



**ÜLKER**

Annual Report 2023

# SECRETS OF HAPPINESS







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# It's worth all these years

We are a well-established, strong, local and national brand, having witnessed 80 years of the 100 years of the Republic of Türkiye. Ülker Bisküvi started its journey in a small workshop in 1944. Offering a wide range of products in the biscuit, cake and chocolate categories, today, in addition to our activities as the leading food company in Türkiye and the region, with our successfully growing overseas operations, we export more than 300 brands to over 100 countries worldwide. Striving to add happiness to the lives of our stakeholders and employees, we also focus on sustainability efforts directed towards leaving a livable world to future generations.

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# Diversity brings happiness

We focus on our consumers with a service approach that always seeks the best and the newest. We increase diversity with our iconic and new products in the biscuit, cake and chocolate categories, also contributing to the growth of the industry.



47

New Products  
in Türkiye











**1944**

Ülker was  
founded in a  
small workshop

# **Trust** **brings happiness**

We are committed to fulfilling our promise of quality production and a unique customer experience for consumers. To show our gratitude for the trust placed in us, and to ensure the continuity of that trust, we stay updated on the latest trends, offering value-added products that meet the expectations of consumers by deploying all our resources, from production and technology to R&D and innovation.

# Achievement brings happiness

Since 2014, we have achieved growth without increasing our carbon emissions. We consistently implement worthwhile projects, particularly in water and energy efficiency, waste reduction, food preservation, sustainable raw material supply and production quality. We introduced Aliğa Biscuit Wheat, and we now use it in our products. We continue to work on the Biscuit Wheat Development Program to obtain new biscuit wheat varieties.

\* Covers Ülker's 9 factories in Türkiye.



**81,552\***  
**tons of**

Carbon  
Emission  
Reduction









TFF





# ÜLKER U15 HAZIRLIK KAMPI



ÜLKER

GELECEĞİN  
\*MILDİS  
\*RİZLARI



33

Star Girls of the  
Future

## Equality brings happiness

We realized the “TFF Ülker Star Girls of the Future” Project in cooperation with the Turkish Football Federation. As we celebrate the 100<sup>th</sup> anniversary of our Republic, we are proud and happy to provide girls with equal opportunities and support their dreams to the fullest. We will continue to support women’s equal opportunities in society, business, sports and all other areas of life.

# Ülker Bisküvi in 2023

January

S&P Global

Ülker ranked in the 4<sup>th</sup> percentile among 353 food companies evaluated worldwide in the S&P Global ESG 2022 Index.

February



From the first day of the devastating earthquake, Ülker supported the affected areas with provisions. We quickly produced a special, filling and nutritious biscuit designed for disaster victims and aid teams and shipped those products to the region.

March



Dido Bitter Sugar-Free, Ülker Çokoprens Dark, the Halley Banana Cake Cookie, the Ülker Almond Cracker, the Dankek Baton Cake with Mandarin Sauce and the O'lala Coffee Soufflé were launched.

July



Ülker reached homes with 53 different products on the Feast of the Sacrifice.

August



An Ülker Children's Workshop on sustainability was held at the Çamlıca campus and factories so that children could learn via entertainment about Ülker's waste-free company culture.

September



The Ülker Chocolate Wafer, an Ülker flavor and the crispiest wafer in Türkiye, presented the message, "You can't find anyone who doesn't like Ülker Chocolate Wafers," to fans via its new commercial.



**April**



Ülker Laviva's XXL size appeared on the shelves. In addition, the Ülker Truffle in the treat chocolate category, the Biskrem and Hanımeller Raspberry Sauce cookies in the sweet biscuit category, and the Çubuk Kraker Uzuuun and Kekstra XL products in the salty biscuit category were introduced to consumers.

**May**

**bizz@  
kampüs**  
"Hayal Et ve Parla"

In bizz@kampüs, a competition of innovative marketing ideas for Ülker's most popular brands, 4,320 students competed for Ülker Çokonat.

**June**



As part of the More Than Hazelnut Project, training on best agricultural practices was provided to women farmers at the factory in Giresun.

**October**



A campaign for TV, digital and other media was specially created for the 100<sup>th</sup> anniversary of our Republic, and the chocolate product in special packaging launched for sale.

**November**



Ülker, a supporter of sports and athletes, realized the "TFF Ülker Star Girls of the Future" Project in cooperation with the Turkish Football Federation.

**December**



From production to human resources, performance management and sales, Ülker Bisküvi accelerated its digitalization and technology investments and commissioned 20 autonomous mobile robots in the Gebze Factory.

## Message from the Chairman

**Ülker Bisküvi completed 2023 with the achievement of successful projects, steadfastly adhering to our targets.**



**Ahmet Bal**  
Chairman  
of the Board

**Moving beyond Türkiye, we continue to lead the biscuit market in Saudi Arabia and Egypt, and maintain our strong growth trend in Kazakhstan and other Central Asian countries.**



**80  
Years**

Ülker will celebrate its  
80<sup>th</sup> anniversary  
in 2024.

Dear Stakeholders,

We left behind a year in which we grieved the loss of thousands of our citizens in our country's most devastating earthquake. At Ülker, we share the sorrow endured in those regions affected by the earthquake. We once again wish mercy on those citizens who perished, and we offer our condolences and fortitude to everyone affected by the disaster.

On the other hand, the year 2023 held extraordinary importance as the 100<sup>th</sup> anniversary of our Republic founded by Gazi Mustafa Kemal Atatürk. Despite the tough conditions throughout the world and our country during this critical year, in 2023, Ülker Bisküvi accomplished successful projects while steadfastly adhering to its goals. The Company maintained its position and leadership in the markets in which it operates, in line with its vision of making our country a stronger production and export center.

In addition to its exports to more than 100 countries around the world, Ülker Bisküvi has also successfully developed its international operations and rich product portfolio. Moving beyond Türkiye, the Company continues to lead the biscuit market in Saudi Arabia and Egypt, and maintains its strong growth trend in Kazakhstan and other Central Asian countries.

Constantly improving its production, supply and logistics infrastructure, Ülker Bisküvi expanded its investments in R&D, innovation, digitalization and sustainability. The Company closed a successful year, conducting projects for wheat, hazelnuts and cocoa in the field of sustainability, updating its targets according to changing conditions, introducing innovative products to consumers, and receiving various awards. All these achievements were positively reflected in the Company's growth data.

Ülker will celebrate its 80<sup>th</sup> anniversary in 2024. Focusing on the consumer at every step, our Company will continue to provide added value with its employees, consumers and stakeholders.

I would like to thank our managers, our colleagues and our stakeholders, whose support is constantly felt and appreciated as we move towards our goals.

Respectfully yours,

**Ahmet Bal**  
Chairman of the Board



## Message from the CEO

**We continued to invest in our brands and add value to our country through our production, exports and employment.**

Dear Stakeholders,

In 2023, as a nation, we experienced tremendous happiness as we celebrated the 100<sup>th</sup> anniversary of our Republic. And as a leading food company in Türkiye, we are aware of our responsibility to focus on today and tomorrow, to ensure that our country enjoys an even more prosperous future.

In 2023, our country also experienced profound sadness as we mourned those lost and injured in the earthquake disaster of February 6, 2023. Once again, I commemorate our lost citizens, our colleagues and their relatives. Present in the region with our products and support from the first day, we have been working relentlessly to help heal the wounds of the earthquake. In just four days, we had produced a special, filling and nutritious biscuit and shipped packages to disaster victims and aid teams in the earthquake zone.

In addition to the earthquake, the stagnation in the global economy and uncertainty in geopolitical matters were dynamics that challenged our country's economic balance. Despite these difficulties, we continued to invest in our brands and add value to our country through our production, exports and employment. Maintaining our strong position in the markets thanks to our solid balance sheet, we introduced brand-new products to consumers during this period.

### **We increased our turnover by 7.4%**

We progressed at full speed, thanks to a strong, agile and proactive structure; a workforce established across a wide geography; and our effective strategies and successful management. We grew both our local and international operations and exports. We raised Ülker Bisküvi's turnover by 7.4% year-on-year to TL 56 billion. Our consolidated EBITDA margin was 19%. The share of our Türkiye operations in turnover stood at 68%, while that of exports and overseas operations was 32%. The share of international operational profitability in total operational profitability increased to 37.7%. We continue to maintain a strong position in our region, we lead the biscuit market in Saudi Arabia and Egypt, and our growth trend remains strong in Kazakhstan and other Central Asian countries.



**Mete  
Buyurgan**  
CEO

**We aim to reach “net zero” by reducing all carbon emissions by 2050, and we intend to continue this growth by reducing carbon emissions across our entire supply chain.**

## Message from the CEO

**We launched the “TFF Ülker Star Girls of the Future” project with the aim of providing equal opportunities to girls who are passionate about football and supporting their dreams.**



**55.8  
TL Billion**

**We increased our  
sales revenues to  
TL 55.8 billion.**

### **We signed the first sustainability-related syndicated loan**

We endeavor to take advantage of every opportunity, relying on our strengthened balance sheet and sustainable cash flow. Under the leadership of Bank of America, Coöperatieve Rabobank U.A., and Emirates NBD Bank Capital Limited, and with the participation of JP Morgan Chase Bank, N.A., Sharjah Islamic Bank PJSC, and Gulf Bank, a loan agreement of USD 248 million was signed. In addition, a loan agreement of EUR 75 million was signed with the European Bank for Reconstruction and Development (EBRD). Standing out as Ülker's first sustainability-related loan agreements, these agreements are an indicator of international banks' trust in our Company and our country. We have extended our sustainability approach –the heart of our way of doing business – to the field of finance.

### **We introduced 47 new products to our consumers**

We move forward alongside an innovative product development strategy in our two R&D centers. What we learn from the taste tests and surveys with consumer focus groups guides our innovation efforts and helps us understand our consumers' expectations. A total of 47 new products were introduced in the bakery products, chocolate and cake categories. To raise awareness regarding Atalık Kavlca Wheat – an heirloom grain with a thirteen thousand-year-old history – which we buy from farmers producing in the central villages of Ardahan and Çıldır, a limited number of our Saklıköy Kavlca Wheat and chocolate cream products took their place on the shelves.

### **We lead the food industry with our sustainability projects**

We keep sustainability at the heart of our way of doing business, relying on the “waste-free company” model, adopted as a principle at every stage of our activities. In compliance with the European Union Green Deal, we aim to supply 100% of our electricity consumption from renewable energy sources by 2030, and to reach “net zero” by reducing all carbon emissions by 2050. We intend to continue this growth by reducing carbon emissions across the entire supply chain.

We are extremely happy that our sustainability efforts are appreciated by independent national and international platforms. For the fourth consecutive time, we have been included in the Sustainability Yearbook created by S&P Global, an international rating agency, to list companies with the best environmental, social and governance performances. More than 9,400 companies worldwide in 60 sectors were evaluated, with 759 companies qualifying for inclusion in the list. Ülker Bisküvi was one of the nine Turkish companies on this list and the only Turkish company among the 19 global companies in the food products category. When the results of the 2023 Climate Change and Water Security assessment of the international environmental reporting platform Carbon Disclosure Project (CDP) were announced, we had raised our 2023 water security score by one level to B, and maintained our climate change score at B. In addition, the Company has been included in the Borsa Istanbul Sustainability Index since 2015.



According to the environmental, social and governance (ESG) performance evaluation of public companies conducted by international financial analysis and reporting organization LSEG (London Stock Exchange Group), we attained the highest score among more than 450 companies evaluated worldwide in our category as of January 2024\*. At the same time, we ranked first among 108 companies – from all sectors – traded on Borsa Istanbul

#### **Human resources are our greatest asset**

Since its establishment, Ülker's greatest promise to both society and its employees has always been "happiness." We want our employees, as well as our consumers, to be happy with the experiences we provide. The primary components of our human resources strategy include strengthening our employer brand perception and talent acquisition. Our talent acquisition program, bizz@kampüs, and our internship programs are our most important tools for reaching young people. In 2023, there was again intense interest in the bizz@kampüs program, in which innovative marketing projects related to different Ülker brands are developed by third- and fourth-year university students in a fierce competition every year. Commercial Talent, in its turn, offers an 18-month program to newly graduated young talents, where we teach 360-degree commerce and sales. During this period, young talents have the opportunity to experience various functions within the Company. We also make a difference through our pioneering steps in equal opportunities; we exceeded the 50% female employment target set for new hires, reaching 52%.

\* LSEG 8-15 January 2024

#### **We launched the TFF Ülker Star Girls of the Future project**

As Türkiye's leading food company, we consistently contribute to Turkish sports and athletes, developing valuable projects across the country designed to raise interest in sports among our youth and children. Most recently, we launched the "TFF Ülker Star Girls of the Future" project with the aim of providing equal opportunities to girls who are passionate about football and supporting their dreams. This project will shape the future of our Women's Football National Teams, of which we are the main sponsor. Within the project, launched with a press conference on November 6, selected candidates attended the U15 Preparation Camp from January 25 to 30, 2024. During the camp held at the Riva Hasan Doğan Facilities, trainings were provided to support participants' personal development as well as their football skills.

We intend to work even harder and pursue even greater goals for the fresh and bright future of our country. Inspired by our Republic, which is more than 100 years old, we will continue to add value to the Ülker brand all over the world. We will sustain our growth performance and contribute to our employees, consumers and stakeholders. We will focus on innovation, not only in product development, but in many other areas, including digitalization, product supply, and strengthening our distribution network.

I would like to thank all our stakeholders, colleagues and consumers, who have supported us in our journey to achieve these goals in 2024, when we will celebrate Ülker's 80<sup>th</sup> anniversary.

Respectfully yours,

**Mete Buyurgan**  
**CEO**

## About pladis

**pladis continues to work with great pleasure to deliver the highest quality products to a potential 4 billion people worldwide.**

The logo for pladis, featuring the word "pladis" in a white, lowercase, sans-serif font. A white curved line with a star at its end arches over the letter 'i'.

Bringing together Yıldız Holding's iconic confectionery brands, including McVitie's, Ülker, Carr's and Godiva under a single umbrella, pladis continues its global journey successfully which started with the motto "We are promising to bring happiness to the world with every bite."

pladis also has regional brands such as Jacob's, Go Ahead, Flipz, BN, Verkade and many other products in the sweet and savory biscuit, wafer, cake, chocolate, gum, and confectionery categories.

pladis acts on its promise to bring happiness with every bite in various parts of the world, offering a broad range of products to address different consumer expectations and needs. With 25 factories in 11 countries, more than 16,000 global employees, and a total of more than 300 years of expertise of its brands, pladis is a responsible food company, happily working to deliver the highest quality products to a potential 4 billion people worldwide.

pladis employees are passionate about collaboration and creativity and deliver on the promise of happiness in every bite, using consumer insights and trends. Together with fast time-to-market, this allows the Company to bring its products from idea to shelves quickly, making them available to consumers around the world.





## pladis in figures

25 factories in 11 countries

More than 16 thousand employees

### operation Map



# Key Financial and Operational Indicators

Ülker Bisküvi achieved successful results with its robust sales performance across all regions, and with a disciplined cost and purchasing management.

Summary Balance Sheet (TL Million)	2022	2023
Current Assets	41,773	36,987
Non-Current Assets	24,376	24,602
Short-term Liabilities	27,826	15,447
Long-term Liabilities	22,680	26,340
Shareholders' Equity	15,643	19,802

Summary Income Statement (TL Million)	2022	2023
Revenue	51,981	55,836
Gross Profit	11,328	16,177
Operating Profit	7,058	10,993
Profit/Loss for the Period (Equity Holders of the Parent)	985	3,379

Ratios	2022	2023
Gross Profit Margin (%)	21.8	29.0
EBITDA Margin (%)	12.9	19.0
Net Profit/Loss Margin (Equity Holders of the Parent) (%)	1.9	6.1
Earnings per Share (1 TL Nominal) (%)	2.67	9.15



Revenue (TL Million)

2022	51,981
2023	55,836

Operating Profit (TL Million)

2022	7,058
2023	10,993

Gross Profit (TL Million)

2022	11,328
2023	16,177

Gross Profit Margin (%)

2022	21.8
2023	29.0

Shareholders' Equity (TL Million)

2022	15,643
2023	19,802

EBITDA Margin (%)

2022	12.9
2023	19.0

Sales Volume and Revenue Growth

Sales Volume by Category (Thousand Tons)	2022	2023
Biscuit	323	326
Chocolate	222	224
Cake	50	53

Net Sales by Category (TL Million)	2022	2023
Biscuit	21,906	22,350
Chocolate	24,104	26,890
Cake	3,741	4,264



## Capital Structure

**Aiming to bring happiness to its consumers with every bite, pladis has a 47.23% share in Ülker Bisküvi.**

Name of the Partnership	Share Ratio (2022)	Share Ratio (2023)
pladis Foods Limited	51.00%	47.23%
Other	49.00%	52.77%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

*\* On August 31, 2023, Ülker Bisküvi has taken over Ülker Çikolata Sanayi A.Ş., in which it has 91.7% shares, and Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş., in which it has 73.9% shares, incorporating them into Ülker Bisküvi Sanayi A.Ş.*





# Ülker Bisküvi Production Facilities

Ülker Bisküvi produces in nine factories in Türkiye and four factories abroad, and exports to more than 100 countries.

## Silivri, Istanbul Factory

Chocolate and chocolate covered biscuit

**Established:** 1998

**Capacity:** 26,552 tons/year

## Topkapı, Istanbul Factory

Chocolate, cocoa powder, chocolate drop, chocolate flakes, and couverture chocolate

**Established:** 1974

**Capacity:** 220,000 tons/year

## Topkapı Önem Food Factory

Cocoa powder, cocoa oil, cocoa mass, chocolate dough

**Established:** 1965

**Capacity:** 139,151 tons/year

## Ankara Factory

Biscuit, wafer, and cracker

**Established:** 1969

**Capacity:** 148,020 tons/year

## Önem Gıda Ankara Factory

Flour

**Established:** 2012

**Capacity:** 244,006 tons/year (Finished product)

## Gebze, Kocaeli Factory

Biscuit, cracker, and cake

**Established:** 1997

**Capacity:** 145,664 tons/year

## Giresun Factory

Whole hazelnuts, chopped hazelnuts, hazelnut puree

**Established:** 1995

**Capacity:** 5,098 tons/year

## Karaman Factory

Flour, biscuit, cake, cracker & chocolate

**Established:** 1986

**Capacity:** 202,031 tons/year

## Önem Gıda Karaman Factory

Flour

**Established:** 2012

**Capacity:** 64,207 tons/year (Finished product)

## Kazakhstan Factory

Biscuit, chocolate and cake

**Established:** 1997

**Capacity:** 34,674 tons/year

## Egypt Factory (Hi-Food)

Biscuit

**Acquired:** 2016

**Capacity:** 38,659 tons/year

## Saudi Arabia Factory (FMC)

Biscuit, chocolate and cake

**Acquired:** 2016

**Capacity:** 48,500 tons/year

## Saudi Arabia Factory (IBC)

Biscuit and chocolate

**Acquired:** 2018

**Capacity:** 23,185 tons/year



## Ülker in Figures

- More than 9 thousand employees
- 13 factories around the world
- Exports to more than 100 countries
- Market leader in Türkiye with 34% market share

### **Türkiye**

Capacity:

**1,243,447 tons/year**

### **Saudi Arabia**

Capacity:

**71,685 tons/year**

### **Kazakhstan**

Capacity:

**34,674 tons/year**

### **Egypt**

Capacity:

**38,659 tons/year**



# Strategies

**Ülker Bisküvi continues to grow with its products and global, regional, and local brands developed in line with consumer demands and expectations, and takes firm steps towards becoming a regional power.**

## Productivity

- Become the most productive company in all segments of the industry,
- Reduce production costs without compromising quality within the scope of operational efficiency,
- Achieve higher efficiency and productivity in distribution channels and points of sale by cutting cost of sales,
- Increase production efficiency, improve planning, and forecast accuracy with new generation digitalized technology.

## Brand Investments

- Interpret consumer demands correctly, and make sure that our consumers reach the products developed in line with consumer needs at the most affordable price and quality,
- Offer our powerhouse brands to consumers at reasonable prices,
- Ensure the continuity of our brand investments,
- Offer new products to consumers.

## Strategies

- Carry out sustainability activities with long-term goals under the headings of the value chain, employees, society, and our world with the wasteless company model.
- Achieve strong results that will satisfy all of our stakeholders,
- Maintain corporate governance practices at the highest level,
- Reach new consumers in a wider region, implement synergy activities both in the field and in production,
- Increase the current brand awareness further in Türkiye, North Africa, Central Asia, and the Middle East,
- Increase our operating profitability by achieving higher sales volumes and revenues in the biscuit, chocolate, and cake categories,
- Expand our business to become a strong regional player with our global, regional and local brands,
- Get positioned in the region as the main production base upon the acquisition of the Food Manufacturing Company in Saudi Arabia, UI MENA, and IBC and create synergy in the fast-growing Middle East market by enabling faster access,
- Get positioned in Egypt, where consumption grows rapidly, as the central and main production base for North Africa sales with Hi-Food and enhance our strength in the region with the production operations of McVitie's,
- Get a strategical position in Kazakhstan as the headquarters to access Central Asia, Russia, and China with the acquisition of Hamle and other investments and meet new consumers in regions where consumption increases rapidly,



## 2023 at Ülker Bisküvi

**The financial success and sustainability journey of Ülker Bisküvi, Türkiye's leading food company, continues without slowing down.**

For the future of food, transformation and sustainability, redesigning agricultural production, food security, combating food waste, and further strengthening the resilience of the supply chain are the key priorities.

The inflation rising across the world, together with the increases in raw material and energy prices due to weather events caused by climate change, have a direct impact on the food sector. Therefore, actions to combat climate change and transform agricultural production systems are increasingly gaining importance. Ülker Bisküvi aims to contribute to the creation of a resilient global food system through its sustainability efforts. Ülker Bisküvi prioritizes the protection of natural resources, adopting a responsible production approach, and preventing waste in all areas while addressing the value chain as a whole.

In addition to its 2050 goal of becoming a net zero company in terms of the climate crisis, which is one of the main focuses of its sustainability strategy, Ülker Bisküvi works on sustainable procurement projects planned for the supply of its main raw materials wheat, cocoa, and hazelnuts.

Being the leader of its sector and always keeping the consumer at the center of its focus, Ülker Bisküvi continuously improves its production, supply, and logistics infrastructure while prioritizing its investments in R&D, innovation, digitalization, and sustainability. In this context, various projects on the climate crisis, sustainable agriculture, circular economy, diversity, and inclusion were implemented in 2023. Despite all challenging conditions, Ülker Bisküvi completed 2023 with successful business results thanks to its strong, agile, and proactive structure, workforce spreading across wide geographies, effective strategies, and successful management. Ülker Bisküvi's turnover reached TL 56 billion increasing by 7.4% year-on-year, with Türkiye operations accounting for 68% of turnover and export and international operations accounting for 32% of turnover. The share of international operational profitability in total operational profitability increased by 37.7%. Maintaining its strong position in the

region, Ülker Bisküvi remains the leader in the biscuit market in Saudi Arabia and Egypt and continues its strong growth trend in Kazakhstan and Central Asian countries.

The highlights of Ülker Bisküvi in 2023 are as follows:

- Since the first day of the earthquake disaster on February 6, 2023, it has worked to support the region with its products. A special, hearty, and nutritious biscuit was developed in a very short time for the disaster victims and aid teams in the earthquake zone and quickly delivered to the region.
- A total of 47 new products were introduced in the bakery products, chocolate and cake categories. Saklıköy chocolate cream product made from ancestral Kavlca wheat was introduced to consumers.
- Under the leadership of Bank of America, Coöperatieve Rabo Bank U.A., and Emirates NBD Bank Capital Limited, and with the participation of JP Morgan Chase Bank, N.A., Sharjah Islamic Bank PJSC, and Gulf Bank, a sustainability-related loan agreement totaling USD 248 million was signed. In addition, a EUR 75 million loan agreement was signed with the European Bank for Reconstruction and Development (EBRD). These agreements are an indication of the confidence of international banks in Ülker Bisküvi and Türkiye, as well as Ülker Bisküvi's first sustainability-related agreements.
- Many different projects have been implemented within the scope of sustainable raw material supply. With the More than Cocoa Project, verification and traceability activities are carried out to verify that there is no deforestation in all cooperatives from which outsourcing is made. Furthermore, the Water Risks Project, which is implemented in cooperation with BCSD Türkiye and Ankara University, showed that using drip irrigation in wheat production results in a minimum 30% water saving and a 20% increase in yield. Within the scope of the Beyond Hazelnut Project, training programs covering women hazelnut farmers were organized at the Giresun factory in June and September. They were informed about



sustainable agricultural techniques, hazelnut pests, proper control of weeds, and diseases. Good agricultural practices were examined in the hazelnut garden affiliated with the factory.

- According to the Environmental, Social & Governance (ESG) performance assessment of publicly traded companies conducted by the London Stock Exchange Group (LSEG), an international financial analysis and reporting organization, it ranked 1st in the world in its category as of January 2024\*, receiving the highest score among more than 450 companies evaluated worldwide. It also ranked 1st among 108 companies from all sectors traded on Borsa Istanbul.
- Sustainability, occupational health and safety, quality, and efficiency, which are carried out under the umbrella of operational excellence, continued to be the focal points of the Company's operations. Managing the environmental and social impacts of its operations according to the Management System established within the framework of its Environmental and Occupational Health Policies, Ülker Bisküvi holds ISO 14001, ISO 50001, ISO 9001, ISO 45001, and ISO 22001 certificates in all its factories in Türkiye. Ülker Bisküvi, providing basic OHS trainings to its employees within the framework of online training programs in 2023, has managed to keep the Lost

Time Accident Rate (LTAR) below 1 for the last three years through cultural studies and the strengthening of technical barriers and completed 2023 with an LTAR of 0.81.

- In 2023, Ülker Bisküvi invested a total of TL 22.9 million in Environment, Occupational Health and Safety (OHS). In this context, investments such as energy efficiency, digitalization in OHS processes, water efficiency, afforestation, and process optimization that will have a positive impact on society and the environment were made. Continuing its journey of continuous improvement in terms of productivity at full speed in 2023, Ülker carried out over 800 small technical improvements and 61 kaizen (Yıldız Development Teams) projects. In addition, 11 End-to-end Value Stream Mapping Projects were completed, resulting in a total saving of TL 107 million.
- Ülker Bisküvi also launched a new social project, the TFF-Ülker Star Girls of the Future project, which aims to provide equal opportunities for girls who are passionate about football. The 33 selected footballer candidates attended the U15 Preparatory Camp at the TFF Riva Hasan Doğan Facilities between January 25 and 30 and received training to support their personal development as well as football skills.
- Ülker Bisküvi exceeded the 50% female employment target set for new recruits, reaching 52% in 2023.

In order to leave a livable world for future generations, the practices, approaches, and initiatives that embrace sustainability in all areas of life, especially in responsible production and responsible consumption, are needed. Ülker Bisküvi will continue to contribute to this vision in every step it takes.

\* According to the assessment of LSEG (London Stock Exchange Group) dated January 8-15.

**The share of the Türkiye operations in turnover stood at 68% while that of exports and overseas operations was 32%.**

## Marketing

**Ülker is the leader in the snack categories in which it competes with a 34% market share and has maintained its clear leadership in this area by entering 23.6 million homes with 100% household penetration.**

Ülker Bisküvi, Türkiye's leading food company, successfully implemented its approach that prioritizes quality and its innovative and trend-oriented strategies in 2023 as well.

In 2023, Ülker maintained its position as the consumer's favorite and closest brand, diversified its portfolio in main categories, constantly interacted with consumers through communication campaigns and achieved successful results.

Ülker Bisküvi maintained its strong leadership position in 2023 which was characterized by an inflationary economy. With a market share of 34% in 2023, the Company is the leader in the snack categories in which it competes; Ülker has maintained its significant leadership in this area by entering 23.6 million\*\* homes with 100% household penetration\*\*.

In 2023, while innovations continued without slowing down, 47 new types of products were introduced to consumers. The expectations of consumers were met with launches and re-launches thanks to a growth strategy focused on innovation and consumer needs while diversifying the portfolio in main categories. New

products launched during the year contributed 11% to growth.

In the chocolate category, Ülker continued to add flavour to consumers' lives with innovative products in 2023. Ten new products in the solid chocolate category, 11 new products in the chocolate covered products, and two new products in the catering chocolate category were introduced to consumers. In January, Ülker Fındık Aşkı took its place on the shelves. "Be Happy" has brought a breath of fresh air to the tablet chocolate market with its fun world and delicious chocolate. With the new product



# 100%

Household  
Penetration



group named "Traditional Turkish Desserts" series, the Company introduced products that offer consumers the experience of traditional Turkish desserts in three different flavors (Ülker Çikolata Diyarbakır'dan İlhamla Burma Kadayıf, Ülker Çikolata Gaziantep'ten İlhamla Şöbiyet ve Çökonat Baklava). It also interacted with its consumers through TV, digital, and other channels with 10 different commercials during the year.

Ülker also had a very busy agenda in the biscuit category in 2023, achieving successful business results. Sweet and savory biscuit brands in the biscuit category were supported with both new product launches and new communication strategies.

A total of 12 new sweet and savory launches were made. The Biskrem brand, which has become indispensable for consumers for years, has expanded its product portfolio and introduced the Biskrem Cookie product to the taste of its consumers. Hanımeller, one of the iconic brands of Ülker, took its place in the market with the Raspberry Sauce Cookie. Ülker Bisküvi introduced its chocolate cream product, branded as Saklıköy, using Kavılca wheat, one of the most valuable ancestral wheat varieties of our country with its rich content in vitamins, minerals and fiber. With this launch, Ülker has once again demonstrated that it prioritizes sustainable raw material sourcing. The Company also diversified its product portfolio with launches in the salty biscuit category. It launched its light snack product, Altınbaşak Tahıl Cipsi (Cereal Chips). Çizi Çıtır has also received the appreciation of consumers with its rich varieties and super size.

In the biscuit category, Ülker supported new product launches on TV and other communication channels with seven different communication campaigns, strengthening its relationship with consumers.

The Company introduced 12 new products in the cake, wafer, and children's snack categories. Ülker launched a new product portfolio that addresses the need for sharing with the mini versions of the Dankek-Kekstra-8 Kek brands, and introduced products to meet individual consumption needs with its Dankek Mousse Kek and O'lala Tiramisu Kek brands. Ülker expanded the product portfolio of the Kanky brand, which was launched in 2022 in the children's category, with two new brands:

Kanky Duo Kek and Kanky Bulut Kornet Çilekli. Launches in the relevant product groups were supported by communication campaigns on TV and digital channels.

In addition to its product categories, Ülker also addressed its consumers with the Ülker main brand and carried out communication campaigns touching their hearts. With the campaign specially prepared for the 100<sup>th</sup> anniversary of our Republic, it was featured on TV, digital, and other media. As the Official Sponsor of the Turkish National Football Team, Ülker played an active role in the national team's EURO 2024 qualifying matches and continued to strengthen its support for the national team. Ülker adapted the legendary 1960s campaign "Tea Time without Ülker is unthinkable" to today and launched the new "Tea Time with Ülker" campaign, which is based on consumer insights.

In brand health data, Ülker maintained its position as the first brand\*\*\* that comes to mind in Türkiye and the most preferred brand by consumers in the Turkish snacks industry.

2023 was a year in which Ülker's success was crowned not only with new product launches but also with awards. According to the independent brand valuation company Brand Finance 2023 report, Ülker ranked second as the only food brand in the top 10 list of "Türkiye's most powerful brands."

*\*Nielsen Retail 2023 YTD*

*\*\*Ipsos Household Penetration Survey 2023 YTD*

*\*\*\*Ipsos BHT Report 2023 YTD*



## Production and Capacity

**In 2023, the Ankara Factory achieved 118,097 tons of production and the Gebze Factory 103,222 tons of production, and 12 new product varieties were added to the biscuit product portfolio.**

### Biscuit

#### Ankara Factory

The Ankara Factory was established in 1969 with a closed area of 110 thousand m<sup>2</sup>. Biscuit, cracker and wafer varieties are produced. The factory produced 118,097 tons in 2023.

#### Gebze Factory

Established in the Gebze Organized Industrial Zone in 1997, the Gebze Factory is located on an 85,330 m<sup>2</sup> land parcel, of which 80 thousand m<sup>2</sup> is covered space. In 2023, the factory produced 103,222 tons. In 2023, 20 autonomous mobile robots were commissioned at the Gebze Factory. The robots, which can carry 2,600 types of materials, especially raw materials and packaging, are planned to increase production efficiency and cost advantage in the factory.

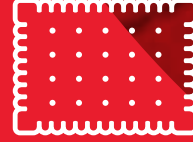
In 2023, 12 new product varieties were added to the product portfolio.

Some of these are;

- Çokoprens Dark
- Biskrem Cookie
- Hanımeller Zeytinli ve Biberiyeli
- Altınbaşak Cereal Chips (with Yogurt Flavor & Seasonal Greens)
- Ülker Bebe Tahıllı Tarçınlı
- Saklıköy Atalık Buğdaylı
- Hanımeller Frambuaz Soslu Kurabiye
- Badem Kraker Taco
- Ülker Çubuk Kraker Uzuuun

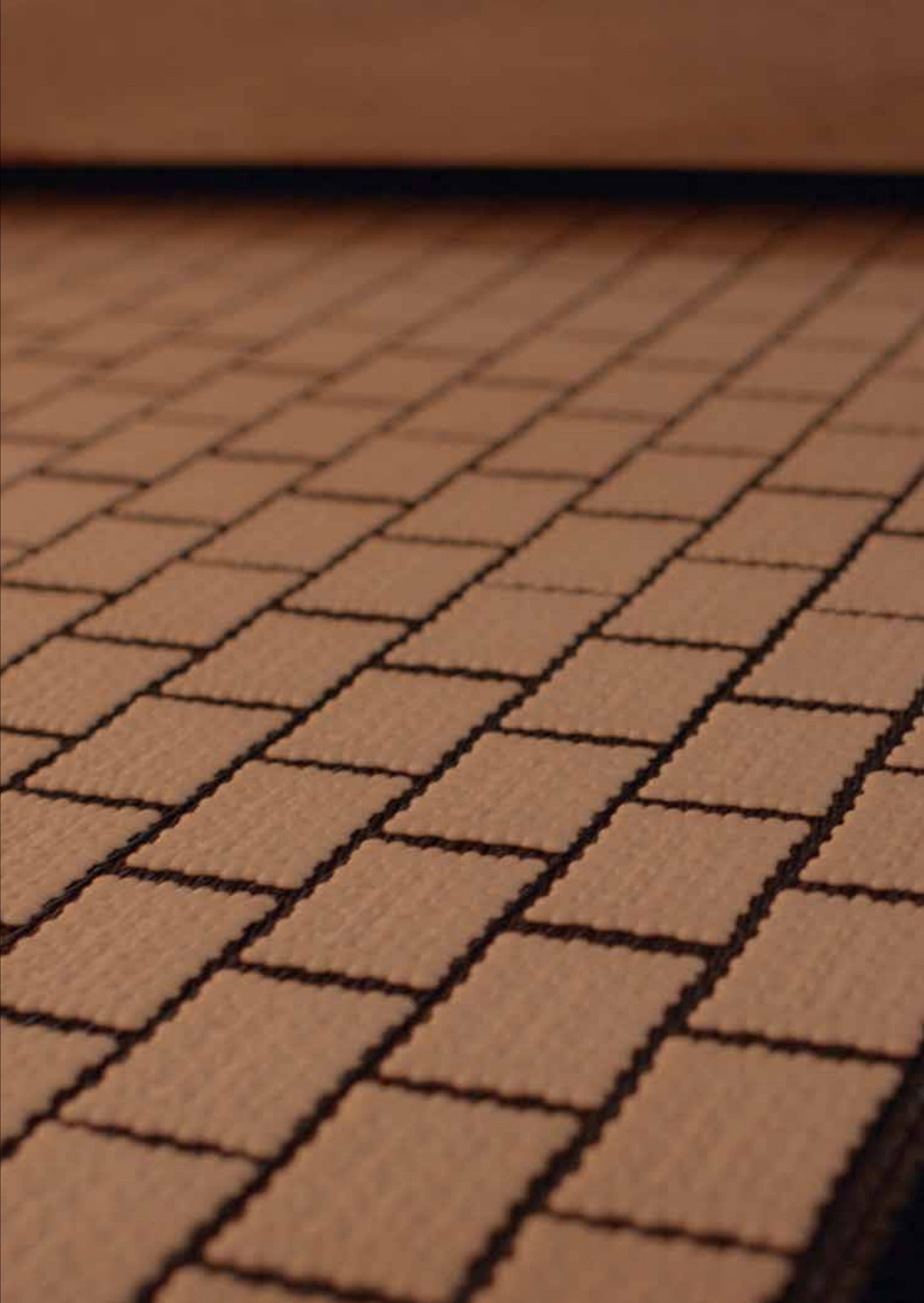
#### Main Brands

- Ülker Pötibör, Biskrem, Ülker Bebe, Hanımeller, Saklıköy, İkrâm, Ülker Kremalı, Çokoprens, 9 Kat Tat, 9 Kat Rulokat, 9 Kat İnce İnce, Probis, Çokomel, Altınbaşak, Rondo, Canpare, Haylayf, Ülker Finger, Ülker Gofret, Dore, Ülker Kakaolu Bisküvi Kat Kat Tat, Çizi, Çiziviç, Ülker Çubuk Kraker, Ülker Susamlı Çubuk Kraker, Krispi, Taç Kraker, Cici Balık, Ülker Kraker, Ülker Simit Kraker, McVitie's.



