracts’; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendment to IAS 12 - International tax reform - pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.4 New and Amended Turkish Accounting Standards (Continued)

ii) Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023:

Amendment to IAS 1- Noncurrent liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendment to IFRS 16- Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

Amendments to IAS 21 - Lack of Exchangeability; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

IFRS S1, ‘General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

IFRS S2, ‘Climate-related disclosures’; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The Group is evaluating the effects of the above-mentioned changes on its operations and will apply it as of the effective date. Once this assessment is complete, it will be possible to reliably estimate the coherent effects of the above changes.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies

Condensed consolidated financial statements for the interim period ended 30 September 2023 have been prepared in accordance with TAS 34 for the preparation of interim financial statements of TFRS. In addition, the interim condensed consolidated financial statements for the period ended 30 September 2022 have been prepared by applying the accounting policies consistent with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 December 2022. Therefore, these interim condensed consolidated financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2022.

2.6 Significant Accounting Judgements, Estimates and Assumptions

During the implementation of accounting policies, the management made the following comments (except for the estimates below), which have a significant impact on the amounts recognized in the financial statements:

Provisions Related to Employee Benefits

Provisions related to defined benefit plans of the employees are determined by actuarial assumptions including discount rates, future salary increases and employee turnover rates. As these plans are long term, these assumptions contain significant uncertainties.

Deferred taxes

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.6 Significant Accounting Judgements, Estimates and Assumptions (Continued)

Expected Credit Loss

The Group has preferred to apply “simplified approach” the recognition of expected credit losses on trade receivables. In accordance with this method, if any provision provided to the trade receivables because of a specific event, the Group measures expected credit loss from these receivables by the lifetime expected credit loss by using an impairment matrix. The calculation of expected credit loss is performed based on the experience of the Group and its expectation based on the macroeconomic indications.

Fair value and postponed tax on investment real estates

Real estates for investment purposes are transported in consolidated tables with their fair values. The comparison of precedent sales, substitution cost and income capitalization methods were used in the real value calculation of investment real estates.

In the calculation of the postponed tax liability arising from the investment purposes of the Group, it is concluded that the economic benefits to be obtained from investment purposes are not obtained within the framework of a business model aimed at the use of completely over time rather than the sales path. Over the temporary differences between the real value of the real estates for investment purposes and the tax value, the postponed tax was calculated by using the valid of 10% or 20% tax rates, considering the subject matter of the activity of the company to which they belong.

Real value and postponed tax on materially standing assets

Land, land, buildings, underground and surface arrangements are transported in consolidated tables with fair values. In the calculation of the real value of materials, the comparison of precedent sales, substitution cost and income capitalization methods were used.

In the calculation of the postponed tax liability arising from land, land, buildings, underground and surface regulations of the Group, it is concluded that the economic benefits to be obtained from these assets are not available within the framework of an operating model aimed at the use of completely in time rather than the sales path. Over the temporary differences between the real value of these assets and the tax value, the postponed tax was calculated using the valid of 18.75% or 25% tax rates, considering the subject of the activity of the company to which they belong.

2.7 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 3 - BUSINESS COMBINATIONS

The Group purchased 100% shares of Donuk Fırıncılık Ürünleri Sanayi ve Ticaret A.Ş. that was 100% owned by Yıldız Holding A.Ş. by the amount of TRY 901,301,000 on 5 May 2023. The transaction is considered as “Transactions Under Common Control” and accounted in the shareholder’s equity. The net asset acquired and the effects of transaction in equity are presented as follows:

	31 March 2023
Net Assets within the Scope of Consolidation	
Current Assets	
Cash and cash equivalents	64,752
Trade receivables	137,483,143
Other receivables	9,408,533
Inventories	38,618,131
Prepaid expenses	12,796,234
Other current assets	8,548,959
Non-Current Assets	
Tangible assets	381,947,882
Intangible assets	1,924,362
Other non-current assets	520,228
Deferred tax asset	15,149,282
Current Liabilities	
Short term financial liabilities	(27,842,050)
Trade payables	(92,154,530)
Other receivables	(11,843,566)
Employee benefit related liabilities	(37,940,512)
Deferred income	(397,302)
Short term provisions	(2,054,720)
Other current provisions	(2,721,380)
Non-Current Liabilities	
Long Term Financial Liabilities	(81,957,426)
Other non-current liabilities	(16,688,885)
Deferred income	(9,968)
Non-current provisions	(7,479,736)
Net Assets Added into the Scope of Consolidation	325,371,431
Total share of the Group ownership	100%
The portion of the net assets to the Group	325,371,431
Non-Capital equity items	182,607,925
Cash paid for the acquisition	(901,301,000)
Net Equity Impact from the Acquisition of Subsidiary	(758,537,494)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 4 - SEGMENT REPORTING

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

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

The segment assets and liabilities for the periods 30 September 2023 and 31 December 2022 are as follows:

30 September 2023				
	Frozen and Canned	Edible Oil	Consolidation Adjustment	Total Assets / Liabilities According to Consolidated Financial Statements
Segment assets	5,328,322,203	8,569,361,495	(2,963,729,976)	10,933,953,722
Segment liabilities	3,563,848,697	4,692,347,649	(1,157,983,055)	7,098,213,291

31 December 2022				
	Frozen and Canned	Edible Oil	Consolidation Adjustment	Total Assets / Liabilities According to Consolidated Financial Statements
Segment assets	3,792,435,783	7,536,949,916	(1,259,904,339)	10,069,481,360
Segment liabilities	2,335,004,172	4,001,593,429	(355,404,339)	5,981,193,262

The segment revenues and expenses for the periods 1 January - 30 September 2023 and 2022 are as follows:

1 January - 30 September 2023				
	Frozen and Canned	Edible Oil	Consolidation Adjustment	Total
Revenue (Note 18)	3,607,567,460	7,047,828,245	-	10,655,395,705
Intersegment revenue	28,055,428	129,546,464	(157,601,892)	-
Revenue	3,635,622,888	7,177,374,709	(157,601,892)	10,655,395,705
Operating Profit (*)	559,138,374	805,784,312	176,154	1,365,098,840
Other income from operating activities	29,453,950	50,103,560	(176,154)	79,381,356
Other expenses from operating activities (-)	(82,928,878)	(384,528,053)	-	(467,456,931)
Operating Profit	505,663,446	471,359,819	-	977,023,265
Depreciation and amortization expense (Note 12)	44,971,041	48,341,729	-	93,312,770
EBITDA (**)	604,109,415	854,126,041	176,154	1,458,411,610
Investment (Note 11-12)	40,448,834	25,370,540	-	65,819,374

(*) Represents profit before other income / expense from operating activities.

(**) EBITDA has calculated by adding depreciation and amortization expenses to the operating profit before other income / expenses from operating activities.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 4 - SEGMENT REPORTING (Continued)

	1 January - 30 September 2022			
	Frozen and Canned	Edible Oil	Consolidation Adjustment	Total
Revenue (Note 18)	2,033,029,236	6,649,198,665	-	8,682,227,901
Intersegment revenue	63,944,135	94,217,607	(158,161,742)	-
Revenue	2,096,973,371	6,743,416,272	(158,161,742)	8,682,227,901
Operating Profit (*)	375,426,232	1,220,957,775	3,043,454	1,599,427,461
Other income from operating activities	11,035,312	55,910,785	(3,043,454)	63,902,643
Other expenses from operating activities (-)	(28,095,742)	(393,283,161)	-	(421,378,903)
Operating Profit	358,365,802	883,585,399	-	1,241,951,201
Depreciation and amortization expense (Note 12)	28,554,032	25,138,197	-	53,692,229
EBITDA (**)	403,980,264	1,246,095,972	3,043,454	1,653,119,690
Investment (Note 11-12)	48,931,415	25,408,145	-	74,339,560

(*) Represents profit before other income / expense from operating activities.