**372,009  
Tons**

**Biscuit  
Production**



## Production and Capacity

**In 2023, 23 new product varieties were added to the product portfolio in the chocolate category.**

### Chocolate

#### Topkapı Factory

The Topkapı chocolate factory was established in 1974 and currently operates on an area of 84 thousand m<sup>2</sup>, of which 67 thousand m<sup>2</sup> is covered. As of the end of 2023, 156,420 tons of products were produced at the factory.

In 2023, 23 new product varieties were added to the product portfolio. Some of these are;

- Ülker Fındık Aşkı
- Ülker Çikolata Fıstıklı Kare Şöbiyet
- Ülker Çikolata Fıstıklı Kare Burma Kadayıf
- Ülker Çikolata Be Happy Latte Tadında ve Kakaolu Bisküvili
- Ülker Çikolata Be Happy Çilek Tadında ve Patlayan Şekerli
- Çokonat Baklava
- Dido Trio Colors Limon Aromalı
- Dido Trio Colors Çilek Aromalı
- Cocostar Crisp
- Ülker Çikolata Fındık Rüyası Kare
- Ülker Çikolata Big Tablet- Çilekli Magnolia Tadında
- Laviva XXL – Muzlu Magnolia Tadında

#### Main Brands

Ülker Çikolatalı Gofret, Albeni, Dido, Laviva, Çokonat, Metro, Cocostar, Piko, Çokomilk, Alpella, Çokokrem, Ülker Çikolata, Napoliten, Caramio, Kanky, Buklet, Select, Lalezar, Beylerbeyi, Godiva, Alpella.

#### Silivri Factory

The Silivri Factory was established in 1998 and has a closed area of 43,500 m<sup>2</sup>. It produces festive, gift chocolate products, and chocolate-coated dragees. In 2023, 19,361 tons of products were produced at the Silivri Factory.

#### Main Brands

Albeni, Ece, Çikolatin, Buklet, Godiva, Metro, Truffle, Fındık Rüyası Dido, Be Happy, Muzlu Pasta Tadında, Lovells Laviva Muzlu Magnolya, İstanbul Serisi, Select, McVitie's

#### Önem Gıda Topkapı Factory

The Önem Gıda İstanbul factory, a subsidiary of Ülker, was put into operation in 1965. The factory serves in a closed area of 16 thousand m<sup>2</sup>. Starting from cocoa beans, Önem Gıda produces cocoa oil, cocoa powder, cocoa mass, and chocolate dough. In 2023, it produced 122,117 tons of products.

Önem Gıda is a leading company in its field with significant production experience, which allows Ülker to distinguish itself from its competitors with its ability to process cocoa beans and highly automated lines. All of the critical production processes that affect the development of the taste of chocolate by applying different processes during the processing of cocoa beans are carried out within Önem Gıda, which enables Ülker to distinguish itself positively from its competitors in the market in terms of product taste and quality.

#### Önem Gıda Giresun Factory

Giresun Factory started production in 1995 and currently operates on a closed area of 5,400 m<sup>2</sup>. The factory supplies Ülker Bisküvi with whole hazelnuts, chopped hazelnuts, and hazelnut puree. The factory was modernized in 2008. It has 4,800 tons of shelled hazelnut crushing capacity and 5,933 tons of hazelnut processing capacity. In the factory, where capacity increase investments were made, 2,600 tons of products were produced in 2023.





**205,029**

**Tons**

Chocolate  
Production

## Production and Capacity

**In 2023, Kanky Duo Cake, produced at the Ülker Gebze Factory, and Kanky Çilekli Bulut Kornet, produced at the Ülker Karaman Factory, were added to the children's category product portfolio.**

### Cake

#### Gebze Factory

With a wide and ever-growing portfolio of innovative, pioneering, and delicious products in the portion, mini, and family segments. In Ülker's Gebze factory, a total of 4 new products were added to the portfolio in 2023. These products are as follows;

- O'lala Sufle Kahveli
- Kekstra XL
- Dankek Mousse
- O'lala Tiramisu

#### Karaman Factory

The Karaman Factory started the production of 5 new product varieties in 2023. These products are as follows;

- Dankek Donut Tekli Paket
- 8 Kek Mini Fındıklı
- Kekstra Mini
- Dankek Tart Kek Mini
- Dankek Baton Mandalina Soslu Kek

#### Main Brands

Dankek, O'lala Gurme, O'lala Sufle, O'lala Waffle Kek, O'lala Bar Kek, Dankek Çikolatalım, 8 Kek, Kekstra, Pöti, Albeni, Alpella, Dostino (PL), Dankek Çay Saati, Dankek Rulo Pasta, Kekstra Bar Kek, Kekstra Konfeti, Dankek Islak Kek, Dankek Pöti Muffin, Peki Muffin, Dankek Lokmalık varieties, Halk-Alpella Kapkek, O'lala Bold, Alpella Barkek, O'lala Bold Mini Bar Kek, O'lala Tiramisu Kek, Kekstra XL Kek, Dankek Mousse Kek, Dankek Magma, Dankek Tart Kek, Dankek Çikolata Soslu Baton Kek

### Children's Category

In 2023, Kanky Duo Cake, produced at the Ülker Gebze Factory, and Kanky Çilekli Bulut Kornet, produced at the Ülker Karaman Factory, were added to the children's category product portfolio, which the Company entered with the Kanky brand in 2022.

### Flour

#### Önem Gıda Ankara Akyurt Factory

The Ankara Akyurt Branch of Önem Gıda, one of Ülker's major subsidiaries, began operations in 2012. Established on a 51,531 m<sup>2</sup> land with a closed area of 22,418 m<sup>2</sup>, Önem Gıda Akyurt Factory produces B1, B2, and B3 biscuit flours, whole flour stone mill, whole flour, special bran, soy flour, oat flakes and sells these products to group companies. The factory produced 199,657 thousand tons in 2023.

Önem Gıda Ankara Akyurt Branch has a wheat milling capacity of 850 tons/day, oats processing capacity of 10 tons/day and soy flour processing capacity of 22.5 tons/day.

Ankara Akyurt Plant has 33 vertical steel silos for wheat storage,

- 12 of which have a capacity of 6,700 tons,
- 12 of which have a capacity of 1,600 tons,
- 1 of which have a capacity of 1100 tons,
- 8 of which have a capacity of 550 tons.

These silos stock 105,100 tons of wheat. In addition, 220 tons of oats can be stored in 4 silos on the factory site. Thanks to its storage capacity, biscuit wheat is supplied and standard-quality products are produced throughout the year.

#### Önem Gıda Karaman Factory

Önem Gıda Karaman Factory was established in 2012 and has an area of 2,934 m<sup>2</sup>. B1, B2, and B3 flours are produced at the factory and sold only to Ülker Bisküvi group companies. In 2023, 50,467 thousand tons of products were produced.

Önem Gıda Karaman Plant has a wheat milling capacity of 250 tons/day and 6 5,000-ton vertical steel silos and these silos stock 30,000 tons of wheat. Thanks to its storage capacity, biscuit wheat is supplied and standard-quality products are produced throughout the year.

A top-down view of various Ülker biscuits and a cup of tea. In the top left, a white cup filled with red tea sits on a matching saucer. Below it, two yellow packets of '8 KEK MUZLU' are visible. In the center, a pink and blue packet of 'Kekstra Jölebol Mini' is prominently displayed on a silver wire cooling rack. To its right, an orange packet of 'Kekstra Jölebol' is partially visible. Below the pink packet, two round biscuits with red jam filling are on the rack. To the right of the rack, a purple packet of 'Olala TIRAMISU' is shown. In the bottom right, a large yellow and white packet of 'Dankek Rulo Pasta Muzlu' is visible, along with a smaller brown packet of 'Dankek MOUSSE'. A large red circular graphic is overlaid on the bottom left, containing a white cookie icon and production statistics.

**54,081**  
**Tons**

Cake  
Production



## Operational Excellence

**Operational excellence is guided by the Yıldız Path to Excellence (YMY), which is based on internationally recognized approaches such as Lean Production, Total Productive Maintenance, Total Quality Management, Six Sigma and 5S.**



# 61

### Yıldız Development Teams Project

Placing operational excellence at the heart of its ways of doing business, Ülker strives to improve and digitize its processes. Walking towards sustainable and profitable growth, the Company observes the principles of zero accident, zero failure, and zero loss at all its plants. Also, 0-error programs are implemented in sales, distribution, and logistics operations.

Operational excellence efforts are guided by the Yıldız Path to Excellence (YMY), which was created by Yıldız Holding based on internationally recognized approaches such as Lean Production, Total Productive Maintenance, Total Quality Management, Six Sigma and 5S.

The Yıldız Path of Excellence (YMY) is based on the principle of “achieving sustainable results with happy and motivated teams that implement perfect systems.” The activities carried out within the scope of YMY are monitored by Operational Excellence Committees established by volunteer employees from different departments. Each committee determines road maps to achieve the main goals of the factories and carries out activities accordingly. In addition, the Operational Excellence (OE) central team plans and meets all training, consultancy, and coaching needs of factory teams.

Ülker's Operational Excellence Committees still serve as platforms that involve all employees and encourage organizational and personal development from a cultural perspective. Aligning new recruits with operational excellence activities ensures sustainability in Company's operations.

Operational excellence studies at Ülker are basically advanced in three main focuses: “Zero Work Accidents,” “Zero Quality Problems” and “Zero Loss.” In this regard, the number of improvement studies grows each passing year. Value Stream Mapping activities help re-examine losses via new tools. New rooms of improvement are identified even in those processes with continuous improvement. A total of nearly 2,800 improvements have been completed and reported to date.

Continuing its journey of continuous improvement at full speed in 2023, Ülker carried out over 800 small technical improvements and 61 kaizen (Yıldız Development Teams) projects. Kaizen is a continuous improvement work carried out by multidisciplinary teams on a focused subject using specific improvement methods. The equivalent of these efforts in the Ülker Operational Excellence system is YDT, or Yıldız Development Teams. In addition, 11 End-to-end Value Stream Mapping Projects were completed, resulting in a total saving of TL 107 million. The projects were carried out under the headings

of increasing production efficiency (reducing downtime, reducing production preparation and conversion times, increasing plant capacities, reducing speed losses and minor stoppages), reducing material losses such as raw materials, packaging, etc., optimizing control and cleaning times, reducing energy losses and pallet efficiency.

Ülker compares its factories with each other in terms of the results they achieve and the systems they apply on the journey towards operational excellence, and rewards best practices to turn them into “standard practices.” In each phase of the four-phase model used in this classification study, the activities to be performed by the factories and the results to be achieved are specified. The level attained by the factory is determined via regular assessments and successful transitions to the next phase are recognized. Visits made between factories also help witness best practices first hand and disseminate them in a quick fashion. Learnings that emerge in this context are documented in handbooks to contribute to the corporate memory. Activities are carried out by referencing two handbooks: the “Operational Excellence Handbook,” describing the operational excellence model that has been implemented so far; and the “Maintenance Function Handbook,” covering Ülker standards of maintenance.

Ülker has placed digitalization at the heart of individual and organizational development activities with its practice named “Production School.” Meanwhile, it also continued

with onsite evaluations of plants' and committees' works and communicated their strengths and areas for improvement in 2023. Best practices are shared at meetings organized in different plants throughout the year, and a communication environment is provided to enable employees to learn from each other. The “Digital Training Center,” designed in line with the requirements of the age, was implemented for the first time at the Ülker Chocolate Factory. Work on the digital training center was initiated at Ülker Bisküvi's Ankara and Karaman factories in 2023 and is planned to be completed in the first quarter of 2024.

The focal point of operational excellence includes the applications, such as digitalization, the agility of processes, “Value Stream Mapping,” “Supplier Development,” “Production School” system, Integrated Production Model of the Future, COEX (Center of Excellence), Hoshin Kanri target implementation system, Early Equipment Management System, etc. Activities in the above-mentioned focal areas are developed and monitored on an annual basis.

The Future's Integrated Manufacturing Model is a multi-layered digital transformation project geared towards utilizing the latest technologies in the industry; instantaneous evaluation of production via IoT and Industry 4.0 approaches; paper-free reporting, and backing up of operators' autonomous management capabilities. Technical infrastructure efforts of the project launched at pilots have been rolled out across all plants.

## Quality Assurance

**Thanks to its internal and external audits conducted throughout the supply chain, Ülker produces high-quality and safe food, and improves its supply and production processes by continuously analyzing audit outputs.**

In order to ensure quality and food safety, which are among the Company's top priorities, all production is carried out in facilities certified by Brand Reputation Through Compliance Global Standards (BRCGS), ISO 22000, ISO 9001, and Halal and audited regularly.

Thanks to its internal and external audits conducted throughout the supply chain, Ülker produces high-quality and safe food, and improves its supply and production processes by continuously analyzing audit outputs. By identifying control criteria and critical control points, risks that may arise in the entire chain, from the supply of raw materials to the consumer, are assessed.

Ülker aims at disseminating quality assurance activities across each and every phase of the supply chain and bringing added-value works to the fore. The quality activities carried out include many applications, such as the development of competencies by organizing needs-oriented trainings at various levels for Excellence in End-to-End Quality, on-site quality projects, and supplier development activities.

### On-site Quality activities

Ülker raised employee awareness for production plants and product ownership and carried out the "On-Site" activities at the plants to guarantee cultural transformation. The goal here is to make sure the production is correct in the first trial, paving the way for a transition from quality control to quality development. Guaranteeing quality at the spot, i.e. at the point of production, this approach helps the Company focus on preventive action in areas that may trigger problems without making retrospective corrections, and send error-free products to the customer. In this context, a scoring system was introduced in 2023 by monitoring on-site quality performance on a factory and line basis, thus enabling the identification of points to focus on to improve performance.

### Laboratory analyses

Ülker runs physical, chemical, and microbiological analyses at labs so as to check the quality, food safety, and compliance with legal requirements of raw materials, packaging, semi-finished and final products at its plants. To ensure alignment between laboratories and laborants, the staff attends "Inter Laboratory Comparison and Proficiency" programs every year, and their performance is tracked. In order to obtain fast, accurate and reliable results, the devices used in our laboratory analyzes have been developed in an integrated manner with the state-of-the-art technology and the analysis methods have been updated in line with internationally accepted standards.

In an attempt to deliver on customer expectations, activities were specified and prioritized in light of consumer feedback. In order to increase consumer satisfaction, activities that will contribute positively to the corporate image, product quality, and efficiency of business processes were planned, multidisciplinary teams were established, and actions eliminating the root cause were taken to prevent the recurrence of the problem.

### Production at global standards

In an era of market globalization, the demand of companies to export their products is constantly growing. To achieve this goal, in consideration of factors such as different markets and product/raw material categories, changing legal regulations are monitored. In order to comply with these regulations, necessary actions are taken both at production facilities and in cooperation with suppliers, and quality plans and actions taken are periodically verified accordingly.



In line with Quality and Food Safety requirements and international standards, the following certificates are obtained in Ülker factories:

- BRCGS
- ISO 22000
- ISO 9001
- HALAL Certificate
- KOSHER Certificate
- RSPO Certificate
- Fair Trade Certificate
- Rainforest Alliance Sustainable Agriculture Certificate

### **Excellence reinforced through trainings**

In factories, various trainings such as FDA-approved Preventive Controls Qualified Individual for Food Safety (FSPCA PCQI / FSMA) training, FDA Food Defense Plan Builder training, and Allergen Management training were organized in 2023 in order to increase the quality awareness of the production and ensure compliance with food safety standards, especially for the production, quality, R&D, maintenance, logistics, and planning teams.

### **Supplier audits and trainings**

Ülker conducts "Supplier Development Programs" on an annual basis to establish long-standing, mutual partnerships with suppliers aiming at a strategic partnership. For the development of suppliers, visits are paid to supplier organizations or on-site observations are made for problems encountered in the factory, and joint actions for solutions are determined.

To ensure that suppliers are audited and evaluated with the correct criteria within the framework of Ülker Bisküvi quality systems, the materials supplied and their production sites are examined and classified according to risk assessments.

During the year, supplier and intermediary company audits are carried out as planned according to the degree of risk. Shipment of products from plants to warehouses in accordance with quality and food safety standards, as well as storage standards, procedures, inspection/monitoring methods, are taken into account in preparing question lists to monitor product warehouses and practices thereof. All product warehouses are audited during the year for the sound provision of feedback to warehouse officials, as well as for the development of quality and food safety standards. Within this framework, 74 supplier audits and 122 warehouse and distributor audits were conducted in 2023.

In addition to quality management system audits, suppliers are also evaluated through social compliance audits.

Due to its impact on product quality and food safety, digital temperature monitoring systems have been updated not only in production facilities but also in warehouses, and their traceability by all responsible parties has been ensured so that action can be taken in emergencies.

Under the leadership of the quality and procurement teams, multidisciplinary Supplier Development Teams were established for 19 suppliers in 2023 and supplier development and improvement activities were carried out. Supplier trainings were also continued. During the year, 4 different trainings were organized with more than 200 participants. Trainings given to suppliers are as follows:

- Food Safety Culture
- Internal Audits
- 5S systematics in industry
- Effective Leadership



## Investments

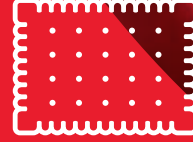
**Aiming to increase its customer satisfaction by making investments, Ülker improves product quality more and more and makes its cost structure more competitive by enhancing its operational efficiency.**

In 2023, Ülker Bisküvi further reinforced its robust market position with new capital investments that included new installations in the factories, capacity increases, modifications to production lines, product upgrades, and improvements in hygienic conditions and warehousing processes.

Aiming to increase its customer satisfaction by making investments, the Company improves product quality more and more and makes its cost structure more competitive by enhancing its operational efficiency.

In 2023, Ülker carried out the following modernization activities with an investment worth some TL 1.2 billion on a consolidated basis:

- Improving existing lines,
- Capacity increase and optimization investments made in production and packaging lines,
- New oven for Choco-sandwich line, new molding line and cooling unit for Godiva, development of McVitie's and Albeni biscuit lines,
- Karaman Factory mini cake investment.



**1.2**  
**TL Billion**  
**Total Investments**





## Subsidiaries and Financial Investments

**Ülker has become one of the leading companies in its sector in Türkiye and around the world with the strength it derives from its subsidiaries operating in the fields of production, sales, distribution and exports.**

### **Biskot Bisküvi Gıda\***

Biskot Bisküvi Gıda attained a larger production volume thanks to the merger of AGS-Anadolu Gıda San. ve Tic. A.Ş., a cakes producer, with Biskot Bisküvi Gıda San. ve Tic. A.Ş. in the end of 2011. Its product portfolio consists of biscuit (petit-beurre biscuits, fingers), special biscuit, cream-filled biscuits, sandwich biscuits, crackers, wafers, chocolate wafers, rolled wafers, cake (muffin, baton), chocolate-covered cakes, chocolate-covered bar, chocolate-covered marshmallow, chocolate cream, chocolate eggs with toys, and giftable chocolates. Major brands are Ülker, Alpella and Karsa. The Company, which also produces for PL (private label) brands, stands out with its unique products (dragee, cornet, drop, egg, etc.). Biskot Bisküvi Gıda continues its operations with 16 production facilities on a 42,500 m<sup>2</sup> of closed space, with the addition of a new building.

### **Ülker Çikolata\***

In 2011, Ülker acquired a majority stake in Ülker Çikolata Sanayi A.Ş., previously held by Yıldız Holding. The company manufacturing under the categories of solid chocolate, chocolate covered products, cream chocolate, catering chocolate and powdered cocoa and is the market leader in the sector, continues its production activities in a total closed area of 84.537 m<sup>2</sup> in Istanbul Topkapı.

### **Önem Gıda**

Established in 2003, Önem Gıda has been supplying chocolate dough and hazelnut since 2006, and flour since 2012 to Ülker. Önem Gıda taps into years of experience working with Ülker and produces premium quality chocolate dough, powder cocoa, cocoa oil, couverture, chocolate drops, and flakes, biscuit flour, packaged flour, hazelnut, and hazelnut puree. Önem Gıda produces chocolate dough at Topkapı, İstanbul; processes hazelnut in Giresun; and produces flour in Ankara and Karaman. A key player in the out-of-home industry for chocolate products and packaged flour, Önem Gıda undertakes all processes including the starting point, i.e., the processing of cocoa beans.

### **Godiva**

With Godiva Belgium BVBA, in which Ülker Bisküvi has a 12.95% directly stake and G-New Inc, in which Ülker Bisküvi has a 18.35% stake, Godiva Chocolatier Inc. is the owner of the Godiva brand, the world's leading brand of premium chocolate and chocolate-coated products. In 2008, Yıldız Holding acquired Godiva Chocolatier Inc. for USD 850 million, the largest overseas acquisition by a Turkish company and created a true success story over the last 10 years. Silivri Factory has become the production hub for Godiva Masterpiece chocolate.

### **Hi-Food for Advanced Food Industries (S.A.E.)**

Hi-Food for Advanced Food Industries was established on January 15, 2004. Its mission is to produce biscuits in the factory in Egypt and to sell these to the internal market and the internal countries in the region.

### **Food Manufacturers Company**

The Food Manufacturers Company was established on January 25, 2000. Biscuits, cakes and chocolates are manufactured in the factory in Saudi Arabia for sale in the domestic market and the countries in the region.

### **Hamle Ltd. LLP**

Acquired in 2017 from Maia International B.V. which 100% is owned by Yıldız Holding A.Ş. In the factory located in Kazakhstan, biscuits, cakes and coated chocolate are produced to sell to the domestic market and the countries in the region.

### **pladis Gulf FZE**

In line with its strategy, Ülker Bisküvi bought, in 2017, UI Mena BV company the only shareholder of Amir Global Trading FZE, which has distribution/production rights of the United Biscuits Limited products in Saudi Arabia, Middle East, and North Africa. On December 11, 2023, the name of the Company changed to pladis Gulf FZE.

### **International Biscuits Company**

In line with its 2018 strategy, Ülker Bisküvi acquired the entire shares of International Biscuits Company, which was owned by UB Group Limited, a subsidiary of Yıldız Holding. Biscuit and coated chocolate production is carried out at the factory located in Saudi Arabia.

\* On August 31, 2023, Ülker Bisküvi has taken over Ülker Çikolata Sanayi A.Ş., in which it has 91.7% shares, and Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş., in which it has 73.9% shares, incorporating them into Ülker Bisküvi Sanayi A.Ş.

Subsidiaries	December 31, 2023		December 31, 2022		Main Field of Activity
	Direct	Indirect	Direct	Indirect	
	Ownership Rate %	Ownership Rate %	Ownership Rate %	Ownership Rate %	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.	-	-	73.90%	73.90%	Production
Ülker Çikolata Sanayi A.Ş.	-	-	91.70%	91.70%	Production
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	100.00%	100.00%	100.00%	100.00%	Trade
Reform Gıda Paz. San. ve Tic. A.Ş.	100.00%	100.00%	100.00%	100.00%	Trade
UI Egypt B.V.	51.00%	51.00%	51.00%	51.00%	Investment
Hi-Food for Advanced Food Industries	-	51.40%	-	51.40%	Production-Sales
Sabourne Investments Ltd.	100.00%	100.00%	100.00%	100.00%	Investment
Food Manufacturers' Company	-	55.00%	-	55.00%	Production-Sales
Hamle Ltd. LLP	100.00%	100.00%	100.00%	100.00%	Production-Sales
Ülker Star LLC	-	99.00%	-	99.00%	Sales
UI Mena BV	100.00%	100.00%	100.00%	100.00%	Investment
pladis Gulf Trading FZE	-	100.00%	-	100.00%	Sales
Ülker for Trading and Marketing	-	99,80%	-	99.80%	Sales
International Biscuits Company	100.00%	100.00%	100.00%	100.00%	Production-Sales
Önem Gıda Sanayi ve Ticaret A.Ş.	100.00%	100.00%	100.00%	100.00%	Production-Sales



## Sustainability

Ülker continues to be the main sponsor of the “Water Risks Project” of the Business Council for Sustainable Development (BCSD Türkiye), which aims to analyze the impact of climate change on water resources and develop efficient irrigation strategies in agriculture.



**98%\***

**Recycled Waste Rate**

*\* Covers Ülker's 9 factories in Türkiye.*

The environmental challenges, such as the climate crisis and accompanying water stress, are putting pressure on global food systems and putting food security at risk.

Increasing people's ability or capacity to access food and ensuring food sustainability is more critical than ever under the current circumstances.

On the other hand, environmental and natural events, which have significantly increased in our country as well as in the rest of the world, have led to a stronger understanding of the importance of the topics of climate change and sustainability, which are high on the agenda.

Therefore, it is of great importance to popularize sustainable agricultural practices that are resistant to climate change.

Striving for a waste-free business, Ülker Bisküvi has made it a primary duty to tackle the growing population and address changing consumer expectations and needs by using the limited resources of the earth responsibly and managing talents wisely. As the pioneer of the industry, Ülker Bisküvi spearheads efforts to become an exemplary ambassador of sustainability. This is why it pursues strategies, policies, and objectives to manage risks that may arise from economic, environmental, and social factors. The alignment of these efforts with Corporate Governance Principles as well as with corporate decision-making and processes are monitored via the “Ülker Bisküvi Sustainability Platform.”

The Sustainability Platform is represented with ownership at the senior level including President, Vice President, and CEO, and fulfills tasks and responsibilities assigned to it via monitoring environmental, social, and governance-related developments that emerge in areas beyond its impact area.

In 2014, Ülker Bisküvi set long-term goals under the headings of environment, value chain, employees, innovation, leadership, and social responsibility, and continued to perform sustainability efforts in 2023. For its efforts to be traceable and auditable in line with a strategy, the Company acts on the basis of United Nations Sustainable Development Goals for 2030. The actions Ülker Bisküvi has taken towards its objectives are regularly reported to the public through annual Sustainability Reports since 2015.



Ülker Bisküvi has been calculating its greenhouse gas emissions in detail, including Scope 1, 2 and 3, starting from the production of raw materials to the consumption of products since 2021. In this context, it is aimed to reduce Scope 1 and 2 emissions by 15.77% and Scope 3 emissions by 4% by 2025 compared to the base year 2021. Interim targets for 2030 are as follows:

- Using electricity generated from 100% renewable sources in factories by 2025 and in all warehouses by 2030.
- Reducing logistics-related carbon emissions by 30% by 2019.
- Implementing restorative agriculture practices on 10,000 decares of production land.
- Sourcing 100% of the main raw materials from sustainable sources.
- Making all packaging recyclable, reusable, or compostable by 2025.
- Achieving a total of 250,000 m<sup>3</sup> of water and wastewater recovery by 2030.

Ülker Bisküvi has made significant progress in each of its sustainability goals in recent years. Accordingly, the Company:

- Has since 2014 grown without any rise in its carbon emissions.
- Continues to disclose its climate change strategy and carbon emissions via the reports it submits as part of the Carbon Disclosure Project (CDP) started in 2016. Ülker increased its 2023 water security score by one level to B, and managed to maintain its climate change score at B.
- Procures raw materials, materials, and services from local suppliers at the maximum level possible in order to support local development and reduce logistics-related carbon emissions.
- Monitors energy and water consumption instantly at all its plants via monitoring systems and reduces energy consumption per unit of production on an incremental basis every year.

- Reached the goal of 30% water reduction per unit of production, which was set for 2024, in 2018, and reduced water consumption by 39% until the end of 2023.
- In setting out the roadmap for sustainable packaging, materials used, supply terms and competencies, as well as the filling lines at plants and shipment conditions play a key role. Efforts to reduce plastics, the second most used material after paper, in packaging are ongoing.
- In 2023, 220 tons of plastic and 700 tons of paper were reduced in packaging.
- In order to prevent losses at the source, the Company produced batches in the quality desired in the first attempt, which means that 99% of all the raw materials used turned into finished products. This puts the Company among the best players in the global food industry.
- Continuing to work towards achieving the zero waste target, the Company reached a waste recycling rate of 98% by the end of 2023.

Managing the environmental impacts of its operations in line with the Environmental Management System established as per its Environmental Policy, Ülker Bisküvi holds ISO 14001, ISO 50001, ISO 9001, ISO 45001, and ISO 22001 certificates at all its plants in Türkiye. In 2019, Gebze Factory was granted a BREEAM Green Building certificate at GOOD level, becoming the first building with this certificate in its field. In addition, in 2023, Ankara Bisküvi, Silivri, Gebze, Karaman and Giresun factories received the "Zero Waste to Landfill" certificate. All factories are planned to be certified under the program in 2024.

The Company certifies its environmentally sensitive activities in the areas of environment, energy, occupational health and safety, communication and participation, supply chain, waste and water management, environmental conditions, and sustainability by obtaining the Green Check Certificate after undergoing a transparent audit process.



## Sustainability

**With renewable energy supply, we supplied 68% of the electricity consumption in 2023 from renewable energy sources.**

It is crucial to use water sustainably in a world with limited water resources. Ülker Bisküvi calculates its water footprint in accordance with the principles and requirements of the ISO 14046 standard by minimizing its direct and indirect environmental impacts related to water through monitoring, measurement, and efficiency efforts at many points with a life cycle approach.

The Ankara Factory added new sustainability-oriented certificates and received the ISO 14046 Water Footprint certificate and the Green Check Certificate at the Gold level.

### Activities in 2023

In 2023, Ülker Bisküvi invested a total of TL 22.9 million in Environment, Occupational Health and Safety (OHS). In this context, investments such as energy efficiency, digitalization in OHS processes, water efficiency, afforestation, and process optimization that will have a positive impact on society and the environment were made.

While entering the last year of the 2014-2024 Sustainability journey, which is determined as the first phase, the Company continued its strategy- and goal-setting efforts in parallel with the 2050 "Net Zero" approach, which is the second phase of sustainability efforts.

Water consumption is reduced by 39% in total in 2023 compared to 2014. With the procured renewable energy (I-REC) certificate, we supplied 68% of the electricity consumption in 2023 from renewable energy sources. In this period when scope 1-2 and scope 3 emissions were determined, emission reduction targets for 2030 and beyond were also defined.

Work was carried out with all business units and functions within the scope of long-term targets for the 4 value areas determined under the Value Chain, Employees, Society, and Our World topics.



# 39%

**Decrease  
in Water  
Consumption  
(2014-2023)**

In this context, a Climate-related Risks and Opportunities workshop was organized with the participation of Finance, Procurement, Risk Management, Investor Relations, and Sustainability teams in 2023. Transition risks were identified and potential impacts were assessed for 13 factories where production activities are carried out. Within the scope of physical risks, the issue of water stress was addressed for operations and suppliers identified as a priority in the supply of critical raw materials. In addition, the impacts of expected potential risks based on new developments, such as the European Green Deal, the EU Anti-Deforestation Regulation (EUDR), and Plastic Pollution, have also been assessed.

Ülker Bisküvi continues to instill environmental protection awareness in thousands of employees through Basic Environmental Trainings conducted in all its factories, while also providing periodic trainings on waste management, efficient use of water and energy, and climate change. It is also planned to reach all employees by the end of 2024 with online Corporate Sustainability trainings.

### Targets for 2024

Ülker Bisküvi established the following objectives for 2024:

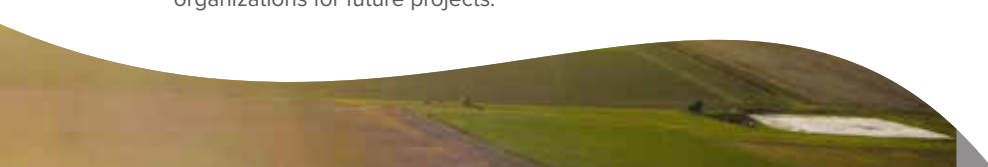
- Growing without increased carbon emissions;
- Reducing water consumption by 30% per unit of production;
- Sending zero waste to sanitary landfills through 100% recycling;
- Boosting energy efficiency by 25%;
- Reducing logistics-related carbon emissions by 20%;
- Reducing lost time injuries to zero;
- Reducing the amount of fat, salt, and sugar in all product categories;
- Developing a sustainable packaging strategy and policy;
- Conducting efforts to eliminate packaging;
- Building and maintaining partnerships with leading organizations for future projects.

Ülker Bisküvi, in line with its goal of becoming a net zero company, prepared the 2050 net zero roadmap by working based on different climate scenarios in order to carry out all its business processes on the basis of sustainability. It has taken its place among the pioneering organizations as one of the 3 food companies in Türkiye that made the 2050 net zero commitment to the Science Based Targets Initiative, based on scientific data on emission reductions in production.

Ülker Bisküvi maintains its ethical way of doing business, which is among its core values, through the Ülker Bisküvi Ethical Principles Policy, which includes determining its relations with its stakeholders and anti-corruption and anti-bribery regulations. In 2023, 224 new Ülker Bisküvi employees received a total of 2,652 hours of basic ethical principles training, including human rights issues, while 224 employees received 2,128 hours of training on anti-corruption and anti-bribery issues. In 2023, a total of 20 reports received by the ethics hotline were resolved, with no reports on corruption, bribery, discrimination, harassment, customer personal data, and money laundering. There is no public prosecution in this context and no donation or support was given to politicians and political parties in 2023 in accordance with ethical principles.

### Water Risks Project

Protecting and managing biodiversity plays an important role in Ülker's sustainability vision, its strategic objectives, and its environmental protection activities. Ülker's main approach in this field is based on assessing and monitoring the impact of its operations on biodiversity, ensuring that it adheres to defined objectives and does the necessary reporting.



## Sustainability

**In line with its goal of becoming a net zero company, Ülker Bisküvi has prepared a 2050 net zero road map based on different climate scenarios.**

Ülker Bisküvi continued to be the main sponsor of the “Water Risks Project” of the Business Council for Sustainable Development (BCSD Türkiye), which aims to analyze the impact of climate change on water resources and develop efficient irrigation strategies in agriculture.

The project aims to increase the efficiency in agricultural practices with the efficient use of water resources. Within the scope of Phase 1 and Phase 2 studies covering the years 2022 and 2023 of the project, in which Ankara University Water Management Institute also took part, drip irrigation systems were established in Kırıkkale for wheat production on 40 decares, silage corn on 33 decares, and grain corn on 18 decares.

Crop productivity and water footprint analyses for wheat and maize were carried out by comparing them with production using conventional irrigation in areas of the same size. Studies carried out in the Central Anatolia Region within the scope of the project have shown that a minimum of 30% water saving and 20% yield increase can be achieved by using drip irrigation in wheat production. In the final report where the project results were shared, an important resource for sustainable agricultural practices in our country has been prepared while compiling data analyses on water efficiency, drought risks, and the impacts of climate change.

### **Aliğa Biscuit Wheat Project**

Increasing people's ability or capacity to access food and ensuring food sustainability is more critical than ever under the current circumstances.

On the other hand, environmental and natural events, which have significantly increased in our country as well as in the rest of the world, have led to a stronger understanding of the importance of the topics of climate change and sustainability, which are high on the agenda. Therefore, it is of great importance to popularize sustainable agricultural practices that are resistant to climate change.

In our value chain, Ülker primarily focuses on agricultural practices that support sustainable and local raw material supply.

Considering the importance of sustainable raw material supply, Ülker Bisküvi is working on wheat projects that are important for both the Company and our country. In 2007, within the scope of the cooperation initiated with Bahri Dağdaş International Agricultural Research Institute for a wheat type suitable for biscuit flour production, seed dissemination activities continued in the Aliğa Biscuit Wheat Project, which is local, national, productive, resistant to climate change, disease, and drought. This biscuit wheat has been used in Ülker products since October 2022.

The Biscuit Wheat Development Program, which was implemented in cooperation with Bahri Dağdaş International Agricultural Research Institute to obtain new biscuit wheat varieties, continues. With the program, our farmers will be offered the opportunity to choose among the varieties that stand out in terms of yield and quality due to their regional climate and soil structure. Thus, the continuity of production of biscuit wheat in a wider geography with high yield and quality will be ensured.

### **Beyond Cocoa Project**

In addition to wheat, Ülker has also ongoing efforts toward a sustainable supply of cocoa, another key raw material for us.

In this context, it continues to work on sustainable raw material sourcing for cocoa in order to develop transparent and traceable procurement processes to reduce the negative environmental and social impacts of cocoa supply in the value chain.

As part of the "Beyond Cocoa" project, it strives for the sustainable management of cocoa supply in environmental and social areas together with Önem Gıda, which supplies all cocoa and chocolate products and joined Ülker Bisküvi in 2021, and the Ivory Coast-based export company. Within the scope of the project, cocoa farmers are provided with training on agroforestry and good agricultural practices. In line with the goal of protecting forests, which is one of the main focus areas of the project, in cooperation with the Earthworm Foundation, which works with the awareness of positively affecting the relationship between people and nature, a verification and traceability study as regards the deforestation was carried out with all cooperatives from which procurements were made. Since 2018, in collaboration with the Foundation, suppliers and cooperatives in Africa have been audited on-site to ensure the traceability of cocoa supplies.

As part of the social responsibility component of the project, child labor awareness trainings were provided and school renovations were carried out. Also, mobile health services were provided to women farmers and their children in the region where cocoa procurements were made.

### Beyond Hazelnut Project

Ülker Bisküvi is expanding its efforts by focusing on local procurement and emphasizing the importance of sustainability in agriculture. Within the scope of the "Beyond Hazelnut" project, activities are carried out on good agricultural practices and combating agricultural pests.

In this context, a training program on good agricultural practices was organized for 50 farmers in 2023, and the same program was continued in October with 25 women farmers in the Giresun region. In these trainings, information on sustainable agricultural techniques, proper control of hazelnut pests, weeds, and diseases, and occupational health and safety was provided. After the training program, good agricultural practices were examined in the hazelnut garden in Giresun factory.