(**) EBITDA has calculated by adding depreciation and amortization expenses to the operating profit before other income / expenses from operating activities.

EBITDA is not a measurement instrument that is prescribed in TAS and it cannot be comparable other entities calculations.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 5 - RELATED PARTY DISCLOSURES

Due to related parties, due from related parties and summary of significant transactions with related parties as of 30 September 2023, 31 December 2022 and 31 December 2021 are as follows.

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

Trade receivables from related parties	30 September 2023	31 December 2022	31 December 2021
Ülker Bisküvi San. A.Ş.	430,126,203	255,479,621	29,462,592
Pasifik Tük.Ürün. San.ve Tic. A.Ş.	290,999,957	245,802,454	133,619,685
G2mEksper Satış ve Dağıtım Hizmetleri A.Ş.	300,652,677	200,015,451	141,130,365
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	203,450,797	156,887,456	132,245,734
Horizon Hızlı Tüketim Ürünleri Paz. ve Tic. A.Ş.	139,092,519	79,320,478	58,223,119
Önem Gıda San. ve Tic. A.Ş.	73,245,696	68,718,085	34,640,239
Bizim Toptan Satış Mağazaları A.Ş.	62,213,213	30,679,519	27,389,859
Şok Marketler Ticaret A.Ş.	16,757,067	12,277,906	19,936,150
E Star Global E Tic. Satış Ve Paz.	15,763,527	13,017,190	9,918,541
CCC Gıda San. ve Tic. A.Ş.	-	4,581,294	1,410,292
United Biscuits (UK) Ltd.	-	-	2,774,041
Other	1,402,875	1,840,157	3,529,250
	1,533,704,531	1,068,619,611	594,279,867

Trade payables to related parties	30 September 2023	31 December 2022	31 December 2021
Aytaç Gıda Yatırım San. Tic. A.Ş.	13,845,396	5,585,310	3,840,563
İzsal Gayrimenkul Geliştirme A.Ş.	5,611,523	3,016,668	2,441,442
Sağlam İnşaat Taahhüt Tic. A.Ş.	1,818,321	524,628	502,427
Bizim Toptan Satış Mağazaları A.Ş.	1,360,369	-	654,964
Önem Gıda San. ve Tic. A.Ş.	1,157,111	230,973	307,878
Penta Teknoloji Ürünleri Dağıtım Tic. A.Ş.	317,947	1,827,616	-
Polinas Plastik San. Tic. A.Ş.	261,274	-	141,202
Adapazarı Şeker Fabrikası A.Ş.	-	523,800	-
Northstar Innovation A.Ş.	-	422,291	-
G2M Eksper Satış ve Dağıtım Hizm. A.Ş.	-	10,503	7,872,495
Other	4,588,756	1,741,967	1,383,122
	28,960,697	13,883,756	17,144,093

Due from related parties and due to related parties' balances comprised of purchasing and selling goods and services. Supply of goods comprise of mainly purchases of raw materials.

Other receivables from related parties	30 September 2023	31 December 2022	31 December 2021
Yıldız Holding A.Ş. (*)	1,761,102,868	2,180,727,211	1,226,875,218
	1,761,102,868	2,180,727,211	1,226,875,218

(*) The relevant amount consists of balances made available to Yıldız Holding for financing purposes, and these balances do not have a certain maturity. Interest rates are re-determined on a monthly basis, taking into account market conditions, and as of 30 September 2023, the average interest rates of TRY-based receivables are 32.87% (31 December 2022: 17.64%, 31 December 2021: 17.47%).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

	30 September 2023	31 December 2022	31 December 2021
Other payables to related parties			
Yıldız Holding A.Ş. (*)	614,084,586	690,564,222	318,735,969
Other	-	-	84,831
	614,084,586	690,564,222	318,820,800
Other non-current payables to related parties			
Yıldız Holding A.Ş. (**)	543,988,409	559,280,813	568,155,848
	543,988,409	559,280,813	568,155,848

- (*) The relevant amount consists of balances made available from Yıldız Holding for financing purposes, and these balances do not have a certain maturity. Interest rates are re-determined on a monthly basis, taking into account market conditions, and as of 30 September 2023, the average interest rates of TRY-based payables are 32.87% (31 December 2022: 17.64%, 31 December 2021: 17.47%).
- (**) As of 12 April 2018, Yıldız Holding A.Ş and some Yıldız Holding Group entities including Group, signed a syndicated loan agreement with creditors. Thus, the Group's borrowings to banks were transferred to Yıldız Holding. Total of the long-term payables of the Group to Yıldız Holding is composed of syndicated debts.

The amount of collateral given as guarantor ship and mortgage within the scope of the syndication debts is TRY 5,577,553,336 (31 December 2022: TRY 4,549,751,297, 31 December 2021: TRY 2,992,598,940).

Transactions with related parties comprised of purchasing and selling goods and services. Purchases are mainly comprised of purchases of raw materials.

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Sale of goods and services				
Ülker Bisküvi San. A.Ş.	1,820,789,653	1,530,000,951	799,271,626	570,194,682
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	872,780,434	859,343,229	325,120,309	302,102,151
Pasifik Tük. Ürün. San. ve Tic. A.Ş.	827,897,204	676,826,449	308,319,146	246,095,602
G2mEksper Satış ve Dağıtım Hizmetleri A.Ş.	747,734,400	593,367,838	291,808,116	231,576,618
Horizon Hızlı Tüketim Ürünleri A.Ş.	401,394,395	294,773,659	170,901,698	116,375,766
Önem Gıda San. ve Tic. A.Ş.	240,655,540	172,845,240	99,093,616	64,479,616
Bizim Toptan Satış Mağazaları A.Ş.	184,172,077	129,918,447	78,617,474	60,023,960
Şok Marketler Ticaret A.Ş.	163,907,327	108,745,321	56,401,611	40,004,163
E Star Global E-Ticaret Satış ve Pazarlama A.Ş.	51,432,368	24,932,737	12,865,148	6,736,013
CCC Gıda San. ve Tic. A.Ş.	1,204,035	14,840,189	649,530	3,791,259
Other	16,086,074	41,170,513	3,821,996	20,659,589
	5,328,053,507	4,446,764,573	2,146,870,270	1,662,039,419

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Purchase of goods and services				
Maia International B.V.	1,945,007,025	-	74,906,340	-
Yıldız Holding A.Ş.	116,306,243	61,062,465	79,894,133	26,086,776
Aytaç Gıda Yatırım San. Tic. A.Ş.	90,308,151	36,410,580	33,954,980	7,743,964
Pasifik Tük. Ürün. San. ve Tic. A.Ş.	30,052,620	23,857,299	22,620,799	9,159,272
İzsal Gayrimenkul Geliştirme A.Ş.	46,315,931	21,633,608	15,184,906	9,284,186
Sağlam İnşaat Taahhüt Tic. A.Ş.	12,735,919	5,835,104	6,510,371	2,370,921
Bizim Toptan Satış Mağazaları A.Ş.	5,458,067	3,313,553	1,839,802	1,226,678
Önem Gıda San. ve Tic. A.Ş.	5,125,434	2,597,362	2,702,234	1,824,046
G2mEkspert Satış ve Dağıtım Hizmetleri A.Ş.	2,856,311	1,160,639	1,645,378	472,534
United Biscuits (UK) Ltd.	-	20,140,997	-	20,140,997
Other	31,657,848	19,260,031	24,811,384	10,526,010
	2,285,823,549	195,271,638	264,070,327	88,835,384
Service, rent and other income				
Yıldız Holding A.Ş.	3,276,179	3,021,451	1,440,234	3,021,451
Bizim Toptan Satış Mağazaları A.Ş.	472,727	253,027	159,263	84,343
Sağlam İnşaat Taahhüt Tic. A.Ş.	459,455	266,644	153,152	88,881
Pasifik Tük. Ürün. San. ve Tic. A.Ş.	244,750	730,823	92,395	730,823
Future Teknoloji Ticaret A.Ş.	165,926	-	-	-
Other	420,304	8,706	388,868	2,902
	5,039,341	4,280,651	2,233,912	3,928,400
Commission and financial expense				
Yıldız Holding A.Ş.	321,287,891	75,837,880	151,881,302	6,244,841
Pervin Finansal Kiralama A.Ş.	2,346,977	1,250,635	593,816	430,474
Other	11,505,000	948,343	3,207,642	182,722
	335,139,868	78,036,858	155,682,760	6,858,037
Investment Income				
Yıldız Holding A.Ş. (*)	415,418,581	258,822,570	123,012,983	96,870,797
Other	980,167	828,961	(307,856)	384,961
	416,398,748	259,651,531	122,705,127	97,255,758

(*) Income from investment activities obtained from Yıldız Holding comprised of interest and exchange differences.

Key management compensation:

Key management personnel of the Company consist of the members of Board of Directors and members of Executive Board. The compensation of key management personnel comprises salaries, bonus, health insurance and transportation. The compensation of key management during the years are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Salaries and other benefits	59,730,531	26,028,544	14,427,062	8,582,985
	59,730,531	26,028,544	14,427,062	8,582,985

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

As of 30 September 2023, 31 December 2022 and 31 December 2021 trade receivables of the Group are as follows:

	30 September 2023	31 December 2022	31 December 2021
Current trade receivables			
Trade receivables (*)	1,149,741,988	793,441,902	456,409,918
Notes receivable	98,587,364	44,371,065	52,512,461
Provision for doubtful receivables (-)	(53,347,142)	(49,092,513)	(35,984,596)
Trade receivables, net	1,194,982,210	788,720,454	472,937,783
Trade receivables from related parties (Note 5) (**)	1,533,704,531	1,068,619,611	594,279,867
	2,728,686,741	1,857,340,065	1,067,217,650

(*) Progress accruals arising from sales to customers are netted off with trade receivables.

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

Average maturity for trade receivables is 58 days (31 December 2022: 41, 31 December 2021: 62).

Movements of provision for doubtful receivables as of 1 January - 30 September 2023 and 30 September 2022 are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Movement of Provision for Doubtful Receivables		
Opening balance	(49,092,513)	(35,984,596)
Charge for the year (-)	(6,047,466)	(13,719,828)
Reversals of provisions	1,792,837	1,001,846
End of the period	(53,347,142)	(48,702,578)

	30 September 2023	31 December 2022	31 December 2021
Short-term trade payables			
Trade payables	3,016,794,841	2,305,855,222	1,053,628,204
Expense accruals	20,688,768	-	-
Trade payables, net	3,037,483,609	2,305,855,222	1,053,628,204
Trade payables to related parties (Note 5) (*)	28,960,697	13,883,756	17,144,093
	3,066,444,306	2,319,738,978	1,070,772,297

(*) Trade payables to related parties mainly comprised from purchases of goods and services. Purchases are mainly comprised of purchases of raw materials.

Average maturity for trade payables is 89 days (31 December 2022: 62, 31 December 2021: 75).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

	30 September 2023	31 December 2022	31 December 2021
Other Current Receivables			
Receivables from related parties (Note 5)	1,761,102,868	2,180,727,211	1,226,875,218
Receivables from tax administration	26,077,351	39,308,077	4,649,498
Receivables from personnel	58,781	51,514	41,662
Other miscellaneous receivables	64,169,340	14,638,791	1,619,029
	1,851,408,340	2,234,725,593	1,233,185,407

	30 September 2023	31 December 2022	31 December 2021
Other Non-Current Receivables			
Deposits and guarantees given	3,830,979	2,263,684	1,559,489
	3,830,979	2,263,684	1,559,489

Other Payables

	30 September 2023	31 December 2022	31 December 2021
Other Current Liabilities			
Payables to related parties (Note 5)	614,084,586	690,564,222	318,820,800
Other miscellaneous liabilities	223,412	74,793	2,238,098
	614,307,998	690,639,015	321,058,898

	30 September 2023	31 December 2022	31 December 2021
Other Non-Current Liabilities			
Non-current liabilities to related parties (Note 5)	543,988,409	559,280,813	568,155,848
	543,988,409	559,280,813	568,155,848

NOTE 8 - INVENTORIES

	30 September 2023	31 December 2022	31 December 2021
Raw materials	1,045,111,383	885,611,203	414,740,631
Work in process	731,781,530	450,778,267	197,487,518
Finished goods	333,225,023	385,355,306	229,008,333
Trade goods	20,493,954	42,384,846	13,721,703
Other inventory (*)	76,029,175	131,173,193	21,058,747
Provision for impairment of inventory (-)	(717,559)	(2,176,020)	(147,643)
	2,205,923,506	1,893,126,795	875,869,289

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

Movements of provision for impairment of inventories as of 1 January - 30 September 2023 and 1 January - 30 September 2022 are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance	(2,176,020)	(147,643)
Charge for the year	(281,248)	(2,191,808)
Reversals of provisions during the period	1,739,709	34,063
Closing balance	(717,559)	(2,305,388)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 9 - PREPAID EXPENSES AND DEFERRED REVENUE

	30 September 2023	31 December 2022	31 December 2021
Short-Term Prepaid Expenses			
Advances given for inventory purchases	108,084,024	383,236,150	20,627,362
Prepaid expenses	54,425,175	34,856,776	9,650,595
Business advances	25,967	26,224	20,200
	162,535,166	418,119,150	30,298,157
Long-Term Prepaid Expenses			
Advances given for fixed asset purchases	13,157,936	2,982,567	2,364,505
Prepaid expenses	3,211,290	1,362,365	536,517
	16,369,226	4,344,932	2,901,022
Short-Term Deferred Income			
Advances received	191,370,995	62,364,716	34,707,919
Deferred income	686,375	3,820,975	2,052,512
	192,057,370	66,185,691	36,760,431
Long-Term Deferred Income			
Deferred income	4,243,909	3,006,487	159,483
	4,243,909	3,006,487	159,483

NOTE 10 - INVESTMENT PROPERTIES

Cost Value	1 January 2023	Disposals	Change in fair value	30 September 2023
Land, Building, Plant Machinery and Devices	504,921,210	-	-	504,921,210
	504,921,210	-	-	504,921,210
Cost Value	1 January 2022	Disposals	Change in fair value	30 September 2022
Land, Building, Plant Machinery and Devices	233,906,133	-	-	233,906,133
	233,906,133	-	-	233,906,133

The Group has earned rent income from its investment properties amounting to TRY 14,705,976 in the current period. (1 January - 30 September 2022: TRY 8,386,751) (Note 20).

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

NOTE 10 - INVESTMENT PROPERTIES (Continued)

Fair value of investment properties

	30 September 2023		
	Level 1	Level 2	Level 3
Investment properties	-	504,921,210	-
Total	-	504,921,210	-

	30 September 2022		
	Level 1	Level 2	Level 3
Investment properties	-	233,906,133	-
Total	-	233,906,133	-

As of 30 September 2023, the Group's investment properties are carried with their fair values determined by the revaluation carried out on 31 December 2022, and these fair values have been determined by an independent valuation firm holding a CMB License. The change between the fair value and cost value of the investment properties at initial recognition is included under equity. Gains or losses arising from changes in fair value in subsequent measurement periods are included in the consolidated statement of profit or loss.