While conducting soil analyses of the fields of the women farmers who participated in the program, Ülker Bisküvi also provided 850 new hazelnut saplings to the requesting farmers. Farmers are informed about important dates of hazelnut practices through the established communication network.

Ülker Bisküvi will continue to support the empowerment of farmers and local socio-economic development.



# 75

Farmers

Provided with Good  
Agricultural Practices  
Training





## Sustainability

**Ülker Bisküvi launched a behavior-oriented occupational safety system called Occupational Safety Ambassador to enable employees to adopt and participate in the OHS culture.**

### Occupational Health and Safety

Ülker Bisküvi launched a behavior-oriented occupational safety system called Occupational Safety Ambassador to enable employees to adopt and participate in the OHS culture. Covering all employees working at the factories, the system requires each employee to assess the behaviors of other employees in terms of compliance with OHS. The Company plans activities that encourage employees to act with a safety mindset in areas with a high ratio of hazardous behaviors. With its Food Safety Ambassador Program, it implements the same system in the field of food safety.

In addition, Ülker Bisküvi runs the "Site Responsibility Project" in all plants to raise awareness for OHS culture. Under this project, it assigns employees – each being responsible for their respective sites – within the plants so that they identify hazardous situations at the site they are in charge of, determine necessary OHS action, and follow up the actions taken.

The OHS team at the Head Office conducts OHS inspections every year at the plants, and reports improvements as well as rooms for improvement to the senior management. OHS experts of other plants also attend these inspection activities. This is how Ülker Bisküvi contributes to OHS experts' personal development, raises OHS standards in plants, and helps OHS experts engage in effective communication and collaboration.

Ülker Bisküvi works with expert consulting firms to make sure that the machinery it intends to purchase as well as its existing machinery is safe. Each factory has made sure the team they assigned took "Machinery Risk Assessment" courses and carried out on-site works. Consulting firms made "Machinery Risk Assessments" on production lines and started to perform necessary reporting. Actions are monitored by factory managers.

Ülker Bisküvi shares its standards and policies on Occupational Health and Safety, Quality and Food Safety, and sustainability via the "Visitpro" management program offered to contractors and visitors. All work permits of contractor company employees are monitored and managed online on a single platform. In this way, both permit-approval processes have been simplified and efficiency has been increased with time savings. With this project, which ensures traceability, the work performance of contractors is monitored and an approved pool of contractors is created for all Ülker factories.

Providing basic OHS training to its employees within the framework of online training programs in 2023, Ülker Bisküvi has managed to keep its LTAR ratio below 1 for the last three years and completed 2023 with a YTD LTAR ratio of 0.81 thanks to cultural studies and the strengthening of technical barriers.

The Company moved its basic OHS training to the online training platform and put the courses developed as per legal requirements for access by employees. Besides OHS training, Ülker Bisküvi also provided COVID-19 General Information, Sleep Health, Travel Safety, and Traffic Safety training to employees.

Since 2021, Ülker Bisküvi completed the transition to ISO 45001 Occupational Health and Safety Management system at all factories in Türkiye.

### Sustainable Supply Chain

Ülker Bisküvi strives to have sustainable production across its entire value chain, supports stakeholders to thrive with them, guarantees the safety of the supply chain, and contributes to reduced environmental impact and enhanced social development across the entire supply chain. For end-to-end dissemination of quality culture across the supply chain, the Company delivers courses on quality management system requirements, pest control, and standards, which are open for all



suppliers, in addition to its quality and food safety courses offered to sales and distribution teams in Türkiye.

In addition to the quality and food safety audits conducted for suppliers, physical 3<sup>rd</sup> party social compliance audits were conducted for 25 selected critical suppliers in 2023. It is planned to improve the Environmental, Social, and Governance performances of suppliers through these audits and action plans, which include topics such as Human Rights, Environment, OHS, Ethics, and Management Systems. In addition, EMS performances were evaluated and improvement actions were shared through the "Synesgy Online Supplier Evaluation Platform," which enables more than 200 suppliers to be evaluated on sustainability, environmental, social, and governance (ESG) issues. In addition to these activities, a total of 52 suppliers were evaluated within the scope of "Social Compliance Surveys" covering ethical, OHS, and environmental issues.

While achieving a reduction of 67,065 km in distance arising from logistics activities year-on-year, with the addition of 50 more double-decker trucks to the distribution fleet in December 2023, 5.4 million km less distance will be covered annually and carbon emissions will be reduced by another 5,000 tons.

#### **Collaborations, Achievements, Awards**

Recognized for its efforts at national and international platforms, Ülker Bisküvi is on Borsa Istanbul's Sustainability Index since 2015.

The environmental, social, and governance performance assessment of publicly traded companies, conducted by the LSEG (London Stock Exchange Group), an international financial analysis and reporting organization, on behalf of Borsa Istanbul, was announced. This assessment is guided by criteria, such as energy, water, emissions, waste management, human rights, labor, corporate social responsibility, supply chain, responsible production, shareholder management, etc.

In January 2024\*, Ülker Bisküvi ranked first in its category with the highest score among more than 450 companies evaluated worldwide and also ranked first among 108 companies from all sectors traded on Borsa Istanbul.

Ülker was included, for the fourth consecutive year, in the Sustainability Yearbook compiled by the international rating agency S&P Global to list companies with the best environmental, social, and governance performance in their sectors.

More than 9,400 companies worldwide in 60 sectors were evaluated, with 759 companies qualifying for inclusion in the list. Ülker Bisküvi was one of the nine Turkish companies on this list and the only Turkish company among the 19 global companies in the food products category.

Ülker Bisküvi also applied in five categories for the edie Sustainability Business Awards, one of the most prestigious awards worldwide, which will be granted in 2024. Participating in the categories of Commitment & Behavior Change, Social Sustainability and Diversity, Sustainability Reporting and Communication, Water & Waste & Resource Management, and Team of the Year, it was the only Turkish food company to become a finalist with 3 projects in 2 categories.

In the Sustainable Business Awards 2023, the "SKD Türkiye Water Risks" project in the "Collaboration and NGO" category, the "Sustainability Report" project in the "Sustainable Business Reporting" category, and the "Carbon Management" project in the "Carbon Management" category were shortlisted for the finals, and the "Carbon Management" project was awarded the first prize.

*\* According to the assessment of LSEG (London Stock Exchange Group) dated January 8-15*

## Human Resources

**Ülker Bisküvi continuously invests in its employees, whom it considers its greatest asset, by following the latest global developments and trends.**

Since its inception, the biggest commitment of Ülker to both its consumers and employees has been “Happiness.” Consequently the Company endeavors to build up its processes on employee satisfaction. The priority of Ülker Bisküvi has always been ensuring happiness of employees from recruitment to training and development, performance and talent management processes.

Ülker Bisküvi recruited 122 new employees in 2023. Thus, the number of employees reached 9,794. Of the new recruits, 61.4% were female employees. Thus, the percentage of female employees, which was 25% in 2022, reached 30% in 2023.

In addition, 50% of Ülker Bisküvi's new members started in the assistant specialist and specialist roles, which are referred to as young talents. Employees born in 2000 and after, referred to as Generation Z, account for 32% of all recruits. This shows the importance and care the Company attaches to the employment of young people.

### Remuneration Policy

The main principle in the Company's remuneration and benefits management is to manage the remuneration and benefits of out-of-scope employees in a systematic, fair, and attractive manner under the applicable laws and pladis principles.

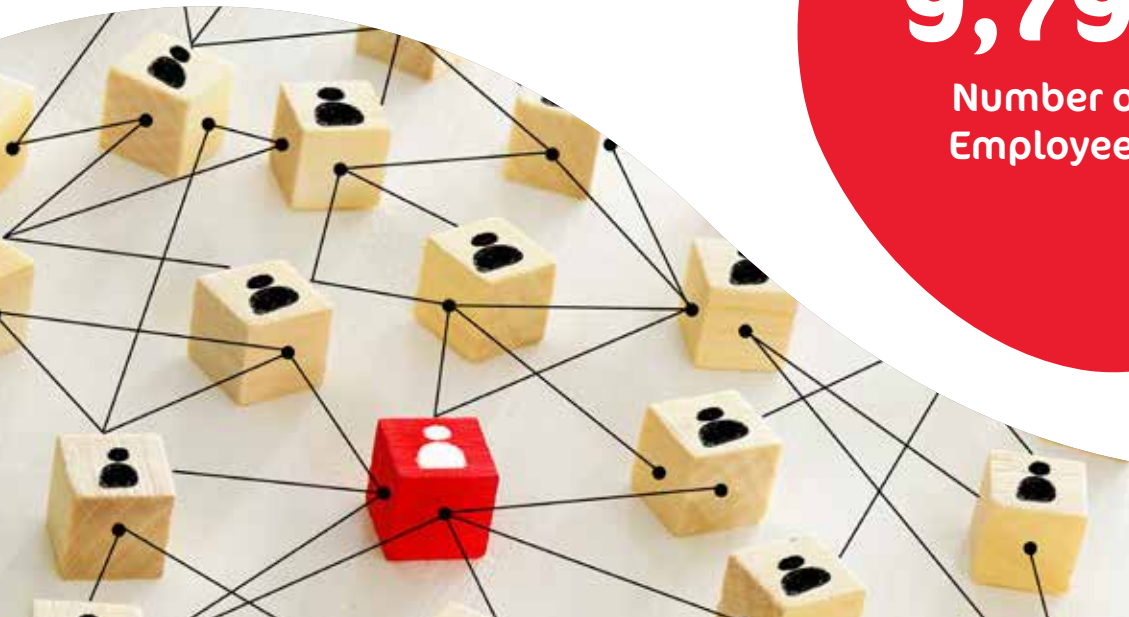
Remuneration and benefits policies are among the most important issues in terms of employee motivation, loyalty, and performance management. With this awareness, the wages and benefits of employees are managed with sensitivity, and the needs of employees are met by taking into account market conditions.

Employees can choose alternatives including supplementary health insurance for spouse and children, shopping cheques, check-up, personal retirement insurance, etc. offered in the fringe benefits portal within the budget provided. In addition to these, employees at the managerial level are provided with travel allowances.



# 9,794

Number of  
Employees





Fringe benefits of in-scope employees are determined as part of collective bargaining. In addition, out-of-scope employees are offered flexible benefits that they can customize according to their individual needs.

### **Talent and Performance Management**

Through talent and performance management processes, employees' performances are objectively evaluated and training opportunities are offered to support their development. The 2023 Talent Management Process (TMP) was carried out in line with the Leadership Success Model, which was launched at pladis in 2021 and includes standards on which competencies each employee should have by positioning themselves as a leader. In this context, Individual Development Plans are created for all pladis employees at the beginning of each year. Thanks to this plan, employees and managers are supported in identifying relevant development areas and actions to achieve performance targets, improve individual performance, and achieve individual career goals. The Individual Development Plan focuses on improving the knowledge, skills, and behaviors of the individual and all these steps constitute the basic building blocks of the Talent Management Process.

The performance management system is used to determine the current status and development areas of the employees and is applied annually to all white-collar employees. This process, which is shaped predominantly by managers' feedback, is managed at three stages:

- Target setting
- Interim assessment
- Year-end assessment period

In 2023, as in every year, all white-collar employees underwent performance management stages.

Among the important tools for talent acquisition are the project-based contest bizz@kampüs, Commercial Talent,

and JOB@Yıldız Holding internship and new graduate recruitment programs led by Yıldız Holding. Thanks to these programs, young graduates are placed in appropriate departments every year.

The scope of Commercial Talent, an innovative talent acquisition program that prepares successful young talents for the future, was extended to include supply chain, procurement, and marketing functions in addition to sales in 2022. The program, which brought six new employees into the organization during the year, was implemented in 2023 in the same way. With the expansion of the program, young people have the opportunity to work in different departments and expand their areas of expertise, while gaining the competencies they need to succeed in the business world.

Bizz@kampüs, which brings out the innovative ideas of university students, is further growing every year. The project competition, organized for 3<sup>rd</sup>- and 4<sup>th</sup>-year university students and graduate students, offers the opportunity to develop marketing ideas for a different Ülker brand every year.

The project, for which an increase in the number of applications has been observed with the growing interest of students every year, allows university students to develop their imagination and problem-solving skills.

The Human Resources Planning (HRP) process ensures the succession of managerial positions. Furthermore, employees are prioritized for different positions where they can make the best use of their potential and for open positions regarding career opportunities in group companies. These positions are announced to employees through internal announcements.

The working order of the functions in the Company is categorized under four groups: Office, Hybrid, Remote,

## Human Resources

**Through specialization programs, managerial training activities, conferences, and personal and professional development training activities, employees are supported to be the best at what they do and to prepare the organization and themselves for the future.**



# 9,642

**pladis  
Academy  
Trainings**

and Sales-Field Model. This model aims to create a leaner, more agile, more sustainable, and dynamic working environment and increase productivity.

### **Trainings for Personal and Professional Development**

Ülker Bisküvi is committed to supporting its employees, viewed the Company's most important capital and asset, not only to reach business targets and enhance competitiveness but also for their own personal development. The Company is continuously investing in human resources to increase its competitiveness in the market by following up on the new developments and trends around the world.

Employees are supported by training and development programs to show their best performance in what they do, prepare themselves and Ülker Bisküvi for the future. The development opportunities in the Company include specialization programs, executive training programs, domestic and foreign conferences, personal and occupational development programs.

In pladis Academy, the online learning platform, 9,642 trainings have been completed. pladis Academy continues to offer a training set consisting of five modules on sustainability. The total time spent at pladis Academy by employees who received sustainability-related training amounted to 9,304.4 minutes. In 2023, white-collar employees received a total of 20,792.8 hours of training.

Employees are supported by learning and development programs to show their best performance in what they do, prepare themselves and the organization for the future. The development opportunities provided to the employees include specialization programs, executive training programs, domestic and foreign conferences, personal and occupational development programs. Ülker Bisküvi offers its personnel various training opportunities in a diverse range of topics that include:

- Leadership Training Courses (Impact Leadership Program, Leadership Compass, Leadership Map, First Step to Leadership)
- Personal Development (Catalog) Trainings: Information Security, Project Management, Presentation Design, Feedback, Hogan Personality Inventory (HPI), Customer Management, Finance Training for Non-Financiers, Digital Maturity, Reverse mentoring trainings, etc.
- Ethical and Operational Principles Training
- Occupational Health and Safety Training
- Entry Level Manager Training
- Star Operator Training
- Technical Training Programs

### **Senior Employee Engagement**

Strengthening the employer brand perception, employee engagement, and talent acquisition are priorities for the senior management, CEO in particular, and Human Resources. Ülker carried out the following activities for employee engagement in 2023:

**We Listen to You Engagement Survey:** In 2023, two employee engagement surveys were conducted, the first in May and the second in November. In the engagement survey conducted in May, participation rate was 87% and the engagement score was 74%.

**pladis Academy:** An in-house e-learning platform open to all pladis employees. pladis Academy offers up-to-date content on a wide range of topics from leadership, project management, sustainability, agility, and communication skills to TED talks of expert speakers, exercises that can be done at home, and activities that can be carried out with children.

**Digital Mentoring Program:** Mentoring, guiding, leading, and inspiring are indispensable elements of our culture. Ülker Bisküvi launched the digital mentoring program by integrating these elements and taking inspiration from digital trends. This program aims to contribute to the personal development journeys of both mentors and mentees. Mentors have the opportunity to develop their competencies, such as leading, guiding, and coordinating, while mentees improve themselves in areas such as coping with different situations and receiving feedback. Since the start of the project, a total of 286 mentees and 169 mentors have been involved in this development journey.

The mentoring program, which has been going on for many years, was moved to the digital platform in 2022. Mentors and mentees have taken part in a 12-session course on the digital platform.

**Digital Reverse Mentoring Program:** The Reverse Mentoring Program, which was transferred to the digital platform in 2023, is a development practice provided to Ülker employees and managers. This development practice aims to support the rapid realization of development plans resulting from the HRP (Human Resources Planning - Talent Management Process) and to reveal the potential of high-performance employees.

The program also aims to support the personal and professional development of both mentors and mentees. This encourages communication and cooperation between different generations.

Mentees are selected from the leadership team reporting directly to the CEO. All leaders showed great interest in the program since its start. Applications for the mentoring process were received through an online questionnaire.

The Digital Reverse Mentoring Program started online with the participation of 48 mentors and mentees. Prior to the launch meeting, three different training sessions were organized with leaders and employees.

The purposes of this program are:

- Supporting employees' career and personal development
- Raising development awareness of employees
- Supporting learning from each other within Ülker
- Revealing the talents of employees
- Monitoring the development of employees continuously
- Listening to the fresh perspectives of younger team members
- Bridging communication gaps between generations
- Promoting a culture of continuous learning and collaboration

**Mind-Opening HR Conversations:** A project where our HR Leaders or external consultants share their expertise with the HR team. The project started in October and was planned for one year. The first session of the project was Employee Engagement, while the second session was Remuneration Management. This project aimed to enable our HR professionals to follow the trends in their fields and learn current information from the sector.

**Inspiring Conversations:** Digital conversations with expert speakers have been planned to support employees in terms of their well-being. Two sessions were held, the first in May with Clinical Psychologist Beyhan Budak and the second in December with Assoc. Prof. Dr. Yavuz Samur.

**Good Future for You:** The project Good Future for You is a well-being program that aims to ensure the mental and physical well-being of employees, touching on aspects, such as collaboration, inclusion, and engagement. The activities carried out under this program are focused on four categories. In order to invest in the psychological health of employees, psychological self-care sessions were organized under the "Charge Your Battery" category. Workshops & events were organized in the "Emotionally Healthy" category to develop diversity and collaboration skills. Seminars were organized under

## Human Resources

**In "Biz Bize (Among Us) Meetups," CEO Mete Buyurgan provides updates on and priorities of the Company every quarter.**

the "Stay Mentally" category to raise awareness on mental and physical health. Interactive career sessions were organized under the "Fuel Your Story" category in order to feel the pulse of business life and stay up-to-date.

The Good Future for You Program reached an average of 3,587 employees in 120 different activities at all Ülker Bisküvi factories to support their end-to-end holistic health and well-being.

**Make Happy Be Happy Day:** Like in the previous years, Make Happy Be Happy Day events focused on children again, because "We believe that every individual, regardless of their country, has the right to a good childhood," as our founder, the late Sabri Ülker said. Türkiye Sales Companies and Production Factories Organization, in cooperation with the Turkish Red Crescent, donated clothes (winter coats & scarves/berets/gloves) to 660 children in different provinces of Türkiye. Aid packages were prepared with the participation of leaders and employees and distributed in partnership with the Turkish Red Crescent Society. In addition, this special occasion was celebrated with treats, gifts, and charity events.

**Ülker Children's Art Workshop:** Children between the ages of 5 and 12 were hosted at the Company's Çamlıca campus and factories. The little guests who saw their parents' offices designed nests for birds at the Ülker Children's Art Workshop themed on sustainability. A special exhibition for the 100<sup>th</sup> anniversary was organized with paintings created at the Sabri Ülker Foundation Painting Workshop. The bird nests made by our children will be introduced to birds in nature by Emin Yoğurtcuoğlu, also known as Bird Detective.

**Seniority Awards:** Based on the employee's start date, if the employee completes his/her first year of employment, he/she is presented with an apron, and if he/she completes a seniority period of 5 years or a multiple of 5 years, he/she is presented with a plaque for his/her devoted work, as well as gifts such as shopping vouchers, half gold coins, and full gold coins.

**Biz Bize (Among Us) Meetups:** CEO Mete Buyurgan provides updates on and priorities of the Company every quarter.

**Aklınla 1000 Yaşa (Great Ideas) Bulletin:** Sharing events, training, employer brand activities, and best practices organized at Ülker, this bulletin enables employees in different functions and locations to learn from one another.

**Biz Bize Factories:** The staff is provided updates on the current status of the factory quarterly.

**Leader Bulletin:** Most recent news on leadership, personal development, culture & arts, and economy are gathered and provided to leaders every month.

**Instant Award:** The "Instant Award" system is in active use so as to create corporate success stories that inspire others and make achievements sustainable.

**A Short Break on Breakfast:** Events are organized at all plants every month where managers share plants' targets, business results, projects, and best practices.

**Talks with Leaders:** "Talks with Leaders" are organized at the plants with the motto, "A Day with Leaders to Learn a Lifetime's Experience."

**Day of Persons with Disabilities:** On December 3, International Day of Persons with Disabilities, a breakfast event was organized outside the Company with the participation of the employees with disabilities from the factories in order to raise awareness. In this organization, the demands of employees with disabilities are listened to and gifts are delivered to the employees.

**My Family at the Factory:** During the February break in 2023, 7-12 year old children, who received their report cards, of the employees spent a day in the factories, guided on a production tour, and saw the working areas.

**Monthly Birthday Celebrations:** In factories, employees' birthdays are celebrated together monthly.

**Mind Cube:** Suggestions submitted by blue-collar employees to make processes more efficient are evaluated and rewarded.

**Star of the Month:** The factories with the best scores according to the factory scorecards are rewarded.



**Culture Tours:** Free cultural tours are organized with factory employees in different cities.

**Tournaments:** Football, volleyball, or other tournaments are organized in the factories, and winners are rewarded in each factory.

**Hello Summer/Hello Winter:** Hello Summer and Hello Winter activities are organized with the participation of employees during working hours.

**Today, this Is My Menu:** On certain days, meals selected by an employee are served in factory cafeterias.

**Special Menu:** Special menus are offered in the factories every quarter of the year.

#### **Employee Health and Safety**

The health and safety of employees is a top priority for Ülker Bisküvi. Ülker Bisküvi, accordingly, aims to create a safe working environment.

Aiming to be an exemplary company in the field of Occupational Health and Safety (OHS), Ülker Bisküvi conducts OHS activities at international standards beyond legal requirements. In this context, we pay attention to issues such as employee training, risk assessment and control, maintaining a safe working environment, emergency management, and continuous improvement. In addition, awareness-raising activities are carried out to ensure that all employees comply with OHS policies and prioritize safety.

#### **Achievements Crowned with Awards**

Ülker's successful human resources practices are also recognized with various awards: In 2023, Ülker was awarded the certification of Top Employers, one of the world's leading certification programs, for the third time. It also ranked first in the snacks industry for the second time in the Türkiye's Happiest Workplaces Survey, organized by Capital Magazine.



## Research, Development and Innovation

**Enhancing expertise, know-how, and tech skills since day one, the R&D organization has introduced many new products to the range of Ülker brands that have added value to the Company and appreciated by consumers.**

With its more than 100 employees specialized in their fields, the Ülker R&D organization undertakes all product development processes, from ideation to new product development, product validation through consumer tests, production line tests, initial batch, and product shelf life performance tests in the categories of biscuits, crackers, wafers, cakes, chocolate, and chocolate products, cocoa and cocoa products, and coated bars. Moreover, production, quality and efficiency improvement works are continuously conducted.

All these activities are carried out with highly specialized teams under Product Development, Package Development, Process, Quality Development, Technical Consumer surveys, Scientific Research, and Legislation Monitoring and Inspection function.

R&D activities are currently conducted at two separate R&D centers certified by the Turkish Ministry of Industry and Technology. Gebze Baked Products R&D Center is focused on Biscuits, Crackers, Wafers, Cakes, Cocoa, and Cocoa products. Topkapı Chocolate R&D Center is focused on Chocolates, Cocoa and Cocoa products, Wafers, and Coated Bars.

Enhancing expertise, know-how, and tech skills since day one, the R&D organization has introduced many new products to the range of Ülker brands that have added value to the Company and appreciated by consumers. The Centers also conducts various quality, improvement, saving, and efficiency projects.

R&D centers conduct scientific research projects that will add value to the Company together with the universities in Türkiye and abroad, the Scientific and Technological Research Council of Türkiye (TÜBİTAK), and other research centers.

Within the framework of the cooperation between Ülker and Yıldız Technical University, research projects were designed and conducted in line with the Company's requirements, and scientific consultancy and technical guidance were provided based on the needs.

Ülker maintained its membership of the Turkish Food Innovation Platform (TÜGİP), which was established within the scope of INNOFOOD, Türkiye's largest food R&D and Innovation Project, and also designed special projects in cooperation with TÜBİTAK.

Within the scope of University-Industry cooperation, projects were planned with 13 national and 6 international universities/research centers. Within this framework, nine projects were carried out in line with the Company's needs. Within the scope of TÜBİTAK and Horizon Europe calls, eight different project applications were made, four with national and four with international consortia.

Ülker Bisküvi strives to improve teams' competencies and skills by speeding up the R&D Academy efforts that continue as part of the R&D Development Program. In this regard, the Company encourages teams to take part in exhibitions, seminars, and training sessions in and outside Türkiye so that they act in a more innovative and solution-oriented fashion. Under the umbrella of R&D Academy, over 30 technical training sessions were organized with the participation of more than 600 R&D employees.

### Ülker's R&D Activities in 2023

In 2023, more than 1,000 R&D projects, large and small, were carried out in various categories. In addition, more than 50 products were launched for local and international markets. Two new products (Kanky Duo Cake and Kanky Bulut Cornet-Strawberry) were introduced to strengthen the new children's brand Kanky, launched in 2022. With its mold design and filling, a different product was introduced to the category with

Ülker Be Happy chocolates. The limited edition Saklıköy Kavılca Flour Chocolate Cream Biscuit with Ancestral Wheat took its place on the shelves in 2023.

With the launches of Dankek Mousse and O'lala Tiramisu, airy cream technology was introduced to the Company. With launches such as Hanımeller Zeytinli & Biberiyeli Tuzlu Kurabiye, Hanımeller Frambuaz soslu Kurabiye, Altınbaşak Yoğurt ve Mevsim Yeşillikli Tahıl Cipsi, Biskrem Cookie, Dankek Mandalina Soslu Baton Kek, Ülker Fındık Aşkı, Dido Bitter Şeker ilavesiz, Ülker Çikolata Tatlı Serisi, Dido Trio Colors, 47 new products were introduced to consumers in the domestic market.

To ensure the digitalization of R&D processes and their effective use, trainings were maintained in 2023, and retraining and new employee trainings were provided.

Consumer tests were conducted both digitally and physically, and the needs of consumers and the market were identified. In 2023, 76 large-scale consumer tests were conducted, which guided R&D studies.

The line transfer form, which was manually filled and tracked during the year, has been digitized. A new flow was designed for the product information forms for labeling, which R&D shares with the regulatory teams abroad, and they were enabled to be prepared through the system. For this new process, necessary trainings were provided to teams and overseas teams, and documents were prepared.

These digitalization projects aim to reduce manual follow-up, ensure traceability, prevent potential errors, protect the Company's know-how, store technical know-how in a digital environment so that it can be easily accessed when needed, and make processes more efficient. In addition, while reporting can be done more easily and quickly, faster returns have been obtained.

In addition, official documentation and reporting for the R&D center have been made in 2023. Regulation inspections by the Ministry of Industry and Technology were conducted at two Ülker Bisküvi R&D Centers (Chocolate and Baked Products); their official documentation was extended.

**Thanks to the R&D activities, more than 50 products were launched for domestic and international markets.**



## Social Responsibility

From the first day of the earthquake disaster that struck 11 provinces on February 6, Ülker provided support to the region. Food supplies for disaster victims and aid teams, and hygiene supplies for women were delivered to the region.



# 167,500

Saplings

Ülker Bisküvi continued its social activities in 2023, taking into account the sensitivities of the society and children.

From the first day of the earthquake disaster that struck 11 provinces on February 6, Ülker provided support to the region. Immediately after the earthquake, a total of 4.3 million pieces of products were shipped to the region in coordination with the official institutions in charge of the field. We produced a special, hearty, and nutritious biscuit for the disaster victims and aid teams in the earthquake zone in a short period of four days and quickly shipped it to the region.

Also, in order to make life easier for women in the disaster zone, 2000 packages of hygiene materials, one of the most important needs, and Ülker products were distributed in the region. Furthermore, we supported the 2000 newborn packages prepared by the Yıldız Holding Women's Platform for women giving birth in the earthquake zone.



During Ramadan, fast-breaking meals were organized for disaster victims in the earthquake zone, and food parcels sent to the region by the Red Crescent were distributed along with children's packages containing Ülker products. During the Ramadan and al-Adha eids, festive products were distributed in the region. In addition, in order to contribute to the need for shelter, 100 containers were donated to the 1000-container Living City established by İSO (Istanbul Chamber of Industry) in Antakya district of Hatay.

### Make Happy Be Happy Day

As part of "Make Happy Be Happy Day," which is celebrated on the third Thursday of November every year, Ülker placed children at the center of its Make Happy Be Happy Day activities this year, as it does every year. With the participation of sales companies and factories, 660 children were provided with winter coats, scarves, berets, and gloves in cooperation with the Red Crescent in different provinces of Türkiye, including the earthquake region.





**The TFF Ülker Star Girls of the Future Project set out with the aim of providing equal opportunities to girls and discovering their football talents.**

#### **Ülker- TFF Star Girls of the Future Project**

Ülker, a supporter of sports and athletes, implemented the TFF Ülker Star Girls of the Future Project in cooperation with the Turkish Football Federation in the 100<sup>th</sup> year of the Republic. The project set out with the aim of providing equal opportunities to girls born in 2009-2010-2011 who have the right to become citizens of the Republic of Türkiye, wherever they are in the world, to support them in realizing their dreams, to discover their talents and to support the development of under-15 National Team pool. Those born in 2009, 2010, and 2011 participated in the project, which was designed to expand the pool of players for the U15 National Team and to provide equal opportunities for girls. Participants took part in the selection process by uploading their videos containing the movements determined by the Women's National Team Technical Directors to the website [ulkeryildizkizlar.tff.org](http://ulkeryildizkizlar.tff.org) and 33 football player candidates who met the expectations of the National Team Technical Directors were selected and participated in the U15 Preparatory Camp between January 25 and 30. During the camp held at Riva Hasan Doğan Facilities, trainings were given to sportswomen to support their personal development as well as football skills.

#### **Ülker Children's Art Workshop**

The sustainability-themed Ülker Children's Art Workshop, organized for the children of employees to learn about the "waste-free company" culture in an enjoyable way, was organized in 2023 as well. The activities took place at the Bakırköy Education Park and Çamlıca campus of the Educational Volunteers Foundation of Türkiye (TEGV), as well as at Ülker's factories in Türkiye. In the workshops, children designed nests for birds in the accompaniment of trainers. In this way, children learned the meaning of sustainability by exchanging ideas, while at the same time producing.

#### **Ülker My Beautiful Country Forest Grows**

Ülker My Beautiful Country Forest continued to grow with saplings planted in 2023. Ülker continued to support the "Breath for the Future" sapling planting campaign initiated by the Ministry of Agriculture and Forestry in 2019 and planted 11,000 more saplings in Karaman on November 11, National Afforestation Day. In 2022, 50,000 saplings were donated for the forest fires that broke out in 2021, 5,000 saplings were donated for the forests to be created in seven regions of Türkiye on the occasion of TEMA Foundation's 30<sup>th</sup> anniversary, reaching 167,500 saplings in total.

# Corporate Governance Principles Compliance Report

## PART I- CORPORATE GOVERNANCE PRINCIPLES: COMPLIANCE STATEMENT

The Company has provided in detail below the assessment and findings on the level of compliance with the Corporate Governance Principles and our comments on the potential improvement areas related to compliance in terms of scope and quality. Pursuant to Capital Markets Board Communiqué and Article 17 of the Capital Market Law No: 6362, dated December 6, 2012, and II-17.1 Corporate Governance Communiqué released on 3.1.2014, issuance of a “Corporate Governance Compliance Report” and compliance with specified Corporate Governance Principles have become mandatory for companies traded on Borsa Istanbul (BIST). Accordingly, the Company has resolved that the requirements imposed by the CMB be strictly followed, and the Company has also completed all the works necessary for compliance with the other principles specified in the Communiqué. The established Committees of the Board of Directors actively carry out their tasks. Committee working principles were announced on the website. Committee chairmen were formed amongst the independent members of the Board of Directors while independent member candidates are in majority in the committees. Three weeks prior to the General Assembly, information document, meeting agenda, annual report, résumés of the member candidates for the Board of Directors and other information to be announced were submitted to the information of the investors and shareholders. Related party transactions were submitted to the information of the Board of Directors, and by getting the approval of the independent members of the Board of Directors a decision was taken to continue the transactions. The website and annual report of our Company were revised and updated. A report for common and continuous transactions was issued for 2023 and published on the Public Disclosure Platform (PDP) upon the Board's decision. Independence of the independent members of the Board of Directors was examined, and new candidates were presented by the Nomination Committee to the Board of Directors. Within the scope of the sustainability activities, the first comprehensive sustainability report was released in 2016 and the eighth report was released in 2023. Sustainability reports are made available to shareholders and stakeholders on the Ülker Bisküvi investor relations website.

In 2023, efforts for compliance with the corporate governance principles were undertaken in accordance with the Capital Markets Law which covered the regulations of the CMB on the Corporate Governance Principles and with the communiqués issued on the basis of this law. During the year, our Company's website and annual report were reviewed and the necessary revisions were made to achieve full compliance with the principles. In this context, in the annual report, the issues that have been complied with as regards the principles in the Sustainability Principles Compliance Framework, which was put into effect with the amendment made to the CMB Corporate Governance Communiqué, have been comprehensively explained, and the assessments for the principles that have not yet been fully complied with are included in the Statement of Compliance with Sustainability Principles.

Within the scope of the Company's compliance efforts during the year, the activities of the committee members for 2023 were evaluated by the Board of Directors. Besides, it is ensured that the achievement level of the targets related to Company strategies as well as the financial and operational indicators are measured and their results were made input to the performance and reward system.

### Corporate Governance Principles Not Yet Implemented

Ülker Bisküvi believes in the importance of full compliance with Corporate Governance Principles. However, full compliance with some of the voluntary Corporate Governance Principles has not yet been achieved due to challenges in implementation that may delay the Company's operations, ongoing debates on compliance both in Türkiye and the international arena, and unsuitability of certain principles with regard to current structures of the market and the Company.

The following are the main Corporate Governance Principles, which are not mandatory as per the regulation and which have not yet been fully complied with. Further explanations on the subject are provided in the relevant sections of the annual report. The Company has no conflict of interest due to its failure to fully comply with the non-mandatory principles.

1. No model or mechanism was created for the stakeholders to participate in the management. However, the independent members of the Board of Directors make sure that the Company and shareholders, as well as all stakeholders, are represented in the management.
2. There is no written compensation policy for the employees that must be established in accordance with Article 3.1.2 of the Corporate Governance Principles and related work is in progress.
3. Some of the members of the Board of Directors participate in several committees.
4. As per Article 4.6.5 of the "Corporate Governance Principles," the remuneration of the members of the Board of Directors and executive senior managers as well as all other benefits granted are publicly announced via Annual Report. However, the announcement is not made on a personal basis but made to indicate the differentiation between the Board of Directors and executive senior managers.
5. There is no provision in the Articles of Association as an individual right that enables to request a special audit from the General Assembly to shareholders. TCC (Turkish Commercial Code) and CMB (Capital Markets Board) regulations on the appointment of a special auditor are deemed sufficient. In line with the provisions of the Turkish Commercial Code dated July 1, 2012, with no. 6102, each shareholder's right to request a special audit is protected.

Although full compliance with non-compulsory Corporate Governance Principles is aimed, full compliance has not yet been achieved due to reasons such as difficulties in practice in some of the principles, and some principles do not fully match the existing structure of the market and our Company. Work on the principles that have not been put into practice yet are in progress and it is planned to be implemented after the completion of administrative, legal and technical infrastructure works in a way that will contribute to the effective management of our Company.

The Corporate Governance Compliance Report as required by the Capital Markets Board Resolution no. 2/49 on 10.01.2019 and the Communiqué no. II-17.1 on Corporate Governance will be published on the Public Disclosure Platform by using the templates of Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF). Relevant reports can be accessed at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/859-ulker-biskuvi-sanayi-a-s>. Disclosures for the period that ended on December 31, 2023, within the scope of compliance with Corporate Governance Principles, as specified in the Corporate Governance Communiqué, are also included in the annual report, Corporate Governance Compliance Report (URF), and Corporate Governance Information Form (KYBF) disclosed on PDP, and other relevant sections of the annual report.

The Corporate Governance practices of Ülker Bisküvi shall continue within the frame of Corporate Governance to operate the mechanisms better and improve corporate governance practices including voluntary principles which have not been applied yet.

# Corporate Governance Principles Compliance Report

## PART II – SHAREHOLDERS

### 2.1. Investor Relations Department

All relations between Ülker Bisküvi and its shareholders are carried out under the responsibility of the “Investor Relations Unit” as a result of the joint work carried out with the relevant units. Investor Relations Unit is in charge of regularly informing the shareholders and prospective investors about the Company’s activities, financial condition and strategies, excluding confidential information and trade secrets, without causing any information inequality, and it is also responsible for ensuring a two-way communication between the Company’s management and the shareholders by obtaining opinions from other units when necessary and ensuring coordination. The Investor Relations Unit informs the Corporate Governance Committee at least four times a year about the activities carried out to be communicated to the Board of Directors. In 2023, the Board of Directors was informed by the Chairman of the Corporate Governance Committee on March 10, May 10, August 17 and November 8.

The Company attends conferences and meetings held in Türkiye and abroad to update shareholders and investors. The Company’s corporate website ([www.ulker.com.tr](http://www.ulker.com.tr)) is available in two languages, Turkish and English. Investor relations website in Turkish: <https://ulkerbiskuviyatirimciliskileri.com/> Investor relations website in English: <http://ulkerbiskuviinvestorrelations.com/> The Company’s material event disclosures can be accessed via Public Disclosure Platform or the Company’s investor relations website. Copies of the Company’s presentations are also available on the investor relations website in Turkish and English. Quarterly financial results, as well as annual reports in Turkish and English, are also available on the website.