The table above present the fair value hierarchy of investment properties of the Group as of 30 September 2023 and 30 September 2022. The levels of hierarchies of fair values are detailed below.

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly,

Level 3: Inputs for the asset or liability that are not based on observable market data

Valuation techniques used to derive level 2 fair values.

Level 2 fair values of investment properties have been derived using the sales comparison approach. Sales prices of comparable land and buildings in proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Cost Value	1 January 2023	Additions	Disposals	Currency translation differences	30 September 2023
Land and land improvements	888,406,912	993,000	-	105,147	889,505,059
Buildings	1,354,979,885	-	-	252,224,587	1,607,204,472
Machinery and equipment	1,020,830,946	14,330,954	(7,412,069)	63,123,107	1,090,872,938
Motor vehicles	5,758,479	2,243,055	-	876,985	8,878,519
Furniture and fixtures	78,161,145	8,107,984	(420,268)	5,784,266	91,633,127
Leasehold improvements	6,771,460	916,122	-	21,660	7,709,242
Other tangibles (*)	59,093,473	1,260,107	(2,383,788)	-	57,969,792
Construction in progress	15,721,867	12,088,321	(70,608)	-	27,739,580
	3,429,724,167	39,939,543	(10,286,733)	322,135,752	3,781,512,729
Accumulated Depreciation	1 January 2023	Additions	Disposals	Currency translation differences	30 September 2023
Land improvements	(6,271,915)	(1,632,333)	-	(35,652)	(7,939,900)
Buildings	(289,827,069)	(29,976,493)	-	(23,692,191)	(343,495,753)
Machinery and equipment	(495,341,072)	(39,499,731)	3,710,487	(22,934,255)	(554,064,571)
Motor vehicles	(3,632,459)	(608,634)	-	(761,554)	(5,002,647)
Furniture and fixtures	(40,539,456)	(6,342,522)	280,186	(2,446,147)	(49,047,939)
Leasehold improvements	(4,224,855)	(516,388)	-	-	(4,741,243)
Other tangibles (*)	(25,991,266)	(3,123,727)	2,149,142	-	(26,965,851)
	(865,828,092)	(81,699,828)	6,139,815	(49,869,799)	(991,257,904)
Net Book Value	2,563,896,075				2,790,254,825

(*) Other tangibles comprised of refrigerators.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost Value	1 January 2022	Additions	Disposals	Transfers	Currency translation differences	30 September 2022
Land and land improvements	367,200,148	-	-	-	53,929	367,254,077
Buildings	635,404,722	-	-	4,866,710	135,922,679	776,194,111
Machinery and equipment	678,702,223	23,953,058	(3,836,055)	146,948	31,985,477	730,951,651
Motor vehicles	1,994,915	1,516,072	(29,610)	-	1,573,013	5,054,390
Furniture and fixtures	62,772,906	1,909,380	(179,630)	-	2,871,205	67,373,861
Leasehold improvements	5,764,028	227,509	(143,224)	-	21,660	5,869,973
Other tangibles (*)	52,773,889	6,252,231	(1,565,303)	-	-	57,460,817
Construction in progress	1,130,428	26,863,719	(3,040)	(5,013,658)	-	22,977,449
	1,805,743,259	60,721,969	(5,756,862)	-	172,427,963	2,033,136,329
Accumulated Depreciation	1 January 2022	Additions	Disposals	Transfers	Currency translation differences	30 September 2022
Land improvements	(1,657,802)	(337,859)	-	-	(17,653)	(2,013,314)
Buildings	(89,715,648)	(11,746,231)	-	-	(13,764,755)	(115,226,634)
Machinery and equipment	(391,585,586)	(25,523,612)	482,096	-	(11,311,822)	(427,938,924)
Motor vehicles	(1,994,915)	(29,706)	29,610	-	(564,699)	(2,559,710)
Furniture and fixtures	(34,565,724)	(2,755,009)	121,398	-	(1,220,594)	(38,419,929)
Leasehold improvements	(3,984,201)	(461,957)	143,224	-	-	(4,302,934)
Other tangibles (*)	(24,909,298)	(3,034,965)	1,351,156	-	-	(26,593,107)
	(548,413,174)	(43,889,339)	2,127,484	-	(26,879,523)	(617,054,552)
Net Book Value	1,257,330,085					1,416,081,777

(*) Other tangible assets consist of refrigerated cabinets.

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

NOTE 12 - INTANGIBLE ASSETS

Cost Value	1 January 2023	Additions	Currency translation differences	30 September 2023
Rights	26,902,435	187,198	4,132,049	31,221,682
Development expenses	52,377,080	25,692,633	-	78,069,713
Other intangible assets	694,962	-	-	694,962
	79,974,477	25,879,831	4,132,049	109,986,357

Accumulated Amortization	1 January 2023	Additions	Currency translation differences	30 September 2023
Rights	(17,952,500)	(602,689)	(614,219)	(19,169,408)
Development expenses	(16,737,600)	(3,826,833)	-	(20,564,433)
Other intangible assets	(694,963)	-	-	(694,963)
	(35,385,063)	(4,429,522)	(614,219)	(40,428,804)

Net Book Value	44,589,414			69,557,553
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Cost Value	1 January 2022	Additions	Currency translation differences	30 September 2022
Rights	21,914,152	1,988,159	1,985,791	25,888,102
Development expenses	34,424,022	11,629,432	-	46,053,454
Other intangible assets	694,962	-	-	694,962
	57,033,136	13,617,591	1,985,791	72,636,518

Accumulated Amortization	1 January 2022	Additions	Currency translation differences	30 September 2022
Rights	(16,544,035)	(1,475,226)	(396,446)	(18,415,707)
Development expenses	(10,971,741)	(4,365,817)	-	(15,337,558)
Other intangible assets	(694,963)	-	-	(694,963)
	(28,210,739)	(5,841,043)	(396,446)	(34,448,228)

Net Book Value	28,822,397			38,188,290
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Allocation of depreciation and amortization expenses of property, plant and equipments, intangible assets, and right-of-use assets as of 1 January - 30 September 2023 and 1 January - 30 September 2022 are as follows:

	1 January-30 September 2023	1 January-30 September 2022
Cost of sales	(74,822,802)	(36,308,773)
Marketing, sales and distribution expense (Note 19)	(12,122,515)	(9,616,936)
General administration expenses (Note 19)	(4,532,858)	(3,807,545)
Research and development expenses (Note 19)	(1,834,595)	(3,958,975)
	(93,312,770)	(53,692,229)

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

NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES

The Group received the Investment Incentive Certificate numbered 535745 on April 21, 2022, from the General Directorate of Incentive, Implementation and Foreign Capital of the Republic of Turkey Ministry of Economy. The validity period of the mentioned Incentive Certificate is 3 years and ends on 13 April 2025. The support elements foreseen in the Investment Incentive Certificate are 100% customs exemption and Value Added Tax exemption, 2 years insurance premium employer's share support and 50% Tax Reduction. The total amount of the investment foreseen in the Investment Incentive Certificate is TRY 29,113,930. As of 30 September 2023, the amount of investment realized within the scope of the incentive certificate is TRY 5,844,799.

The Group received the Investment Incentive Certificate numbered 552413 on April 26, 2023, from the General Directorate of Incentive, Implementation and Foreign Capital of the Ministry of Economy. The validity period of the mentioned Incentive Certificate is 3 years and ends on 25 April 2026. The support elements foreseen in the Investment Incentive Certificate are 100% customs exemption and Value Added Tax exemption, 7 years of insurance premium employer's share support, 80% Tax Reduction and 40% Investment Contribution Rate support. Total amount of the investment foreseen in the Investment Incentive Certificate is TRY 37,129,764. As of 30 September 2023, the amount of investment realized within the scope of the incentive certificate is TRY 3,587,899.

The Group's rights that can be used by all companies that meet the criteria required by the legislation, regardless of sector; Incentives within the scope of research and development law (100% corporate tax, VAT exemption, etc.), inward processing permits, social security institution incentives and employer's insurance premium support.

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

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Contingent Assets and Liabilities

Contingent assets and liabilities as of 30 September 2023, 31 December 2022 and 31 December 2021 are as follows:

	30 September 2023	31 December 2022	31 December 2021
Contingent assets			
Letters of guarantees received	939,597,986	600,804,847	328,059,607
Pledges and mortgages received	1,721,670	1,736,669	6,538,670
	941,319,656	602,541,516	334,598,277

Letter of guarantees received and mortgages received are comprised of the guarantees received from customers within the scope of credit risk.

	30 September 2023	31 December 2022	31 December 2021
Contingent liabilities			
Guarantor ship given (*)	4,178,599,012	3,150,796,973	2,514,898,940
Mortgages given (*)	1,398,954,324	1,398,954,324	477,700,000
Guarantees given	405,468,400	279,182,240	405,468,400
Letters of guarantees given	129,434,047	142,464,125	269,776,230
	6,112,455,783	4,971,397,662	3,667,843,570

(*) Mortgages and guarantees given are given as Yıldız Holding syndication loan guarantees, Letter of guarantees given comprised of guarantees given to public institutions for various reasons.

	30 September 2023	31 December 2022	31 December 2021
Other short-term provisions			
Turnover / premium provisions	20,370,203	379,307	-
Price difference and activity provisions	13,075,918	3,397,380	1,364,269
Provisions for advertising expenses	9,045,615	-	-
Provisions for lawsuits	3,859,384	4,933,400	6,422,069
Related party accruals from financing	-	-	1,747,003
Provisions for other cost expenses	6,074,913	3,960,307	523,860
	52,426,033	12,670,394	10,057,201

The movements of provisions for lawsuits as of 1 January - 30 September 2023 and 2022 are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Movement of provision for lawsuits		
Opening	4,933,400	6,422,069
Charge for the period	(1,074,016)	(1,289,754)
End of the period	3,859,384	5,132,315

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

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Guarantee, pledge and mortgages given by the Group

Guarantee, pledge and mortgages (“GPM”) in respect of commitment and contingencies realized in the ordinary course of business given for the interim periods ended 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023			31 December 2022		
	Original Currency	Amount	TRY Equivalent	Original Currency	Amount	TRY equivalent
A. CPMs given for Company’s own legal personality (*)	TRY	3,236,974,594	3,236,974,594	TRY	2,756,916,782	2,756,916,782
	USD	95,702,287	2,620,012,789	USD	118,432,204	2,214,480,880
	EUR	8,800,000	255,468,400	EUR	-	-
B. CPMs given on behalf of fully consolidated companies		-	-		-	-
C. CPMs given in the normal course of business activities on behalf of third parties		-	-		-	-
D. Total amount of other CPMs		-	-		-	-
i) Total amount of CPMs given on behalf of the parent		-	-		-	-
ii) Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C		-	-		-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C		-	-		-	-
			6,112,455,783			4,971,397,662

As of 30 September 2023, the Group has export commitments of TRY 155,000,000 USD 2,739,865 and EUR 47,000,000 (31 December 2022: TRY 160,000,000 and EUR 15,781,625). The fulfillment period of export commitments is two years.

(*) On February 2018, Yıldız Holding A.Ş. started negotiations with the creditors in order to refinance the loan payables for which no guarantee was provided and the balances which are used by the itself and by various Yıldız Holding group entities in connection with the miscellaneous loan agreements the Holding company entered into with Turkish banks. The purpose of these negotiations is to move all loan payable balances to the level of Yıldız Holding A.Ş. within the framework of a single maturity, interest rate and payment plan.

The bank loans of the Company and its subsidiaries which in total TRY 745 million in cash and TRY 202 million non-cash contingencies were moved to the level of Yıldız Holding A.Ş. through syndication. The Company’s total debt has not increased as a result of the syndicated loan, but cash and non-cash loans are moved to Yıldız Holding A.Ş. level. In addition, the Group provided guarantee to Yıldız Holding A.Ş. within the scope and limited to cash and non-cash loans belonging to the Group that are moved to Yıldız Holding A.Ş. level. Some real estates of the Group which have a market value of TRY 1,398 million have been provided as a mortgage.

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NOTE 16 - OTHER ASSETS AND LIABILITIES

Other Current Assets	30 September 2023	31 December 2022	31 December 2021
Deferred VAT	250,262,312	202,323,751	55,791,602
Other	989,376	6,747,318	1,984,089
	251,251,688	209,071,069	57,775,691

Other Current Liabilities	30 September 2023	31 December 2022	31 December 2021
Taxes and funds payables	83,666,794	13,746,824	5,612,979
Other current liabilities	26,648,521	15,300,603	7,559,676
	110,315,315	29,047,427	13,172,655

NOTE 17 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

As of 30 September 2023, the Company's capital was issued and consisted of 66,200,000,000 shares, each with a nominal value of TRY 0.01. (31 December 2022: 66,200,000,000 shares, 31 December 2021: 66,200,000,000 shares).

The Group's shareholders and their share in the capital as of 30 September 2023 and 31 December 2022 are as follows:

Shareholders	30 September 2023		31 December 2022	
	Share (%)	Amount	Share (%)	Amount
Yıldız Holding A.Ş.	54.27	359,245,941	54.27	359,245,941
Murat Ülker	9.98	66,079,898	9.98	66,079,898
Ufuk Yatırım Yönetim ve Gayr. A.Ş.	6.26	41,429,804	6.26	41,429,804
Other	29.49	195,244,357	29.49	195,244,357
Total	100	662,000,000	100	662,000,000

Restricted Reserves and Retained Earnings

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserves are appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserves are appropriated after the first legal reserves and dividends, at the rate of 10% per annum of all cash dividend distributions. These reserves can only be used to cover losses, to maintain the company in times when things are not going well, or to prevent unemployment and to mitigate the effects of such losses, unless they exceed half of the paid-in capital of the company.

As of 30 September 2023, restricted reverses are amounting to TRY 37,378,874 (31 December 2022: TRY 37,378,874, 31 December 2021: TRY 37,378,874). There are no remaining period profit and other sources subject to profit distribution after deducting previous year's losses recorded in statutory records of the Company.