As part of its efforts to maintain healthy communication with the investment community, the Investor Relations Department carried out numerous activities and events in 2023. Promotional roadshows, conferences, teleconferences, virtual meetings, and face-to-face meetings (with domestic institutional investors) were organized, bringing together 139 institutional investors and analysts from Türkiye and around the world. The Investor Relations Department also responded to numerous requests from both institutional and individual investors, as well as Eurobond and stock analysts, by phone and e-mail throughout the year. In addition, four webinars were organized during the year to share the financial results of the quarters with the investment community.

Ülker Bisküvi provides regularly up-to-date information to its stakeholders through telephone, teleconferences, physical meetings, general investor presentations, financial results presentations, interim activity reports, and its website. It strives to continuously increase shareholder value through corporate governance and investor relations practices at international standards. Maintaining long-term relationships with investors and providing accurate and up-to-date information are among the primary goals of investor relations.

Ülker Bisküvi Investor Relations aims to ensure that communication is effective, transparent, equal and timely, and envisages the processes to be carried out within the framework of full compliance with the relevant legislation and at the level of “best practices” globally.

Verda Beste Taşar, who acts as the Director of Investor Relations and member of the Corporate Governance Committee pursuant to the provisions of the Communiqué on Corporate Governance no. II-17-1 of the Capital Markets Board, holds a Level 3 License in the field of Corporate Governance Rating and Capital Market Activities, while also working full time directly reporting to Deputy CFO. She periodically reports on studies regarding Investor Relations to the Board of Directors and the Corporate Governance Committee. In 2023, she presented reports to the Corporate Governance Committee and also to the Board of Directors on March 10, May 10, August 17, and November 8. During the period, it responded to the applications and questions made by the shareholders by phone, e-mail, or one-on-one meetings without any discrimination.



The day after publicly announcing the quarterly financial results on the Public Disclosure Platform, Ülker Bisküvi continues to organize Teleconferences and Webcasts in order to provide information to investors and analysts and to answer questions if any. Relevant contact phone numbers and the web address were shared on the meeting date at the Company's official investor relation website <http://ulkerbiskuviyatirimciiliskileri.com/default.aspx>

Analysts and investors had a great interest in the teleconference and webcast, as they asked questions about issues like the strategy, restructuring, market share, and growth objectives of Ülker Bisküvi.

Investor Relations Unit is responsible for establishing the Information Policy of the Company, and for ensuring that this policy is adopted within Ülker Bisküvi.

Tasks of the Unit are as follows:

- a) Ensuring that shareholders' records are reliable, secure and up to date,
- b) Answering shareholders' written information requests about the Company – apart from those that interfere with trade secrets and that are not publicly announced,
- c) Ensuring that the General Assembly Meeting is held in conformity with the applicable legislation, the Articles of Association, and other internal regulations of the Company,
- d) Preparing documents that shareholders make use of at the General Assembly Meeting,
- e) Keeping a record of the voting results, and ensuring that reports about the results are sent to the shareholders,
- f) Overseeing and tracking all issues regarding public disclosure, including the legislation and the disclosure policy of the Company.

Investor Relations Unit is managed by the Investor Relations Director functioning under Ülker Bisküvi Financial Affairs – CFO office. Our Company executives responsible for relations with the shareholders are listed below.

Fulya Banu Sürücü – CFO

Tel: +90 216 524 25 00

Serkan Aslıyüce- Financial Affairs Leader

Tel: +90 216 524 25 00

Verda Beste Taşar- Board Member (Independent)

Tel: +90 216 524 25 00

E-Mail: [ir@ulker.com.tr](mailto:ir@ulker.com.tr)

# Corporate Governance Principles Compliance Report

## 2.2. Exercise of the Shareholders' Right to Access Information

In terms of exercising the shareholder rights, the Company complies with the legislation, Articles of Association and other in-house regulations, measures are taken to ensure the exercise of these rights, and all shareholders are treated equally. The main purpose of the Company is to ensure that the shareholders' right to obtain information are fulfilled fairly and completely. In addition, the Company fulfills the rights of the shareholders arising from the partnership completely and as soon as possible. No discrimination is made between shareholders regarding the exercise of the right to obtain and review information on our Company. Every shareholder has the right to receive and review information

Except for information considered either commercial secret or insider information, all written or verbal requests from our shareholders for information within the period were met. We provided our shareholders with all the information as required under their rights as shareholders via the annual report, material disclosures, and replies to individual inquiries.

The principles regarding the process run by Ülker Bisküvi to provide information to our shareholders in conformity with legal regulations, and the detailed information about the manner, frequency and methods of providing information to the shareholders, is available in "Ülker Bisküvi Information Policy." Current Information Policy text is available for shareholders at our Investor Relations website. The necessary information was made available online to the shareholders in the "Investors Relations" section available at <http://ulkerbiskuviyatirimciiliskileri.com/default.aspx> and the dedicated section of "Information Society Services" used for the publication of the legally required announcements as per Article 1524 of the Turkish Commercial Code No: 6102, dated January 13, 2011.

Auditing principles and procedures are described in Article 20 of the Company's Articles of Association. No special audit has been requested by the shareholders in 2023.

## 2.3. General Assembly Meetings

Pursuant to Article 1527 of the Turkish Commercial Code No. 6102 dated January 13, 2011, which stipulates that online participation in general assembly meetings of joint-stock companies, making proposals and statements online, and online voting shall have the same legal effects in all aspects as participating and voting in any general assembly meeting in person; and that all companies traded on the stock exchange are required to set up and maintain a system allowing online participation in general assembly meetings and voting; the online general assembly convenes on the same date and with a parallel agenda as the physical general assembly.

The Ordinary General Assembly meeting for the year 2022 was held on June 14, 2023, at 2 pm at the address Kısıklı Mahallesi Ferah Caddesi No: 1 Büyük Çamlıca Üsküdar-İSTANBUL under the supervision of the Ministry Representative Mr. Demet Bozer, who was assigned with İstanbul Provincial Trade Directorate's letter no. 86312993 dated June 12, 2023. The invitation for the General Assembly, which stated the date and agenda of the meeting envisaged by the law and articles of association, was published in due time in the Turkish Trade Registry Gazette no. 10832 dated May 16, 2023, and on page 13 of the daily Nasıl Bir Ekonomi Newspaper issue dated May 13, 2023, at Ülker Bisküvi Sanayi A.Ş.'s corporate website <http://ulkerbiskuviyatirimciiliskileri.com>, on the Public Disclosure Platform, and the Electronic General Assembly System of Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency) at least three weeks before the date of the General Assembly by indicating the date and agenda of the meeting.

The 2022 General Assembly was opened by Mr. Mete Buyurgan after determining that 20,828,061,171.00 shares corresponding to the capital of TL 208,280,611.71 out of 34,200,000,000 shares corresponding to the Company's total capital of TL 342,000,000 were represented at the meeting (13,828,271.000 shares corresponding to the capital of TL 138,282.71 physically in person, 17,442,000,000 shares corresponding to the capital of TL 174,420,000 physically by proxy, 3,372,232,900 shares corresponding to TL 33,722,329 electronically by proxy), therefore the minimum meeting quorum stipulated in both the Law and the Articles of Association was present, and that the independent audit company

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte) (its representative Ömer Yüksel), Ahmet Bal, Chairman of the Board of Directors, Füsün Kuran and Fatma Pınar Ilgaz, Independent Board Members, and Mete Buyurgan, Managing Director, were present at the General Assembly. No media representatives attended the meeting.

The Company makes the financial statements and reports, including the annual report, dividend distribution proposal, memo on the proposed agenda to be discussed at the General Assembly, and other documents for items of the agenda, if any, and the rationale thereof available for review by our shareholders at the headquarters and branches of the Company starting from the date of the invitation for the General Assembly. Items on the agenda are expressed in an unbiased and detailed manner at the General Assembly and shall be clear and intelligible. In addition, prior to the General Assembly meeting, agenda items, sample power of attorney, information document, balance sheet, profit and loss statements, independent audit report and footnotes, Board of Directors' resolution on dividend distribution, annual report, related party transactions report were prepared and published on the website <https://ulkerbiskuviyatirimciiliskileri.com/> within the legal period before the meeting date.

At the General Assembly meeting, issues on the agenda are narrated impartially and in detail with a clear and understandable method and the shareholders are provided with equal opportunity to express their opinions, and raise any questions to create a healthy atmosphere for discussion.

The amount of contributions and donations made by the Company during the fiscal period have been discussed at the General Assembly meeting as a separate agenda item and shareholders have been informed about the same.

At the 2022 General Assembly, the shareholders who made a speech wished for a successful year 2023, and no proposals were made other than the agenda items. The minutes and agenda items of the General Assembly were published on Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)) and <https://ulkerbiskuviyatirimciiliskileri.com>.

The resolutions adopted at the Ordinary General Assembly Meeting of our Company held on June 14, 2023, were registered by the Istanbul Trade Registry Office on July 6, 2023, and announced in the Turkish Trade Registry Gazette No. 10865.

#### **Extraordinary General Assembly**

An extraordinary general assembly meeting was held on 22.08.2023 regarding the merger of Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. and Ülker Çikolata Sanayi A.Ş. through the acquisition and the relevant resolutions were registered at the Istanbul Trade Registry Office on 31.08.2023. All notifications regarding the merger, general rule minutes, and documents related to the merger were made available to shareholders and stakeholders on the public disclosure platform and the Company's investor relations website.

# Corporate Governance Principles Compliance Report

## **2.4. Voting Rights and Minority Rights**

The voting procedure at General Assembly meetings is announced to shareholders at the beginning of the meeting. The Company avoids practices that complicate exercising to exercise voting rights and provides every shareholder, including those who reside abroad, with the opportunity to exercise their voting rights in the easiest and most convenient way, either physically or electronically. There is no privilege in the Articles of Association regarding the exercise of voting rights in the Company. Each share is entitled to one vote. There is no legal entity that is a subsidiary of the Company among the shareholders of the Company. There is no provision in the Articles of Association preventing a non-shareholder from voting by proxy. Shareholders representing minority shares form the management together with the majority shareholders through their participation in the General Assembly. In 2023, no criticism or complaint was received by the Company in this regard. According to the Bank's Articles of Association, minority rights are granted to shareholders representing at least one-twentieth of the share capital.

According to the Articles of Association, each share carries the right to one vote. Any shareholder, who is entitled to attend General Assembly meetings, may attend the meetings via electronic communication means in accordance with Article 1527 of the Turkish Commercial Code. Pursuant to the Regulation on the General Assembly of Joint Stock Companies to be Held via Electronic Means, the Company may set up an electronic General Assembly system or procure any system developed for this purpose so that shareholders are able to attend, express their views, make suggestions, and cast their votes via electronic communication means. Pursuant to the relevant provision in the Articles of Association, shareholders, and their proxies are allowed to exercise their respective rights at any General Assembly meeting, under the referenced regulations via the electronic system.

The Company does not grant any privileges to share groups or other shares. None of our shareholders controls, or is controlled by, the Company. Cumulative voting is not practiced in the Company.

The Articles of Association do not contain any provision prohibiting voting by proxy, who is not a shareholder of the Company.

## **2.5. Dividend Distribution Rights**

The Board of Directors has adopted the dividend distribution policy in accordance with the Corporate Governance Principles published by the CMB. The Company distributes dividend in accordance with the Turkish Commercial Code, Capital Market Law, Tax Law, other applicable legislation and the articles related to profit distribution in the Company's Articles of Association. The annual dividend distribution proposal of the Board of Directors, which includes the matters stipulated in the dividend distribution policy and the CMB Corporate Governance Principles, is submitted for the approval of the shareholders at the General Assembly, and it is also publicly disclosed on the Company's website, alongside detailed information on the dividend distribution history and capital increases.



The dividend distribution policy of our Company is defined in accordance with the clauses of the Turkish Commercial Code, Capital Market Law and Articles of Association, taking into consideration the Company's operational performance, national financial situation, and market developments, in line with the expectations of the shareholders and requirements of our Company with the Board's proposal and resolution taken in the General Assembly. The Company plans to distribute a maximum of 70% of its net distributable profit for each accounting period in cash, as long as they can be disbursed by the current sources in legal records after due consideration of the Company's cash flow requirements. This policy shall be based on other funding requirements for future investments, industrial conditions, and the Company's financial situation. This policy shall be reviewed each year by the Board of Directors, taking into account of the domestic and global economic conditions, mid and long-term corporate growth and investment strategies and cash needs of the Company. The General Assembly may decide to distribute dividend in a higher rate or to transfer a part of or all of them to extraordinary reserves. In the event that the Board proposes not the distribute dividends to the General Assembly, the situation and how the undistributed dividend shall be used by the Company are explained to the shareholders in the General Assembly with legitimate reasons. The General Assembly makes a resolution specific to each financial year regarding dividends; profit distribution proposal has been announced to the public in compliance with the regulations and accessible at the Company website. The proposal shall be accepted or rejected by the General Assembly. The dividends are equally distributed to all shares in the relevant accounting period without taking expulsion and acquisition dates of them into consideration. Dividend distribution starts at a date that shall be set by the Board on the condition to get authorized by the General Assembly not later than the end of the year of the General Assembly meeting. The Company shall consider whether to make advanced dividend payment or distribute it in instalments or equally.

## **2.6. Transfer of Shares**

The Articles of Association do not contain any practices that make it difficult for shareholders to transfer their shares and there are no special provisions restricting the transfer of shares

After the amendment to the Articles of Association was adopted at the ordinary General Assembly meeting held on March 28, 2013, there are no registered shares at our Company. In accordance with subparagraph 3, Article 137 of the Capital Market Law no. 6362, there is no provision in the Articles of Association that restricts the transfer of Ülker Bisküvi shares traded on Borsa İstanbul.

# Corporate Governance Principles Compliance Report

## PART III – PUBLIC DISCLOSURE AND TRANSPARENCY

### 3.1. Website of the Company and Its Contents

Our company website is available both in Turkish and English at [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr). Furthermore, the company's investor relations website is available in Turkish and English at <http://ulkerbiskuviyatirimciiliskileri.com/default.aspx>. The following information is available at the company website for the purpose of disclosure to our shareholders:

- Information on Ülker Bisküvi and its Subsidiaries
- Company's Vision
- Code of Conduct
- Information on the Board of Directors and Executive Management
- Company's Shareholding Structure
- Company's Organizational Chart
- Social Responsibility
- Trade Registry Information and Company Profile
- Articles of Association
- Financial Statements and Notes
- Annual Reports
- Material Event Disclosures
- Corporate Governance Principles Compliance Report
- General Assembly Information
- Policies
- Committees
- List of Corporate Insiders
- Ülker on the BIST (Ratios and Charts related to the Company's Shares)
- List of Monitoring Analysts and Investor Presentations
- Bond Information
- Sustainability

### 3.2. Annual Report

The Annual Reports issued by our Company are prepared in conformity with; (i) Ministry of Customs and Trade "Regulation on Determining the Minimum Content of the Annual Reports of the Companies" (issued via Official Gazette n.28395 on August 28, 2012); (ii) Capital Markets Board ("CMB") Communiqué n.II-14.1 on "Principles Regarding Financial Reporting in the Capital Markets," and; (iii) Capital Markets Board regulations on Corporate Governance Principles. Upon the approval of our Board of Directors, the Annual Reports of our Company are publicly announced in conformity with the provisions of the relevant legislation and made available on our Investor Relations website.

All necessary measures have been taken to prevent the use of insider information, and information regarding the executives of our Company who are in a position to access information that may affect the value of capital market instruments and other persons/institutions from whom the Company receives services are notified to the relevant institutions in accordance with the legislation in force and published on the Company's website.

## PART IV – STAKEHOLDERS

### 4.1. Informing Stakeholders

The term stakeholders related to the Company is used to refer to third parties who have a direct relationship with the Company. Stakeholders are informed about issues that concern them by inviting them to meetings or using telecommunication means when necessary. The Company respects and protects the rights of stakeholders that they have obtained through legislation and mutual agreements and contracts, taking into account that cooperation with stakeholders will benefit the Company in the long term. The corporate governance structure of the Company enables all stakeholders, including employees and representatives, to communicate their concerns regarding unlawful and unethical actions to the management.

In the event there is not any regulation in-laws or contracts regarding the rights of stakeholders, the Company endeavors to protect their rights in good faith and within means available to the Company with due consideration given to the reputation of the Company. Furthermore, Company employees may access the circulars and announcements through our internal portal, and important announcements are disseminated to all of our employees promptly via e-mail. There are no restrictions that prevent stakeholders from contacting the Corporate Governance Committee or the Audit Committee about any Company transactions they deem either unethical or contrary to regulations. Stakeholders may contact these committees by any communication means they prefer.

### 4.2. Participation of Stakeholders in Management

According to the Articles of Association, the Board of Directors has at least seven members who are elected by the General Assembly upon nomination by shareholders of different share classes in accordance with the Articles of Association.

The Board of Directors consists of eight members, three of whom are independent members. Although there are no specific efforts regarding stakeholders' participation in management, the Company takes note of the opinions and suggestions of employees, suppliers, non-governmental organizations and all other stakeholders. Furthermore, the employees are offered the opportunity to share and put into practice their ideas on Idea Stars, the Innovation, Inspiration and Idea Platform. Thus, employees can share their thoughts in order to bring different ideas from processes to business models into life and to find solutions to problems. Employees also have the chance to enter competitions under "calls" announced on Idea Stars and win specific awards.

The Human Resources Policies, determined in line with Ülker Bisküvi's strategies and in light of its common values and business ethics, have been documented and shared with employees in Türkiye and subsidiaries abroad. The Vice President responsible for Human Resources is assigned to determine and manage the principles of Ülker Bisküvi's human resources policy and to conduct relations with employees. All Human Resources practices are based on fairness, consistency, and reliability. In line with this principle, job descriptions of Ülker Bisküvi employees and the criteria for remuneration, performance, and rewarding systems are announced to employees in line with a determined timetable and are made equally known by all employees. In line with the organizational competency needs, Ülker Bisküvi develops a variety of training programs to address the development needs of all employees and offers them from the beginning of their employment. Within the scope of the training process that starts with orientation, functional competencies are strengthened and supported through academies and technical trainings, and soft skills through competency trainings. Online training platforms increase the global dissemination of the solutions offered. Career plans are made for employees in line with their knowledge, skills, and competencies. At the human resources planning meetings held every year, critical positions and the talents and competencies that will carry Ülker Bisküvi into the future are identified, the performance of potential employees is monitored, and their development is supported, thus preparing them for their possible future positions. Succession plans are created for all management positions and potential employees are placed in these plans. Candidates for management positions are thus trained, preventing situations that could disrupt the management of Ülker Bisküvi in the event of possible management changes. Ülker Bisküvi's approach in the training and development process is to improve Ülker Bisküvi's performance by working with the principle of continuous development in parallel with Ülker Bisküvi's vision and business goals. While planning the current and future development needs of employees in line with business requirements, Ülker Bisküvi aims to use internal resources effectively and efficiently. In line with its training and development policy, Ülker Bisküvi monitors employee development annually and supports it with revised content.

# Corporate Governance Principles Compliance Report

## **4.3. Human Resources Policy**

The main purpose of the Company's human resources policy is to build a team of high-performance employees by improving and developing the human capital on the basis of the things done so far. The human resources policy adopted by the Company is fundamentally that of Yıldız Holding's, and is available at <http://ulkerbiskuviyatirimciiliskileri.com/default.aspx>.

Ülker Bisküvi A.Ş. (Ülker) operates with the vision of contributing to economic, environmental and social sustainability as part of sustainability efforts. Respect for fundamental human rights is the main objective of all business processes. In this regard, Ülker Human Rights Policy was issued in 2016, on the basis of Universal Declaration of Human Rights, United Nations (UN) Global Compact, UN Convention on the Rights of the Child, International Labor Organization (ILO) Conventions, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, and national laws. The report was translated in the languages of the regions where the Company has operations to ensure understanding of the Policy by stakeholders in all operational regions and made available on the Company website for access by all stakeholders. The Company has never received any complaints that its human resources policy is discriminatory.

## **4.4. Code of Conduct and Social Responsibility**

Information on the corporate social responsibility activities of the parent company, Yıldız Holding, is available in our annual reports and on the website: <http://ulkerbiskuviyatirimciiliskileri.com/default.aspx>. Keenly aware of our social responsibility, the Company takes utmost care to adopt policies that support environmental, sports, educational, and healthcare-related projects. The code of conduct is also available in a related section on the website. The Company pursues continuity of service quality and standards in all phases of production. Ultimate attention is paid to the confidentiality of customers' and suppliers' trade secrets. Customer satisfaction is one of the main principles of our Company. Ülker Bisküvi, since its inception, has been a part of a group of companies that produce quality and healthy products; respect their employees; uphold the rights of their partners and shareholders, and of their suppliers and customers; comply with all applicable laws; recognize social values; and have social responsibility. In addition, the Group of companies' management philosophy pursues the highest level of respect and trust among executives, employees, suppliers, and customers; achieves employee cooperation and high performance of personnel; maintains dignity, consistency and a sense of trust and responsibility in its approach; all the while continually striving to improve this management philosophy. The Code of Conduct as adopted by Ülker Bisküvi is generally adopted by all Group companies and is disclosed to the public within the scope of the Group's information policy and is available to our shareholders on the website: <http://ulkerbiskuviyatirimciiliskileri.com/default.aspx>.



## PART V – BOARD OF DIRECTORS

### 5.1. Structure and Formation of Board of Directors

The members of the Board of Directors are determined in a way that allows them to work efficiently and constructively, make quick and rational decisions, and organize the work of the committees effectively. The Ülker Bisküvi Diversity Policy is complied with in the process of determining the members of the Board of Directors. In this context, it is aimed to ensure diversity of age, gender, race, nationality, nationality, and ethnic origin in candidates during the nomination process for the Board of Directors. Prior to the General Assembly, the member's resume and his/her duties outside the Company are also submitted for the consideration of the shareholders. The resumes of the members of the Board of Directors are included in the Annual Report. The Board of Directors of our Company carries out its activities in a transparent, accountable, fair, and responsible manner in compliance with all the Corporate Governance Principles and the procedures and principles related to its structure, duties, management rights, and representation powers are governed by the Company's Articles of Association. The Company's Board of Directors has a one-tier board structure and all Board members have easy access to information about the Company and its management.

Our Board of Directors consists of at least 7 members in accordance with our Articles of Association. Our Board of Directors currently consists of eight members in total, including a Chairman, a Deputy Chairman, and six members, three of whom are independent members.

The qualifications of the Members of the Board of Directors of the Company comply with the required qualifications outlined in the relevant articles of the Corporate Governance Principles. Three of the members of the Board of Directors are elected as independent members determined in accordance with the CMB Corporate Governance Principles and regulations on corporate governance. Declarations of independence of the Independent Members of the Board of Directors were received prior to their appointment and these declarations remain valid. Within the related activity period, there are no issues that terminate the independence.

The term of office of the members of the Board of Directors is three years. If a membership is vacated for any reason, at its first meeting, the Board of Directors elects a new member and submits him/her for the approval of the General Assembly. This member completes the term of office of the leaving member. While the powers of the Chairman/members of the Board of Directors and Company executives are defined in the Company's Articles of Association, no one in the Company has unlimited decision-making authority alone.

The Board of Directors comprises executive and non-executive members. A majority of the Board Members are non-executive members. Non-executive members of the Board of Directors meet all of the criteria set forth by the Capital Markets Board regulations and are qualified to perform their duties without being influenced under any circumstances. Care is taken to ensure that the members of the Board of Directors allocate the necessary time for the Company's affairs, however, there is no restriction on them taking on other duties outside the Company. Independent members have the knowledge and sector experience to follow the operation of the Company's activities and to fully fulfill the requirements of the duties they undertake, and they can devote time to the business of the Company.

Pursuant to the Corporate Governance Principles, our Company is required to have 3 independent members on the Board of Directors. Since the Corporate Governance Committee can fulfill the duties of this committee if a separate Nomination Committee cannot be established due to the structure of the Board of Directors under the relevant regulations, the Corporate Governance Committee evaluated the nominations of candidates for independent membership, including the management and shareholders, by taking into account whether the candidates meet the independence criteria, and submitted its evaluations to the Board of Directors for approval. Independent Board Member candidates submitted their written declarations of independence within the framework of the criteria set forth in the legislation, Articles of Association, and communiqué to the Nomination Committee at the time of their nomination.

The written declarations of all independent members stating that they are independent within the framework of the criteria outlined in the legislation, Articles of Association, and communiqué are included in the corporate governance section of the annual report. In 2023, no situation arose that eliminated the independence of the independent members serving as a member of the Board of Directors. Article 4.3.4 of the Corporate Governance Communiqué stipulating that the number of independent members in the Board of Directors cannot be less than one-third of the total number of members has been fully complied with and the target number of independent members specified in the communiqué has been reached. 37.5% of the Board of Directors of Ülker Bisküvi is composed of independent members.

# Corporate Governance Principles Compliance Report

Chairman of the Board of Directors and Chief Executive Officer (CEO) are different persons with separate duties.

Such a restriction is not needed, in particular, due to the significant contribution of the work experience and industrial experience of the members to the Board of Directors. Prior to the General Assembly, the member's resume and his/her duties outside the Company are also submitted for the consideration of the shareholders.

There are two female members on the Board of Directors, and the percentage of female members on the Board of Directors as specified in Article 4.3.9 of the Corporate Governance Communiqué is 25%. Efforts are underway to increase the number of female members on the Board of Directors in the coming years.

## Members of the Board of Directors of Ülker Bisküvi

Name Surname	Position	Independence Status	Election Date	Term of Office	Duties in the Board of Directors and Committees	Duties Outside the Company
Ahmet Bal	Chair	Independent Member	14.06.2023	3 years	Chairman of the Board of Directors, Chairman of the Audit Committee, Member of the CGC, Member of the EDRC	Membership of the Board of Directors in Group and Non-Group Companies
Ali Ülker	Vice Chairman	Non-Independent	14.06.2023	3 years	Deputy Chair of the Board	Membership of the Board of Directors in Group Companies
Murat Ülker	Member	Non-Independent	14.06.2023	3 years	Board Member	Membership of the Board of Directors in Group Companies
Mehmet Tütüncü	Member	Non-Independent	14.06.2023	3 years	Board Member	Membership of the Board of Directors in Group Companies
İbrahim Taşkın	Member	Non-Independent	14.06.2023	3 years	Board Member	Membership of the Board of Directors in Group Companies
Mete Buyurgan	Board Member and CEO	Non-Independent	14.06.2023	3 years	Board Member	Membership of the Board of Directors in Group Companies
Fatma Pınar Ilgaz	Member	Independent Member	14.06.2023	3 years	Board Member and Head of CGC	Membership of the Board of Directors in Group and Non-Group Companies
Füsün Kuran	Member	Independent Member	14.06.2023	3 years	Member of the Board of Directors, Head of EDRC, and Member of Audit Committee	Membership of the Board of Directors in Group and Non-Group Companies

**Ahmet Bal – Chairperson of the Board – (Independent Member)**

Born in 1957 in Tokat, Ahmet Bal graduated from Ankara University, Faculty of Political Sciences, Department of Economics and Finance and began his career in the Board of Accountants of the Ministry of Finance. Certified to be a Chief Accountant and Certified Public Accountant in 1991, Ahmet Bal completed his MBA in Business Administration at Nottingham University in the UK in 1992 and started working as an Assistant Financial Affairs Coordinator at Anadolu Endüstri Holding in 1994. Between 1995 and 1998, he was in charge of Anadolu Group's International Coca-Cola operations and was appointed as the Finance Director of Efes Sınai Yatırım Ticaret A.Ş. Between 1998 and 1999, he worked as the General Manager of Efes Sınai Yatırım Holding A.Ş. Between 1999 and 2006, he was the Financial Affairs Coordinator in charge of the Automotive, Finance and Stationery companies under the Anadolu Endüstri Holding's Financial Affairs Department. Bal worked as the Auditing Coordinator in charge of the Group Companies at Anadolu Endüstri Holding between 2006 and 2012. Between 2013 and 2018, Bal served as the Auditing President in charge of the Audits of the Anadolu Group Companies. Ahmet Bal is married and has two children.

**Declaration of Independence**

I hereby declare to the Board of Directors, General Assembly, shareholders and all stakeholders that I am nominated to serve as an "independent member" on the Board of Directors of Ülker Bisküvi Sanayi Anonim Şirketi ("Company"), as per the criteria stipulated in the Corporate Governance Principles set forth in Capital Markets Board Communiqué on Corporate Governance (II-17.1) enacted upon publication in the Official Gazette no. 28871 on January 3, 2014; and that:

- a) There is no relation of employment in executive positions to assume material roles and responsibilities for the past 5 years between the Company, Subsidiaries where the Company holds control or significant power over management or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established;
- b) In the past five years, I was not a shareholder (5% and above) or an employee in executive positions to assume material duties and responsibilities, particularly including roles in Company audits (tax audit, legal audit and internal audit), ratings, and consultancy, nor did I serve as a board member, in the companies to and from which the Company extensively sold or purchased services or products as per the contracts signed, and during periods where products or services were purchased or sold,
- c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of being an Independent Member of the Board of Directors,
- d) I do not work full-time in public institutions and organizations;
- e) I am considered to reside in Türkiye pursuant to the Income Tax Law no. 193 dated 31.12.1960;
- f) I have strong ethical standards, occupational reputation and experience to make positive contributions to the activities of the bank, to protect my objectivity in conflicts of interest between the bank stakeholders, and to decide independently considering the rights of the stakeholders,
- g) I am able to allocate time for the corporation's business to follow up on the activities of the corporation and duly fulfill the allocated duties;
- h) I have not served as a board member of the Company for more than 6 years in the past 10 years;
- i) I do not serve as an independent member of the board of directors in more than three companies, at which Holding or its shareholders who possess Holding's management control have management control, and in more than five companies in total that are publicly traded,
- j) I have not been registered and announced on behalf of the legal person elected as the Board Member.

I declare to the information of the Board of Directors, the General Assembly, our shareholders and all stakeholders.

Sincerely,

Ahmet Bal

# Corporate Governance Principles Compliance Report

## *Mehmet Tütüncü- Board Member*

Mehmet Tütüncü obtained his BA degree from the Department of Mechanical Engineering at Gazi University, followed by an MA in the Department of Industrial and Organizational Psychology, Maltepe University. Mehmet Tütüncü obtained his BA degree from the Department of Mechanical Engineering at Gazi University, followed by an MA in the Department of Industrial and Organizational Psychology, Maltepe University. Mr. Tütüncü began his professional career in 1981 as an engineer at the Ministry of National Education, Construction Department. From 1987 to 1996, he worked as a Production Manager, Enterprise Manager, and General Manager, respectively, at Best Rothmans Entegre Sigara and Tütün Sanayi A.Ş. He assumed his first role at Yıldız Holding as Enterprises Coordinator of Ülker Gıda A.Ş. in 1996. He worked as the General Manager of Ülker Biscuit and Chocolate Factories, Ülker Group Vice President, Food and Beverages Group President, Food Group President, and Ülker International Group President. In 2016, he was appointed as the Regional CEO in charge of Türkiye, the Middle East, North Africa, and Central Asia in the pladis organization established within Yıldız Holding. In 2017, he assumed responsibility for South Asia and Latin America regions as well as pladis Global Information Systems and Business Models Transformation, acting as Vice CEO. Since October 2018, he served as the Vice-Chair of the Yıldız Holding Board of Directors and CEO of Yıldız Holding. A board member of TÜGİS, (Turkish Food Industry Employers' Union) Tütüncü is a member of many Turkish and foreign sector organizations. He is a member of the Board of Directors of FoodDrinkEurope and FoodDrinkEurope Liaison Committee.

## *Ali Ülker- Deputy Board Chairman*

Born in 1969, Ali Ülker completed his secondary education at the Istanbul High School for Boys and graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Economics and Business Administration. Ali Ülker attended various academic programs at IMD, INSEAD, Wharton and Harvard, and took part in the De Boccard & Yorke Consultancy Company's Internal Kaizen Study (1992) and the IESC Sales System Improvement and Internal Organization Project (1997). He began his professional career in 1985 as a trainee in the Quality Control Department of Ülker Gıda A.Ş. Later, he served as Intern, Sales Executive, Sales Coordinator, Product Group Coordinator, and Product Group Manager between 1986 and 1998 at the chocolate production facilities and at Atlas Gıda Pazarlama A.Ş. After becoming General Manager of Atlas Food Marketing in 1998, he was appointed as Retail Group Vice-President in 2000 and subsequently as General Manager at Merkez Food Marketing in 2001. He was appointed as the Deputy Chairman of the Organized Retail Food Group in 2002 and as the President of the Group in 2005. Ali Ülker, who has served as Vice Chairman of Yıldız Holding's Board of Directors since 2011, became Chairman of the Board of Directors on January 29, 2020. He is also the Chairman of the Board of Directors of Yıldız Uluslararası Gıda Yatırımları A.Ş., which was established in December 2023. Having strong knowledge and experience in marketing and sales, he takes a special interest in innovation and supports the various teams working in this key area within the Group. Ali Ülker enjoys mentoring youth. He also likes spending time in nature and participating in outdoor sports. Ali Ülker, who speaks English and German, is married and has three children.

## *Murat Ülker - Board Member*

Born in 1959, Murat Ülker completed his university education at Boğaziçi University, Faculty of Administrative Sciences, Department of Business Administration. He began his professional career in 1982 and studied abroad, taking sector-related courses at schools such as the American Institute of Baking (AIB) and Zentralfachschule der Deutschen Süßwarenwirtschaft (ZDS). He interned at Continental Baking, in the USA and, for three years, conducted examinations in nearly 60 factories and plants operating in the biscuit, chocolate and food sector in the USA and in Europe. He also assumed roles in various International Executive Services Corps (IESC) projects. Mr. Ülker began working as Control Coordinator within the Group in 1984 and was appointed as Assistant General Manager for Enterprises and General Manager in the following years. Acting as a Member of the Executive Committee and a Board member in different enterprises within the Group, Mr. Ülker managed numerous new vertical integration-related investments. Assuming the role of Chairing the Holding's Executive Board in 2000, Murat Ülker acted as the Chair of the Board of Directors starting from 2000. He became Chief Executive Officer of Yıldız Holding's Executive Board in 2000 and served as Board Chair from 2008 to 2020. Murat Ülker has remained actively involved in companies affiliated to the Holding as Board Member since January 29, 2020. He also serves as Chairman of the Board of Directors at pladis and Godiva. Murat Ülker, who is married with three children, enjoys traveling with his family and sailing. His other areas of interest include calligraphy and modern painting.



#### ***İbrahim Taşkın- Board Member***

Born in Trabzon in 1963, İbrahim Taşkın completed his primary education in Trabzon and Artvin and his middle and high school education in Istanbul. He graduated from the Faculty of Law at Istanbul University in 1986. As a self-employed lawyer, he has been a member of the Istanbul Bar Association since 1989 and became one of the "lawyers concluding their 30<sup>th</sup> year in the profession" in 2019. Taşkın conducted academic studies starting from 1990 and delivered courses on Constitutional Law, Criminal Law, Criminal Procedural Law, Disciplinary Law, and Police Professional Legislation at Florya Police Education Center under the umbrella of the General Directorate of Security for four years. In addition to his experience in business, he assumed senior positions in politics at different levels between 1996 and 2004. Besides his career in academics and law, Taşkın places importance on non-governmental organizations and thus served as a Founder and Manager at numerous NGOs. He is the founder of "Sabri Ülker Food Research Institute Foundation," "Consumer and Environmental Education Foundation," "Science Dissemination Foundation" and "Ülker Members' Association."

He is a member of the board at Yıldız Holding and a board member at many Group companies. He is also a member of the assembly of the Istanbul Chamber of Industry, a delegate of TOBB, and a member of MÜSİAD.

Since 2004, Taşkın served as a Legal Consultant, Legal Affairs General Director, and since 2016 as Head of Global Legal Affairs at Yıldız Holding. In addition to this position, Taşkın chairs global boards, including Ethics and Honor Board, Food Safety Board, and Regulation and Corporate Transactions. Taşkın is also in charge of coordinating Yıldız Holding's relations with public institutions, non-governmental institutions, and universities. He speaks English and is married with four children.

#### ***Mete Buyurgan-Board Member (Executive Member)***

Mete Buyurgan graduated from Çukurova University, Department of Business Administration following his primary, secondary, and high school education in Adana. He received his Master's degree in Human Resources Management from Marmara University, Faculty of Business Administration in English. He went on to complete the Sales Management program at New York University. After starting his professional career at Başer & Colgate Palmolive in 1994, Mr. Buyurgan assumed various positions in marketing and sales functions for 12 years. Aiming to gain experience in production, purchasing, and supply chain, he joined Hobby Cosmetics in 2005 as General Manager to carry out the company's restructuring effort. Mr. Buyurgan spearheaded the establishment of one of the largest personal care factories in Europe after he had expanded Hobby Cosmetics fourfold within four years with just a small team. Thanks to this exceptional success, the Company was sold to Dabur, India's largest fast-moving consumer goods company. Mr. Buyurgan served as regional CEO for Dabur International for about four and a half years; he also managed some of the company's regions in Central Asia, North Africa, the Middle East as well as Türkiye and Iran. After joining Yıldız Holding as Vice President of the Food Group in 2013, Mete Buyurgan assumed management of various companies within the Holding. He served as pladis Türkiye's President between 2016 and 2018; he was appointed to pladis Regional President of Türkiye, Central Asia, Romania, and the Balkans in 2018. In addition to his current roles, Mete Buyurgan was appointed CEO at Ülker in February 2020. He undertook many more responsibilities to further boost Ülker's presence in the Turkish market, especially in the chewing gum and confectionery, bakery products and chocolate categories. Under his leadership, Ülker is conducting in-depth studies in a wide range of areas, including financial processes, production, sales, marketing, human resources, supply chain, export, social projects, sustainability efforts, and brand perception. Mete Buyurgan is married with two children.