Restricted reserves	30 September 2023	31 December 2022	31 December 2021
Legal reserves	37,378,874	37,378,874	37,378,874
	37,378,874	37,378,874	37,378,874

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

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NOTE 18 - REVENUE AND COST OF SALES

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Domestic sales	11,711,786,922	8,918,571,385	4,769,271,406	3,547,801,846
Export sales	1,217,865,807	1,135,455,358	506,804,610	430,880,634
Other income	102,174,349	102,489,406	45,226,605	31,686,927
Gross sales	13,031,827,078	10,156,516,149	5,321,302,621	4,010,369,407
Sales returns and discounts (-)	(2,376,431,373)	(1,474,288,248)	(1,005,059,073)	(613,419,848)
Net sales	10,655,395,705	8,682,227,901	4,316,243,548	3,396,949,559
Cost of sales (-)	(8,140,173,285)	(6,424,409,893)	(3,144,626,385)	(2,728,372,962)
Gross profit	2,515,222,420	2,257,818,008	1,171,617,163	668,576,597

NOTE 19 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Marketing, sales and distribution expenses				
Transportation expenses	(280,672,584)	(186,852,146)	(132,196,250)	(79,447,928)
Personnel expenses	(199,437,703)	(96,339,565)	(89,852,378)	(40,283,180)
Advertisement expenses	(168,258,249)	(87,309,010)	(64,988,515)	(26,151,654)
Tax duties and fees (*)	(59,822,737)	(23,493,285)	(26,780,779)	(7,752,074)
Consultancy expenses	(48,143,229)	(41,566,422)	(19,222,326)	(19,468,082)
Rent expenses	(25,522,814)	(13,321,747)	(8,598,298)	(4,030,627)
Energy expenses	(20,656,803)	(25,594,803)	(8,781,551)	(15,402,283)
Depreciation and amortization expense (Note 12)	(12,122,515)	(9,616,936)	(3,827,170)	(3,271,287)
Export expenses	(10,789,889)	(5,385,426)	(7,310,702)	(1,253,871)
Maintenance and repair expenses	(5,200,844)	(5,441,013)	(2,242,896)	(3,612,351)
Other	(54,673,904)	(28,568,068)	(17,714,136)	(9,082,880)
	(885,301,271)	(523,488,421)	(381,515,001)	(209,756,217)

(*) These are expenses incurred regarding the recycling contribution fee (RCF).

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
General administrative expenses				
Consultancy expenses	(112,312,639)	(59,424,975)	(44,565,984)	(23,340,563)
Personnel expenses	(99,756,426)	(48,607,310)	(35,725,223)	(19,873,089)
Depreciation and amortization expense (Note 12)	(4,532,858)	(3,807,545)	(1,560,149)	(1,610,909)
Rent expenses	(4,264,853)	(2,195,597)	(2,389,993)	(923,636)
Energy expenses	(1,852,305)	(777,222)	(772,604)	(395,487)
Communication expenses	(1,818,293)	(740,489)	(1,142,881)	(263,563)
Other	(28,699,937)	(10,612,516)	(12,031,916)	(4,739,638)
	(253,237,311)	(126,165,654)	(98,188,750)	(51,146,885)

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Research and development expenses				
Personnel expenses	(7,832,617)	(4,180,395)	(2,429,022)	(1,687,912)
Depreciation and amortization expense (Note 12)	(1,834,595)	(3,958,975)	(567,842)	(1,326,684)
Other	(1,917,786)	(597,102)	(1,545,498)	(299,785)
	(11,584,998)	(8,736,472)	(4,542,362)	(3,314,381)

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NOTE 20 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Income from Investment Activities				
Interest income	463,132,533	282,525,654	134,221,881	136,589,870
Rent income	14,705,976	8,386,751	5,037,381	2,849,255
Gain on sale of fixed assets	1,096,314	750,523	(190,925)	362,647
Exchange difference income	-	77,889,764	-	35,649,661
	478,934,823	369,552,692	139,068,337	175,451,433

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Expenses from Investment Activities				
Exchange difference expenses	(7,192,386)	-	36,453,464	-
	(7,192,386)	-	36,453,464	-

NOTE 21 - FINANCIAL INCOME AND EXPENSES

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Financial income				
Discount income from financing (*)	10,512,267	5,954,271	10,512,267	5,954,271
Income from derivative transactions	1,524,000	-	1,524,000	(5,202,495)
	12,036,267	5,954,271	12,036,267	751,776

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Financial expense				
Interest expense	(509,559,315)	(187,138,422)	(149,963,692)	(124,134,340)
Exchange difference expenses on loans	(326,773,262)	(217,450,681)	(91,671,260)	(50,972,181)
Commission expenses	(32,689,260)	(23,920,700)	(20,737,577)	(11,020,870)
Financial expense on employee termination benefit	(12,259,204)	(1,063,254)	(8,904,511)	(284,902)
Expenses from derivative transactions	-	(2,765,746)	-	(2,765,746)
Discount expenses from financing (*)	-	-	23,588,022	4,286,550
Other	(47,257,441)	(25,408)	(31,254,979)	14,477,624
	(928,538,482)	(432,364,211)	(278,943,997)	(170,413,865)

(*) The positive/negative difference between the interest rate which is understood within the framework of the renovation agreement within the framework of the unionized loan in other long-term commercial debts of Group to Yıldız Holding A.Ş. and the interest rates valid in the market were accountable in accordance with TFRS 9.

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NOTE 22 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, current income taxes recognized in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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

In Turkey, the corporate tax rate is 25% as of 30 September 2023 (31 December 2022: 23%, 31 December 2021: 25%). The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions and deductions in the tax laws.

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

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

	30 September 2023	31 December 2022	31 December 2021
Current income tax liabilities			
Current income tax expense	175,799,870	228,285,116	66,143,585
Less: prepaid taxes	(97,325,724)	(143,555,173)	(87,881,301)
Current income tax liability / (asset)	78,474,146	84,729,943	(21,737,716)

Income tax expense for the interim periods ended 30 September 2023 and 30 September 2022 comprised of the following items:

	30 September 2023	30 September 2022
Current income tax expense	(175,799,870)	(207,493,733)
Deferred tax income	18,071,129	(63,611,484)
Total tax expense	(157,728,741)	(271,105,217)

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NOTE 22 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TAS. These differences are generally due to the fact that some income and expense items are included in different periods in tax base financial statements and financial statements prepared in accordance with TAS, and these differences are stated below.

The tax rate used in the calculation of deferred tax assets and liabilities will be 25% for 2021, 23% for 2022 and 25% for 2023 taxation periods.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

As of 30 September 2023, 31 December 2022 and 31 December 2021 the breakdown of the accumulated temporary differences related to the Group and the deferred tax assets and liabilities using the applicable tax rates are as follows:

	Total temporary differences			Deferred tax assets / (liabilities)		
	30 September 2023	31 December 2022	31 December 2021	30 September 2023	31 December 2022	31 December 2021
Provisions for employee termination benefits	213,078,130	158,197,982	62,428,493	42,615,626	31,639,596	12,485,699
Provisions for doubtful receivables	24,017,889	22,270,090	19,368,458	6,004,473	5,122,121	4,842,115
Provisions for lawsuits	3,859,384	4,933,400	6,422,069	964,846	1,134,682	1,605,517
Provision for unused vacations	25,842,819	17,593,754	7,811,275	6,460,705	4,046,563	1,952,819
Provision for impairment on inventories	717,559	2,176,020	147,643	179,390	500,485	36,911
Carry-forward tax losses (*)	330,046,461	252,433,407	524,397,988	50,930,554	34,204,370	96,700,984
Discount income from financing	(193,525,772)	(188,143,043)	(173,261,136)	(38,705,154)	(37,628,609)	(34,652,227)
Provision of performance premium	17,904,010	8,150,947	10,875,580	4,476,003	1,874,718	2,718,895
Foundation and organization expenses	927,144	927,144	927,144	185,429	185,429	185,429
Derivative transactions	1,524,000	-	-	350,520	-	-
Net differences between the carrying values and tax bases of investment properties	(481,190,742)	(481,190,742)	(210,175,665)	(59,375,704)	(59,375,704)	(26,368,188)
Revaluation differences on property, plant and equipment	(1,121,754,259)	(1,365,681,037)	(179,008,704)	(87,740,353)	(204,556,136)	(5,749,439)
Other	249,784,405	133,759,852	61,365,451	49,956,881	22,164,726	13,967,266
Deferred tax assets / (liabilities), net	(928,768,972)	(1,434,572,226)	131,298,596	(23,696,784)	(200,687,759)	67,725,781

(*) As of 30 September 2023, based on the projections and future estimations, there is no previous year loss for which deferred tax is not recognized, (31 December 2022: None, 31 December 2021: None).