# Corporate Governance Principles Compliance Report

## *Pınar Ilgaz - Board Member (Independent Member)*

Pınar Ilgaz graduated from İzmir Bornova Anatolian High School in 1983 and from the Faculty of Administrative Sciences, Department of Public Administration of Boğaziçi University in 1988. His areas of expertise cover Integrated Thinking Approach, Sustainability, Governance Structures, Human Resources Management, Organizational structure and functioning, Process Based Management, Institutionalization. After completing the Management Trainee program at Emlak Bank in 1989, worked in the department of investment credit evaluation. Later, assumed the position of Financing Assistant Manager at Vakıf Financial Leasing Inc. and carried out her mission for the next 3 years. Since 1995 she is working at ARGE Consulting. Currently she is taking part in various projects in ARGE Consulting as Managing Partner. Within the scope of the Strategic Assessment and Performance Improvement projects, Institutionalization, Sustainability Strategies, Integrated Reporting, Organization and Human Resources projects under ARGE Consultancy, Ms. Ilgaz has realized management consultancy projects for more than 100 institutions and companies of different magnitudes and in different sectors. She also provides consultancy services in the fields of governance, strategy, organization, and corporate performance management to leading companies operating in the field of international merchandising in the retail sector and to companies operating in the field of the production and international sales and marketing in the food sector. She serves as Vice Chairman of the Board of Directors at Argüden Governance Academy, Chairman of the Board of Directors at Private Sector Volunteers Association (ÖSGD), Board Member at Günyüzü Association, and Member of the Sustainability Committee at Women on Board Association. She was chosen for the “More Women on Boards” program and, along with 40 female managers in the first group selected in Türkiye, successfully completed training courses: these included preparations for becoming an independent member of the boards of directors, information, and mentor referrals. She is the author of books titled Corporate Governance Model, Change Management, Management of Voluntary Organizations, and Sustainable Success Model.

## *Declaration of Independence*

I hereby declare to the Board of Directors, General Assembly, shareholders and all stakeholders that I am nominated to serve as an “independent member” on the Board of Directors of Ülker Bisküvi Sanayi Anonim Şirketi (“Company”), as per the criteria stipulated in the Corporate Governance Principles set forth in Capital Markets Board Communiqué on Corporate Governance (II-17.1) enacted upon publication in the Official Gazette no. 28871 on January 3, 2014; and that:

- a) There is no relation of employment in executive positions to assume material roles and responsibilities for the past 5 years between the Company, Subsidiaries where the Company holds control or significant power over management or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established;
- b) In the past five years, I was not a shareholder (5% and above) or an employee in executive positions to assume material duties and responsibilities, particularly including roles in Company audits (tax audit, legal audit and internal audit), ratings, and consultancy, nor did I serve as a board member, in the companies to and from which the Company extensively sold or purchased services or products as per the contracts signed, and during periods where products or services were purchased or sold,
- c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of being an Independent Member of the Board of Directors,
- d) I do not work full-time in public institutions and organizations;
- e) I am considered to reside in Türkiye pursuant to the Income Tax Law no. 193 dated 31.12.1960;
- f) I have strong ethical standards, occupational reputation and experience to make positive contributions to the activities of the bank, to protect my objectivity in conflicts of interest between the bank stakeholders, and to decide independently considering the rights of the stakeholders,
- g) I am able to allocate time for the corporation’s business to follow up on the activities of the corporation and duly fulfill the allocated duties;
- h) I have not served as a board member of the Company for more than 6 years in the past 10 years;
- i) I do not serve as an independent member of the board of directors in more than three companies, at which Holding or its shareholders who possess Holding’s management control have management control, and in more than five companies in total that are publicly traded,
- j) I have not been registered and announced on behalf of the legal person elected as the Board Member.

I declare to the information of the Board of Directors, the General Assembly, our shareholders and all stakeholders.

Sincerely,

Pınar Ilgaz

**Füsun Kuran - Board Member (Independent Member)**

Füsun Kuran started her career as an auditor at Arthur Andersen and became General Manager at Stefanel in 2001. In 2005, she was honored with Capital Magazine's "Youngest General Manager on the Road to Success" award. In 2013, Füsun Kuran became the General Manager of Brooks Brothers and served as the CEO of RMK Classic, which includes Brooks Brothers and Edwards brands, until January 2019. Having served as the President of the Registered Trademarks Association (TMD) for two terms in 2010-2012 and 2014-2016, Kuran is currently serving as the Vice President of the association. An experienced name in the business world, Füsun Kuran served as the CEO of Make-A-Wish® Türkiye, an international organization for children struggling with life-threatening diseases. As of May 2022, she is serving as an Independent Board Member at Ülker Bisküvi.

**Declaration of Independence**

I hereby declare to the Board of Directors, General Assembly, shareholders and all stakeholders that I am nominated to serve as an "independent member" on the Board of Directors of Ülker Bisküvi Sanayi Anonim Şirketi ("Company"), as per the criteria stipulated in the Corporate Governance Principles set forth in Capital Markets Board Communiqué on Corporate Governance (II-17.1) enacted upon publication in the Official Gazette no. 28871 on January 3, 2014; and that:

- a) There is no relation of employment in executive positions to assume material roles and responsibilities for the past 5 years between the Company, Subsidiaries where the Company holds control or significant power over management or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established;
- b) In the past five years, I was not a shareholder (5% and above) or an employee in executive positions to assume material duties and responsibilities, particularly including roles in Company audits (tax audit, legal audit and internal audit), ratings, and consultancy, nor did I serve as a board member, in the companies to and from which the Company extensively sold or purchased services or products as per the contracts signed, and during periods where products or services were purchased or sold,
- c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of being an Independent Member of the Board of Directors,
- d) I do not work full-time in public institutions and organizations;
- e) I am considered to reside in Türkiye pursuant to the Income Tax Law no. 193 dated 31.12.1960;
- f) I have strong ethical standards, occupational reputation and experience to make positive contributions to the activities of the bank, to protect my objectivity in conflicts of interest between the bank stakeholders, and to decide independently considering the rights of the stakeholders,
- g) I am able to allocate time for the corporation's business to follow up on the activities of the corporation and duly fulfill the allocated duties;
- h) I have not served as a board member of the Company for more than 6 years in the past 10 years;
- i) I do not serve as an independent member of the board of directors in more than three companies, at which Holding or its shareholders who possess Holding's management control have management control, and in more than five companies in total that are publicly traded,
- j) I have not been registered and announced on behalf of the legal person elected as the Board Member.

I declare to the information of the Board of Directors, the General Assembly, our shareholders and all stakeholders.

Sincerely,

Füsun Kuran

# Corporate Governance Principles Compliance Report

## 5.2. Operating Principles of the Board of Directors

Under normal conditions, the Board of Directors convenes at least four times a year to make strategic assessments of the Company's activities and to evaluate the developments in the period between the two meetings. In 2023, the Board of Directors held 5 (five) actual meetings and the average attendance rate was 98% in these meetings. Except for the decisions adopted at the meeting in question, all other decisions have been adopted through the circulation of minutes. In these meetings, adequate and transparent information on the strategy and activities of Ülker Bisküvi Sanayi A.Ş. was obtained, enabling strategic assessments to be made, and the members of the Board of Directors were regularly informed about the Company's performance and developments. The quorum for meeting and decision is the absolute majority of the total number of members. The Board of Directors adopted 30 Board resolutions during the year. The independent members of the Board of Directors voted in favor of all these resolutions adopted. If there are different opinions and grounds for dissenting votes expressed at the meetings of the Board of Directors, these shall be recorded in the minutes of the Board of Directors and in this case, the detailed justifications of the members who cast dissenting votes shall be disclosed to the public. In the meetings of the Board of Directors held in 2023, no such dissent or different opinion was expressed, therefore no public disclosure was made, and auditors were not informed. Each member of the Board of Directors is entitled to a single voting right.

### Board of Directors' Meetings

The Board of Directors convenes when the Company's business requires it. The place of the meeting is the head office of the Company. The Board of Directors meetings may convene at any other convenient place in or outside of Türkiye, subject to the Board of Directors' resolution. The agenda of the meetings of the Board of Directors is determined by notifying the Company's senior management and the members of the Board of Directors by the relevant departments of the issues that the relevant legislative legislation stipulates that they should be decided by the Board of Directors. In addition, the agenda of the meeting is also determined by notifying the Company's senior management of the necessity of deciding on an important issue by any member of the Board of Directors. The issues required to be discussed at the meeting of the Company's Board of Directors are gathered and consolidated at the Finance and Financial Affairs Deputy Directorate General and the agenda is determined. The minimum attendance requirement for each member at Board of Directors meetings during the year has been determined as 50%.

The presence of the majority (50% and more) of the total number of members of the Board of Directors is required for a resolution to be adopted, without prejudice to the provisions of the Capital Market Legislation. Resolutions shall be adopted by a majority of votes of members present at the meeting. Meetings may be conducted through teleconference, video conference, or voice or video communication means and resolutions may be adopted upon signing the minutes related thereto. A resolution may be adopted without the need for a meeting in case that all of the members of the Board of Directors unanimously approved the resolutions by signing them. Board members who have the right to participate in the Board meetings can attend via an electronic environment as per Article 1527 of the Turkish Commercial Code. The Company may set up its own electronic meeting system, or subscribe to services from the systems formed by service providers for this purpose, that will enable the right holders to participate and vote at these meetings via electronic media pursuant to the provisions of the Communiqué Regarding Boards to be Convened via Electronic Media in Commercial Companies other than General Assemblies of Joint Stock Companies. It shall be ensured in those meetings that the beneficiaries exercise their rights set forth in the provisions of the relevant legislation within the framework of relevant Communiqué of the Ministry through the system set-up or through the system from which support will be received under this provision of the Articles of Association.

In cases where the meetings of the Board of Directors are held electronically, the provisions of the Articles of Association regarding the meeting quorums are applied exactly as they are. In 2023, the Board of Directors monitored the meeting minutes and reports of the Audit Committee, Corporate Governance Committee and Risk Committee. No related party transactions or other transactions of significant nature were submitted to the approval of the independent Board members during the year. Any material information which must be disclosed to the public is promptly disclosed after the end of each meeting. Material resolutions of the Board of Directors are disclosed to the public via PDP and these material event disclosures are posted on the corporate website in Turkish and English.



### 5.3. Numbers, Structures, and Independence of Committees within the Board of Directors

Corporate Governance Principle No. 4.5.1 stipulates that an Audit Committee, a Corporate Governance Committee, a Nomination Committee, an Early Detection of Risk Committee, and a Remuneration Committee should be established in order to fulfill the duties and responsibilities of the Board of Directors in a healthy manner; however, if a separate Nomination Committee and a Remuneration Committee cannot be established due to the structure of the Board of Directors, the Corporate Governance Committee may fulfill the duties of these committees. Audit Committee, Corporate Governance Committee and Early Risk Assessment Committee were established by the Board of Directors. The established committees of the Board of Directors actively carry out their tasks. Committee chairs are elected from among the independent members of the Board of Directors. Independent members assume tasks in multiple committees. Committees generally convene a few days before, or on the same day as, Board of Directors' meetings. Working principles of the committees formed under the umbrella of the Board of Directors were prepared, and necessary arrangements were put in place regarding the monitoring of such principles by relevant units. The working principles of the committees are available on the Company's corporate website.

The duties of the Remuneration and Nomination Committees are also fulfilled by the Corporate Governance Committee in accordance with the Corporate Governance Principles.

In 2023, all the committees of the Board of Directors fulfilled their duties and responsibilities within the scope of the Corporate Governance Principles and their working principles and convened in accordance with their working plans. During the operations of the Committee, the opinions of the Company executives and the independent auditor were also obtained when necessary. The committees presented their reports on their activities and the results of their meetings held during the year to the Board of Directors. The Board of Directors believes that the expected benefit is obtained from the works of the committees of the Board of Directors.

#### Audit Committee

The Audit Committee, which was established by a resolution of the Board of Directors on May 22, 2006, was restructured by a resolution of the Board of Directors dated August 5, 2008, in accordance with Communiqué No. 22 Serial No. X of the Capital Markets Board. The Audit Committee is in charge of assisting the oversight of Board of Directors regarding accuracy and quality of the financial statements and related disclosures of the Company; implementation and effectiveness of the accounting system of the Company; qualifications and independence of independent auditors; determination of the independent audit company; approval and review of the contract between the independent auditor and the Company; effective functioning of the independent audit system; and implementation and effectiveness of the internal audit practices at the Company. The Audit Committee is composed of at least two members elected by the Board of Directors from among independent board members.

The Audit Committee meets four times a year, at least quarterly. In 2023, the Audit Committee convened four times and the reports containing the opinions and comments of the committee were submitted to the Board of Directors. All members of the Audit Committee are selected among the Independent Board Members. This committee was composed of two members; Ahmet Bal was elected as the Chairman and Füsün Kuran as the member. The Audit Committee, which was established in the Company to oversee the functioning of the accounting and reporting systems of the Company within the framework of the relevant laws and regulations, public disclosure of financial information, independent audit, and the functioning and effectiveness of the internal control system, held 4 meetings in 2023. Detailed information on the duties, responsibilities, and working principles of the Audit Committee is available on the Company's website at [www.ulkeratirimciiliskileri.com.tr](http://www.ulkeratirimciiliskileri.com.tr).

Chair	Ahmet Bal	Board Member (Independent)
Member	Füsün Kuran	Board Member (Independent)

# Corporate Governance Principles Compliance Report

## Corporate Governance Committee

In accordance with the Corporate Governance Principles published by the Capital Markets Board, a Corporate Governance Committee has been established within the Company to monitor the Company's compliance with the Corporate Governance Principles, to carry out improvement activities in this regard, and to submit proposals to the Board of Directors. Duties of the Nomination Committee and the Remuneration Committee are carried out by the Corporate Governance Committee as well. Independent Board Member F. Pinar Ilgaz was elected as the Chairman of the Corporate Governance Committee and Independent Board Member Ahmet Bal and Investor Relations Director V. Beste Taşar as its members. The Committee convenes as often as required by the duties assigned to it and held four meetings in 2023. In 2023, the Corporate Governance Committee evaluated the Company's corporate governance practices and the Corporate Governance Principles Compliance Report and also presented information to the Board of Directors on the activities of the Investor Relations Unit. In addition, the Corporate Governance Committee, which also serves as the Nomination Committee and the Remuneration Committee, has worked on the effectiveness of the Board of Directors' work, the nomination of independent Board member candidates, and the benefits provided to Board members and senior executives. Detailed information on the duties, responsibilities, and working principles of the Corporate Governance Committee is available on the website at [www.ulkeryatirimciliskileri.com.tr](http://www.ulkeryatirimciliskileri.com.tr).

Chair	Pinar Ilgaz	Board Member (Independent)
Member	Ahmet Bal	Board Member (Independent)
Member	Verda Beste Taşar	Investor Relations Director

## Early Detection of Risk Committee

The Early Detection of Risk Committee, which operates under the Board of Directors, is responsible for

- Early detection of strategic, operational, financial, compliance/legal, and any other risks that may jeopardize the existence, development, and sustainability of the Company in a systematic manner,
- Assessment of the impacts and probabilities of the identified risks within the framework of the Company's corporate risk-taking limits,
- Establishing an effective corporate risk management system to prioritize the risks whose assessments have been completed and to create the action plans needed to reduce their impact and/or probability, monitoring such risk management activities to ensure their effectiveness and development, and reporting them periodically to the Board of Directors.

The Early Detection of Risk Committee consists of at least two independent non-executive members of the Board of Directors. The Chief Executive/ General Director may not assume duties in the committees. The committee convenes six times in a given year at maximum, no less than once every two months. The meetings of the Committee may be held with members attending in person or via technological communication means. The timing of the committee meetings is in accordance with the board meetings to the extent possible. As a result of its bimonthly meetings, the Committee is obliged to submit to the Board of Directors a report on the findings and suggestions it has reached in relation to its duties and responsibilities. In 2023, the Early Detection of Risk Committee convened six times and reports containing the opinions and comments of the committee were submitted to the Board of Directors.

Chair	Füsün Kuran	Board Member (Independent)
Member	Ahmet Bal	Board Member (Independent)

Independent Board Members Ahmet Bal, Füsün Kuran, and Pinar Ilgaz fully attended the meetings of the Corporate Governance Committee, Audit Committee, and Early Detection of Risk Committee, and the meeting attendance rate was realized as 100% for each independent member separately.

## 5.4 Risk Management and Internal Audit Mechanism

### *Internal Control*

Ülker Bisküvi has established an internal control system to effectively manage its operations, minimize risks, and achieve its targets. This system is designed to protect the integrity of the Company's assets and information, increase operational efficiency, and ensure compliance with legal regulations. The internal control system is regularly evaluated in areas such as operational processes, financial reporting, risk management, and compliance by the Internal Audit Department established within the Holding. In addition to analyzing and evaluating the internal control systems, the Internal Audit Department also provides improvement suggestions to Ülker Bisküvi's senior management. The Internal Audit Department shares the results of its activities with the Ülker Bisküvi Audit Committee four times a year. The Audit Committee is a body established by the Company's Board of Directors with at least two independent members elected from among its own members and its primary function is to assist the Board of Directors in its supervisory duties in relation to accounting, auditing, internal control system, and financial reporting practices. The Audit Committee convenes at least four times a year, at least once every three months.

### *Risk Management*

Ülker Bisküvi has adopted corporate risk management principles to maximize the value and risk assurance provided to its stakeholders, to identify and measure risks early, and to monitor them continuously and effectively. Ülker Bisküvi continues its operations with a prudent and strong risk management approach since its foundation and carries out its risk management activities in a holistic and proactive manner to better manage the uncertainties triggered by recent global developments.

Risks identified through risk management processes are systematically monitored and measured using quantitative and qualitative measurement criteria in line with written risk policies in accordance with international standards and the Company's corporate risk appetite within the scope of risk management strategies that are vital for the Company's sustainable performance. These processes both increase transparency and ensure a more systematic assessment of risks in investment and operational decisions.

The Corporate Risk Management Department, which operates under the Financial Affairs Deputy Directorate General, carries out its activities in order to identify all kinds of risks that may jeopardize the existence, development, and continuity of the Company and that affect the decisions to be adopted or have already been adopted within the scope of the Company's activities, together with the risk owners, to plan and implement the necessary measures and actions, to ensure that the risks are managed in a coordinated manner within a management system, to review them, and to report them to the Senior Management. Senior executives are responsible for the management of risks related to their business functions or organizations, and for taking and monitoring the necessary actions to mitigate the impact and probability of such risks within the framework of action plans. Ülker Bisküvi Early Detection of Risk Committee carries out, on the other hand, the activities for establishing the corporate risk management system implemented throughout the Company, ensuring its development, observing and monitoring its effective functioning, and reporting it to the Board of Directors. (For detailed corporate risk management activities, see "Corporate Risk Management" heading)

## 5.5. Strategic Goals of the Company

Mission, Vision, and Strategic Objectives of the Company: The Company and all subsidiaries of Yıldız Holding were founded on the philosophy that "every person has the right to a happy childhood regardless of the country they live in." The vision and mission of Yıldız Holding and our Company is disclosed to the public and is available on the websites: [www.ulker.com.tr](http://www.ulker.com.tr) and [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr).

## 5.6. Remuneration

Remuneration of the members of the Board of Directors is determined – separately for each member – by the General Assembly according to the financial situation of the Company. No loan was extended to any Board member or executive officer during the period, nor extended, directly or through a third party, any personal loan or given any collateral, such as a surety, on their behalf Principles for remuneration regarding the benefits of executive management and the Board of Directors are explained in detail on the website: <http://ulkerbiskuviyatirimciliskileri.com/default.aspx>

## Declaration of Compliance to Sustainability Principles

With the Communiqué on Amendment (II-17.1.a) of the Communiqué on Corporate Governance (II-17.1) published in the Official Gazette dated October 2, 2020; partners subject to Corporate Governance Principles shall include the title of “Sustainability Principles Compliance Framework” in their reporting for the compliance to Corporate Governance Principles; and also provide information whether or not Sustainability Principles are implemented, and, if not, a reasoned explanation, as well as an explanation regarding the impacts on environmental and social risk management due to not fully complying these principles in their annual reports. Ülker Bisküvi complies with the principles published as part of the “Sustainability Principles Compliance Framework” of CMB through environmental, social and governance (ESG) policies that the Company has been sharing on its website as well as the Sustainability Reports disclosed to the public since 2015. Every year, the Company sustains and improves its activities in ESG. The details regarding the criteria mentioned in the principles and the performance data will be accessible in 2023 Sustainability Report to be published in June. Works are ongoing to share the related data in annual reports in the upcoming periods. The goal is to achieve full compliance to the non-obligatory “Sustainability Framework Principles” and the criteria that are not included within the principles are explained below. Work on the principles that have not been put into practice yet are in progress and it is planned to be implemented after the completion of administrative, legal and technical infrastructure works in a way that will contribute to the effective management of our Company.

### Environmental Principles

There is no carbon pricing system and carbon credit, it is planned to take carbon credit for 2024.

Renewable energy is not used; however, increasing the investments in this field is considered.

Environmental criteria are included in the performance indicators of the managers, detail information on this matter is intended to be disclosed.

### Social Principles

Developments on human rights are not disclosed in detail; however, the issue will be improved in the upcoming periods.

Ülker Sustainability Reports are published on the website: <http://ulkerbiskuvyatirimciiliskileri.com>



## Sustainability Principles Compliance Framework

Pursuant to the Capital Markets Board's decision dated 23.06.2022 and numbered 34/977 and Corporate Governance Communiqué numbered II-17.1, the disclosures required to be made within the scope of the sustainability principles compliance framework by the companies whose shares are traded on the Main Market, Stars Market and Sub-Market of the Stock Exchange were prepared in the format specified in the CMB's Principle Decision on the Public Disclosure Platform (PDP) and announced on 10.10.2023 with the "Sustainability Report" template under the "Material Event Disclosure Submission" menu in the PDP-BIY application. The relevant explanations can be accessed at <https://www.kap.org.tr/tr/Bildirim/1203996>.

# Risk Management

In line with the corporate risk management framework, risks, which are identified and managed from an integrated perspective by taking into account their interactions with each other and root causes, are monitored under four main groups:

**Strategic Risks:** The risks that may arise as a result of failing to meet the expectations and needs of stakeholders within the framework of future-oriented expectations to the extent that may prevent the Company from achieving its objectives, or failing to adequately adapt to changes following significant regulations at both global and local levels. Risks that may arise as a result of changes in product demand, market regulations that may affect competition and market share, consumer/stakeholder trends and expectations, and factors that may affect the business model are assessed under this heading. The product diversity is ensured by monitoring changes in consumer habits and expectations through periodically renewed stakeholder analyses and consumer surveys conducted in different areas, as well as with innovative products that focus on balanced nutrition and wellbeing trends. R&D activities are carried out within the framework of trainings, studies, and collaborations with various universities and research institutes to enhance the development of innovation culture within the organization. Significant/restrictive regulations regarding our geography of operation or the sector in which we operate are closely monitored, the possible effects of such changes on our Company are analyzed, and action plans are implemented proactively, thus managing our strategic risks more effectively.

**Financial Risks:** Liquidity risks that may arise from fluctuations in important indicators such as exchange rates, inflation, commodity prices, interest, etc. in financial markets, and risks that may arise from partial or total failure to fulfill financial obligations to our Company as a result of deterioration in the financial situation of third parties, etc. The exchange risk, liquidity risk, and interest rate risk are the primary financial risks of the Company. The relevant finance teams within the Company closely monitor a wide range of macro- and micro-level financial data and indicators and take the necessary measures to ensure that these financial risks remain within the limits of the Company's risk appetite.

**Exchange Rate Risk:** The Company is exposed to foreign exchange risk due to the changes in the exchange rates used in the conversion of foreign currency denominated assets and liabilities into Turkish Lira. Foreign currency risk arises from the difference between future commercial transactions, recognized assets and liabilities and the Company controls this risk with a natural hedge method by netting off foreign currency assets and liabilities. In addition to the natural hedging method, various financial derivative instruments are used when necessary to manage exchange rate risk more effectively.

**Liquidity Risk:** Within the framework of effective liquidity management, it is aimed to increase and maintain the sustainability of funding resources in sufficient quantity and quality in order to meet cash needs. Liquidity risk is managed by monitoring cash inflows and outflows, observing the compatibility of their maturities, managing inventories effectively, and maintaining an adequate level of cash and financial instruments convertible into cash.

**Interest Rate Risk:** The Company's borrowings at fixed and floating interest rates expose it to interest rate risk. The risk in question is managed by making an appropriate apportionment between fixed- and floating-rate borrows through interest rate swap agreements. Hedging strategies are regularly evaluated to ensure alignment with interest rate expectations and risk appetite. Thus, it is aimed to create an optimal hedging strategy, review the balance sheet position, and keep interest expenses at a controllable level in line with the Company's risk appetite at different interest rates.

**Operational Risks:** Risks that may arise from failure to carry out processes effectively or failed business processes arising from failure to design processes adequately efficient, infrastructural or technological problems, human errors, etc. Inefficiencies and/or disruptions that may arise in processes such as information security, technological infrastructure, business continuity, quality, human resources, procurement/logistics, purchasing, etc. are primary operational risks. Various preventive controls are included in business processes in order to protect information security systems from damage, protect from cyber-attacks, prevent data leakage by ensuring data integrity and security, and thus ensure business continuity. Internal and external audits and penetration tests are carried out periodically for information security. All employees are provided with mandatory information security trainings in order to raise awareness on the subject. Periodic internal and external audits are conducted at our production facilities to monitor compliance with international quality and food safety standards, while periodic risk analysis studies are conducted for our suppliers to assess their environmental, social, and ethical performance. A talent management process has been launched to identify and develop the competencies of employees, and within this framework, actions are taken for the individual development of employees, and their career plans are made. Online trainings, specialization programs, management trainings, and personal and professional development programs are offered to our employees in order to promote a culture of lifelong learning. Thus, it is aimed at managing our outstanding operational risks more effectively through the aforementioned practices.

**Compliance Risks:** These are the risks that the Company may be exposed to as a result of difficulties that may be encountered in complying with internal legislation, procedures, and principles, especially ethics and external legislation requirements that the Company is subject to, based on the region and sector in which it operates. In order to prevent potential compliance risks and manage them more effectively, we closely monitor all applicable national and international legislation, especially those related to competition, personal data protection, tax, and human rights. We have policies and an ethics hotline established to ensure that ethical principles, which are among our most fundamental values, are adopted in our entire business conduct and value chain, and we aim to manage compliance risks more effectively by providing regular trainings to our employees in order to raise awareness regarding these ethical principles.

All employees are provided with corporate risk management trainings throughout the Company in order to raise consciousness on risk awareness and risk culture and to carry out corporate risk management activities more effectively. Quarterly risk management bulletins are prepared and shared with our senior executives to provide forecasts regarding prominent developments and risks, especially economic and geopolitical developments at the global level and, in particular, in our country.

## Risk Management

The main risk projections that may pose an obstacle to the realization of our company strategies are periodically evaluated and the possible financial effects of these projections are monitored within the framework of scenario analyses, taking into account the variables determined. In line with these projections, the risks included in the risk inventory are periodically evaluated in terms of their impact and probability, and changes in these risks and the reasons for these changes are periodically reported to the Senior Management and the Early Detection of Risk Committee. As a result of the assessments, if there are outstanding risks that are not included in the risk inventory, they are included in the risk inventory and the inventory is updated.

The risks prioritized as a result of periodic risk assessments are analyzed in detail with the risk management software within the framework of root cause analyses and accordingly, action plans are created to reduce the impacts and/or probabilities of these risks.

The Corporate Risk Management approach, which focuses on increasing risk culture and awareness throughout the Company, aims to manage risks;

- Related to uncertainties and potential events that may adversely affect the Company's strategies, in accordance with the Company's risk appetite and strategies,
- In a proactive and systematic way, based on projected developments and data,
- Within the framework of an integrated perspective, by taking into account the interactions of all risks with each other and their root causes.

In today's ecosystem, where economic and geopolitical developments are taking place at a dizzying pace, keeping pace with the changes in question and proactively monitoring and effectively managing the new risks that develop with these changes have become the critical success factors in achieving the Company's strategies.

Especially in recent years, hot conflicts between states and exacerbated political tensions between various regional, economic, and political unions have increased geopolitical risks at the global level. These risks, which started with geopolitical tensions, had significant geo-economic consequences that led to a global increase in energy and commodity prices, particularly in inflation. Ülker Bisküvi effectively manages geo-economic risks, particularly exchange rate, liquidity, and interest rate risks, which have been triggered by geopolitical developments and have recently gained more importance, within the framework of the holistic risk management approach described under the heading of financial risks, and continues to implement the necessary action plans and risk mitigation strategies. On the other hand, especially in the recent period, climate change and the climate crisis have started to be considered as a risk factor that directly affects the food sector as well as all other sectors, increasing its importance in terms of the sustainability of our activities. Ülker Bisküvi, which focuses on a waste-free company model, implements the necessary strategies, policies, and targets to effectively manage sustainability risks that may arise from environmental, social, governance, and economic factors in order to be a leader in sustainability and create long-term value. In this respect, we continue our sustainability efforts, which we accelerated in 2014 and continue to carry out successfully, with efforts to prevent potential risks by evaluating sectoral and global trends and regulations, innovative approaches in this field, and the potential impact of these developments on our business processes within the framework of various scenarios. The potential impacts of climate-related physical risks and transition risks on our Company's operations are identified and detailed risk analyses (water stress, etc.) are carried out in order to effectively manage these risks. Thus, we prioritize our efforts to prevent/mitigate potential risks and seize relevant opportunities by including them in our strategic decision-making processes in order to build a more agile and resilient management system.



## Other Issues Regarding Company Operations

- In 2023, the Company did not have any private audit whereas public audit was carried out by the Competition Authority and the Turkish Tax Inspection Board. Currently, no reports have been received by the Company regarding audit results.
- In 2023, no administrative or judicial penalty for any breach of Legislation provisions was given to our Company or the Members of the Board of Directors of our Company.
- The Company achieved the goals set for 2023 to a great extent. In 2020, the resolutions of the General Assembly were fulfilled.
- In 2023, there were no legal proceedings launched in the interest of the Company or measures taken or refrained to be taken in the interest of an affiliated company.
- There is no measure taken or refrained to be taken to the detriment of the Company in 2023.
- There is no lawsuit filed against the Company which may affect its financial situation and activities in 2023.
- There were no conflicts of interest between the Company and other institutions of investment advisory and rating agency, and no measures taken by the Company in order to prevent conflicts of interest.
- On 22.08.2023, an Extraordinary General Assembly was held regarding the merger of Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. and Ülker Çikolata Sanayi A.Ş. into the Company by taking over all of their assets and liabilities as a whole, and it was registered at the Istanbul Trade Registry Office on 31.08.2023.

# Statement of Responsibility Regarding the Annual Report

## BOARD RESOLUTION CONCERNING THE APPROVAL OF THE FINANCIAL STATEMENTS

DATE OF RESOLUTION: 10/x/2024

NUMBER OF RESOLUTION: 2024/0x

WE HEREBY PRESENT OUR STATEMENT OF RESPONSIBILITY ISSUED AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUE no. II-14.1

Regarding the period between January 1-December 31, 2023, the Capital Markets Board (CMB) Serial II.14.1. consolidated financial statements with the "Communiqué Regarding The Principles of Financial Reporting in the Capital Market" ("Communiqué") and CMB's decision no. 10.1.2019 dated 2/49 and Turkish Accounting Standards/Türkiye Financial Reporting Standards ("TMS/TFRS"), and footnotes prepared in accordance with the formats set by the CMB, and the Statements, enterprise governance compliance report (URF) and Corporate Governance Information Form (KYBF) via year-end Annual Report and PDP platform) in accordance with the regulations of the CMB legislation of The Corporate Governance Reports published in accordance with the templates; our company declares the following;

a) We have reviewed the Consolidated Balance Sheet, Income Statement, Cash Flow Statement, Statement of Change In Share Capital, and Annual Report, and the footnotes prepared by our Company in line with the Capital Market regulations.

b) Within the framework of the information we obtained in the scope of our tasks and responsibilities, we have concluded that the abovementioned does not contain any misleading disclosure of material matters or any deficiencies that might cause misconception about the disclosure as of the date it was made.

c) Within the framework of the information we obtained in the scope of our tasks and responsibilities, we have also concluded that; (i) the consolidated financial statements, prepared and issued in accordance with the financial reporting standards, honestly reflect the facts about the assets, liabilities, financial status, profit/loss of the Company, and (ii) the Annual Report honestly reflects the progress and performance of the business, the financial situation of the Company together with the activities included within the scope of consolidation, as well as the important risks and uncertainties.

With kind regards;

Serkan Aslıyüce  
Financial Affairs Director

Ahmet Bal  
Audit Committee Chairman

Füsün Kuran  
Audit Committee Member

## Subsidiary Company Report Results

As per the 199<sup>th</sup> Article of the Turkish Code of Commerce n.6102 that entered into force on the 1<sup>st</sup> of July 2012; Ülker Bisküvi Sanayi A.Ş. Board of Directors is responsible for; (i) issuing a report in the first three months of the activity period about the relations between Ülker Bisküvi Sanayi A.Ş. and the Company's controlling shareholder and the affiliates of the controlling shareholder in the previous activity period, and; (ii) include the conclusion of this report in the Annual Report. Necessary explanations about Ülker Bisküvi Sanayi A.Ş.'s transactions with the related parties are given in footnote no. 32 of the financial report.

The report issued by Ülker Bisküvi Sanayi A.Ş. Board of Directors states: "We have reached the conclusion based on the circumstances we knew about at the time of making the transaction or taking the measure or avoiding the measure; in all transactions between Ülker Bisküvi Sanayi A.Ş. and its controlling shareholders and the affiliates of the controlling shareholders in 2023, appropriate consideration was provided in each transaction, and there were no measures, taken or avoided, that could cause loss for the Company, and within this scope, there were no transactions or measures that would require offsetting."

# Independent Audit Report

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT  
ORIGINALLY ISSUED IN TURKISH)

## INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of Ülker Bisküvi Sanayi A.Ş.

### 1) Opinion

As we have audited the full set consolidated financial statements of Ülker Bisküvi Sanayi A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 1 January 2023–31 December 2023, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Board of Directors' discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

### 2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 1 January 2023 – 31 December 2023 in our Auditor's Report dated 11 March 2024.

### 4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):



- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
- The significant events occurred in the Group's activities subsequent to the financial year ends,
  - The Group's research and development activities,
  - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

#### **5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report**

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the regulations of the Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Ömer Yüksel.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED

Ömer Yüksel

Partner

İstanbul, 11 March 2024



**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND  
ITS SUBSIDIARIES**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023  
(ORIGINALLY ISSUED IN TURKISH)**

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**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023 AND 31 DECEMBER 2022**

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

		<b>Audited Current Period 31 December 2023</b>	<b>Audited Prior Period 31 December 2022</b>
<b>ASSETS</b>	<b>Note</b>		
<b>Current Assets</b>		<b>36,987,249</b>	<b>41,773,214</b>
Cash and Cash Equivalents	4	11,657,222	15,249,460
Financial Investments	5	4,230	346,842
Trade Receivables			
- Trade Receivables from Related Parties	7,32	6,733,195	6,756,599
- Trade Receivables from Third Parties	7	5,333,616	5,417,384
Other Receivables			
- Other Receivables from Related Parties	8,32	1,995,328	1,968,715
- Other Receivables from Third Parties	8	168,841	597,788
Derivative Instruments	9	592,730	1,228,946
Inventories	10	8,391,268	8,516,384
Prepaid Expenses			
- Prepaid Expenses to Third Parties	18	747,905	706,164
Current Income Tax Assets		151,906	22,256
Other Current Assets	20	1,211,008	962,676
<b>Non-Current Assets</b>		<b>24,602,395</b>	<b>24,375,958</b>
Financial Investments	5	4,009,637	4,427,784
Property, Plant and Equipment	11	16,274,328	14,702,973
Intangible Assets			
- Goodwill	12	1,868,341	1,849,100
- Other Intangible Assets	13	1,419,551	1,480,106
Prepaid Expenses	18	221,474	212,396
Deferred Tax Asset	30	809,064	1,703,599
<b>TOTAL ASSETS</b>		<b>61,589,644</b>	<b>66,149,172</b>



**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023 AND 31 DECEMBER 2022**

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

		<b>Audited Current Period 31 December 2023</b>	<b>Audited Prior Period 31 December 2022</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>Note</b>		
<b>Current Liabilities</b>		<b>15,447,492</b>	<b>27,825,778</b>
Short-Term Borrowings	6	1,140,185	1,524,283
Short-Term Portion of Long-Term Financial Liabilities	6	4,320,464	17,262,280
Trade Payables			
- Trade Payables to Related Parties	7,32	2,290,127	1,778,653
- Trade Payables to Third Parties	7	5,344,931	5,077,988
Payables Related to Employee Benefits	19	284,938	218,112
Other Payables			
- Other Payables to Third Parties	8	5,328	4,984
Derivative Instruments	9	-	37,443
Deferred Income	21	80,875	135,542
Current Income Tax Liabilities	30	502,249	431,628
Short-Term Provisions			
- Short-Term Provisions for Employee Benefits	17	521,687	426,785
- Other Short-Term Provisions	15	538,574	578,631
Other Current Liabilities	20	418,134	349,449
<b>Non-Current Liabilities</b>		<b>26,340,179</b>	<b>22,680,279</b>
Long-Term Borrowings	6	25,102,592	20,348,024
Long-Term Provisions			
- Provisions for Employee Benefits	17	1,032,464	1,258,484
Deferred Tax Liability	30	205,123	1,073,771
<b>SHAREHOLDERS' EQUITY</b>	22	<b>19,801,973</b>	<b>15,643,115</b>
<b>Equity Attributable To Equity Holders' of the Parent</b>		<b>17,971,432</b>	<b>12,035,858</b>
Paid-in Capital		369,276	342,000
Share Capital Adjustment Differences		5,989,062	5,984,921
Share premium		3,335,060	-
Effect of Business Combinations Under Common Control		(16,462,461)	(15,270,139)
Accumulated Other Comprehensive Income or Expenses			
Not to be Reclassified to Profit or Loss			
- Losses on Remeasurement of Defined Benefit Plans		(579,464)	(381,840)
- Increases on Revaluation of Plant, Property and Equipment		2,030,961	1,800,698
- Earnings from Investments in Equity Financial Instruments		2,022,718	1,939,191
Accumulated Other Comprehensive Income or Expenses			
to be Reclassified to Profit or Loss			
- Foreign Currency Translation Differences		(350)	(1,064,911)
- Cash Flow Hedging (Losses)/Gains		(859,763)	59,651
Restricted Reserves Appropriated from Profit		1,527,992	1,406,764
Prior Years' Profit		17,219,523	16,234,730
Net Profit for the Period		3,378,878	984,793
Non-Controlling Interests		1,830,541	3,607,257
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>61,589,644</b>	<b>66,149,172</b>

**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2023 AND 2022**

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

		<b>Audited Current Period 1 January- 31 December 2023</b>	<b>Audited Prior Period 1 January- 31 December 2022</b>
	<b>Note</b>		
Revenue	23	55,836,141	51,981,208
Cost of Sales (-)	23	(39,659,581)	(40,653,018)
<b>GROSS PROFIT</b>		<b>16,176,560</b>	<b>11,328,190</b>
General Administrative Expenses (-)	24, 25	(1,388,277)	(1,238,763)
Marketing Expenses (-)	24, 25	(5,133,098)	(4,389,641)
Research and Development Expenses (-)	24, 25	(238,705)	(164,649)
Other Operating Income	26	2,745,639	2,401,751
Other Operating Expenses (-)	26	(1,169,204)	(878,881)
<b>OPERATING PROFIT</b>		<b>10,992,915</b>	<b>7,058,007</b>
Income from Investment Activities	27	7,623,622	7,811,620
Expenses from Investment Activities (-)	27	(418,788)	(3,247,512)
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES</b>		<b>18,197,749</b>	<b>11,622,115</b>
Financial Income	28	318,356	339,665
Financial Expenses (-)	29	(18,214,120)	(16,430,234)
Net Monetary Gain		4,475,153	5,841,449
<b>PROFIT BEFORE TAX FROM OPERATIONS</b>		<b>4,777,138</b>	<b>1,372,995</b>
<b>Tax (Expense)/Income</b>		<b>(554,374)</b>	<b>56,511</b>
Current Tax Expense (-)	30	(1,297,001)	(1,300,719)
Deferred Tax Income	30	742,627	1,357,230
<b>PROFIT FOR THE PERIOD</b>		<b>4,222,764</b>	<b>1,429,506</b>
<b>Distribution of the Profit for the Period</b>			
Non-Controlling Interest		843,886	444,713
Equity Holders of the Parent		3,378,878	984,793
Earnings Per Share	32	9.15	2.67

**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2023 AND 2022**

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

	<b>Audited Current Period 1 January- 31 December 2023</b>	<b>Audited Prior Period 1 January- 31 December 2022</b>
<b>PROFIT FOR THE PERIOD</b>	<b>4,222,764</b>	<b>1,429,506</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Not to be Reclassified To Profit or Loss</b>	<b>107,338</b>	<b>693,018</b>
Losses on Remeasurement of Defined Benefit Plans	(212,394)	(481,295)
Property, Plant and Equipment Revaluation Increases	1,903,232	1,928,655
Losses from Investments in Equity Financial Instruments	(285,291)	(691,837)
<b>Taxes on Other Comprehensive Income That Will not be Reclassified to Profit or Loss</b>		
Losses on Remeasurement of Defined Benefit Plans, Tax Effect	51,637	97,048
Property, Plant and Equipment Revaluation Increases Tax Effect	(1,707,900)	(194,145)
Losses from Investments in Equity Financial Instruments, Tax Effect	358,054	34,592
<b>Items to be Reclassified to Profit or Loss</b>	<b>28,567</b>	<b>(2,191,530)</b>
Foreign Currency Translation Differences	947,981	(2,250,384)
(Losses)/Gains on Cash Flow Hedges	(1,220,914)	73,569
<b>Taxes on Other Comprehensive Income That Will be Reclassified to Profit or Loss</b>		
(Losses)/Gains on Cash Flow Hedges, Tax Effect	301,500	(14,715)
<b>OTHER COMPREHENSIVE INCOME</b>	<b>135,905</b>	<b>(1,498,512)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>4,358,669</b>	<b>(69,006)</b>
Distribution of Total Comprehensive Income		
Non-Controlling Interests	725,345	(66,728)
Equity Holders of the Parent	3,633,324	(2,278)

**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2023 AND 2022**

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

	Paid-in Capital	Share Capital Adjustment Differences	Share Premiums	Effect of Business Combinations Under Common Control	Foreign Currency Translation Differences	Cash Flow Hedge (Loss)/ Gain	Revaluation / Value Increase Funds of Property, Plant and Equipment	Loss on Remeasurement of Defined Benefit Plans	Earnings from Investments in Equity Financial Instruments	Restricted Reserves Appropriated from Profit	Net / (Loss)/Profit for the Period	Prior Periods' Profit	Equity Attributable to Equity Holders of the Parent	Non- Controlling Interest	Total
<b>As of 1 January 2022</b>	<b>342,000</b>	<b>5,984,921</b>	<b>-</b>	<b>(15,270,139)</b>	<b>660,548</b>	<b>1,305</b>	<b>115,793</b>	<b>(34,219)</b>	<b>2,596,433</b>	<b>1,406,764</b>	<b>(112,559)</b>	<b>16,347,289</b>	<b>12,038,136</b>	<b>3,872,753</b>	<b>15,910,889</b>
Transfers	-	-	-	-	-	-	-	-	-	-	112,559	(112,559)	-	-	-
Total Comprehensive Income	-	-	-	-	(1,725,459)	58,346	1,684,905	(347,621)	(657,242)	-	984,793	-	(2,278)	(66,728)	(69,006)
Dividends Paid (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	(198,768)	(198,768)
<b>As of 31 December 2022</b>	<b>342,000</b>	<b>5,984,921</b>	<b>-</b>	<b>(15,270,139)</b>	<b>(1,064,911)</b>	<b>59,651</b>	<b>1,800,698</b>	<b>(381,840)</b>	<b>1,939,191</b>	<b>1,406,764</b>	<b>984,793</b>	<b>16,234,730</b>	<b>12,035,858</b>	<b>3,607,257</b>	<b>15,643,115</b>
<b>As of 1 January 2023</b>	<b>342,000</b>	<b>5,984,921</b>	<b>-</b>	<b>(15,270,139)</b>	<b>(1,064,911)</b>	<b>59,651</b>	<b>1,800,698</b>	<b>(381,840)</b>	<b>1,939,191</b>	<b>1,406,764</b>	<b>984,793</b>	<b>16,234,730</b>	<b>12,035,858</b>	<b>3,607,257</b>	<b>15,643,115</b>
Transfers	-	-	-	-	-	-	-	-	-	-	(984,793)	984,793	-	-	-
Total Comprehensive Income	-	-	-	-	1,064,561	(919,414)	195,331	(156,366)	70,334	-	3,378,878	-	3,633,324	725,345	4,358,669
Transactions Under Common Control (**)	27,276	4,141	3,335,060	(1,192,322)	-	-	34,932	(41,258)	13,193	121,228	-	-	2,302,250	(2,302,250)	-
Dividends Paid (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	(199,811)	(199,811)
<b>As of 31 December 2023</b>	<b>369,276</b>	<b>5,989,062</b>	<b>3,335,060</b>	<b>(16,462,461)</b>	<b>(350)</b>	<b>(859,763)</b>	<b>2,030,961</b>	<b>(579,464)</b>	<b>2,022,718</b>	<b>1,527,992</b>	<b>3,378,878</b>	<b>17,219,523</b>	<b>17,971,432</b>	<b>1,830,541</b>	<b>19,801,973</b>

(\*) Food Manufacturers Company, a subsidiary of the Group, paid dividend amounting to TL 444,024 thousand on 19 April 2023 with the decision of the Board of Directors. TL 199,811 thousand of the related amount is recognised under non-controlling interests.(31 December 2022: TL 437,896 thousand, non-controlling interest: TL 198,768 thousand)

(\*\*) On 31 August 2023, the Company merged with Ülker Çikolata Sanayi A.Ş., in which the Company has 91.7% shares, and Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş., in which the Company has 73.9% shares, The effects of this merger are recognised as "Effect of Business Combinations Under Common Control" in the statement of changes in shareholders equity.

**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2023 AND 2022**

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

		<b>Audited Current Period 1 January- 31 December 2023</b>	<b>Audited Prior Period 1 January- 31 December 2022</b>
	<b>Note</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		4,222,764	1,429,506
<b>Adjustments to Reconcile Net Profit for the Period</b>			
Adjustments Related to Depreciation and Amortization			
Depreciation of property, plant and equipment	11	1,174,464	1,154,835
Amortisation of intangible assets	13	9,644	12,932
Adjustments Related to Impairment Loss (Reversal)			
Adjustments for impairment of receivables	7	16,493	20,936
Financial investment value (increase)/decrease	27	(5,604)	3,056,696
Provision for inventory impairment	10	44,358	43,105
Adjustments Related to Provisions			
Adjustments Related to Provisions for Employee Benefits			
Provision for employment termination benefits	17	276,606	249,926
Unused vacation accrual	17	153,375	150,134
Performance premium accrual	17	423,224	246,322
Adjustments Related to Provisions (Reversal) for			
Lawsuits and/or Penalties	15	633	(1,048)
Adjustments Related to Other Provisions (net)		(34,969)	(188,360)
Adjustments Related to Interest (Income) and Expenses			
Interest income	27	(1,209,731)	(718,621)
Interest expenses	29	3,970,450	4,259,874
Adjustments Related to Tax Expenses/(Income)/	30	554,374	(56,511)
Adjustments Related to (Gains) on Disposals of			
Non-Current Assets			
Adjustments related to (gains) arising from sale of			
property, plant and equipment	27	(4,471)	(55,502)
Adjustments for Other Items Related to Investing or Financing			
Activities			
Financial liabilities exchange rate change (net)	28, 29	13,637,410	11,649,296
Foreign exchange differences from investing activities (net)	27	(5,960,498)	(6,825,090)
Commission expenses and financial income (net)		287,904	185,979
Derivative instruments transaction income (net)		-	(4,575)
Other Adjustments to Reconcile Profit/(Loss)			
Rent income	27	(24,530)	(21,591)
Adjustments related to monetary (gains)		(3,845,709)	(3,996,142)
<b>Net cash before changes in assets and liabilities</b>		<b>13,686,187</b>	<b>10,592,101</b>



**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2023 AND 2022**

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

		<b>Audited Current Period 1 January- 31 December 2023</b>	<b>Audited Prior Period 1 January- 31 December 2022</b>
	<b>Note</b>		
<b>Changes in Working Capital</b>			
(Increase) in trade receivables		(1,552,260)	(1,769,460)
(Increase) in receivables from related parties		(2,632,643)	(2,600,776)
(Increase) in inventories		(2,509,948)	(2,705,039)
(Increase) in other receivables and other assets		(669,683)	(1,001,210)
Increase in trade payables		1,569,607	1,669,235
Increase in payables to related parties		1,210,670	995,222
Increase in other payables and liabilities		303,000	417,085
<b>Cash generated from activities</b>		<b>9,404,930</b>	<b>5,597,158</b>
Payments Related to Provisions For Employee Benefits			
Employment termination benefit paid	17	(348,617)	(111,688)
Unused vacation paid	17	(106,639)	(78,592)
Performance premium paid	17	(242,600)	(128,354)
Lawsuits Provision Paid	15	-	(324)
Taxes Paid		(1,356,030)	(1,256,415)
<b>Cash generated from operating activities</b>		<b>7,351,044</b>	<b>4,021,785</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash inflows from sales of property, plant and equipment and intangible assets		90,426	190,337
Cash outflows from purchase of property, plant and equipment		(1,198,117)	(1,325,690)
Cash outflows from purchase of intangible assets	13	(3,518)	(11,081)
Changes in non-trade receivables from related parties		(800,523)	(1,069,599)
Interest received		1,209,731	718,621
Other cash advances given and payables		(93,201)	(75,627)
Cash inflows from the sale of shares or debt instruments of other businesses or funds		350,625	11,888,145
Cash outflows from the purchase of shares or debt instruments of other businesses or funds		(8,820)	(8)
Cash generated from leases		24,530	21,592
<b>Net cash (used in)/generated from investing activities</b>		<b>(428,867)</b>	<b>10,336,690</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash inflows from borrowings		1,168,555	3,945,711
Repayments of borrowings		(8,067,427)	(5,945,987)
Cash inflow from derivate instruments		695,576	4,576
Interest paid		(3,670,666)	(3,851,840)
Dividend paid		(199,811)	(198,768)
Commission paid		(287,904)	(185,979)
<b>Net cash used in financing activities</b>		<b>(10,361,677)</b>	<b>(6,232,287)</b>
<b>INFLATION EFFECT ON CASH AND CASH EQUIVALENTS</b>		<b>(5,994,627)</b>	<b>(3,182,079)</b>
<b>THE EFFECT OF FOREIGN EXCHANGE RATE</b>			
<b>CHANGE ON CASH AND CASH EQUIVALENTS</b>		<b>5,841,889</b>	<b>2,172,112</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(3,592,238)</b>	<b>7,116,221</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	<b>15,249,460</b>	<b>8,133,239</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	4	<b>11,657,222</b>	<b>15,249,460</b>

**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**1. ORGANIZATION AND OPERATIONS OF THE GROUP**

Ülker Bisküvi Sanayi A.Ş. (“the Company”) and its subsidiaries (all together “the Group”) comprise of the parent Ülker Bisküvi Sanayi A.Ş. (“the Company”) and thirteen subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2022: Fifteen).

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

Ülker Bisküvi Sanayi A.Ş. went public by merging with Anadolu Gıda Sanayi A.Ş., which has been traded on Borsa İstanbul A.Ş. (“BİST”) (Former Name: Istanbul Stock Exchange (“ISE”) since 30 October 1996, under its own name as of 31 December 2003.

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

As of 31 December 2023, the total number of people employed by the Group 9,794, which contain 2,172 employees who worked as subcontractors (31 December 2022: 9,489, subcontractor: 1,914).

The main shareholder and controlling party of the Group is pladis Foods Limited. The ultimate parent of the Group is Yıldız Uluslararası Gıda Yatırımları A.Ş.. Yıldız Uluslararası Gıda Yatırımları A.Ş., the ultimate parent of pladis Foods Limited is managed by Ülker Family.

As of 31 December 2023 and 31 December 2022, the names and percentages of the shareholders holding more than 5% of the Company’s share capital are as follows:

Title of Shareholders	31 December 2023		31 December 2022	
	Share	Percentage	Share	Percentage
pladis Foods Limited	174,420	47.23%	174,420	51.00%
Other	194,856	52.77%	167,580	41.52%
	<b>369,276</b>	<b>100%</b>	<b>342,000</b>	<b>100%</b>

**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont’d)**

As of 31 December 2023 and 31 December 2022, the details of the subsidiaries (“Subsidiaries”) under consolidation in terms of direct and effective share of ownership and principal business activities are as follows:

Subsidiaries	31 December 2023		31 December 2022		Nature of Operation
	Ratio of Direct Ownership	Ratio of Effective Ownership	Ratio of Direct Ownership	Ratio of Effective Ownership	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. (*)	-	-	73.9%	73.9%	Manufacturing
Ülker Çikolata Sanayi A.Ş. (*)	-	-	91.7%	91.7%	Manufacturing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	100.0%	100.0%	100.0%	100.0%	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	100.0%	100.0%	100.0%	100.0%	Trading
UI Egypt B.V.	51.0%	51.0%	51.0%	51.0%	Investing
Hi-Food for Advanced Food Industries	-	51.4%	-	51.4%	Manufacturing-Sales
Sabourne Investments Ltd	100.0%	100.0%	100.0%	100.0%	Investing
Food Manufacturers’ Company	-	55.0%	-	55.0%	Manufacturing-Sales
Hamle Company Ltd LLP	100.0%	100.0%	100.0%	100.0%	Manufacturing-Sales
Ulker Star LLC	-	99.0%	-	99.0%	Sales
UI Mena BV	100.0%	100.0%	100.0%	100.0%	Investing
pladis Gulf FZE (**)	-	100.0%	-	100.0%	Sales
Ulker for Trading and Marketing	-	99.8%	-	99.8%	Sales
International Biscuits Company	100.0%	100.0%	100.0%	100.0%	Manufacturing-Sales
Önem Gıda Sanayi ve Ticaret A.Ş.	100.0%	100.0%	100.0%	100.0%	Manufacturing-Sales

(\*) On 31 August 2023, the Company merged with Ülker Çikolata Sanayi A.Ş., in which the Company has 91.7% shares, and Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş., in which the Company has 73.9% shares. The effects of this merger are recognised as “Effect of Business Combinations Under Common Control” in the statement of changes in shareholders equity.

(\*\*) On 11 December 2023, Amir Global Trading FZE changed its legal entity name to pladis Gulf FZE.

Approval of consolidated financial statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 11 March 2024. The General Assembly has the authority to amend the consolidated financial statements.

**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of the Presentation:**

**Principles for Preparation of Financial Statements and Significant Accounting Policies**

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations. In addition, the financial statements have been prepared in accordance with the “Announcement on TFRS Taxonomy” published by POA and the resolution of CMB about the Illustrations of Financial Statements and Application Guidance published on 4 October 2022.

**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.1 Basis of the Presentation (cont'd)**

**Principles for Preparation of Financial Statements and Significant Accounting Policies (cont'd)**

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

**Functional and Presentation Currency**

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

**Financial Reporting in Hyperinflationary Economies**

With the announcement made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies for the annual reporting period beginning on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy.

In accordance with the standard, financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the purchasing power of that currency at the balance sheet date. For comparative purposes, comparative information in the prior period financial statements is expressed in terms of the measuring unit current at the end of the reporting period. Therefore, the Group has presented its consolidated financial statements as at 31 December 2022 in terms of the purchasing power of the currency as at 31 December 2023.

In accordance with the CMB's resolution No: 81/1820 dated 28 December 2023, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 beginning with the annual financial statements for the accounting periods ending on 31 December 2023.

The restatement in accordance with TAS 29 has been made by using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As at 31 December 2023, the indices and adjustment factors used in the restatement of the consolidated financial statements are as follows

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31.12.2023	1,859.38	1.00000	268%
31.12.2022	1,128.45	1.64773	156%
31.12.2021	686.95	2.70672	74%

**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.1 Basis of the Presentation (cont'd)**

**Financial Reporting in Hyperinflationary Economies (cont'd)**

The main components of the Group's restatement for financial reporting purposes in hyperinflationary economies are as follows:

- The consolidated financial statements for the current period presented in TL are expressed in terms of the purchasing power of TL at the balance sheet date and the amounts for the previous reporting periods are adjusted and expressed in accordance with the purchasing power of TL at the end of the reporting period.
- Monetary assets and liabilities are not adjusted since they are currently expressed in terms of the purchasing power at the balance sheet date. Where the inflation-adjusted carrying amounts of non-monetary items exceed their recoverable amounts or net realisable values, the provisions of TAS 36 Impairment of Assets and TAS 2 Inventories are applied, respectively.
- Non-monetary assets, liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted by using the relevant adjustment factors.
- All items in the statement of comprehensive income, except for the effect of non-monetary items in the balance sheet on the statement of comprehensive income, have been adjusted by applying the coefficients calculated over the periods in which the income and expense accounts were initially recognised in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period is recognised in the gain/(loss) on net monetary position in the consolidated income statement.

**Basis of Consolidation**

**(a) Subsidiaries**

Subsidiaries are all 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-Group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

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

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

**(c) Loss of subsidiary control**

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. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TAS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.



**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

**2.2 New and Amended Turkish Accounting Standards**

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

**Amendments to TAS 1 *Disclosure of Accounting Policies***

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

**Amendments to TAS 8 *Definition of Accounting Estimates***

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

**Amendments to TAS 12 *International Tax Reform — Pillar Two Model Rules***

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

**ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**  
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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.2 New and Amended Turkish Accounting Standards (cont'd)**

**b) New and revised TFRSs in issue but not yet effective (cont'd)**

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

**TFRS 17 *Insurance Contracts***

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 Insurance Contracts on 1 January 2025.

***Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information***

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

***Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9***

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

***Amendments to TAS 1 Classification of Liabilities as Current or Non-Current***

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.2 New and Amended Turkish Accounting Standards (cont'd)**

b) New and revised TFRSs in issue but not yet effective (cont'd)

***Amendments to TFRS 16 Lease Liability in a Sale and Leaseback***

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

***Amendments to TAS 1 Non-current Liabilities with Covenants***

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

***Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements***

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

***TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information***

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

***TSRS 2 Climate-related Disclosures***

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

**2.3 Summary of Significant Accounting Policies**

The basic accounting policies applied while preparing the consolidated financial statements are given below. These policies have been applied consistently for the years presented, unless stated otherwise:

**Revenue**

The Group's revenue mainly consists of sales of biscuits, chocolate coated biscuits, wafers, cakes and chocolate.

In accordance with TFRS 15 “Customer Contract Revenue Standard”, the Group recognizes revenue in the financial statements in the five-step model below:

- Identification of contracts with customers,
- Identification of performance obligations in contracts,
- Determining the transaction price in contracts,
- Distribution of transaction fee to performance obligations,
- Revenue recognition.

In each contract with customers, the Group evaluates services committed and determines each commitment given for the transfer of relevant goods and services as another performance obligation. For each performance obligation, whether the performance obligation is performed as extended over time or in a particular time, is determined in the beginning of a contract. If the Group transfers the control of goods and services in time and accordingly fulfills its performance obligations as extended over time, the progress related to fulfillment of the relevant performance obligations is measured and recognized as extended over time. Revenue related to the performance obligations that are the transfers of goods and services by nature is recognized when the control of the goods and services is transferred to the customer. The goods or services are transferred when the control of the goods or services is delivered to the customers. Following indicators are considered while evaluating the transfer of control of the goods and services: a) Presence of the Group’s collection right of the consideration for the goods or services, b) Customer’s ownership of the legal title on goods or services, c) Physical transfer of the goods or services, d) Customer’s ownership of significant risks and rewards related to the goods or services, e) Customer’s acceptance of goods or services. If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as other operating income.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

**2.3 Summary of Significant Accounting Policies (cont’d)**

**Property, Plant and Equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Revaluations are for a period of no longer than 5 years so as not to differ materially from the book value of the fair value to be determined at the reporting date. All other property, plant and equipment are shown at historical cost less accumulated depreciation. Cost includes the direct asset and attributable acquisition costs.

Properties in the course of construction for production, leases or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees. Borrowing costs are capitalized for assets that necessarily takes a substantial period of time to get ready for its intended use or sale. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment subject to financial leasing are depreciated over their useful lives, if the useful life is long, over the lease term, when the lease term is short.

**Financial Leasing Transactions**

Leases in which a significant portion of the risks and rewards of ownership belong to the lessee are classified as finance leases. Other leases are classified as operating leases.

**Leases - The Group as lessor**

Finance lease receivables are recorded up to the Group's net investment in the lease. Finance lease income is allocated to accounting periods to provide a constant periodic rate of return on the Group's finance lease net investment.

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



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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.3 Summary of Significant Accounting Policies (cont'd)**

**Financial Leasing Transactions (cont'd)**

**Leases - The Group as lessor (cont'd)**

Financial lease assets are capitalized using the lower of the fair value of the asset at the lease date or the present value of the minimum lease payments. The liability to the lessor is shown in the balance sheet as a finance lease liability. Financial leasing payments are divided into finance expense and principal payment, which reduces the leasing obligation, thus providing a fixed rate of interest on the remaining principal balance of the debt. Financial expenses, except for the capitalized portion of finance expenses, are recorded in the profit or loss statement within the scope of the Group's general borrowing policy.

**Lease – The Group as lessee**

Payments made for operating leases that are not within the scope of TFRS 16 (incentives received or to be received from the lessor for the realization of the lease transaction are also recorded in the profit or loss statement using the straight-line method throughout the lease period) are recorded in the consolidated profit or loss statement over the lease period. The Group does not have any significant lease agreements to be evaluated within the scope of TFRS 16.

**Business Combinations**

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

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

Where the consideration transferred by the Group in a business combination includes contingent consideration, the contingent consideration is measured at fair value at the acquisition date and included in the consideration transferred in the business combination. If an adjustment to the fair value of the contingent consideration is required as a result of additional information revealed during the measurement period, this adjustment is adjusted retrospectively from the goodwill. The measurement period is the period after the acquisition date during which the acquirer can adjust the temporary amounts recognized in the business combination. This period cannot be more than 1 year from the date of purchase. Business combinations resulting from the transfer of shares of companies controlled by the stakeholder controlling the Group are accounted for as if they had occurred at the beginning of the earliest comparative period presented, if later, on the date of joint control. For this purpose, comparative periods are rearranged. The acquired assets and liabilities are recorded at the book value previously recorded in the consolidated financial statements of the stakeholders under the control of the Group. Equity items of the acquired companies are added to the same items in the Group's equity, except for the capital, and the resulting profit or loss is recognized in equity.

**Partial share purchase - sale transactions with non-controlling shareholders**

The Group considers the purchase and sale transactions of the shares of the partnerships that it currently controls with non-controlling shareholders as transactions between the equity holders of the Group. Accordingly, in additional share purchase transactions from non-controlling interests, the difference between the acquisition cost and the book value of the company's net assets in proportion to the purchased shares is accounted for in equity. In the sale of shares to non-controlling shareholders, losses or gains resulting from the difference between the sales price and the book value of the company's net assets in proportion to the sold share are accounted for under a separate heading under equity.

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

**2.3 Summary of Significant Accounting Policies (cont’d)**

**Intangible Assets**

**Intangible assets acquired separately**

Purchased intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. These assets are amortized using the straight-line method over their expected useful lives. The expected useful life and amortization method are reviewed annually to determine the possible effects of changes in estimates and changes in estimates are accounted for prospectively.

**Computer software**

Purchased computer software is capitalized over the costs incurred during its purchase and during the period from purchase until it is ready for use. These costs are amortized over their useful lives (5 - 10 years).

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

**Intangible assets acquired through a business combination**

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

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

**Derecognition of intangible assets**

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

**Impairment of Non-Financial Assets**

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

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

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

**2.3 Summary of Significant Accounting Policies (cont’d)**

**Impairment of Non-Financial Assets (cont’d)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

**Borrowing Costs**

In the case of assets (qualified assets) that take significant time to get ready for use and sale, borrowing costs directly attributable to their acquisition, construction or production are included in the cost of the asset until it is ready for use or sale.

The amount of borrowing costs that can be capitalized for funds borrowed for the purpose of acquiring a qualifying asset in a period is the amount determined by deducting the income from temporary investments of these funds from the total borrowing costs incurred for these assets in the relevant period.

When the group borrows for a general purpose and some of these funds are used to finance a qualifying asset, the amount of borrowing costs that can be capitalized is determined with the help of a capitalization rate to be applied to the expenses related to the related asset. This capitalization rate is the weighted average of borrowing costs related to all borrowings of the Group during the relevant period, excluding borrowings for the purchase of qualifying assets. Financial investment income obtained by temporarily investing the unspent portion of the investment loan in financial investments is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recorded in the consolidated statement of profit or loss in the period in which they are incurred.

**Financial Instruments**

**Financial Assets**

**Classification and measurement**

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

***(a) Financial assets carried at amortized cost***

Financial assets that are not quoted in an active market and are not derivative instruments that have fixed or fixed payments, in which management has adopted the contractual cash flow collection business model and the terms of the contract include only the principal and interest payments arising from the principal balance on certain dates, are classified as assets accounted for at amortized cost. . If their maturities are shorter than 12 months from the balance sheet date, they are classified as current assets, and if they are longer than 12 months, they are classified as non-current assets. Assets accounted for at amortized cost include “trade receivables” and “cash and cash equivalents” items in the statement of financial position. In addition to these, trade receivables collected from factoring companies within the scope of revocable factoring transactions, which are included in trade receivables, are classified as assets accounted for at amortized cost, since the collection risk of these receivables is not transferred.

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.3 Summary of Significant Accounting Policies (cont'd)**

***Impairment***

Since the trade receivables accounted for at amortized cost in the consolidated financial statements do not contain a significant financing component, the Group chooses the simplified application for impairment calculations and uses the provision matrix. With this application, the Group measures the expected credit loss allowance at an amount equal to the lifetime expected credit losses, unless the trade receivables are impaired for certain reasons. In the calculation of expected credit losses, the Group's forecasts for the future are also taken into account, together with the past experience of credit losses.

***(b) Financial assets carried at fair value***

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

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

Financial assets at fair value through profit or loss include "financial investments and mutual funds at fair value through profit or loss" items in the statement of financial position.

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

Financial assets at fair value through other comprehensive income include "equity investments and derivatives" items in the statement of financial position. Derivative instruments are accounted for as an asset if the fair value is positive and as a liability if the fair value is negative. The Group measures these assets at their fair value. Gains or losses on related financial assets, excluding impairment and foreign exchange gains or expenses, are recognized in other comprehensive income. In case the assets whose fair value difference is recorded in other comprehensive income are sold, the valuation difference classified into other comprehensive income is reclassified to retained earnings.

**Financial Liabilities**

***(c) Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss are initially recognised at fair value and remeasured at each reporting date at fair value at the balance sheet date. Changes in fair value are recognised in the statement of profit or loss. The net gain or loss recognised in the statement of profit or loss includes any interest paid on the financial liability.

***Recognition and de-recognition of financial assets and liabilities***

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

A financial asset (or part of a financial asset or group of similar financial assets) is derecognized where;

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

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

**2.3 Summary of Significant Accounting Policies (cont’d)**

***Financial Liabilities (cont’d)***

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

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

***Financial borrowings***

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

***Trade receivables***

Trade receivables resulting from the provision of a product or service to a buyer by the Group are shown net of deferred finance income. Short-term receivables with no specified interest rate are shown at original invoice value unless the effect of accruing interest is significant.

The Group allocates provision for doubtful receivables for the related trade receivables, if there is objective evidence that collection is not possible. Objective evidence is when the claim is pending or in preparation for litigation or enforcement, the buyer is in significant financial difficulty, the buyer is in default, or it is probable that a significant and unpredictable delay will occur. The amount of this provision is the difference between the book value of the receivable and the recoverable amount. The recoverable amount is the discounted value of all cash flows, including the amounts that can be collected from guarantees and guarantees, based on the original effective interest rate of the trade receivable. In addition, the Group uses the provision matrix by choosing the simplified application for impairment calculations, since trade receivables accounted for at amortized cost in the financial statements do not contain an important financing component. With this application, the Group measures the expected credit loss allowance at an amount equal to the lifetime expected credit losses, unless the trade receivables are impaired for certain reasons. In the calculation of expected credit losses, the Group's forecasts for the future are also taken into account, together with the past experience of credit losses.

**Effects of Currency Change**

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

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

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.3 Summary of Significant Accounting Policies (cont'd)**

**Effects of Currency Change (cont'd)**

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

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks,
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment,

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

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

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

**Dividend and Interest Income**

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

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

**Earnings Per Share**

Earnings per share disclosed in the consolidated statement of profit or loss are calculated by dividing net income by the weighted average number of shares outstanding during the period concerned.

**Events After the Reporting Period**

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

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



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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.3 Summary of Significant Accounting Policies (cont'd)**

**Provisions, Contingent Assets and Contingent Liabilities**

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

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

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

**Related Parties**

Related party in the consolidated financial statements: Persons or businesses that are related to the Company.

(a) A person or a close member of that person's family is deemed to be related to the Company if that person:

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

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

- (i) The Company members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One company is an associate or joint venture of the other company (or an associate or joint venture of a member of a group of which the other company is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The Company is a post-employment benefit plan for the benefit of employees of either the Company or a company related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Transaction with a related party: It is the transfer of resources, services or obligations between the Company and a related party, regardless of whether there is a price or not. The Company may enter into some business relations with related parties in the course of ordinary activities.

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

**2.3 Summary of Significant Accounting Policies (cont’d)**

**Government Grants and Incentives**

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

Government grants relating to costs are recognized as income on a consistent basis throughout the relevant periods when they match the costs they would cover.

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

**Corporate Taxes**

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

**Current tax**

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

**Deferred tax**

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

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

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

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

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.3 Summary of Significant Accounting Policies (cont'd)**

**Corporate Taxes (cont'd)**

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

**Current and deferred tax for the period**

Current and deferred tax are recognized as in profit or loss, except when they relate to items arising from the initial recognition of business combinations or that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. In business combinations, tax effects are considered when calculating goodwill or determining the portion of the purchaser's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary exceeding the acquisition cost.

**Employee Benefits**

**Termination and retirement benefits**

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No. 19 (revised) *Employee Benefits* ("TAS 19").

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

**Statement of Cash Flows**

Cash flows during the period are classified and reported as operating, investing and financing activities in the statement of cash flows.

Cash flows from main activities represent the cash flows of Group companies arising from their operations related to their main activities.

Cash flows related to investing activities represent the cash flows that the Group uses and generates in its investment activities (fixed investments and financial investments).

Cash flows from financing activities show the resources used by the Group in financing activities and the repayments of these resources.

**Capital and Dividends**

Ordinary shares are classified as equity. Dividends distributed on ordinary shares are recorded by deducting from retained earnings in the period when the dividend decision is taken.

**Equity Items**

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. The revaluation fund, which is included in the value increase funds, is the value increase on the net asset held by the Group before the sale transaction, at the date of the transaction.

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.3 Summary of Significant Accounting Policies (cont'd)**

**Derivatives and Hedging Activities**

Derivatives are recorded at fair value at the initial contract date and are measured at fair value at the end of each reporting period after initial recognition. Accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, on the nature of the hedged item. The Group designates certain derivatives as either:

- i. Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- ii. Hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or,
- iii. Hedges of a net investment in a foreign operation (net investment hedges).

At the beginning of the hedging transaction, the Group documents the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy that gives rise to the various hedging transactions. The Group also documents its assessment that the derivatives it uses in the hedge are, and will continue to be, highly effective at offsetting changes in the fair value or cash flows of the hedged asset, both at the start of the hedge and subsequently.

The fair values of various derivative financial instruments used for hedge accounting purposes are disclosed in Note 9. Movements in the hedge fund under equity are shown in Note 34. The overall fair value of a derivative used for hedge accounting is classified as a non-current asset or a non-current liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or current liability if it is less than 12 months. Derivatives for trading purposes are classified as current assets or current liabilities.

The effective portion of the fair value changes of the derivatives that meet the cash flow hedge conditions and are defined in this way are recognized in other comprehensive income and collected in the funds under equity. The gain and loss of the ineffective portion is recognized directly in profit or loss in other income or other expenses.

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

**Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit/loss on disposal.

Goodwill of the Group consists of the accounting of the business purchased from the parent as a business combination under common control, at the recorded values at the level of the parent, in the Group records (Note 12).

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.4 Significant Accounting Judgement, Estimate and Assumptions**

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

**Reacquired Rights**

The Group accounted for reacquired rights at fair value within scope of the reacquisition of rights which were provided exclusivity before to third parties. Reacquired rights have indefinite useful life and are not subject to amortization. Reacquired rights are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Reacquired rights comprise from products distribution rights in Saudi Arabia. Discounted cash flow studies used to identify the fair value of repurchased rights, a discount rate of 9.9% and a final growth rate of 1.6% were used (2022: 9.9% discount rate and 1.6% final growth rate). A change in discount rate by 1% effects amount of goodwill by TL 118,647 thousand (2022 : TL 242,402 thousand).

The brand of the Group is comprised of the business acquired from its main partner as a business combination that is subject to joint control, and its accounting values in the Group's records, at the level of the parent (Note 13). 2.6% royalty rate and 2.4% final growth rate were used in the royalty free method to determining the fair value impairment test of brand. 1% change in the royalty rates used does not cause an impairment.

**Deferred taxes**

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 TFRS. These differences are generally due to the tax base amounts of some income and expense items and the fact that they take place in different periods in the financial statements prepared in accordance with TFRS. In addition, the Group has deferred tax assets resulting from tax loss carryforwards and deductible temporary differences, all of which could reduce taxable income in the future.

As of 31 December 2023, the Group has accounted for deferred tax asset amounting to TL 37,349 thousand in the consolidated financial statements based on the expansion and product diversification investment (2022: TL 64,387 thousand).

Based on available evidence, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future profit projection; cumulative losses in current year; carryforward losses and other tax assets expiring; and tax-planning strategies that would, if necessary, be implemented.

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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.4 Significant Accounting Judgement, Estimate and Assumptions (cont'd)**

*Deferred taxes (cont'd)*

As of 31 December 2023, the Group has accounted for deferred tax assets amounting to TL 1,686,415 thousand, calculated over the carry forward tax losses amounting to TL 6,745,658 thousand, in the consolidated financial statements. As of 31 December 2022, deferred tax asset amounting to TL 1,573,344 thousand, calculated over the carry forward tax losses amounting to TL 7,862,277 thousand, has been reflected in the consolidated financial statements.