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NOTE 22 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Movements of deferred tax assets / (liabilities) as of 1 January - 30 September 2023 and 1 January - 30 September 2022 are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Opening	(200,687,759)	67,725,781
Charged to profit or loss	18,071,129	(63,611,484)
Actuarial gains recorded in equity	950,832	1,062,694
Revaluation difference recorded in equity	115,697,558	-
Currency translation differences	42,271,456	10,755,670
End of the period	(23,696,784)	15,932,661

NOTE 23 - EARNING PER SHARE

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Net gain for the year attributable to equity holders of the parent	387,440,822	858,835,953	335,212,279	250,179,462
Weighted average number of shares	662,000,000	662,000,000	662,000,000	662,000,000
Earning per share (TRY)	0.5853	1.2973	0.5064	0.3779

NOTE 24 - FINANCIAL INVESTMENTS

	30 September 2023	31 December 2022	31 December 2021
Associates	3,087,001	3,087,001	3,087,001
Impairment on associate shares (-)	(3,055,984)	(3,055,984)	(3,065,661)
	31,017	31,017	21,340

The Group has been accounting financial investments of Pakyağ Endüstriyel Ürünler Sanayi ve Ticaret A.Ş. and Baytom Makine Sanayi ve Ticaret A.Ş. with their cost values less impairment, The Group is in the opinion that the fair values of the shares converge to the cost less impairment values.

NOTE 25 - BORROWINGS

	30 September 2023	31 December 2022	31 December 2021
Short term borrowings			
Short term foreign currency loans	1,102,195,669	1,398,635,604	1,310,955,005
Short term local currency loans	310,397,450	160,000,000	-
Short term lease liabilities	62,991,744	32,130,775	40,272,482
	1,475,584,863	1,590,766,379	1,351,227,487
Long term borrowings			
Long term foreign currency loans	276,286,602	-	-
Long term lease liabilities	136,024,285	126,979,507	119,678,024
	412,310,887	126,979,507	119,678,024

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NOTE 25 - BORROWINGS (Continued)

As of 30 September 2023, 31 December 2022 and 31 December 2021 details of short and long-term borrowings are as follows:

30 September 2023				
Original Currency	Maturity	(%)	Original Amount	TRY Equivalent
USD	Oct. 2023 - July 2024	9.87 - 10.6	3,151,790	86,440,996
EUR	Oct. 2023 - May 2025	6 - 9.00	44,426,303	1,292,041,275
TRY	Oct 2023 - Sept. 2024	10.5 - 26	310,397,450	310,397,450
				1,688,879,721

31 December 2022				
Original Currency	Maturity	(%)	Original Amount	TRY Equivalent
USD	Feb. 2023	4.90	374,020	6,993,538
EUR	Jan. 2023 - Nov. 2023	4.1 - 6.57	69,683,842	1,391,642,066
TRY	Oct. 2023 - Nov. 2023	10.5 - 12	160,000,000	160,000,000
				1,558,635,604

31 December 2021				
Original Currency	Maturity	(%)	Original Amount	TRY Equivalent
USD	Apr. 2022 - May 2022	0.93	16,848,968	224,579,888
EUR	Feb. 2022 - Oct. 2022	3.28 - 5.50	72,008,797	1,086,375,117
				1,310,955,005

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

30 September 2023				
Currency	Maturity	(%)	Original Amount	TRY Equivalent
TRY	Oct. 2023 - May 2029	15.45 - 45.36	59,132,069	59,132,069
USD	Oct. 2025	5.25	4,624,503	126,831,619
EUR	Sep. 2024	3.66	448,799	13,052,341
				199,016,029

31 December 2022				
Currency	Maturity	(%)	Original Amount	TRY Equivalent
TRY	Jan. 2023 - Oct. 2026	19.00 - 45.36	28,759,543	28,759,543
USD	Oct. 2025	5.25	6,132,500	114,873,990
EUR	Sep. 2024	3.66	774,969	15,476,749
				159,110,282

31 December 2021				
Currency	Maturity	(%)	Original Amount	TRY Equivalent
TRY	Apr. 2023 - Feb. 2026	19.00 - 45.36	34,078,693	34,078,693
USD	Oct. 2025	5.25	8,089,279	107,821,997
EUR	Sep. 2024	3.66	1,196,406	18,049,816
				159,950,506

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NOTE 26 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Currency Risk Management

The Group is exposed to currency risk on its operations that are denominated in other currencies,

The distribution of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities as of the balance sheet date is as follows:

30 September 2023	TRY	USD	EUR	Other
1. Trade Receivables	356,733,072	11,888,283	1,076,890	283
2a. Monetary Financial Assets	163,292,370	1,342,433	4,353,689	5,295
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	26,246,935	170,859	742,991	-
4.CURRENT ASSETS (1+2+3)	546,272,377	13,401,575	6,173,570	5,578
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS (5+6+7)	-	-	-	-
9. TOTAL ASSETS (4+8)	546,272,377	13,401,575	6,173,570	5,578
10. Trade Payables	1,675,062,269	19,546,169	39,150,990	11,760
11. Financial Liabilities	1,119,901,729	3,680,005	35,036,995	-
12a. Monetary Other Liabilities	27,514,969	894,424	102,621	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	2,822,478,967	24,120,598	74,290,606	11,760
14. Trade Payables	-	-	-	-
15. Financial Liabilities	398,464,502	4,096,288	9,838,107	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	398,464,502	4,096,288	9,838,107	-
18. TOTAL LIABILITIES (13+17)	3,220,943,469	28,216,886	84,128,713	11,760
19 Off-balance Sheet Derivative Instruments				
Net Asset/Liability Position (19a - 19b)	41,065,050	1,500,000	-	-
19.a Amount of active foreign derivative currency off-balance sheet	41,065,050	1,500,000	-	-
19.b. Amount of passive foreign derivative currency off-balance sheet	-	-	-	-
20.Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(2,633,606,042)	(13,315,311)	(77,955,143)	(6,182)
21.Monetary Items Net Foreign Currency Assets / (Liabilities)(1+2a+3+5+6a-10-11-12a-14-15-16a)	(2,674,671,092)	(14,815,311)	(77,955,143)	(6,182)
22. Fair value of financial instruments used for currency hedge	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	1,273,127,249	50,670,078	6,187,482	-
24. Import	(2,510,085,243)	(3,067,719)	(101,411,643)	(101,326)

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NOTE 26 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022	TRY	USD	EUR	Other
1. Trade Receivables	225,749,534	10,997,492	1,006,332	2,431
2a. Monetary Financial Assets	5,000,925	210,758	53,179	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	3,741,143	130,168	65,574	-
4.CURRENT ASSETS (1+2+3)	234,491,602	11,338,418	1,125,085	2,431
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	2,633,842	19,083	114,223	-
8. NON-CURRENT ASSETS (5+6+7)	2,633,842	19,083	114,223	-
9. TOTAL ASSETS (4+8)	237,125,444	11,357,501	1,239,308	2,431
10. Trade Payables	997,015,407	20,868,841	30,100,266	242,869
11. Financial Liabilities	1,436,915,968	2,410,232	69,683,842	-
12a. Monetary Other Liabilities	12,241,677	84,861	533,382	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	2,446,173,052	23,363,934	100,317,490	242,869
14. Trade Payables	-	-	-	-
15. Financial Liabilities	92,070,375	4,096,288	774,969	-
16a. Monetary Other Liabilities	21,907,320	1,169,513	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	113,977,695	5,265,801	774,969	-
18. TOTAL LIABILITIES (13+17)	2,560,150,747	28,629,735	101,092,459	242,869
19 Off-balance Sheet Derivative Instruments Net Asset/Liability Position (19a - 19b)	-	-	-	-
19.a Amount of active foreign derivative currency off-balance sheet	-	-	-	-
19.b. Amount of passive foreign derivative currency off-balance sheet	-	-	-	-
20.Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(2,323,025,303)	(17,272,234)	(99,853,151)	(240,438)
21.Monetary Items Net Foreign Currency Assets / (Liabilities)(1+2a+3+5+6a-10-11-12a-14-15-16a)	(2,323,025,303)	(17,272,234)	(99,853,151)	(240,438)
22. Fair value of financial instruments used for currency hedge	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	1,604,889,747	90,134,420	6,347,646	69,960
24.Import	(3,630,552,985)	(2,816,628)	(205,734,897)	(429,461)

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NOTE 26 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2021	TRY	USD	EUR	Other
1. Trade Receivables	141,048,089	9,474,593	716,418	220,064
2a. Monetary Financial Assets	58,090,494	3,943,888	366,045	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	1,339,719	99,983	467	-
4.CURRENT ASSETS (1+2+3)	200,478,302	13,518,464	1,082,930	220,064
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	4,199,665	483	277,942	-
8. NON-CURRENT ASSETS (5+6+7)	4,199,665	483	277,942	-
9. TOTAL ASSETS (4+8)	204,677,967	13,518,947	1,360,872	220,064
10. Trade Payables	675,101,355	1,513,393	43,295,722	113,662
11. Financial Liabilities	1,337,036,910	18,805,747	72,008,797	-
12a. Monetary Other Liabilities	4,821,121	40,622	283,672	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	2,016,959,386	20,359,762	115,588,191	113,662
14. Trade Payables	-	-	-	-
15. Financial Liabilities	99,789,908	6,132,500	1,196,406	-
16a. Monetary Other Liabilities	16,035,174	1,203,029	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	115,825,082	7,335,529	1,196,406	-
18. TOTAL LIABILITIES (13+17)	2,132,784,468	27,695,291	116,784,597	113,662
19 Off-balance Sheet Derivative Instruments				
Net Asset/Liability Position (19a - 19b)	-	-	-	-
19.a Amount of active foreign derivative currency off-balance sheet	-	-	-	-
19.b. Amount of passive foreign derivative currency off-balance sheet	-	-	-	-
20.Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(1,928,106,501)	(14,176,344)	(115,423,725)	106,402
21.Monetary Items Net Foreign Currency Assets / (Liabilities)(1+2a+3+5+6a-10-11-12a-14-15-16a)	(1,928,106,501)	(14,176,344)	(115,423,725)	106,402
22. Fair value of financial instruments used for currency hedge	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	728,608,180	73,219,172	7,030,652	559,897
24.Import	(1,457,515,826)	(75,113,652)	(75,403,211)	-

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NOTE 26 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Sensitivity Analysis to Currency Risk

The Group is mainly exposed to foreign currency risks in USD and EUR. The following table shows the Group's sensitivity to a 10% increase and decrease in USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis comprises the borrowings used for foreign operations within the Group outside the functional currency. A positive number indicates an increase in profit / loss and other equity.

	Profit/Loss	
	Appreciation foreign currency	Depreciation foreign currency
30 September 2023		
In case of USD increases in 10% against TRY		
1- USD net asset/liability	(40,698,542)	40,698,542
2- USD hedged portion (-)	4,106,505	(4,106,505)
3- Net effect of USD (1 +2)	(36,592,037)	36,592,037
In case of EUR increases in 10% against TRY		
4- EUR net asset/liability	(226,747,672)	226,747,672
5- EUR hedged portion (-)	-	-
6- Net effect of EUR (4+5)	(226,747,672)	226,747,672
In case of other currencies increases in 10% against TRY		
7- EUR net asset/liability	(20,896)	20,896
8- EUR hedged portion (-)	-	-
9- Net effect of other currencies (4+5)	(20,896)	20,896
TOTAL (3+6+9)	(263,360,605)	263,360,605

	Profit/Loss	
	Appreciation foreign currency	Depreciation foreign currency
31 December 2022		
In case of USD increases in 10% against TRY		
1- USD net asset/liability	(32,392,624)	32,392,624
2- USD hedged portion (-)	-	-
3- Net effect of USD (1 +2)	(32,392,624)	32,392,624
In case of EUR increases in 10% against TRY		
4- EUR net asset/liability	(199,419,178)	199,419,178
5- EUR hedged portion (-)	-	-
6- Net effect of EUR (4+5)	(199,419,178)	199,419,178
In case of other currencies increases in 10% against TRY		
7- EUR net asset/liability	(470,062)	470,062
8- EUR hedged portion (-)	-	-
9- Net effect of other currencies (4+5)	(470,062)	470,062
TOTAL (3+6+9)	(232,281,864)	232,281,864

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 26 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Sensitivity Analysis to Currency Risk (Continued)

	Profit/Loss	
	Appreciation foreign currency	Depreciation foreign currency
31 December 2021		
In case of USD increases in 10% against TRY		
1- USD net asset/liability	(18,895,649)	18,895,649
2- USD hedged portion (-)	-	-
3- Net effect of USD (1 +2)	(18,895,649)	18,895,649
In case of EUR increases in 10% against TRY		
4- EUR net asset/liability	(174,136,311)	174,136,311
5- EUR hedged portion (-)	-	-
6- Net effect of EUR (4+5)	(174,136,311)	174,136,311
In case of other currencies increases in 10% against TRY		
7- EUR net asset/liability	221,310	(221,310)
8- EUR hedged portion (-)	-	-
9- Net effect of other currencies (4+5)	221,310	(221,310)
TOTAL (3+6+9)	(192,810,650)	192,810,650

Interest Rate Risk Management

The Group's borrowings with fixed and variable interest rates exposes the Group to interest rate risk.

The interest rate profile of the Group's interest-bearing financial instruments are as follows:

Interest Position	30 September 2023	31 December 2022	31 December 2021
Fixed interest rate instruments			
Borrowings	1,887,895,750	1,717,745,886	1,470,905,511
Cash and cash equivalents (term deposits)	127,628,100	257,271,231	50,591,768
Trade receivables	2,728,686,741	1,857,340,065	1,067,217,650
Other receivables	1,855,239,319	2,236,989,277	1,234,744,896
Trade payables	3,066,444,306	2,319,738,978	1,070,772,297
Other payables	1,158,296,407	1,249,919,828	889,214,746
Derivative financial instruments	1,524,000	-	-

The Group does not have a variable interest financial instrument (31 December 2022: None, 31 December 2021: None).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 27 - CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022	31 December 2021
Cash at banks	166,753,833	271,092,913	59,878,406
- Demand deposits	39,125,733	13,821,682	9,286,638
- Time deposits (*)	127,628,100	257,271,231	50,591,768
Credit card receivables	927,339	4,031,647	5,107,552
	167,681,172	275,124,560	64,985,958

(*) The maturity of time deposit balances at banks is 2 October 2023 and the average interest rates are 34% for TRY and 1% for EUR. (31 December 2022: in the range between 19.50% and 22% in TRY, 31 December 2021: in the range between 15.50% and 19% in Turkish Lira, 0.05% and 0.90% in USD and 0.05% in EUR).

NOTE 28 - SUBSEQUENT EVENTS

None.

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