*Fair values of financial instruments*

The fair values of financial instruments that do not have an active market as of 31 December 2023, was calculated by an independent management consultancy that is not affiliated with this Group, whose compliance with the valuation competency criteria determined by the CMB has been evaluated, using market data, using arm's-length similar transactions, taking the fair values of similar instruments as a reference, and discounted cash flow analysis. In the current period, discounted cash flow analysis has been made using a discount rate of 10.2% (2022: 10.3%) for G-New and 10.9% (2022: 10.8%) for Godiva Belgium and using Final growth rate of 2.4% (2022: 2.1%) for G-New, 2.4% (2022: 2.1%) for Godiva Belgium that are among the Group's financial investments.

The 0.3% change in the discount rate used affects the fair value of G-New and Godiva Belgium by TL 97,076 thousand and TL 182,129 thousand, respectively. (2022: G-New: TL 113,357 thousand and Godiva Belgium: 203,066 thousand TL).

*Goodwill*

The Group acquired business from its ultimate shareholder as under common control and accounted its book values as accounted at ultimate shareholder level including goodwill (Note 12). Discounted cash flow used to identify goodwill is applied with 9.3% discount rate and 2.4% long term growth rate. 1% change in the rates used does not cause a decrease in goodwill.

*Determination of Fair Values of Lands and Buildings*

It is calculated by deducting accumulated depreciation from fair value using the Lands and Buildings revaluation method. The fair values of Lands and Buildings are determined from evidence available in the market, normally by valuation by professional value appraisers. They used the "peer comparison" method for Lands and Buildings. Lands and Buildings are classified within level two of the fair value hierarchy. In determining the fair value of buildings, the cost approach reflecting the costs incurred by the market participant to construct similar assets and aging age is used. It is classified within the third level of the fair value hierarchy of buildings.

*Calculation of loss allowance*

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

ECL reflect the future loss that the management anticipates incurring from the trade receivables as of the balance sheet date which is subject to collection risk considering the current economic conditions. Details on expected loss provisions are included in Note 7.



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**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.5 Summary of Financial Information Related to Subsidiaries**

As of 31 December 2023 and 2022, the summarized financial information of the subsidiaries of the Group in which the Group has significant minority interest is as follows:

**Food Manufacturers' Company**

	<b>2023</b>	<b>2022</b>
Total assets	4,592,834	4,392,342
Total liabilities	1,709,815	1,529,498
Net assets	2,883,019	2,862,844
Accumulated funds on non-controlling interests	1,297,358	1,288,280
Revenue	5,806,032	5,814,988
Net profit for the year	549,956	482,631
Cash flow generated from operating activities	630,225	568,361
Cash flow used in investment activities	(101,344)	(155,801)
Cash flow used in financing activities	(363,523)	(456,617)

**3. SEGMENT REPORTING**

The main field of activity of the Group is the marketing and sales of biscuits, chocolate coated biscuits, wafers, cakes and chocolate. The reports, which are regularly reviewed by the authorized decision maker regarding the Group's activities, are prepared using the Group's consolidated financial statements. The Board of Directors, which takes strategic decisions, has been determined as the authorized authority to take decisions regarding the activities of the Group. The Group management has determined the operating segments based on the reports reviewed by the Board of Directors, which are effective in taking strategic decisions. The Board of Directors monitors the performance of the operating segments as gross profit and operating profit.

In its management reporting, the Group monitors its operations and investment expenditures as domestic (performed by companies in Türkiye) and international operations within the scope of TFRS 8. Accordingly, the information for the periods 1 January - 31 December 2023 and 1 January - 31 December 2022 is presented below.

	<b>Domestic</b>	<b>International</b>	<b>1 January- 31 December 2023</b>
Revenue	38,076,576	17,759,565	55,836,141
Gross Profit	9,675,034	6,501,526	16,176,560
Operating Profit (*)	5,832,010	3,584,470	9,416,480
EBITDA (**)	6,602,587	3,998,001	10,600,588
EBITDA/Revenue	17.3%	22.5%	19.0%
Investment Expense	880,431	316,344	1,196,775
	<b>Domestic</b>	<b>International</b>	<b>1 January- 31 December 2022</b>
Revenue	33,287,390	18,693,818	51,981,208
Gross Profit	5,515,117	5,813,073	11,328,190
Operating Profit (*)	2,785,651	2,749,486	5,535,137
EBITDA (**)	3,464,503	3,238,402	6,702,905
EBITDA/Revenue	10.4%	17.3%	12.9%
Investment Expense	821,027	475,168	1,296,195

(\*) It is operating profit before other income and expenses from operating activities.

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

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**4. CASH AND CASH EQUIVALENTS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash on hand	727	7,560
Demand bank deposits	2,195,812	2,141,030
Time bank deposits	9,497,507	13,129,648
Provision for impairment	(36,824)	(28,778)
	<b>11,657,222</b>	<b>15,249,460</b>

Detail of time deposits are as follows:

<b>Currency Type</b>	<b>Interest Rate (%)</b>	<b>Maturity</b>	<b>31 December 2023</b>
TL	40.77%	January 2024	1,657,445
USD	4.21%	January 2024	6,044,091
EUR	2.69%	January 2024	1,280,093
EGP	15.21%	January 2024	189,960
SAR	5.83%	January 2024	301,370
KZT	11.00%	January 2024	24,548
			<b>9,497,507</b>

<b>Currency Type</b>	<b>Interest Rate (%)</b>	<b>Maturity</b>	<b>31 December 2022</b>
TL	20.00%	January 2023	2,358,985
USD	3.73%	January 2023	10,301,387
EUR	0.01%	January 2023	108,396
EGP	8.25%	January 2023	127,257
SAR	4.75%	January 2023	124,781
KZT	13.00%	January 2023	108,842
			<b>13,129,648</b>

**5. FINANCIAL INVESTMENTS**

<b>Short-Term Financial Investments:</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Financial assets measured at fair value through profit/loss	4,230	346,842
	<b>4,230</b>	<b>346,842</b>

<b>Long-Term Financial Investments:</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Financial assets measured at fair value through other comprehensive income (*)	4,009,637	4,427,784
	<b>4,009,637</b>	<b>4,427,784</b>

<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
G New, Inc	1,162,680	1,292,522
Godiva Belgium BVBA	2,640,125	2,913,078
Other	206,832	222,184
	<b>4,009,637</b>	<b>4,427,784</b>

(\*) Equity investments in which the Group has no significant influence are classified as financial investments at fair value through other comprehensive income. As of 31 December 2023, the after-tax difference to the parent amounting to TL 2,022,718 thousand has been recognized for in equity (31 December 2022: TL 1,939,191 thousand).

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**6. FINANCIAL LIABILITIES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Short-term liabilities	1,140,185	1,524,283
Short-term portion of long-term liabilities	4,320,464	17,262,280
Long-term liabilities	25,102,592	20,348,024
	<b>30,563,241</b>	<b>39,134,587</b>
<b><u>Other Short-Term Liabilities:</u></b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Letters of credit	1,140,185	1,524,283
	<b>1,140,185</b>	<b>1,524,283</b>
<b><u>Short-Term Portion of Long-Term Liabilities</u></b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Bank loans	3,046,205	15,910,107
Issued debt instruments (*)	1,273,041	1,339,190
Financial lease payables	1,218	12,983
	<b>4,320,464</b>	<b>17,262,280</b>
<b><u>Long-Term Liabilities</u></b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Bank loans	9,188,165	2,166,861
Issued debt instruments (*)	15,913,031	18,176,758
Financial lease payables	1,396	4,405
	<b>25,102,592</b>	<b>20,348,024</b>

(\*) On 19 July 2023, the Group has repurchased USD 50,069,000 of USD 650,000,000 bonds issued on the Irish Stock Exchange (Euronext Dublin) on 30 October 2020 with a maturity of 5 years, coupon payments every 6 months, principal and coupon payments at maturity, fixed annual interest rate of 6.95%.

In order to refinance the syndicated and EBRD loans maturing on April 20, 2023, the Group has obtained a 3-year syndicated and EBRD loan with the participation of 6 international banks. The tranches of the loan utilized consist of a murabaha loan amounting to EUR 25 million and USD 10 million, a conventional loan amounting to USD 25 million and EUR 171 million and a conventional loan signed with EBRD amounting to EUR 75 million. This loan is the Group's first sustainability related loan and was used to close the syndicated and EBRD loan amounting to USD 457 million which matured in April 2023. The covenants of the related loans are as follows:

- a) **Leverage**: The ratio of the consolidated net debt on the last day of the current period to the last 12 months consolidated EBITDA (Earnings before interest, depreciation, tax) for the current period should not exceed 3.5:1
- b) **Interest Coverage**: The Group's consolidated interest coverage ratio for the current period should not be lower than 2:1.

In the current period, the consolidated financial statements of the Group are in line with the provisions of the bank loan agreements.

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**6. FINANCIAL LIABILITIES (cont'd)**

**Borrowings:**

**31 December 2023**

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short-Term</u>	<u>Long-Term</u>
TL	January 2024-October 2025	28.00%	1,219	1,396
USD	April 2024-April 2026	8.48%	1,397,934	16,840,513
EUR	April 2024-April 2026	11.54%	3,735,409	8,005,001
EGP	February 2024-December 2024	10.92%	60,832	-
KZT	January 2024-January 2026	11.01%	265,255	255,682
			<b><u>5,460,649</u></b>	<b><u>25,102,592</u></b>

**31 December 2022**

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short-Term</u>	<u>Long-Term</u>
TL	January 2023-October 2025	27.22%	12,982	4,404
USD	April 2023-October 2025	6.75%	4,750,504	18,176,755
EUR	April 2023-April 2024	3.97%	13,697,195	1,673,859
EGP	March 2023-September 2023	8.00%	8,960	-
KZT	January 2023-January 2026	11.97%	316,922	493,006
			<b><u>18,786,563</u></b>	<b><u>20,348,024</u></b>

The repayment terms of bank loans and issued debt instruments are as follows:

	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
To be paid within 1 year	4,319,246	17,249,297
To be paid within 1-2 years	17,072,187	2,504,774
To be paid within 2-3 years	8,029,009	17,796,851
To be paid within 3-4 years	-	41,995
	<b><u>29,420,442</u></b>	<b><u>37,592,917</u></b>

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

	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
Financial lease liabilities	2,168	15,673
Costs of deferred lease liabilities (-)	(950)	(2,690)
	<b><u>1,218</u></b>	<b><u>12,983</u></b>

**Long-Term Financial Lease Liabilities**

	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
Financial lease liabilities	1,676	6,521
Costs of deferred lease liabilities (-)	(280)	(2,116)
	<b><u>1,396</u></b>	<b><u>4,405</u></b>

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**6. FINANCIAL LIABILITIES (cont'd)**

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
To be paid within 1 year	1,218	12,983
To be paid within 1-2 years	1,396	2,042
To be paid within 2-3 years	-	2,363
	<b>2,614</b>	<b>17,388</b>

The movement table of loan for the periods 31 December 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
<b>Opening Balance - 1 January</b>	<b>39,134,587</b>	<b>49,199,541</b>
Additions	1,168,555	3,952,357
Principal payments	(8,077,340)	(5,993,211)
Foreign exchange differences	14,841,621	12,468,551
Interest accrual differences	299,784	188,187
Inflation effect	(17,057,961)	(20,898,825)
Foreign currency translation differences	253,995	217,987
<b>Closing Balance - 31 December</b>	<b>30,563,241</b>	<b>39,134,587</b>

**7. TRADE RECEIVABLES AND PAYABLES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Trade Receivables from Related Parties</b>		
Trade receivables from related parties (Note 32)	6,733,195	6,756,599
	<b>6,733,195</b>	<b>6,756,599</b>
<b>Other Trade Receivables</b>		
Trade receivables	5,394,538	5,471,635
Provision for expected credit losses	(60,922)	(54,251)
	<b>5,333,616</b>	<b>5,417,384</b>
<b>Total Short-Term Trade Receivables</b>	<b>12,066,811</b>	<b>12,173,983</b>

The movement table of provisions for doubtful trade receivables for the periods 31 December 2023 and 2022 is as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Opening balance</b>	(54,251)	(53,742)
Charge for the period	(16,512)	(34,456)
Cancelled provision amount	19	13,520
Inflation effect	20,423	25,615
Foreign currency translation differences	(10,601)	(5,188)
<b>Closing balance</b>	<b>(60,922)</b>	<b>(54,251)</b>

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Short-Term Trade Payables</b>		
Trade payables to related parties (Note 32)	2,290,127	1,778,653
Trade payables	5,344,931	5,077,988
	<b>7,635,058</b>	<b>6,856,641</b>

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**8. OTHER RECEIVABLES AND PAYABLES**

<b>Other Receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Non-trade receivables from related parties (Note 32)	1,995,328	1,968,715
Short-term other receivables	168,841	597,788
	<b>2,164,169</b>	<b>2,566,503</b>
<b>Other Short-Term Receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
VAT Receivables	132,379	520,099
Deposits and guarantees given	22,830	58,251
Receivables from personnel	7,861	7,766
Other	5,771	11,672
	<b>168,841</b>	<b>597,788</b>
<b>Other Payables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Other short-term payables	5,328	4,984
	<b>5,328</b>	<b>4,984</b>
<b>Other Short-Term Payables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Deposits and guarantees received	812	36
Other short-term payables	4,516	4,948
	<b>5,328</b>	<b>4,984</b>

**9. DERIVATIVE INSTRUMENTS**

In order to hedge the currency risk in parallel with the repayment schedule of the syndicated loan amounting to EUR 196,219.265 and the EBRD loan amounting to EUR 75,000,000 used on 20 April 2023, the Group carried out a Cross Currency Fixed Interest Swap transaction worth a total of EUR 150,000,000 on 23 March 2023, 4 April 2023, 15 June 2023 and 10 July 2023. In order to hedge against exchange rate risk in line with the payment plan of the USD 650,000,000 bond issued on 30 October 2020, with a maturity of 5 years, coupon payment every 6 months, principal and coupon payment at the end of maturity, and a fixed annual interest rate of 6.95%, the Group carried out a Cross Currency Fixed Interest Swap transaction worth a total of USD 100,000,000 on 22 March 2023 and 5 April 2023. These transactions are associated with cash flow hedging purposes in the accompanying consolidated financial statements.

As of 31 December 2023 and 31 December 2022, derivative instruments are as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Contract Amount</b>	<b>Fair Value Asset/(Liability)</b>	<b>Contract Amount</b>	<b>Fair Value Asset/(Liability)</b>
<b>For hedging purposes</b>				
Cross Currency Fixed Rate Swaps	7,829,905	583,866	8,211,829	1,207,855
Fixed Interest Rate Swap	-	-	1,016,721	21,091
<b>For trading purposes</b>				
Forward Transactions	1,938,597	8,864	921,295	(37,443)
<b>Total Asset / (Liability)</b>	<b>9,768,502</b>	<b>592,730</b>	<b>10,149,845</b>	<b>1,191,503</b>



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**10. INVENTORIES**

Details of inventory are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Raw materials	5,191,699	5,967,423
Work in progress	276,909	247,939
Finished goods	2,374,183	1,938,629
Trade goods	310,109	143,745
Other inventories	369,877	325,827
Allowance for impairment on inventory (-)	(131,509)	(107,179)
	<b>8,391,268</b>	<b>8,516,384</b>

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

The movement of allowance for impairment on inventory for the periods ended on 31 December 2023 and 2022 are below:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Opening balance</b>	(107,179)	(100,652)
Charge for the period	(44,358)	(43,105)
Write-offs	1,109	4,907
Foreign currency translation differences	18,919	31,671)
<b>Closing balance</b>	<b>(131,509)</b>	<b>(107,179)</b>

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**11. PROPERTY, PLANT AND EQUIPMENT**

Movement of property, plant and equipment assets between 1 January 2023 – 31 December 2023 is as follows:

<b>Cost</b>	<b>1 January 2023</b>	<b>Additions</b>	<b>Disposal</b>	<b>Transfer</b>	<b>Valuation Increase</b>	<b>Foreign Currency Translation Differences</b>	<b>31 December 2023</b>
Land	4,589,104	-	-	-	1,009,205	(31,950)	5,566,359
Buildings	5,498,572	14,651	(55,505)	27,027	3,187,837	(110,009)	8,562,573
Machinery, plant and equipment	18,536,668	194,275	(60,474)	624,049	-	(227,564)	19,066,954
Vehicles	61,381	3,164	(2,833)	-	-	(1,468)	60,244
Furniture and fixture	828,567	58,764	(4,327)	6,180	-	(19,413)	869,771
Leasehold improvements	351,300	2,937	-	1,033	-	(3,171)	352,099
Other property, plant and equipment	370	38,846	(38,770)	-	-	-	446
Construction in progress	371,560	880,620	(2,866)	(658,289)	-	(41,743)	549,282
	<b>30,237,522</b>	<b>1,193,257</b>	<b>(164,775)</b>	<b>-</b>	<b>4,197,042</b>	<b>(435,318)</b>	<b>35,027,728</b>

<b>Accumulated depreciation</b>	<b>1 January 2023</b>	<b>Charge for the Period</b>	<b>Disposal</b>	<b>Transfer</b>	<b>Valuation Increase</b>	<b>Foreign Currency Translation Differences</b>	<b>31 December 2023</b>
Buildings	(3,140,741)	(135,591)	49,755	(5,928)	(2,293,810)	35,109	(5,491,206)
Machinery, plant and equipment	(11,476,790)	(951,024)	22,678	5,926	-	120,949	(12,278,261)
Vehicles	(53,705)	(3,588)	2,833	3,268	-	2,421	(48,771)
Furniture and fixture	(582,099)	(66,233)	3,554	(3,266)	-	12,084	(635,960)
Leasehold improvements	(280,915)	(18,013)	-	-	-	40	(298,888)
Other property, plant and equipment	(299)	(15)	-	-	-	-	(314)
	<b>(15,534,549)</b>	<b>(1,174,464)</b>	<b>78,820</b>	<b>-</b>	<b>(2,293,810)</b>	<b>170,603</b>	<b>(18,753,400)</b>

<b>Net Value</b>	<b>14,702,973</b>						<b>16,274,328</b>
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From depreciation and amortization expenses of property, plant and equipment and intangible assets, TL 1,133,941 thousand (31 December 2022: TL 1,114,353 thousand) is included in cost of goods sold, TL 3,994 thousand (31 December 2022: TL 4,956 thousand) in research and development expenses, TL 20,901 thousand (31 December 2022: TL 14,510 thousand) in marketing and selling expenses, TL 25,272 thousand (31 December 2022: TL 33,948 thousand) in general administrative expenses. In the twelve-month period ending as of 31 December 2023, there is no fixed asset acquired through financial leasing by the Group. There is not any mortgage or collateral on tangible assets as of 31 December 2023.

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**11. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

Movement of property, plant and equipment between 1 January 2022 and 31 December 2022 is as follows:

<b>Cost</b>	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposal</b>	<b>Transfer</b>	<b>Valuation Increase</b>	<b>Foreign Currency Translation Differences</b>	<b>31 December 2022</b>
Land	3,017,739	-	(7,095)	-	1,654,386	(75,926)	4,589,104
Buildings	4,875,526	53,950	(39,979)	20,176	890,219	(301,320)	5,498,572
Machinery, plant and equipment	18,643,019	286,141	(254,561)	868,808	-	(1,006,739)	18,536,668
Vehicles	71,371	3,900	(6,347)	-	-	(7,543)	61,381
Furniture and fixture	830,264	51,470	(19,064)	34,980	-	(69,083)	828,567
Leasehold improvements	347,286	7,316	(222)	1,827	-	(4,907)	351,300
Other property, plant and equipment	332	38	-	-	-	-	370
Construction in progress	561,111	882,298	(14,847)	(925,791)	-	(131,211)	371,560
	<b>28,346,648</b>	<b>1,285,113</b>	<b>(342,115)</b>	<b>-</b>	<b>2,544,605</b>	<b>(1,596,729)</b>	<b>30,237,522</b>
<b>Accumulated depreciation</b>	<b>1 January 2022</b>	<b>Charge for the Period</b>	<b>Disposal</b>	<b>Transfer</b>	<b>Valuation Increase</b>	<b>Foreign Currency Translation Differences</b>	<b>31 December 2022</b>
Buildings	(2,525,008)	(137,686)	15,841	1,109	(615,949)	120,952	(3,140,741)
Machinery, plant and equipment	(11,232,084)	(927,678)	167,877	(1,109)	-	516,204	(11,476,790)
Vehicles	(62,061)	(4,223)	5,207	-	-	7,372	(53,705)
Furniture and fixture	(588,611)	(64,029)	18,214	-	-	52,327	(582,099)
Leasehold improvements	(264,169)	(21,207)	140	-	-	4,321	(280,915)
Other property, plant and equipment	(287)	(12)	-	-	-	-	(299)
	<b>(14,672,220)</b>	<b>(1,154,835)</b>	<b>207,279</b>	<b>-</b>	<b>(615,949)</b>	<b>701,176</b>	<b>(15,534,549)</b>
<b>Net Value</b>	<b>13,674,428</b>						<b>14,702,973</b>

In the twelve-month period ending as of 31 December 2022, there is no fixed asset acquired through financial leasing by the Group. There is not any mortgage or collateral on tangible assets as of 31 December 2022.

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**11. PROPERTY, PLANT AND EQUIPMENT (cont’d)**

The estimated useful lives of property, plant and equipment are as follows:

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

The Group has chosen the revaluation model from the application methods in TMS 16 regarding the representation of the lands and buildings with their fair values. Land and buildings were revalued with “peer comparison” and the most appropriate one from “the cost approach” technique on 22 January 2024. The revaluation was performed by Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş. authorized by Capital Markets Board. Properties were accounted on 31 December 2023 financial statements based on their fair values. The frequency of revaluations is related with the changes on the market values of the properties. If there is significant change at the fair value, revaluation is performed. If not, properties are only subject to periodical revaluation.

**12. GOODWILL**

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Opening balance</b>	1,849,100	2,426,676
Foreign currency translation difference	19,241	(577,576)
<b>Closing balance</b>	<b>1,868,341</b>	<b>1,849,100</b>

The distribution of goodwill is as follows:

<b>Company</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
UI Mena B.V.	1,797,202	1,778,694
IBC	71,139	70,406
	<b>1,868,341</b>	<b>1,849,100</b>

**UI Mena B.V.**

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

**International Biscuits Company**

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

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**13. INTANGIBLE ASSETS**

Movements of intangible assets between 1 January 2023 – 31 December 2023 are as follows:

	<b>1 January 2023</b>	<b>Addition</b>	<b>Disposal</b>	<b>Transfer</b>	<b>Foreign currency translation differences</b>	<b>31 December 2023</b>
<b>Cost</b>						
Rights (*)	1,536,375	1,360	-	-	(60,112)	1,477,623
Other	59,548	2,158	-	-	(1,346)	60,360
	<b>1,595,923</b>	<b>3,518</b>	<b>-</b>	<b>-</b>	<b>(61,458)</b>	<b>1,537,983</b>
	<b>1 January 2023</b>	<b>Charge for the period</b>	<b>Disposal</b>	<b>Transfer</b>	<b>Foreign currency translation differences</b>	<b>31 December 2023</b>
<b>Accumulated amortization</b>						
Rights	(65,802)	(5,436)	-	-	6,340	(64,898)
Other	(50,015)	(4,208)	-	-	689	(53,534)
	<b>(115,817)</b>	<b>(9,644)</b>	<b>-</b>	<b>-</b>	<b>7,029</b>	<b>(118,432)</b>
<b>Net Book Value</b>	<b>1,480,106</b>					<b>1,419,551</b>

Movements of intangible assets between 1 January 2022 – 31 December 2022 are as follows:

	<b>1 January 2022</b>	<b>Addition</b>	<b>Disposal</b>	<b>Transfer</b>	<b>Foreign currency translation differences</b>	<b>31 December 2022</b>
<b>Cost</b>						
Rights (*)	1,840,002	6,945	-	-	(310,572)	1,536,375
Other	59,868	4,136	-	-	(4,456)	59,548
	<b>1,899,870</b>	<b>11,081</b>	<b>-</b>	<b>-</b>	<b>(315,028)</b>	<b>1,595,923</b>
	<b>1 January 2022</b>	<b>Charge for the period</b>	<b>Disposal</b>	<b>Transfer</b>	<b>Foreign currency translation differences</b>	<b>31 December 2022</b>
<b>Accumulated amortization</b>						
Rights	(88,458)	(4,880)	-	-	27,536	(65,802)
Other	(44,136)	(8,052)	-	-	2,173	(50,015)
	<b>(132,594)</b>	<b>(12,932)</b>	<b>-</b>	<b>-</b>	<b>29,709</b>	<b>(115,817)</b>
<b>Net Book Value</b>	<b>1,767,276</b>					<b>1,480,106</b>

(\*) As of 31 December 2023, rights contain reacquired rights related with Saudi distribution agreements of Groups products in Saudi Arabia amounting to TL 1,171,287 thousand (31 December 2022: TL 1,225,858 thousand), the remaining amount of TL 224,650 thousand (31 December 2022: TL 222,337 thousand) contains the rights of Rana brand. Reacquired rights are not subject to depreciation and has indefinite useful life. Impairment test is applied every year or more frequently when there is any indicator that impairment may occur. As of 31 December 2023, there is no impairment.

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**13. INTANGIBLE ASSETS (cont'd)**

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

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

**14. GOVERNMENT GRANTS AND INCENTIVES**

Export transactions and other foreign exchange earning activities carried out in line with the procedures and principles determined by the Ministry of Finance and the Undersecretariat of Foreign Trade are exempt from stamp duty and fees. According to the decision of the Money Credit and Coordination Board, dated 16 December 2004 and numbered 2004/11, which was prepared on the basis of the Export-Oriented State Aid Decision, state aid is paid to support the participation in foreign fairs. The Group also receives tax refunds from the export of agricultural products in line with the communiqué numbered 2000/5 on the issue of "Export Refunds in Agricultural Products", pursuant to the decision of the Money Credit Coordination Board numbered 20/6.

The Group benefits from energy and employment incentives within the framework of the law" Law No. 5084 on Promoting Investments and Employment and Amending Some Laws) published in the Official Gazette dated 6 February 2004 and numbered 25365, which aims to increase investments and employment by applying tax and insurance premium incentives, providing energy support and providing free land and land for investments.

Ülker Bisküvi Sanayi A.Ş. has five investment incentive certificates received on 11 January 2010, 20 June 2011, 14 October 2012, 8 December 2015 and 19 June 2020, respectively, for a total investment of TL 543,601 thousand based on the expansion and product diversification investments being made in the Karaman factory. With these documents, TL 158,552 thousand (2022: TL 158,552 thousand) tax deductions have been benefited, and deferred tax assets have been recorded in the financial statements for the remaining TL 37,349 thousand (2022: TL 64,387 thousand) (Note 30).

The Group received government incentives and grants amounting to TL 210,286 thousand in 2023 (2022: TL 181,540 thousand). Of the amount related to the year 2023, TL 199,418 thousand arises from employment incentives, TL 10,627 thousand from R&D incentives and TL 242 thousand from other incentives (2022: TL 77,690 thousand is from employment incentives, TL 7,164 thousand is from investment incentives, TL 30,799 thousand is from R&D incentives, and TL 64,901 thousand is from other incentives.)

**15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

<b>Short-Term Debt Provisions</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Provision for marketing expense	291,631	344,532
Provisions for lawsuits	9,146	14,235
Other	237,797	219,864
	<b>538,574</b>	<b>578,631</b>

The movement table for litigation provisions for the years ended 31 December 2023 and 2022 is as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Opening balance	14,235	25,286
Charge for the period	828	431
Provision released	(195)	(1,479)
Inflation effect	(5,722)	(9,679)
Payment/Release (-)	-	(324)
	<b>9,146</b>	<b>14,235</b>



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**15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)**

**Guarantees Given**

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

	<b>31 December 2023</b>			<b>31 December 2022</b>		
	<b>TL</b>	<b>USD</b>	<b>EUR</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>
A) CPM's given in the name of own legal personality	199,460	25,354	337	454,063	25,354	337
B) CPM's given on behalf of the fully consolidated companies	-	-	100,000	-	-	174,750
C) CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-	-
D) Total amount of other CPM's given						
i. Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
Total	-	-	-	-	-	-
	<b>199,460</b>	<b>25,354</b>	<b>100,337</b>	<b>454,063</b>	<b>25,354</b>	<b>175,087</b>

(\*) 53 million Turkish Liras and 5.8 million USD of the balance are related to non-cash risks.

(\*\*) The ratio of other CPMs given by the Group to the equity of the parent company is zero as of 31 December 2023 (31 December 2022: zero).

The ultimate parent of the company, Yıldız Holding A.Ş. and some Yıldız Holding Group companies, including Ülker Bisküvi's subsidiaries, Yıldız Holding A.Ş. and Yıldız Holding Group companies have signed syndicated loan agreements with some of the "Lenders" of their creditors.

As of 8 June 2018, Ülker Bisküvi subsidiaries' cash loan amounting to TL 592.7 million, EUR 10.1 million and USD 19.5 million, non-cash bank loans amounting to TL 140.1 million, USD 57 million and EUR 383 thousand, have been transferred to Yıldız Holding under the syndication agreement. There was no increase in the total debt burden of Ülker Bisküvi's subsidiaries due to the syndication loan. Ülker Bisküvi's subsidiaries became the guarantors of Yıldız Holding A.Ş. as of the date of loan utilization, limited to the total amount of bank credit risk to their respective banks.

**Lease Agreements**

The Group's lease agreements are made to cover one-year periods. All leases carry a statement regarding the revision of the conditions according to the market conditions, in case the lessee uses the right to renew. The lessee has no right to purchase the leased asset at the end of the lease term.

The Group's rental income from lease agreements made for its property, plant and equipment and investment properties, as well as from its suppliers and customers, as the use of common areas is amounting to TL 36,021 thousand (2022: TL 20,448 thousand). Direct operating expenses associated with fixed assets during the period amounted to TL 36,746 thousand (2022: TL 70,343 thousand). Within the framework of the non-cancellable lease, minimum rent to be obtained in future is TL 39,476 thousand (2022: TL 34,970 thousand). Within the framework of the non-cancellable lease, minimum rent to be obtained in future is TL 53,283 thousand (2022: TL 115,417 thousand).

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**16. COMMITMENTS AND OBLIGATIONS**

As of 31 December 2023, the Group has an export commitment of USD 511,605 thousand (2022: USD 302,273 thousand). The average duration of export commitments is 2 years. If the export commitments are not fulfilled, the Group loses the tax advantage. The Group has fulfilled USD 501,479 thousand of its commitments for the year 2023 and is expected to realize its commitments extending to 2024 (2022: USD 292,479 thousand).

**17. PROVISIONS FOR EMPLOYEE BENEFITS**

<b>Short-Term Provisions for Employee Benefits</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Unused vacation accruals	192,612	190,693
Performance premium accrual	329,075	236,092
	<b>521,687</b>	<b>426,785</b>

The movement table of unused leave provisions for the years ending 31 December 2023 and 2022 is as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Opening balance</b>	190,693	173,704
Decreases during the period	(106,639)	(78,592)
Increases during the period	153,375	150,134
Inflation effect	(84,274)	(79,079)
Foreign currency translation differences	39,457	24,526
<b>Closing balance</b>	<b>192,612</b>	<b>190,693</b>

The movement table of performance bonus provisions for the years ending 31 December 2023 and 2022 is as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Opening balance</b>	236,092	191,998
Decreases during the period	(242,600)	(128,354)
Increases during the period	423,224	246,322
Inflation effect	(128,796)	(93,453)
Foreign currency translation differences	41,155	19,579
<b>Closing balance</b>	<b>329,075</b>	<b>236,092</b>

<b>Long-Term Provisions for Employee Benefits</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Provision for employment termination benefits	1,032,464	1,258,484
	<b>1,032,464</b>	<b>1,258,484</b>

Pursuant to the provisions of the current Labor Law, employees whose employment contracts are terminated to qualify for severance pay are obliged to pay the legal severance pay they are entitled to. In addition, in accordance with the provision of Article 60 of the Social Security Law No. 506, which is still in effect, as amended by the Laws No. 2422 of 6 March 1981 and the Laws No. 4447 of 25 August 1999, those who receive the severance pay and have the right to leave the job are obliged to pay the legal severance pay. Some transitional provisions related to pre-retirement service conditions were removed from the Law with the amendment of the relevant law on 23 May 2002. Severance pay to be paid as of 31 December 2023 is subject to a monthly ceiling of TL 23,489.83 (31 December 2022: TL 15,371.40). The subsidiaries of the Group calculate their severance pay provisions in accordance with the laws of the country in which they are located.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

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**17. PROVISIONS FOR EMPLOYEE BENEFITS (cont'd)**

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for future inflation effects. Consequently, in the accompanying financial statements as of 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3.67% real discount rate (2022: 1.50%) calculated by using 20.95% (2022: 17.64%) annual inflation rate and 25.39% (2022: 19.40%) interest rate. In the current period, pursuant to the Law No. 4447, the probability of employees who were insured before 8 September 1999 and who completed 15 years and 3600 premium days, has been taken into account in the liability calculation as 100%, since they have the right to receive severance pay even if they quit the job voluntarily. The severance pay ceiling is revised semi-annually, and the amount of TL 35,058.58 (1 January 2023: TL 19,982.83) effective from 1 January 2024 has been taken into account in the calculation of the severance pay provision of the Group. As of the end of 2023, the probability of employees leaving the Company is 0.5% (2022: 2.1%).

Movement of provision for employment termination benefits is as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Opening balance</b>	1,258,484	938,766
Service cost	153,666	164,628
Interest cost	122,940	85,298
Actuarial loss	212,394	481,295
Employment termination benefits paid in the current period	(348,617)	(111,688)
Inflation effect	(480,368)	(236,533)
Foreign currency translation differences	113,965	(63,282)
<b>Closing balance</b>	<b>1,032,464</b>	<b>1,258,484</b>

**18. PREPAID EXPENSES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Prepaid Expenses</b>		
Advances Given	649,453	575,290
Prepaid Expenses	98,452	130,874
	<b>747,905</b>	<b>706,164</b>
<b>Short-Term Prepaid Expenses</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Prepaid Expenses to Third Parties	747,905	706,164
	<b>747,905</b>	<b>706,164</b>
<b>Long-Term Prepaid Expenses</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Advances Given	221,204	211,951
Prepaid Expenses	270	445
	<b>221,474</b>	<b>212,396</b>

**19. PAYABLES RELATED TO EMPLOYEE BENEFITS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Payables to Personnel	178,879	135,063
Social Security Deductions Payable	106,059	83,049
	<b>284,938</b>	<b>218,112</b>

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**20. OTHER ASSETS AND LIABILITIES**

<b>Other Current Assets</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Deferred VAT	1,193,511	955,561
Other	17,497	7,115
	<b>1,211,008</b>	<b>962,676</b>

<b>Other Current Liabilities</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Taxes and funds payable	321,912	157,520
Other liabilities	96,222	191,929
	<b>418,134</b>	<b>349,449</b>

**21. DEFERRED INCOME**

<b>Deferred Income</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Order Advances Received	43,765	68,091
Deferred Income	37,110	67,451
	<b>80,875</b>	<b>135,542</b>

**22. SHAREHOLDERS' EQUITY**

**a) Capital Structure**

The composition of the Company's issued and paid-in share capital as of 31 December 2023 and 2022 is as follows.

<b>Shareholders</b>	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Amount</b>	<b>Share</b>	<b>Amount</b>	<b>Share</b>
pladis Foods Limited	174,420	47.23%	174,420	51.00%
Other	194,856	52.77%	167,580	41.52%
	<b>369,276</b>	<b>100%</b>	<b>342,000</b>	<b>100%</b>

According to the provisions of the Capital Market Law, the registered capital ceiling of the Company is TL 500,000 thousand as of 31 December 2023, and it is divided into 50,000,000,000 (fifty billion) shares, each with a nominal value of 1 (one) kr. The issued capital of the company is TL 369,276 thousand fully paid. There is no privilege or group distinction between the shares.

**b) Valuation Funds**

Financial Asset Valuation Fund:

Financial Asset Revaluation Fund arises as a result of valuation of available-for-sale financial assets at their fair values. In case of disposal of a financial instrument that is valued at fair value, the portion of the revaluation fund associated with the sold financial asset is transferred to retained earnings.

As of 31 December 2023, the Group's financial asset valuation fund after tax is TL 2,022,718 thousand (2022: TL 1,939,191 thousand).

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**22. SHAREHOLDERS' EQUITY (cont'd)**

**b) Valuation Funds (cont'd)**

**Land and Buildings Revaluation Fund:**

The increase in the book value of land and buildings as a result of revaluation is recognized in other comprehensive income after tax and collected in funds under equity. However, it is recognized as income to the extent that the revaluation reverses the impairment. Decreases are recognized in other comprehensive income to the extent of any credit balance in the revaluation surplus relating to this asset; all other decreases are recorded in profit or loss.

As of 31 December 2023, the Group's revaluation of tangible assets arising from the revaluation of land is TL 2,030,961 thousand after tax (31 December 2022: TL 1,800,698 thousand).

**c) Restricted Reserves**

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

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

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

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

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital;
- The difference arising from "Restricted reserves" and "Share Premium" and not yet subject to profit distribution or capital increase should be recognised under "Retained earnings". Other equity items are recognised in accordance with CMB Financial Reporting Standards.

Capital adjustment differences have no use other than being added to capital.

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**22. SHAREHOLDERS' EQUITY (cont'd)**

**c) Restricted Reserves (cont'd)**

Profit Distribution:

Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below: In accordance with the Capital Markets Board's (the "Board") Decree issued on 23 January 2014, in relation to the profit distribution of earnings derived from 2013 operations, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial:II, No: 19.1 "Principles of Dividend Advance Distribution of Companies That Are Subject To The CMB Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

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

**d) Retained Earnings**

Details of retained earnings are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Retained earnings	19,283,581	16,348,699
Extraordinary reserves	1,344,204	2,035,722
Inflation restatement differences of shareholders' equity accounts other than capital and legal reserves	(435,355)	(2,325,423)
Share Premiums	(3,335,060)	-
Other reserves	362,153	175,732
	<b>17,219,523</b>	<b>16,234,730</b>

**e) Non-Controlling Interest/ Non-Controlling Interest Profit or Loss**

As of 31 December 2023, non-controlling interests amounted to TL 1,830,541 thousand (2022: TL 3,607,257 thousand), The profit of minority interests amounting to TL 843,886 thousand, which occurred between 1 January - 31 December 2023, is presented separately from the net profit for the period in the consolidated financial statements (2022: TL 444,713 thousand)

**f) Additional Information for Capital, Legal Reserves and Other Equity Items**

A comparison of the Group's equity items restated for inflation in the consolidated financial statements as of 31 December 2023 and the restated amounts in the financial statements prepared in accordance with statutory accounting are as follows:

<b>31 December 2023</b>	<b>Inflation adjusted amounts in the financial statements prepared in accordance with statutory accounting</b>	<b>Inflation adjusted amounts in the financial statements prepared in accordance with TAS/IFRS</b>	<b>Differences recognized in retained earnings</b>
Share Capital Adjustment Differences	7,042,011	5,989,062	1,052,949
Share premium	4,808,144	3,335,060	1,473,084
Restricted Reserves Appropriated from Profit	4,070,002	1,527,992	2,542,010



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**23. REVENUE AND COST OF SALES**

**a) Sales**

The detail of operating income is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Domestic sales (*)	63,855,102	57,369,966
Export sales	11,065,211	11,136,504
Sales returns and discounts (-)	(19,084,172)	(16,525,262)
<b>Revenue</b>	<b>55,836,141</b>	<b>51,981,208</b>
Cost of merchandises sold	(38,686,442)	(40,298,597)
Cost of trade goods sold	(973,139)	(354,421)
<b>Cost of sales</b>	<b>(39,659,581)</b>	<b>(40,653,018)</b>
<b>Gross Profit</b>	<b>16,176,560</b>	<b>11,328,190</b>

(\*) Represents domestic sales in Türkiye and in countries where abroad subsidiaries are located.

**b) Cost of Sales**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Raw materials	(32,687,331)	(33,646,391)
Personnel expenses	(3,505,527)	(3,080,252)
General production expenses	(2,690,921)	(3,191,983)
Depreciation and amortization expenses	(1,133,941)	(1,114,353)
Change in work-in-progress inventories	123,639	114,247
Change in finished goods inventories	1,207,639	620,135
<b>Cost of goods sold</b>	<b>(38,686,442)</b>	<b>(40,298,597)</b>
Cost of trade goods sold	(973,139)	(354,421)
<b>Cost of sales</b>	<b>(39,659,581)</b>	<b>(40,653,018)</b>

**24. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, AND GENERAL ADMINISTRATIVE EXPENSES**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
General Administrative Expenses	(1,388,277)	(1,238,763)
Marketing Expenses	(5,133,098)	(4,389,641)
Research and Development Expenses	(238,705)	(164,649)
	<b>(6,760,080)</b>	<b>(5,793,053)</b>

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**25. EXPENSES BY NATURE**

The detail of operating expenses is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>General Administrative Expenses</b>		
Personnel expenses	(484,109)	(509,702)
Operating expenses	(560,618)	(435,928)
Consultancy expenses	(108,403)	(116,216)
Depreciation and amortization expenses	(25,272)	(33,948)
Other	(209,875)	(142,969)
	<b>(1,388,277)</b>	<b>(1,238,763)</b>
<b>Marketing Expenses</b>		
Marketing operating expenses	(3,954,791)	(3,307,772)
Personnel expenses	(784,927)	(704,854)
Rent expenses	(159,150)	(57,383)
Depreciation and amortization expenses	(20,901)	(14,510)
Other	(213,329)	(305,122)
	<b>(5,133,098)</b>	<b>(4,389,641)</b>
<b>Research and Development Expenses</b>		
Personnel expenses	(120,985)	(83,576)
Materials used	(50,385)	(27,464)
Depreciation and amortization expenses	(3,994)	(4,956)
Other	(63,341)	(48,653)
	<b>(238,705)</b>	<b>(164,649)</b>

**26. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES**

a) The details of other income from operating activities are as follows;

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Foreign exchange gains	2,549,336	2,163,739
Provisions released	81	4,114
Other income	196,222	233,898
	<b>2,745,639</b>	<b>2,401,751</b>

b) The details of other expenses from operating activities are as follows;

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Foreign exchange losses	(849,788)	(640,838)
Provision expenses	(83,921)	(102,049)
Donation expenses	(62,344)	(30,149)
Other expenses	(173,151)	(105,845)
	<b>(1,169,204)</b>	<b>(878,881)</b>

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**27. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

a) The detail of investment income is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Foreign exchange gains	6,377,892	7,012,442
Interest income	1,209,731	718,621
Income on sales of property, plant and equipment	5,865	56,926
Rent income	24,530	21,591
Fair value gains of financial assets	5,604	2,040
	<b>7,623,622</b>	<b>7,811,620</b>

b) The detail of investment expenses is as follow:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Fair value losses of financial assets	-	(3,058,736)
Foreign exchange losses	(417,394)	(187,352)
Loss on sales of property, plant and equipment	(1,394)	(1,424)
	<b>(418,788)</b>	<b>(3,247,512)</b>

**28. FINANCE INCOME**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Foreign exchange gains	314,045	329,956
Other	4,311	9,709
	<b>318,356</b>	<b>339,665</b>

**29. FINANCE EXPENSES**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Foreign exchange losses from financing	(13,951,455)	(11,979,252)
Interest expenses	(3,970,450)	(4,259,874)
Other	(292,215)	(191,108)
	<b>(18,214,120)</b>	<b>(16,430,234)</b>

**30. TAX ASSET AND LIABILITIES**

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 TFRS. 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 TFRS, and these differences are stated below.

Taxation will be made by considering the 23% rate over the cumulative corporate tax base of the entire year for 2022. For the year 2023; taxation will be made by considering the rate of 25% over the corporate tax base.

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**30. TAX ASSET AND LIABILITIES (cont'd)**

The tax rates used in the calculation of the Group's deferred tax assets and liabilities are 25% in Türkiye (2022: 20%), 20% for its subsidiaries in Saudi Arabia and Kazakhstan (2022: 20%), subsidiaries in Egypt. 22.5% for its subsidiaries (2022: 22.5%), 10% for its subsidiary located in Kyrgyzstan (2022: 10%), zero for its subsidiary located in the United Arab Emirates (2022: zero)

Timing differences that form the basis for deferred tax:

	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Amortization differences of property, plant and equipment and intangible assets	-	-	8,575,745	7,424,225
Financial investments valuation differences	-	-	826,471	6,112,752
Profit elimination on inventories	(64,306)	(79,982)	-	-
Provision for severance pay	(888,586)	(1,008,078)	-	-
Provision for expected credit losses	(73,893)	(51,153)	-	-
Prior year's losses	(6,745,658)	(7,862,277)	-	-
Provision for lawsuits	(8,729)	(14,234)	-	-
Inventory impairment	-	-	-	182,659
Derivative instruments	-	-	590,957	1,191,500
Provision for accumulated vacation	(82,535)	(93,493)	-	-
Other	(1,343,020)	(131,719)	240,193	268,222
	<b>(9,206,727)</b>	<b>(9,240,936)</b>	<b>10,233,366</b>	<b>15,179,358</b>

Deferred tax calculated on timing differences that form the basis of deferred tax;

	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Amortization differences of property, plant and equipment and intangible assets	-	-	1,782,648	941,311
Financial investments valuation differences	(308,391)	-	-	13,844
Profit elimination on inventories	(16,076)	(15,996)	-	-
Provision for severance pay	(222,146)	(201,616)	-	-
Provision for expected credit losses	(18,473)	(10,231)	-	-
Prior year's losses	(1,686,415)	(1,573,344)	-	-
Provision for lawsuits	(2,182)	(2,847)	-	-
Inventory impairment	-	-	53,045	36,532
Derivative instruments	-	-	147,739	238,301
Provision for accumulated vacation	(20,634)	(18,698)	-	-
Investment incentive	(37,349)	(64,387)	-	-
Other	(335,755)	(26,343)	60,048	53,646
	<b>(2,647,421)</b>	<b>(1,913,462)</b>	<b>2,043,480</b>	<b>1,283,634</b>

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**30. TAX ASSET AND LIABILITIES (cont'd)**

**Movement of Deferred Tax Liabilities:**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Opening Balance</b>	<b>(629,828)</b>	<b>406,882</b>
Netted tax from funds reflected in equity	996,709	77,220
Foreign currency translation differences	(228,195)	243,300
Deferred tax (income)/expense	(742,627)	(1,357,230)
	<b>(603,941)</b>	<b>(629,828)</b>

In the consolidated financial statements for the period ended 31 December 2023, the Group accounted deferred tax assets of TL 6,745,658 thousand for deductible financial losses (31 December 2022: TL 7,862,277 thousand).

The maturities of these financial losses are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
2025	-	486,083
2026	750,465	1,272,118
2027	3,704,538	6,104,075
2028	2,290,655	-
	<b>6,745,658</b>	<b>7,862,277</b>

**Corporate tax**

The company and its subsidiaries located in Türkiye are subject to corporate tax valid in Türkiye. Necessary provisions have been made in the accompanying consolidated financial statements for the estimated tax liabilities of the Group regarding the current period operating results.

The corporate tax rate to be accrued on taxable corporate income is calculated over the remaining tax base after adding the non-deductible expenses from the tax base in the determination of the commercial profit and deducting the tax-exempt earnings, non-taxable incomes and other deductions (previous year losses, if any, and investment discounts used if preferred). The tax rate applied on 31 December 2023 is 25% (2022: 23%).

In Türkiye, provisional tax is calculated and accrued on a quarterly basis. During the taxation of the corporate earnings for the year of 2023, as of the temporary tax periods, the provisional tax rate to be calculated over the corporate earnings is 25% (2022: 23%).

Losses can be carried forward for a maximum of 5 years, to be deducted from taxable profits in future years. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

There is no definitive and definitive agreement procedure regarding tax assessment in Türkiye. Companies prepare their tax returns between 1-25 April of the year following the closing period of the relevant year (between 1-25 of the fourth month following the closing of the period for those with a special accounting period). These declarations and the accounting records based on them can be reviewed and changed by the Tax Office within 5 years.

The tax legislation in Türkiye does not allow to file a consolidated tax return. Therefore, the tax provision in the consolidated financial statements has been calculated separately for each company.

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**30. TAX ASSET AND LIABILITIES (cont'd)**

The corporate tax in Egypt, where Hi Food for Advanced Food Industries and Ulker for Trading and Marketing, subsidiaries of the Group is 22.5% (2022: 22.5%). The corporate tax rate in Saudi Arabia, where Food Manufacturers' Company and International Biscuits Company, subsidiaries of the Group, is 20% (2022: 20%). The corporate tax rate in Kazakhstan, where Hamle Company Ltd LLP, a subsidiary of the Group, is 20% (2022: 20%). The corporate tax rate in Kyrgyzstan, where Ülker Star LLC, a subsidiary of the Group, is 10% (2022: 10%). In United Arab Emirates, where pladis Gulf FZE, a subsidiary of the Group, is exempt from corporate tax earnings (2022: Exempt).

*Income withholding tax*

In addition to corporate tax, income tax withholding should be calculated separately on dividends, excluding those distributed to full-fledged corporations and foreign companies' branches in Türkiye, which receive dividends in case of distribution and declare these dividends by including them in corporate income. Income tax withholding was applied as 10% in all companies between 24 April 2003 and 22 July 2006. This rate has been applied as 15% as of 22 July 2006, with the Council of Ministers Decision No. 2006/10731. Dividends that are not distributed and added to the capital are not subject to income tax withholding.

As of 31 December 2023 and 31 December 2022, the tax provisions are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Total tax provision	(1,297,001)	(1,300,719)
Prepaid taxes and legal obligations	794,752	869,091
Taxation in the balance sheet	<b>(502,249)</b>	<b>(431,628)</b>
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
Current year corporate tax expense	1,297,001	1,300,719
Deferred tax income	(742,627)	(1,357,230)
Tax expense in the income statement	<b>554,374</b>	<b>(56,511)</b>
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Reconciliation of taxation:</b>		
Profit before taxation and non-controlling interest	4,777,138	1,372,995
Effective tax rate	25%	23%
Calculated tax	1,194,285	315,789
Reconciliation of the tax provision calculated with the reserved:		
-Non-deductible expenses	611,448	417,928
-Other non-taxable income	(120,628)	(92,761)
-Investment incentive	(46,642)	(76,235)
-Revaluation of assets for tax purposes	(986,489)	(551,627)
-Effect of change in statutory tax rate on deferred tax	(335,184)	-
-The effect of different tax rates of shareholders	(122,782)	124,454
-Inflation effect	676,767	35,983
-Other	(316,401)	(230,042)
Taxation in the income statement	<b>554,374</b>	<b>(56,511)</b>



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**31. EARNINGS PER SHARE**

The weighted average of company shares and profit per unit share calculations for the periods of 31 December 2023 and 2022 are as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Weighted average number of common stock outstanding	36,927,600	36,927,600
Net profit for the period attributable to equity holders of the parent	3,378,878	984,793
<b>Earnings per Share (TL 1 worth of shares)</b>	<b>9.15</b>	<b>2.67</b>

**32. RELATED PARTY DISCLOSURES**

The detail of receivables from related parties is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade receivables	6,733,195	6,756,599
Non-trade receivables	1,995,328	1,968,715
	<b>8,728,523</b>	<b>8,725,314</b>

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

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Trade</b>	<b>Non-Trade</b>	<b>Trade</b>	<b>Non-Trade</b>
<i><b>Principle Shareholder</b></i>				
Yıldız Holding A.Ş.	-	1,995,328	-	1,968,715
<i><b>Other Companies Controlled by the Principle Shareholder</b></i>				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	2,272,810	-	2,777,594	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	3,213,993	-	2,577,666	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	489,858	-	512,157	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	367,258	-	550,058	-
Other	389,276	-	339,124	-
	<b>6,733,195</b>	<b>1,995,328</b>	<b>6,756,599</b>	<b>1,968,715</b>

The Group's trade receivables from related parties mainly arise from Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Tic. A.Ş. those make the sale and distribution of products throughout Türkiye.

The detail of payables to related parties is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade payables	2,290,127	1,778,653
	<b>2,290,127</b>	<b>1,778,653</b>

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**32. RELATED PARTY DISCLOSURES (cont'd)**

The details of trade and non-trade payables are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>Trade</b>	<b>Trade</b>
<i><b>Principal Shareholder</b></i>		
Yıldız Holding A.Ş.	865,979	833,639
<i><b>Other Companies Controlled by the Principle Shareholder</b></i>		
Kerevitaş Gıda San. ve Tic. A.Ş.	471,683	451,608
United Biscuits (UK) Ltd.	207,303	186,910
Marsa Yağ San. ve Tic. A.Ş.	81,239	83,889
Adapazarı Şeker Fabrikası A.Ş.	557,466	159,934
Other	106,457	62,673
	<b>2,290,127</b>	<b>1,778,653</b>

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

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
	<b>Purchases</b>	<b>Sales</b>
<i><b>Other Companies Controlled by the Principal Shareholder</b></i>		
Kerevitaş Gıda San. ve Tic. A.Ş.	3,084,522	3,318
Adapazarı Şeker Fabrikası A.Ş.	2,155,815	-
Marsa Yağ San. ve Tic. A.Ş.	782,780	2,083
United Biscuits (UK) Ltd.	533,734	19,759
İzsal Gayrimenkul Geliştirme A.Ş.	29,597	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	11,743	1,495,278
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	17,305,329
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	15,039,432
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	2,084,362
Other	179,102	842,032
	<b>6,777,293</b>	<b>36,791,593</b>
	<b>7,098,981</b>	<b>33,421,492</b>

The Group mainly acquires raw materials from Kerevitaş Gıda San. ve Tic. A.Ş., which produces vegetable oil and margarine, and acquires from Adapazarı Şeker Fabrikası A.Ş. which produces sugar. A major part of the Group's sales is made to Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş. companies that carry out sales and distribution throughout Türkiye.

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**32. RELATED PARTY DISCLOSURES (cont'd)**

The details of interest, rent and similar balances paid to and received from related parties are as follows:

For the year ended 31 December 2023:

	<b>Rent Income/ (Expense) Net</b>	<b>Service Income/ (Expense) Net</b>	<b>Interest and Foreign Exchange Income/(Expense)Net</b>
<b>Principal Shareholder</b>			
Yıldız Holding A.Ş.	(311)	(1,425,195)	947,146
<b>Other Companies Controlled by the Principal Shareholder</b>			
pladis Foods Limited	-	(664,228)	(17,186)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	129	(210,726)	39,846
United Biscuits (UK) Ltd.	-	(111,251)	(3,457)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(186,648)	96,248
İzsal Gayrimenkul Geliştirme A.Ş.	(5,763)	(124,799)	(805)
Other	(313)	(91,777)	331
	<b>(6,258)</b>	<b>(2,814,624)</b>	<b>1,062,123</b>

For the year ended 31 December 2022:

	<b>Rent Income/ (Expense) Net</b>	<b>Service Income/ (Expense) Net</b>	<b>Interest and Foreign Exchange Income/(Expense)Net</b>
<b>Principle Shareholder</b>			
Yıldız Holding A.Ş.	(1,403)	(1,281,572)	535,140
<b>Other Companies Controlled by the Principle Shareholder</b>			
pladis Foods Limited	-	(614,863)	(4,148)
United Biscuits (UK) Ltd.	-	(95,557)	(5,578)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(94,759)	203,164
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	162	(136,313)	16,468
İzsal Gayrimenkul Geliştirme A.Ş.	(8,161)	(61,228)	(115)
Other	3,592	(117,771)	(7,638)
	<b>(5,810)</b>	<b>(2,402,063)</b>	<b>737,293</b>

Benefits provided to members of BOD and key management personnel:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Salaries and other short-term benefits	251,869	222,681
	<b>251,869</b>	<b>222,681</b>

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**33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

Additional Information on Financial Instruments

Capital risk management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profitability by using the debt and equity balance in the most efficient way.

The Group's capital structure includes borrowings disclosed in footnote 6 and payables to related parties including non-trade receivables and payables disclosed in footnote 32, cash and cash equivalents disclosed in footnote 4, short-term financial investments disclosed in footnote 5 and derivative instruments disclosed in footnote 9 and equity items shown in the consolidated statement of financial position.

The risks associated with each capital class, together with the Group's cost of capital, are evaluated by senior management. Based on senior management assessments, it is aimed to keep the capital structure in balance through the acquisition of new debt or repayment of existing debt, as well as through dividend payments.

The Group monitors its capital using the debt/total capital ratio. This ratio is found by dividing net debt by total capital. Net debt is calculated by deducting cash and cash equivalents, non-trade receivables from related parties and derivative financial assets from total liabilities (including financial liabilities and liabilities, non-trade payables to related parties and derivative financial liabilities as presented in the balance sheet). Total capital is calculated as equity plus net debt as shown in the balance sheet.

As of 31 December 2023 and 2022, the net liability/total capital ratio is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Total financial liabilities and non-trade related parties payables / (receivables) (net)	28,567,913	37,165,872
Less: Cash and cash equivalents	(11,657,222)	(15,591,286)
Less: Financial derivatives instruments	(592,730)	(1,191,504)
Net debt	16,317,961	20,383,083
Total shareholders' equity	19,801,973	15,643,115
Total capital	36,119,934	36,026,198
Net debt/Total Capital Ratio	45%	57%

Financial Risk Factors

The Group's activities are exposed to market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program generally focuses on minimizing the potential adverse effects of uncertainty in financial markets on the Group's financial performance.

Risk management is carried out by a central finance department in line with policies approved by the Board of Directors. With regard to risk policies, financial risk is defined and evaluated by the Group's finance department and tools are used to reduce risk by working with the Group's operating units. A written general legislation regarding risk management and written procedures covering various risk types such as exchange rate risk, interest risk, credit risk, use of derivative products and other non-derivative financial instruments and how to evaluate excess liquidity are established by the Board of Directors.

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**33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

Credit Risk Management

Credit risk of financial instruments	Receivables				Deposit in Bank	Derivative instruments
	Trade Receivables		Other Receivables			
31.12.2023	Related Party	Third Party	Related Party	Third Party		
Maximum net credit risk as of balance sheet date (*)	6,733,195	5,333,616	1,995,328	168,841	11,656,495	592,730
- The part of maximum risk under guarantee with collateral etc. (**)	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	6,721,586	5,333,616	1,995,328	168,841	11,656,495	592,730
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	11,609	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	60,922	-	28,659	-	-
- Impairment (-)	-	(60,922)	-	(28,659)	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	36,824	-
- Impairment (-)	-	-	-	-	(36,824)	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(\*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.

(\*\*) Guarantees include letter of guarantees, guarantee notes and mortgages.

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**33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

Credit risk management (cont'd)

<b>Credit risk of financial instruments</b>	<b><u>Trade Receivables</u></b>		<b><u>Other Receivables</u></b>		<b>Deposit in Bank</b>	<b>Derivative instruments</b>
	<b>Related Party</b>	<b>Third Party</b>	<b>Related Party</b>	<b>Third Party</b>		
<b>31.12.2022</b>						
Maximum net credit risk as of balance sheet date (*)	6,756,599	5,417,384	1,968,715	597,788	15,241,900	1,228,946
- The part of maximum risk under guarantee with collateral etc. (**)	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	6,700,507	5,417,384	1,968,715	597,788	15,241,900	1,228,946
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	56,092	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	54,251	-	31,341	-	-
- Impairment (-)	-	(54,251)	-	(31,341)	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	28,778	-
- Impairment (-)	-	-	-	-	(28,778)	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(\*) Items that increase the credit reliability, such as letter of guarantees received, are not taken into account in the calculation.

(\*\*) Guarantees include letter of guarantees, guarantee notes and mortgages.



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**33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

Credit risk management (cont'd)

Aging of overdue receivables as of 31 December 2023 and 31 December 2022 are as follows.

	Receivables		
	Trade Receivables	Other Receivables	Total Receivables
<b>31 December 2023</b>			
Overdue between 1-30 days	-	-	-
Overdue between 1-3 months	11,609	-	11,609
Overdue between 3-12 months	-	-	-
Overdue between 1-5 years	-	-	-
Overdue more than 5 years	-	-	-
<b>Total overdue receivables</b>	<b>11,609</b>	<b>-</b>	<b>11,609</b>
<i>The portion of under guarantee with collateral etc.</i>	<i>-</i>	<i>-</i>	<i>-</i>

	Receivables		
	Trade Receivables	Other Receivables	Total Receivables
<b>31 December 2022</b>			
Overdue between 1-30 days	41,948	-	41,948
Overdue between 1-3 months	13,497	-	13,497
Overdue between 3-12 months	402	-	402
Overdue between 1-5 years	245	-	245
Overdue more than 5 years	-	-	-
<b>Total overdue receivables</b>	<b>56,092</b>	<b>-</b>	<b>56,092</b>
<i>The portion of under guarantee with collateral etc.</i>	<i>-</i>	<i>-</i>	<i>-</i>

Liquidity risk management

Prudent liquidity risk management means keeping sufficient cash, availability of sufficient credit transactions and fund resources, and the power to close market positions. The funding risk of current and prospective debt requirements is managed by maintaining the availability of sufficient number of high-quality lenders.

Liquidity risk charts

The table below shows the cash outflows that the Group will pay for its on-balance sheet financial liabilities as of 31 December 2023, 31 December 2022, according to their remaining maturities.

	Carrying value	Total cash outflow according to contract (I + II + III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
<b>31.12.2023</b>					
<b>Non-derivative financial liabilities</b>					
Bank borrowing	12,234,370	14,963,290	131,152	2,993,451	11,838,687
Letter of credit borrowings	1,140,185	1,140,185	445,320	694,865	-
Issued Debt Instruments	17,186,072	19,643,552	-	1,329,871	18,313,681
Financial lease liabilities	2,614	3,834	482	1,618	1,734
Trade payables	7,635,058	7,635,058	7,622,962	12,096	-
Other payables	5,328	5,328	5,328	-	-
<b>Total liabilities</b>	<b>38,203,627</b>	<b>43,391,247</b>	<b>8,205,244</b>	<b>5,031,901</b>	<b>30,154,102</b>
<b>Derivative instruments (Net)</b>	<b>592,730</b>	<b>3,043,614</b>	<b>17,105</b>	<b>(796,745)</b>	<b>3,823,254</b>
Cash inflow regarding derivative instruments	608,628	23,741,094	904,886	2,887,172	19,949,036
Cash outflow regarding derivative instruments	(15,898)	(20,697,480)	(887,781)	(3,683,918)	(16,125,782)

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**33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

Liquidity risk management (cont'd)

Liquidity risk charts (cont'd)

<b>31.12.2022</b>	<b>Carrying value</b>	<b>Total cash outflow according to contract (I +II+ III)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>
<b>Non-derivative financial liabilities</b>					
Bank borrowing	18,076,968	18,321,356	95,150	15,947,171	2,279,035
Letter of credit borrowings	1,524,283	1,584,959	299,712	1,222,043	63,204
Issued debt instruments	19,515,948	23,345,446	-	1,342,581	22,002,865
Financial lease liabilities	17,388	21,642	888	14,437	6,317
Trade payables	6,856,641	6,856,641	6,836,710	19,931	-
Other payables	4,984	4,984	4,984	-	-
<b>Total liabilities</b>	<b>45,996,212</b>	<b>50,135,028</b>	<b>7,237,444</b>	<b>18,546,163</b>	<b>24,351,421</b>
<b>Derivative instruments (Net)</b>	<b>1,191,503</b>	<b>231,850</b>	<b>(42,162)</b>	<b>274,011</b>	<b>-</b>
Cash inflow regarding derivative instruments	1,230,298	8,858,133	921,295	7,936,836	-
Cash outflow regarding derivative instruments	(38,795)	(8,626,283)	(963,457)	(7,662,825)	-

The expected maturities are same as the maturities per contracts.

Market Risk Management

Due to its activities, the Group is exposed to financial risks related to changes in foreign exchange rates and interest rates.

Market risks encountered at the group level are measured on the basis of sensitivity analysis.

In the current year, there has been no change in the market risk the Group is exposed to or the method of handling the risks encountered or the method used to measure these risks compared to the previous year.

Foreign currency risk management

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

The Group is exposed to exchange rate risk due to changes in the exchange rates used in the conversion of foreign currency assets and liabilities into Turkish Lira. Currency risk arises due to future commercial transactions and the difference between recorded assets and liabilities. In this framework, the Group controls this risk with a natural method that occurs by netting foreign currency assets and liabilities. The management analyzes and monitors the Group's foreign currency position and ensures that measures are taken when necessary.

The Group is mainly exposed to USD, EUR, GBP, and CHF currency risks.

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**33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

*Foreign currency risk management (cont'd)*

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

	<b>31 December 2023</b>				
	<b>TL</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>
	<b>Equivalent</b>				
1. Trade Receivables	3,581,436	73,450	40,687	2,507	-
2a. Monetary Financial Assets	13,373,226	340,487	102,508	259	32
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	240,677	5,055	2,763	33	18
4. CURRENT ASSETS	<b>17,195,339</b>	<b>418,992</b>	<b>145,958</b>	<b>2,799</b>	<b>50</b>
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	<b>17,195,339</b>	<b>418,992</b>	<b>145,958</b>	<b>2,799</b>	<b>50</b>
10. Trade Payables	1,233,193	25,201	12,544	2,070	149
11. Financial Liabilities	5,133,343	47,487	114,675	-	-
12a. Other Monetary Financial Liabilities	4,072	-	125	-	-
12b. Other Non-monetary Financial Liabilities	5,888	179	19	-	-
13. CURRENT LIABILITIES	<b>6,376,496</b>	<b>72,867</b>	<b>127,363</b>	<b>2,070</b>	<b>149</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	24,845,514	572,063	245,749	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	<b>24,845,514</b>	<b>572,063</b>	<b>245,749</b>	-	-
18. TOTAL LIABILITIES	<b>31,222,005</b>	<b>644,930</b>	<b>373,112</b>	<b>2,070</b>	<b>149</b>
19. Net Assets of Off Statement of Financial Position (19a-19b)	<b>9,768,502</b>	<b>124,000</b>	<b>186,100</b>	<b>1,500</b>	-
19a. Net Assets of Off Statement of Financial Position	9,768,502	124,000	186,100	1,500	-
19b. Net Liabilities of Off Statement of Financial Position	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	<b>(4,258,164)</b>	<b>(101,938)</b>	<b>(41,054)</b>	<b>2,229</b>	<b>(99)</b>
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	<b>(14,261,460)</b>	<b>(230,814)</b>	<b>(229,898)</b>	<b>696</b>	<b>(117)</b>
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	592,730	923	17,329	29	-

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**33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

*Foreign currency risk management (cont'd)*

	<b>31 December 2022</b>				
	<b>TL</b>				
	<b>Equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>
1. Trade Receivables	4,345,345	117,053	21,025	1,305	-
2a. Monetary Financial Assets	14,487,067	465,415	4,177	256	32
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	817,022	7,389	17,837	20	82
<b>4. CURRENT ASSETS</b>	<b>19,649,434</b>	<b>589,857</b>	<b>43,039</b>	<b>1,581</b>	<b>114</b>
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>19,649,434</b>	<b>589,857</b>	<b>43,039</b>	<b>1,581</b>	<b>114</b>
10. Trade Payables	1,407,337	23,474	18,592	1,876	117
11. Financial Liabilities	18,447,699	154,189	416,995	-	-
12a. Other Monetary Financial Liabilities	5,615	49	125	-	-
12b. Other Non-monetary Financial Liabilities	34,648	920	175	15	-
<b>13. CURRENT LIABILITIES</b>	<b>19,895,299</b>	<b>178,632</b>	<b>435,887</b>	<b>1,891</b>	<b>117</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	19,850,614	589,968	50,959	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
<b>17. NON-CURRENT LIABILITIES</b>	<b>19,850,614</b>	<b>589,968</b>	<b>50,959</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>39,745,913</b>	<b>768,600</b>	<b>486,846</b>	<b>1,891</b>	<b>117</b>
19. Net Assets of Off Statement of Financial Position (19a-19b)	<b>9,133,124</b>	<b>6,000</b>	<b>272,420</b>	<b>-</b>	<b>-</b>
19a. Net Assets of Off Statement of Financial Position	9,133,124	6,000	272,420	-	-
19b. Net Liabilities of Off Statement of Financial Position	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	<b>(10,963,355)</b>	<b>(172,743)</b>	<b>(171,387)</b>	<b>(310)</b>	<b>(3)</b>
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	<b>(20,878,853)</b>	<b>(185,212)</b>	<b>(461,469)</b>	<b>(315)</b>	<b>(85)</b>
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	1,170,412	(590)	36,185	-	-

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**33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

Foreign currency risk management (cont'd)

The export and import amounts realized by the Group as of 31 December 2023 and 2022 are as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Total exports	11,065,211	11,136,504
Total imports	7,276,575	8,226,691

Sensitivity to currency risk

The Group is exposed to currency risk mainly in USD and EURO. The table below shows the Group's sensitivity to 10% change in USD and EURO. The 10% rate used constitutes a logical bar for the company as it is limited to the 10% capital commitment limit. Sensitivity analyzes regarding the exchange rate risk that the Company is exposed to at the reporting date are determined according to the change at the beginning of the financial year and are kept constant throughout the reporting period. Negative amount represents the decrease effect of 10% increase in value of USD and EUR against TL on profit before tax.

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	Income / Expense		Income / Expense	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of %10 appreciation of USD against TL				
1 -US Dollar net asset / liability	(679,475)	679,475	(570,633)	570,633
2- Part of hedged from US risk (-)	365,034	(365,034)	18,486	(18,486)
<b>3- US Dollar net effect (1+2)</b>	<b>(314,441)</b>	<b>314,441</b>	<b>(552,147)</b>	<b>552,147</b>
In case of %10 appreciation of EUR against TL				
4 - Euro net asset / liability	(748,867)	748,867	(1,515,802)	1,515,802
5 - Part of hedged from Euro risk (-)	606,200	(606,200)	894,827	(894,827)
<b>6- Euro net effect (4+5)</b>	<b>(142,667)</b>	<b>142,667</b>	<b>(620,975)</b>	<b>620,975</b>
<b>Total (3 +6)</b>	<b>(457,108)</b>	<b>457,108</b>	<b>(1,173,122)</b>	<b>1,173,122</b>

Interest risk management

The Group's borrowing at fixed and floating interest rates exposes the Group to interest rate risk. This risk is managed by the Group by making an appropriate distribution between fixed and floating rate debts through interest rate swap agreements. Hedging strategies are evaluated regularly to ensure that they are consistent with the interest rate expectation and defined risk. Thus, it is aimed to establish an optimal hedging strategy, to review the position of the balance sheet and to keep interest expenditures under control at different interest rates.

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**33. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

**Interest rate sensitivity**

The sensitivity analyzes below are determined according to the interest rate risk exposed at the reporting date and the anticipated interest rate change at the beginning of the financial year and are kept constant throughout the reporting period. The Group management expects a 1% fluctuation in the Euribor/Libor interest rate, which is the interest on floating rate bank debt. The said amount is also used in the reporting made to the senior management within the Group.

If there is a 1% change in the Euribor/libor interest rate and all other variables are kept constant, the Group's net profit for the accounting period will decrease by TL 27,907 thousand (net profit for the period 31 December 2022 will decrease by TL 38,541 thousand).

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

		<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Fixed Rate Instruments</b>			
Financial Assets	Cash and Cash Equivalents	9,497,507	13,129,648
	Non-trade receivables from related parties	1,995,328	1,968,715
	Other Receivables	168,841	597,788
Financial Liabilities	Borrowings	18,326,257	21,040,231
	Financial lease liabilities	2,614	17,388
	Other Payables	5,328	4,984
<b>Floating interest rate financial instruments</b>			
Financial Liabilities	Borrowings	12,234,370	18,076,968

**Other price risk**

The Group's operations are primarily exposed to financial risks related to changes in foreign exchange rates and interest rates. Price risk is closely monitored by the Group through the review of market information and appropriate valuation methods. There has been no change in the market risk that the Group is exposed to in the current year, or in the management and measurement methods of the risks it is exposed to, compared to the previous year.

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**34. FINANCIAL INSTRUMENTS**

**Classes and fair values of financial instruments**

The fair value of financial assets and liabilities is determined as follows:

- First level: Financial assets and liabilities are valued at stock prices traded in active markets for identical assets and liabilities.
- Second level: Financial assets and liabilities are valued from the inputs used to find the directly or indirectly observable market price of the related asset or liability other than the market price specified at the first level.
- Third level: Financial assets and liabilities are valued from inputs that are not based on market observable data used to determine the fair value of the asset or liability.

The level classifications of financial assets and liabilities shown at their fair values are as follows:

	31 December 2023	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit/loss				
- Available for sale	4,230	4,230	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	4,009,637	-	-	4,009,637
- Derivative instruments	592,730	-	592,730	-
<b>Total</b>	<b>4,606,597</b>	<b>4,230</b>	<b>592,730</b>	<b>4,009,637</b>

	31 December 2022	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit/loss				
- Available for sale	346,842	4,741	341,826	275
- Shares	4,427,784	-	-	4,427,784
- Derivative instruments	1,228,946	-	1,228,946	-
<b>Total</b>	<b>6,003,572</b>	<b>4,741</b>	<b>1,570,772</b>	<b>4,428,059</b>
Financial liabilities				
Financial liabilities at fair value through profit/loss				
Derivative instruments	(37,443)	-	(37,443)	-
<b>Total</b>	<b>(37,443)</b>	<b>-</b>	<b>(37,443)</b>	<b>-</b>

It is assumed that the book values of trade payables, other payables and loan payables reflect their fair values.

The carrying value of the fixed-rate Eurobonds (Note 6) issued by the Company to be traded on Dublin Euronext, with a nominal value of USD 600,000,000, is TL 310,501 thousand above their fair value based on the quoted prices in active markets (Level 1).



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**35. FEES FOR SERVICES OBTAINED FROM INDEPENDENT AUDIT FIRM**

The Group's explanation regarding the fees for the services rendered by independent audit firms, which is based on the POA's letter dated 19 August 2021 are as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Independent audit fee for the reporting period	8,612	6,858
Fee for other assurance services	25	33
<b>Total</b>	<b>8,637</b>	<b>6,891</b>

The fees above have been determined by including the independent audit and other related service fees of all subsidiaries, and the foreign currency fees of foreign subsidiaries have been converted into TL using the average exchange rates of the relevant years,

**36. EVENTS AFTER THE REPORTING PERIOD**

None.



**ÜLKER**

Kısıklı Mahallesi Ferah Caddesi No: 1  
34692 Büyük Çamlıca-Üsküdar / İstanbul / Türkiye

Tel: +90 216524 29 00

Fax: +90 216 316 43 44

[www.ulker.com.tr](http://www.ulker.com.tr)

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